



Weld County School District RE-1

Financial Statements and Supplementary Information

For the Year Ended June 30, 2014



Weld County School District RE-1

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Weld County School District RE-1 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 and the budgetary comparison information on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules, Auditor's Integrity Report, and Bolded Balance Sheet on pages 44 through 49 and statistical section on pages 58 to 61 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2014 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Greeley, Colorado
November 19, 2014

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's total net position increased during the 2014 fiscal year. Total net position increased 2.93 percent, with net position related to governmental activities increasing 2.98 percent and net position related to business-type activities decreasing by 1.08 percent.
- General revenues account for approximately \$16.4 million or 86.3 percent of all revenues as compared to \$16.8 million or 90.5 percent of all revenue during fiscal year 2013. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2.6 million or 13.7 percent of total revenues of \$19 million versus \$1.8 million or 9.5 percent of total revenue during fiscal year 2013.
- Overall, the net position of business-type activities decreased \$3,606. The net position of governmental activities increased by \$897,433 in 2014.
- The District had \$17.3 million in expenses related to governmental activities compared to \$16.3 million during fiscal year 2013; \$1.8 million of these expenses were offset by program specific charges for services as compared to \$1 million during the prior year. General Fund revenues, primarily state equalization payments and property taxes, of \$16.2 million during the current year plus carryover funds from prior years, were adequate to provide for these programs.
- The General Fund, the District's only major fund, had \$17.3 million and \$17.1 million in revenues during fiscal years ending June 30, 2014 and 2013, and \$16.8 million and \$15.9 million in expenditures during those same two years. The General Fund's fund balance decreased by \$.4 million to \$5.6 million during 2014. The decrease is due to the District transferring \$980,300 to the Building Fund for the new Compressed Natural Gas (CNG) Fueling Station and Bus Barn that is recorded as Construction in Progress in 2014. This project is also being funded by a Noble Energy donation of approximately \$900,000 and an Energy Impact Assistance Grant of approximately \$600,000.
- Enrollment in the District decreased by less than 1 percent to a full-time equivalent (FTE) of 1,801.4 students, which represents a decrease of 7.7 FTE.
- Outlays for capital assets included \$1.5 million of construction in progress expenses for the new Compressed Natural Gas Fueling Station and Bus Barn, and approximately \$600,000 for other capital replacement needs.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how basic services, such as instruction, were financed in the short-term, as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities in which the District operates like a business, such as nutritional services.
 - 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 federal financial assistance.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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**

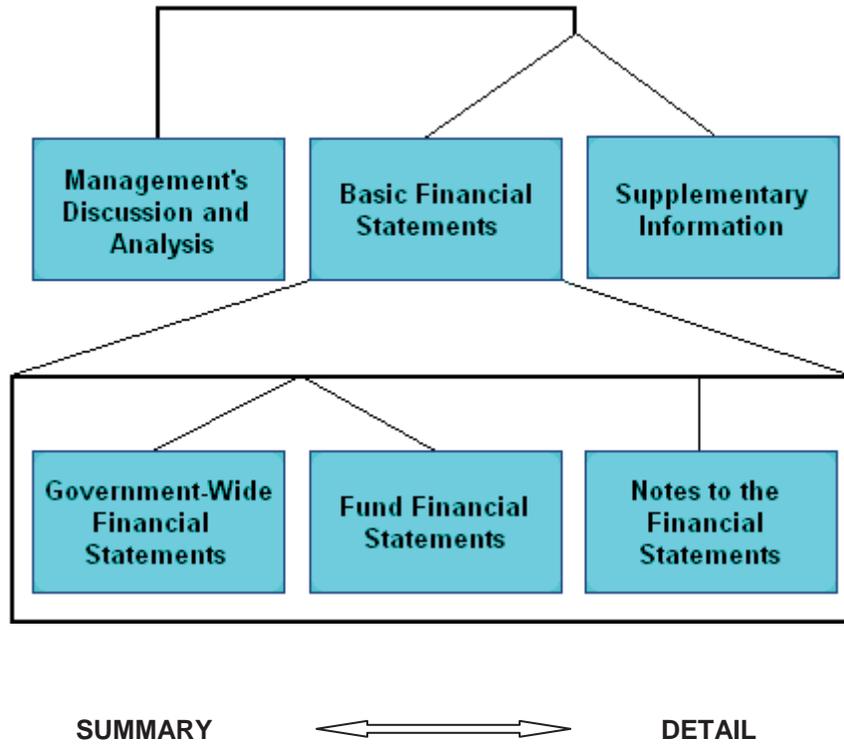


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights 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, 2014**

Table 2

	Government-wide Statements	Governmental Funds	Proprietary 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	Activities the District operates similar to private businesses; such as nutritional services	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 Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	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	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 financial and capital, and short-term and long-term	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 revenues and expenses during the year, regardless of when cash is received or paid	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, 2014**

Major Features of the Government-Wide and Fund Financial Statements

Government-wide Statements

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

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net 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 most of the District's basic services such as regular and special education, transportation, maintenance and operations, and administration. The only services accounted for as business-type activities are the District's nutritional services.

The basic government-wide financial statements can be found on pages 16-18 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*: Most of the District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps determine financial resources that may be available in the near term to finance the District's programs.
- Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

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

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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 19-22 of this report.

- *Proprietary fund:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's enterprise funds (one-type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flows.

The District currently has one enterprise fund which accounts for nutritional services activities. The proprietary fund financial statements provide separate information for the enterprise fund, which is considered by the District to be a major fund.

The basic proprietary fund statements can be found on pages 23-25 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 26 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 27-42 of this report.

Other Information

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

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District's *combined* net position was larger on June 30, 2014, than it was the year before, increasing 3.02 percent to \$30.5 million. The net position of the District's business-type activities (nutritional services) decreased \$3,606, 1.08 percent, due to the spending down of excess fund balance as required by the Colorado Department of Education. Table 3 on the next page provides a summary of the District's net position at June 30, 2014.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

**Table 3
Condensed Statement of Net Position**

	Governmental Activities	Business-Type Activities	2014 Total School District	2013 Total School District
Assets				
Current assets	\$ 7,172,997	\$ 323,182	\$ 7,496,179	\$ 7,373,747
Capital assets, net	24,252,843	44,758	24,297,601	23,371,599
Total assets	31,425,840	367,940	31,793,780	30,745,346
Liabilities				
Current liabilities	1,169,171	36,140	1,205,311	1,039,031
Long-term liabilities	124,146	-	124,146	135,819
Total liabilities	1,293,317	36,140	1,329,457	1,174,850
Net Position				
Net investment in capital assets	22,228,580	44,758	22,273,338	23,144,839
Restricted	550,400	-	550,400	515,358
Unrestricted	7,353,543	287,042	7,640,585	5,910,299
Total net position - end of year	\$ 30,132,523	\$ 331,800	\$ 30,464,323	\$ 29,570,496
Total net position - beginning of year	\$ 29,235,090	\$ 335,406	\$ 29,570,496	\$ 28,022,311
Amount of increase (decrease)	897,433	(3,606)	893,287	1,548,185
Percent of increase (decrease)	3.07%	-1.07%	3.02%	5.52%

At the end of the 2014 fiscal year, District assets reflect positive balances in all of the District funds. Table 4 on the next page provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

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Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>2014 Total School District</u>	<u>2013 School District</u>
Revenues				
Program Revenues				
Charges for Services	\$6,862	\$185,420	\$192,282	\$217,877
Operating Grants a Contributions	1,840,570	548,382	2,388,952	1,545,954
Capital Grants & Contributions	37,084	-	37,084	-
General Revenues				
Property & Specific Ownership				
Taxes	11,557,903	-	11,557,903	11,375,835
State Equalization	4,677,482	-	4,677,482	4,515,035
Other	116,323	449	116,772	913,447
Total Revenues	<u>18,236,224</u>	<u>734,251</u>	<u>18,970,475</u>	<u>18,568,148</u>
Expenses				
Instruction	10,556,239	-	10,556,239	10,202,453
Support Services				
Pupil/Instructional	1,925,705	-	1,925,705	1,592,348
General Administration	572,733	-	572,733	601,192
School Administration	988,510	-	988,510	833,349
Business Services	246,819	-	246,819	207,369
Maintenance/Operations	1,670,700	-	1,670,700	1,661,077
Pupil Transportation	856,366	-	856,366	756,992
Central Supporting Services	503,963	-	503,963	436,940
Other	10,512	-	10,512	14,316
Interest	7,244	-	7,244	7,386
Food Service Operations	-	737,857	737,857	706,541
Total Expenses	<u>17,338,791</u>	<u>737,857</u>	<u>18,076,648</u>	<u>17,019,963</u>
Increase in Net Position	<u>\$897,433</u>	<u>\$(3,606)</u>	<u>\$893,827</u>	<u>\$1,548,185</u>

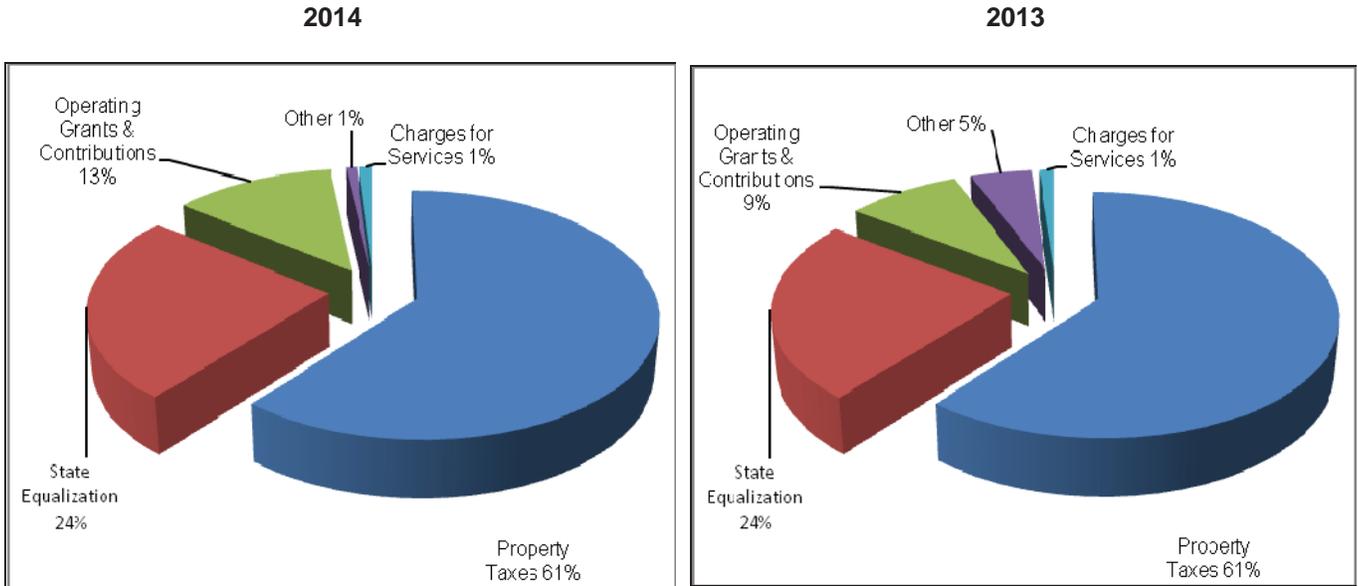
Property taxes and per pupil state formula revenue (state equalization) account for most of the District's revenue, contributing about 61 cents and 24 cents respectively for every dollar raised (see Table 5) on the next page. The remaining 15 cents came from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

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

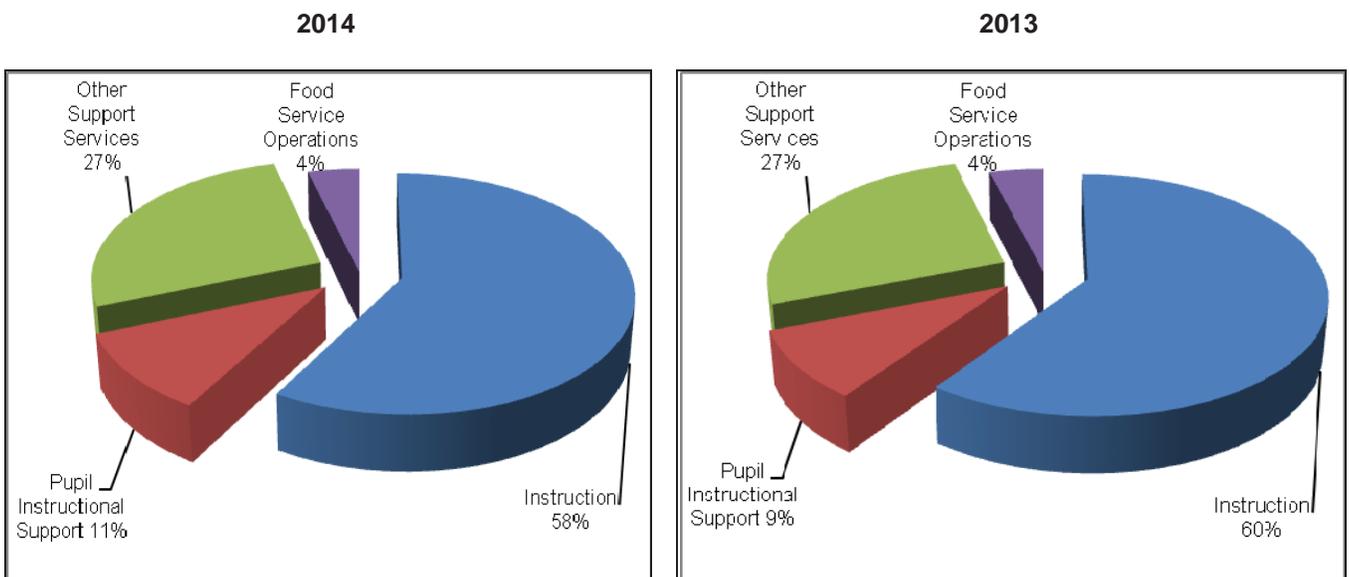
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Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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

**Table 5
Sources of Revenues for Fiscal Year 2014 and 2013**



**Table 6
Expenses for Fiscal Year 2014 and 2013**



**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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 \$6,603 per funded student for fiscal year 2014. Funding for the School Finance Act comes from property taxes, specific ownership tax, and state equalization. The District receives approximately 39 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 increase in net position for governmental activities was \$897,433 in the 2014 fiscal year, as compared to an increase of \$1,471,916 in the 2013 fiscal year. This increase in net position attributable to governmental activities is reflective of the Noble Energy donation of approximately \$900,000.

The governmental funds monitor cash resources and expenditures. Capital outlay within these funds was \$2,076,295 during fiscal year 2014, as compared to \$1,348,560 during the prior year. This expenditure is not considered an expense on the government-wide statement of activities. Rather, these costs are expensed over time as depreciation expense. As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities on page 23, the net difference between capital outlays, donated capital assets, and depreciation expense was \$885,044 for the year ended June 30, 2014, and \$226,372 for the year ending June 30, 2013.

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

**Table 7
Net Cost of Governmental Activities**

	<u>2014 Total Cost of Services</u>	<u>2014 Net Cost of Services</u>	<u>2013 Net Cost of Services</u>
Instruction	\$10,556,239	\$9,785,307	\$9,342,669
Pupil/Instructional	1,925,705	1,925,705	1,592,348
General Administration	572,733	572,733	601,192
School Administration	988,510	988,510	833,349
Business Services	246,819	246,819	207,369
Maintenance/Operations	1,670,700	1,670,700	1,661,077
Public Transportation	856,366	(250,718)	609,126
Central Supporting Services	503,963	503,963	436,940
Community Services/Other	10,512	4,012	5,888
Interest Expense	7,244	7,244	7,386
Total Expenses	<u>\$17,338,791</u>	<u>\$15,454,275</u>	<u>\$15,297,344</u>

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Management's Discussion and Analysis
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The cost of all governmental activities this year was \$17.3 million versus \$16.3 million for the previous fiscal year.

Some of the cost was financed by the users of the District's programs; \$6,862 in 2014 as compared to \$13,446 in 2013. Revenues in this category include items such as facility rental, swimming fees, and contracts with other agencies.

The federal and state governments subsidized certain programs with grants and contributions of \$1,840,570 in 2014, versus \$1,002,632 in 2013. In addition, the District received a contributed capital asset totaling \$37,084 in 2014.

Most of the District's net costs of \$15.5 million in 2014, as compared to \$15.3 million in 2013, however, were financed by District and state taxpayers.

This portion of governmental activities was financed with \$4.7 million in 2014, and \$4.5 million in 2013, in state equalization from the School Finance Act; \$11.6 million in 2014, as compared to \$11.4 million during 2013, in property and specific ownership tax; and \$116,323 in 2014, versus \$910,808 during 2013, in earnings on investments and other miscellaneous revenue.

Business-Type Activities

Expenses of the District's business-type activities exceeded revenues by \$3,606 in 2014 as the Food Services Fund is spending down excess fund balance per direction from the Colorado Department of Education.

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 \$381,684, thereby contributing to a small decrease in the fund balance for that fund. In the Capital Projects Fund, revenues exceeded expenditures by \$383,996, increasing fund balance to \$501,994. 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 43 anticipated that revenues, plus carryover funds, would be approximately the same as the 2014 expenditures. The actual results for the year show a \$381,684 decrease for 2014.

- Actual revenues for 2014 were \$490,103 more than anticipated due to a conservative budget approach for 2014 revenues. Actual revenues for 2013 were \$38,461 higher than anticipated. The District only obligates new funds from the growth of new students after enrollment is confirmed.
- The actual expenditures were \$16.8 million in 2014 and \$16 million in 2013. The majority of the expense increase is the result of the successful mill levy override election in November 2012. The District is continuing to allocate the mill levy override tax funds for salaries and instructional programs.
- The District must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2014 and 2013, the District's TABOR reserve amounted to \$550,400 and \$515,358 respectively.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal year 2014, the District had invested \$24.3 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 \$926,002 or 3.9 percent from last year. Additional information on the District's capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$1,230,046, while additions amounted to \$2,156,048.

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

	<u>Governmental Activities</u> <u>2014</u>	<u>Governmental Activities</u> <u>2013</u>	<u>Business Type Activities</u> <u>2014</u>	<u>Business Type Activities</u> <u>2013</u>	<u>Total School District</u> <u>2014</u>	<u>School District</u> <u>2013</u>	<u>Total % Change</u> <u>2013-2014</u>
Water Rights	\$185,000	\$185,000	\$ -	\$ -	\$185,000	\$185,000	0.0%
Land	150,054	150,054	-	-	150,054	150,054	0.0%
Construction in Progress	1,456,915	-	-	-	1,456,915	-	100.0%
Site Improvements Buildings and Improvements	437,052	514,721	-	-	437,052	514,721	-15.1%
Software	20,427,580	20,961,919	-	-	20,427,580	20,961,919	-2.5%
Equipment	13,753	15,281	-	-	13,753	15,281	-10.0%
Vehicles	512,098	526,878	44,758	3,800	556,856	530,678	4.9%
	1,070,391	1,013,946	-	-	1,070,391	1,013,946	5.6%
Totals	<u>\$24,252,843</u>	<u>\$23,367,799</u>	<u>\$44,758</u>	<u>\$3,800</u>	<u>\$24,297,601</u>	<u>\$23,371,599</u>	

Long-Term Debt

At year end, the District had a total of \$232,294 of outstanding long term debt. The District entered into one lease purchase agreement in the amount of \$158,093, to provide laptop computers to the class of 2017. The District reduced lease purchase debt in the amount of \$152,559, during the 2013-2014 year (See Table 9) below. Principal payments to be made in 2014-2015 are \$113,128.

**Table 9
Long Term Debt**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due In One Year</u>
Capital Lease Obligations	\$226,760	\$158,093	\$152,559	\$232,294	\$113,128

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Factors Bearing on the District's Future

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

- Actual enrollment for the 2014-2015 school year results in an increase of 63.5 FTE additional students compared to the 1799.5 FTE that was projected in the 2014-2015 Adopted Budget. This increase in the number of students will provide approximately \$440,000 in additional revenue. The per pupil funding is expected to increase from \$6,603 in Fiscal 2014 to \$6,966 in Fiscal 2015, providing approximately \$650,000 in new funding to address inflationary increases. The current projections indicate an average increase of approximately \$363 per student for the 2014-2015 school year.
- In 1992, the state legislature changed the fiscal year for public schools from a calendar year to a July 1 to June 30th fiscal year. The change in fiscal years caused a cash flow challenge for districts who receive a higher percent of funding from local property tax and a lower percent of funding from state equalization funds. Therefore, the legislature established an interest free loan program for school districts that experience cash flow problems prior to receiving local property tax in the spring. Since the inception of the interest free loan program, Weld RE-1 has participated in the program. Declining enrollment, increased expenses, and state funding cuts from Fiscal 2010 through Fiscal 2013, have reduced district cash reserves. The School District will need to continue participation in the loan program until cash reserves once again reach a level to meet cash flow needs.
- The State of Colorado experienced slowing economic conditions which had a direct impact on the state's general fund revenues. Because K-12 education is a large portion of the state's budget, the District has been negatively impacted and receives \$1.9 million less than the School Finance Act provides for due to the negative factor. As a contingency plan, the District has grown a reserve contingency fund and will continue to closely monitor the District's fiscal health. In addition, the District has cut staff, programs, and deferred capital projects and has gone to a four-day week academic calendar to reduce costs. In November of 2012, the District passed a mill levy override election and has been able to restore some of the prior year's reductions in programs and staff costs.
- According to the forecast from Legislative Council, there will be 9.8% (\$915.5 million) more to spend in Fiscal 2015-16 than in Fiscal 2014-15 due to the recovering economy. However, Senate Bill 09-228 requires transfers to the Capital Construction Fund and Highway Users Tax Fund, and the TABOR surplus will require refunds to taxpayers in future years, which will reduce the amount available for funding K-12 education.

Contacting the District's Financial Management

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

Basic Financial Statements

Weld County School District RE-1
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,090,484	\$ 240,457	\$ 6,330,941
Cash with county treasurer	79,356	-	79,356
Grants receivable	87,445	64,847	152,292
Property taxes receivable	29,663	-	29,663
Other receivables	886,049		886,049
Inventory	-	17,878	17,878
Capital assets:			
Nondepreciable	1,791,969	-	1,791,969
Depreciable, net of accumulated depreciation	22,460,874	44,758	22,505,632
Total assets	31,425,840	367,940	31,793,780
Liabilities			
Accounts payable	233,441	3,585	237,026
Accrued salaries and benefits	800,770	22,536	823,306
Accrued interest payable	6,967	-	6,967
Other liabilities	14,865	-	14,865
Unearned revenue	-	10,019	10,019
Noncurrent liabilities:			
Accrued compensated absences	4,980	-	4,980
Due within one year	113,128	-	113,128
Due in more than one year	119,166	-	119,166
Total liabilities	1,293,317	36,140	1,329,457
Net position			
Net investment in capital assets	22,228,580	44,758	22,273,338
Restricted for:			
Emergencies	550,400	-	550,400
Unrestricted	7,353,543	287,042	7,640,585
Total net position	\$ 30,132,523	\$ 331,800	\$ 30,464,323

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

Weld County School District RE-1

Statement of Activities

Year Ended June 30, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 10,556,239	\$ -	\$ 770,932	\$ -
Support services:				
Pupil and instructional	1,925,705	-	-	-
General administration	572,733	-	-	-
School administration	988,510	-	-	-
Business services	246,819	-	-	-
Maintenance and operations	1,670,700	-	-	-
Pupil transportation	856,366	362	1,069,638	37,084
Central supporting services	503,963	-	-	-
Community services and other	10,512	6,500	-	-
Interest expense	7,244	-	-	-
Total governmental activities	17,338,791	6,862	1,840,570	37,084
Business-type activities:				
Food service	737,857	185,420	548,382	-
Total business-type activities	737,857	185,420	548,382	-
Total primary government	\$ 18,076,648	\$ 192,282	\$ 2,388,952	\$ 37,084
General revenues				
Property taxes levied for:				
General purposes				
Specific ownership taxes for:				
General purposes				
Intergovernmental				
Equalization entitlement				
Payment in lieu of land dedication				
Earnings on investments				
Oil and gas royalties				
Miscellaneous				
Subtotal, general revenues				
Change in net position				
Net position at beginning of year				
Net position at end of year				

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (9,785,307)	\$ -	\$ (9,785,307)
(1,925,705)	-	(1,925,705)
(572,733)	-	(572,733)
(988,510)	-	(988,510)
(246,819)	-	(246,819)
(1,670,700)	-	(1,670,700)
250,718	-	250,718
(503,963)	-	(503,963)
(4,012)	-	(4,012)
(7,244)	-	(7,244)
(15,454,275)	-	(15,454,275)
-	(4,055)	(4,055)
-	(4,055)	(4,055)
(15,454,275)	(4,055)	(15,458,330)
10,691,038	-	10,691,038
866,865	-	866,865
4,677,482	-	4,677,482
12,526	-	12,526
804	-	804
30,435	-	30,435
72,558	449	73,007
16,351,708	449	16,352,157
897,433	(3,606)	893,827
29,235,090	335,406	29,570,496
\$ 30,132,523	\$ 331,800	\$ 30,464,323

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

Weld County School District RE-1
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 5,990,004	\$ 100,480	\$ 6,090,484
Cash with county treasurer	79,356	-	79,356
Grants receivable	87,445	-	87,445
Property taxes receivable	29,663	-	29,663
Due from other funds	254,366	-	254,366
Other receivables	10,216	875,833	886,049
Total assets	\$ 6,451,050	\$ 976,313	\$ 7,427,363
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 13,488	\$ 219,953	\$ 233,441
Accrued salaries and benefits	800,770	-	800,770
Due to other funds	-	254,366	254,366
Other liabilities	14,865	-	14,865
Total liabilities	829,123	474,319	1,303,442
Fund balances			
Restricted	550,400	-	550,400
Committed	385,429	-	385,429
Assigned	-	501,994	501,994
Unassigned	4,686,098	-	4,686,098
Total fund balances	5,621,927	501,994	6,123,921
Total liabilities and fund balances	\$ 6,451,050	\$ 976,313	\$ 7,427,363

(Continued)

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

June 30, 2014

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

Fund balance - governmental funds		\$ 6,123,921
-----------------------------------	--	--------------

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	\$ 43,299,088	
Less: accumulated depreciation	<u>(19,046,245)</u>	24,252,843

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

Capital lease obligations	\$ (232,294)	
Accrued interest payable	(6,967)	
Accrued compensated absences	(4,980)	(244,241)
Total net position - governmental activities		\$ 30,132,523

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, 2014

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local	\$ 11,704,578	\$ 889,427	\$ 12,594,005
State	4,962,192	41,256	5,003,448
Federal	601,687	-	601,687
Total revenues	17,268,457	930,683	18,199,140
Expenditures			
Current:			
Instruction	9,550,335	-	9,550,335
Supporting services:			
Pupil and instructional	1,925,705	-	1,925,705
General administration	588,225	-	588,225
School administration	988,510	-	988,510
Business services	246,819	-	246,819
Maintenance and operations	1,600,628	70,072	1,670,700
Pupil transportation	633,935	-	633,935
Central supporting services	503,963	-	503,963
Community services and other	10,512	-	10,512
Debt service:			
Principal	152,559	-	152,559
Interest	7,363	-	7,363
Capital outlay	619,380	1,456,915	2,076,295
Total expenditures	16,827,934	1,526,987	18,354,921
Excess (deficiency) of revenues over expenditures	440,523	(596,304)	(155,781)
Other financing sources (uses)			
Proceeds from capital leases	158,093	-	158,093
Transfer in	-	980,300	980,300
Transfer out	(980,300)	-	(980,300)
Total other financing sources (uses)	(822,207)	980,300	158,093
Change in fund balances	(381,684)	383,996	2,312
Fund balances at beginning of year	6,003,611	117,998	6,121,609
Fund balances at end of year	\$ 5,621,927	\$ 501,994	\$ 6,123,921

(Continued)

Weld County School District RE-1
Reconciliation of the Governmental Funds Statement
of Revenues, Expenditures and Changes in Fund Balances
to the Governmental-wide Statement of Activities
Year Ended June 30, 2014

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

Change in fund balance - governmental funds. \$ 2,312

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	\$ (1,228,335)	
Donated capital assets	37,084	
Capital outlay	2,076,295	885,044

Proceeds from capital leases are shown as an other financing source in the fund financial statements, but are added to the liabilities on the government-wide statement of net position and does not affect the statement of activities. (158,093)

Repayment of capital lease obligations are expenditures in the fund financial statements, but are reductions in long-term liabilities in the statement of net position and do not affect the statement of activities. 152,559

Decrease in accrued compensated absences liability reflected against expense on the statement of activities and not reflected on the governmental statement of revenues, expenditures and changes in fund balances. 15,492

Decrease 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. 119

Change in net position of governmental activities \$ 897,433

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

Weld County School District RE-1
Statement of Net Position
Proprietary Fund
June 30, 2014

Assets	Food Services
Current assets	
Cash and cash equivalents	\$ 240,457
Grants receivable	64,847
Inventory	17,878
Total current assets	323,182
Noncurrent assets	
Capital assets, net of accumulated depreciation	44,758
Total assets	367,940
Liabilities	
Current liabilities	
Accounts Payable	3,585
Unearned revenue	10,019
Accrued salaries and benefits	22,536
Total liabilities	36,140
Net position	
Net investment in capital assets	44,758
Unrestricted	287,042
Total net position	\$ 331,800

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

Weld County School District RE-1
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2014

	Food Services
Operating revenues	
Food sales	\$ 185,420
Operating expenses	
Salaries and benefits	364,810
Supplies and materials	362,459
Depreciation expense	1,711
Other	8,877
Total operating expenses	737,857
Operating loss	(552,437)
Nonoperating revenues	
Federal aid	
Nutrition programs	496,602
USDA commodities	39,414
State nutrition match	12,366
Other revenue	449
Total nonoperating revenues	548,831
Change in net position	(3,606)
Net position at beginning of year	335,406
Net position at end of year	\$ 331,800

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

Weld County School District RE-1
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2014

	Food Services
<hr/>	
Cash flows from operating activities	
Cash received from food sales	\$ 193,431
Cash payments to suppliers	(373,716)
Cash payments to employees	(365,308)
Net cash flows from operating activities	(545,593)
<hr/>	
Cash flows from non-capital financing activities	
Federal and state nutrition program receipts	512,993
Other nonoperating revenue	449
Net cash flows from non-capital financing activities	513,442
<hr/>	
Cash flows from Capital & Related Financing Activities	
Purchase of equipment	(42,669)
Net cash flows from capital financing activities financing activities	(42,669)
<hr/>	
Net change in cash and cash equivalents	(74,820)
<hr/>	
Cash and cash equivalents at beginning of year	315,277
<hr/>	
Cash and cash equivalents at end of year	\$ 240,457
<hr/>	
Reconciliation of operating loss to net cash flows from operating activities	
Operating loss	\$ (552,437)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation	1,711
USDA commodities used	39,414
(Increase) decrease in operating assets:	
Inventory	(176)
Increase (decrease) in operating liabilities:	
Accounts payable	3,585
Due to other funds	(45,203)
Unearned revenue	8,011
Accrued salaries and benefits	(498)
Net cash flows from operating activities	\$ (545,593)
<hr/>	
Non-cash investing, capital and financing activities	
Federal aid:	
Donated USDA commodities	\$ 39,414

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

Weld County School District RE-1
Statement of Fiduciary Net Position
June 30, 2014

Assets	Agency Fund
Cash and cash equivalents	\$ 290,516
Certificates of deposit	90,024
Total assets	380,540
Liabilities	
Due to student groups	\$ 380,540

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

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

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 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.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other stand alone government."

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 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

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

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.

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 proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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.

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.

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

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.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into net investment in capital assets, restricted, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The District's major enterprise fund is the Food Service Fund.

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

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

Budgets

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

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

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

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

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General	\$23,730,088	\$ (771,360)	\$22,958,728
Capital projects	120,873	2,622,925	2,743,798
Proprietary fund:			
Food service	889,467	76,269	965,736
Fiduciary fund:			
Student activity	889,578	49,116	938,694
Total funds	\$25,630,006	\$ 1,976,950	\$27,606,956

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	\$ 289,578	\$ 338,694	\$ 338,694	\$ -
Additions (receipts)	600,000	600,000	711,571	111,571
Total funds available	889,578	938,694	1,050,265	111,571
Deductions (disbursements)	(889,578)	(938,694)	(669,725)	268,969
Ending funds available	\$ -	\$ -	\$ 380,540	\$ 380,540

Cash and Cash Equivalents

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

Certificates of Deposit

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

Revenue Recognition/Property Taxes

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

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

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

Short-Term Interfund Receivables/Payables

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

Inventories

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

Capital Assets

Capital assets, which include property, plant, equipment, and vehicles, are reported in the applicable governmental or business-type activities columns 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	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site improvements	20 years	N/A
Buildings and improvements	15-50 years	N/A
Software	10 years	N/A
Equipment	5-15 years	5-15 years
Vehicles	8 years	N/A

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.

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Notes to Financial Statements
Year Ended June 30, 2014

Impairment of Capital Assets

GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," ("GASB No 42"), 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, 2014.

Unearned Revenues

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

Compensated Absences

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

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

On the governmental fund financial statements, where applicable, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. At June 30, 2014, there is no accrual in the fund financial statements.

Accrued Liabilities and Long-Term Obligations

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

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.

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Notes to Financial Statements
Year Ended June 30, 2014

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

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

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

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

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

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

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

Unassigned - all other spendable amounts.

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

As of June 30, 2014, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Total Governmental Funds
Restricted:			
Emergencies	\$ 550,400	\$ -	\$ 550,400
Committed:			
Multi year obligations	385,429	-	385,429
Assigned:			
Capital projects	-	501,994	501,994
Unassigned:	4,686,098	-	4,686,098
Total fund balances	\$ 5,621,927	\$ 501,994	\$ 6,123,921

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

Contribution of Capital

Contributed capital in the proprietary fund financial statements arises from outside contributions of capital assets, or from grants or outside contributions of resources to fund capital acquisition and construction. The District did not receive any capital contributions during the year ended June 30, 2014.

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.

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 and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At June 30, 2014, all of the District's cash and cash equivalents were either insured by FDIC or collateralized under PDPA.

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Notes to Financial Statements
Year Ended June 30, 2014

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's policy is to hold investments until maturity.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of June 30, 2014, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

Interest Rate Risk

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

Local Government Investment Pools

At June 30, 2014, the District had invested \$108,927 in the Trust, a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities, and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

At June 30, 2014, the District had cash and cash equivalent balances as follows:

Cash on hand	\$ 1,175
Cash with county treasurer	79,356
Bank deposits	6,511,355
Local government investment pools	108,927
Total cash deposits	\$ 6,700,813

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

<i>Statement of net position</i>	
Cash and cash equivalents	\$ 6,330,941
Cash with county treasurer	79,356
<i>Statement of fiduciary net position</i>	
Cash and cash equivalents	290,516
Total cash and cash equivalents	\$ 6,700,813

At June 30, 2014, the District held \$90,024 in certificates of deposit. The total balance is reflected in the Student Activity Fund statement of fiduciary net position in certificates of deposit.

3. Interfund Receivables/Payables and Transfers

The District's interfund receivables and payables at June 30, 2014 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Receivable Fund	Payable fund	Amount
General Fund	Capital Projects Fund	\$ 254,366

Interfund Transfers

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

The only transfer made during the year was from the General Fund to the Capital Projects Fund in the amount of \$980,300 to support the District's construction project during 2014.

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Notes to Financial Statements
Year Ended June 30, 2014

4. Capital Assets

A summary of changes in governmental-activities capital assets for the year ended June 30, 2014, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Water rights	\$ 185,000	\$ -	\$ -	\$ 185,000
Land	150,054	-	-	150,054
Construction in progress	-	1,456,915	-	1,456,915
Total capital assets, not being depreciated	335,054	1,456,915	-	1,791,969
Capital assets, being depreciated				
Site improvements	1,977,234	-	-	1,977,234
Buildings and improvements	35,034,770	213,767	-	35,248,537
Software	15,281	-	-	15,281
Equipment	1,705,886	301,425	(151,837)	1,855,474
Vehicles	2,283,554	141,272	(14,233)	2,410,593
Total capital assets, being depreciated	41,016,725	656,464	(166,070)	41,507,119
Less accumulated depreciation for:				
Site improvements	(1,462,513)	(77,669)	-	(1,540,182)
Software	-	(1,528)	-	(1,528)
Buildings and improvements	(14,072,851)	(748,106)	-	(14,820,957)
Equipment	(1,179,008)	(178,601)	14,233	(1,343,376)
Vehicles	(1,269,608)	(222,431)	151,837	(1,340,202)
Total accumulated depreciation	(17,983,980)	(1,228,335)	166,070	(19,046,245)
Total capital assets, being depreciated, net	23,032,745	(571,871)	-	22,460,874
Governmental activities capital assets, net	\$23,367,799	\$ 885,044	\$ -	\$24,252,843

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

Governmental Activities:	
Instruction	\$ 1,005,904
Pupil transportation	222,431
Total depreciation expense, governmental activities	\$ 1,228,335

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

A summary of changes in business-type activities capital assets for the year ended June 30, 2014, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Furniture and equipment	\$ 83,359	\$ 42,669	\$ -	\$ 126,028
Less accumulated depreciation	(79,559)	(1,711)	-	(81,270)
Business-type activities capital assets, net	\$ 3,800	\$ 40,958	\$ -	\$ 44,758

5. 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, 2014, amounting to \$800,770 in the governmental activities and \$22,536 in the business-type activities.

6. Long-Term Debt

Capital lease obligations

On July 20, 2011, 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 \$37,483, principal and interest, at 3.34% through July 20, 2014. The lease is collateralized by the computers.

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

On July 15, 2013, the District entered into a lease purchase agreement with a third party to acquire computer equipment. The lease term is three years and calls for annual payments of \$41,146, principal and interest, at 2.75% through July 15, 2016. The lease is collateralized by the computers.

Following is a summary of the governmental activities debt transactions for the year ended June 30, 2014:

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due in One Year
Capital lease obligations dated					
July 10, 2010	\$ 38,572	\$ -	\$ 38,572	\$ -	\$ -
July 20, 2011	71,370	-	35,099	36,271	36,271
July 15, 2012	116,818	-	37,742	79,076	38,927
July 15, 2013	-	158,093	41,146	116,947	37,930
Accrued compensated absences	20,472	-	15,492	4,980	-
Totals	\$ 247,232	\$ 158,093	\$ 168,051	\$ 237,274	\$ 113,128

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Notes to Financial Statements
Year Ended June 30, 2014

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	Amount
2015	\$ 120,038
2016	82,556
2017	41,146
Total lease payments	243,740
Less: amount representing interest	(11,446)
Present value of future lease payments	\$ 232,294

The book value of assets acquired through capital lease at June 30, 2014, is as follows:

Equipment	\$ 459,139
Less: accumulated depreciation	(217,846)
Total	\$ 241,293

Compensated Absences

Accrued compensated absences liability is unused sick benefits due to District employees. The accrued compensated absences liability at June 30, 2014, totaled \$4,980, which is reflected as a noncurrent liability on the government-wide financial statements.

7. Short-Term Debt

It was necessary for the District to participate in the State of Colorado Interest-Free Loan Program by borrowing \$3,039,197 throughout the fiscal year, in order to meet operating expenditures since property tax receipt of significant amounts are not received until March, April, May, and June. The loan was repaid in full by the maturity date of June 25, 2014.

8. Public Employees Retirement Association of Colorado

Plan Description - The District contributes to the School District Government Division Trust Fund ("SDTF"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of CRS, as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the SDTF. PERA reports may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy - The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 percent and for the District it is 10.15 percent of covered salary. A portion of the District's contribution (1.02 percent of covered

Weld County School District RE-1
Notes to Financial Statements
Year Ended June 30, 2014

salary) is allocated to the Health Care Trust Fund (see Note 9). The District is also required to pay an amortization equalization disbursement ("AED") equal to 3.80 percent of the total payroll for the calendar year 2014 (3.40 percent of total payroll for the calendar year 2013 and 3.00 percent of total payroll for the calendar year 2012).

Additionally, the District is required to pay a supplemental amortization equalization disbursement ("SAED") equal to 3.50 percent of the total payroll for the calendar year 2014 (3.00 percent of total payroll for the calendar year 2013 and 2.50 percent of total payroll for the calendar year ended 2012). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree. Effective January 1, 2011, working retiree contributions are required at the same 8.0 percent member contribution rate. For the years ending June 30, 2012, 2013, and 2014, the District's employer contributions for the SDTF were \$1,378,360, \$1,495,053, and \$1,697,001, respectively, equal to their required contributions for each year. The District payroll subject to PERA for the year ended June 30, 2014, was \$10,614,501.

9. Postemployment Healthcare Benefits

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

Funding Policy - The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District contributions to the HCTF for the years ending June 30, 2012, 2013, and 2014 were \$99,146, \$101,297, and \$108,268, respectively, equal to their required contributions for each year.

10. Voluntary Investment Program

Description - Employees of the District who are members of the SDTF (see Note 8) may voluntarily contribute to the Voluntary Investment Program ("401(k) Plan"), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Annual Report for Colorado PERA's 401(k) and DC Plans. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550.

Funding Policy - The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service (\$17,500 for the calendar year 2014 and \$17,500 for calendar year 2013). In addition, catch-up contributions, up to \$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 CRS, as amended. For the years ended June 30, 2012, 2013, and 2014, the 401(k) Plan member contributions from the District were \$68,860, \$75,398, and \$35,697, respectively.

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Notes to Financial Statements
Year Ended June 30, 2014

11. 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. The District paid BOCES \$119,227 for services provided during the year ended June 30, 2014. The BOCES financial statements can be obtained at their administrative office located at 2020 Clubhouse Drive, Greeley, Colorado 80634.

12. Risk Management

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

13. 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, 2014, 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 12, 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.

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Notes to Financial Statements
Year Ended June 30, 2014

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.

14. Taxes, Spending and Debt Limitations

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

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary of fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved \$550,400 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.

15. Subsequent Events

Management of the District has evaluated subsequent events through November 19, 2014, the date that the financial statements were available to be issued. During the fiscal year ending June 30, 2015, the Board of Education has approved (1) a lease purchase agreement for laptop computers costing \$161,250; (2) a contract for \$642,646 for a capital improvements project; (3) various equipment and vehicle purchases totaling approximately \$163,000, and (4) \$150,750 for a real estate purchase,. Effective July 1, 2014, based on guidance received from the Colorado Department of Education, the Food Service Fund will be reported in the financial statements of the District as a special revenue fund instead of an enterprise fund. In addition, in June 2012 the Governmental Accounting Standards Board (GASB) issued Statement No. 68—*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 ("Statement 68")*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this statement to the District's financial statements has not been assessed at this time.

There were no other transactions or events that would require adjustment to or disclosure in the financial statements identified.

Required Supplementary Information

Weld County School District RE-1
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local	\$ 13,482,154	\$ 11,391,865	\$ 11,704,578	\$ 312,713
State	4,605,645	4,813,433	4,962,192	148,759
Federal	518,799	573,056	601,687	28,631
Appropriated reserves	4,946,727	6,003,611	-	(6,003,611)
Total revenues	23,553,325	22,781,965	17,268,457	(5,513,508)
Expenditures				
Current:				
Instruction	10,473,585	10,488,848	9,550,335	938,513
Supporting services:				
Pupil and instructional	2,053,494	2,071,525	1,925,705	145,820
General administration	604,748	619,528	588,225	31,303
School administration	1,000,867	1,000,588	988,510	12,078
Business services	268,782	268,820	246,819	22,001
Maintenance and operations	4,127,134	2,184,183	1,600,628	583,555
Pupil transportation	677,944	678,908	633,935	44,973
Central supporting services	508,570	539,879	503,963	35,916
Community services and other	18,768	18,768	10,512	8,256
Debt service:				
Principal	111,368	111,368	152,559	(41,191)
Interest	9,106	9,106	7,363	1,743
Capital outlay	524,291	282,191	619,380	(337,189)
Reserves and contingencies	3,351,431	3,704,716	-	3,704,716
Total expenditures	23,730,088	21,978,428	16,827,934	5,150,494
Excess (deficiency) of revenues over expenditures	(176,763)	803,537	440,523	(363,014)
Other financing sources (uses)				
Proceeds from capital leases	176,763	176,763	158,093	(18,670)
Transfers out	-	(980,300)	(980,300)	-
Total other financing sources (uses)	176,763	(803,537)	(822,207)	(18,670)
Change in fund balance	\$ -	\$ -	\$ (381,684)	\$ (381,684)
Fund balance at beginning of year			6,003,611	
Fund balance at end of year			\$ 5,621,927	

See accompanying Independent Auditor's Report.

Other Supplementary Information

Weld County School District RE-1
Budgetary Comparison Schedule
Capital Projects Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Cash in lieu of land dedication	\$ -	\$ -	\$ 12,526	\$ 12,526
Grants and contributions	-	1,635,000	917,089	(717,911)
Other revenue	10,000	10,000	930	(9,070)
Earnings on investments	500	500	138	(362)
Reserves and contingencies	110,373	117,998	-	(117,998)
Total revenues	120,873	1,763,498	930,683	(832,815)
Expenditures				
Other	60,000	60,000	70,072	(10,072)
Capital outlay	-	2,615,300	1,456,915	1,158,385
Reserves	60,873	68,498	-	68,498
Total expenditures	120,873	2,743,798	1,526,987	1,216,811
Excess (deficiency) of revenues over expenditures	-	(980,300)	(596,304)	383,996
Other financing sources				
Transfer in	-	980,300	980,300	-
Change in fund balance	\$ -	\$ -	383,996	\$ 383,996
Fund balance at beginning of year			117,998	
Fund balance at end of year			\$ 501,994	

See accompanying Independent Auditor's Report.

Weld County School District RE-1
Budgetary Comparison Schedule (Non-GAAP Basis)
Food Service Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Food sales	\$ 207,520	\$ 207,520	\$ 185,420	\$ (22,100)
USDA reimbursements	416,000	416,000	496,602	80,602
Donated commodities	-	-	39,414	39,414
State reimbursement	6,160	6,160	12,366	6,206
Other revenues	650	650	449	(201)
Reserves and contingencies	259,137	335,406	-	(335,406)
Total revenues	889,467	965,736	734,251	(231,485)
Expenses				
Salaries and benefits	362,692	362,692	364,810	(2,118)
Supplies and materials	229,200	229,200	362,459	(133,259)
Other	31,000	31,000	8,877	22,123
Reserve contingency	266,575	342,844	-	342,844
Total expenses	889,467	965,736	736,146	229,590
Excess of revenues over expenditures (Non-GAAP basis)	\$ -	\$ -	(1,895)	\$ (1,895)
GAAP to budgetary basis difference				
Depreciation			(1,711)	
Change in net position			(3,606)	
Net position at beginning of year			335,406	
Net position at end of year			\$ 331,800	

See accompanying Independent Auditor's Report.



Colorado Department of Education
Auditors Integrity Report
 District: 3080 – WELD COUNTY RE-1
 Fiscal Year 2013–14
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	6,003,611		16,446,248	16,827,932		5,621,927
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	6,003,611		16,446,248	16,827,932		5,621,927
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
21 Capital Reserve Spec Revenue Fund	0		0	0		0
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	0		0	0		0
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	0		0	0		0
39 Non-Voter Approved Debt Service Fund	0		0	0		0
41 Building Fund	117,998		1,910,984	1,526,987		501,994
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
Totals	6,121,609		18,357,231	18,354,919		6,123,921
Proprietary						
51 Food Service Fund	335,406		734,253	737,861		331,798
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	335,406		734,253	737,861		331,798
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	338,694		711,570	669,724		380,540
79 GASB 34 Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	338,694		711,570	669,724		380,540
FINAL						

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



Colorado Department of Education

Bolded Balance Sheet Report

District: 3080 - WELD COUNTY RE-1

Fiscal Year 2013-14

Colorado School District/BOCES

ASSETS	Governmental							Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Enterprise Fund 51 (Food)	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	5,990,003	0	0	0	0	100,480	240,456	0	0	290,516	0	6,621,456	
Cash with Fiscal Agent (8105)	79,356	0	0	0	0	0	0	0	0	0	0	79,356	
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	90,024	0	90,024	
Taxes Receivable (8121,8122)	29,663	0	0	0	0	0	0	0	0	0	0	29,663	
Interfund Loans Receivable (8131,8132)	254,366	0	0	0	0	0	0	0	0	0	0	254,366	
Grants Accounts Receivable (8142)	87,445	0	0	0	0	0	64,846	0	0	0	0	152,291	
Other Receivables (8151-8154,8161)	10,216	0	0	0	0	875,833	0	0	0	0	0	886,049	
Inventories (8171,8172,8173)	0	0	0	0	0	0	17,878	0	0	0	0	17,878	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	44,758	0	0	0	0	44,758	
Total Assets	6,451,050	0	0	0	0	976,313	367,938	0	0	380,540	0	8,175,842	

Governmental Proprietary Fiduciary

LIABILITIES & FUND EQUITY	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Enterprise Fund 51 (Food)	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals			
Interfund Payables (7401,7402)	0	0	0	0	0	254,366	0	0	0	0	0	0	254,366			
Other Payables (7421-7423)	13,488	0	0	0	0	219,953	3,585	0	0	0	0	0	237,026			
Accrued Expenses (7461)	800,770	0	0	0	0	0	22,536	0	0	0	0	0	823,306			
Payroll Ded. and Withholdings (7471-7473)	14,865	0	0	0	0	0	0	0	0	0	0	0	14,865			
Grants Deferred Revenue (7482)	0	0	0	0	0	0	10,019	0	0	0	0	0	10,019			
Total Liabilities	829,123	0	0	0	0	474,319	36,140	0	0	0	0	0	1,339,581	0	0	

Governmental Proprietary Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Enterprise Fund 51 (Food)	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	550,400	0	0	0	0	0	0	0	0	0	0	0	550,400
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	385,430	0	0	0	0	0	0	0	0	0	0	0	385,430
Assigned Fund Balance 6760	0	0	0	0	0	501,994	0	0	0	0	380,540	0	882,535
Unassigned Fund Balance 6770	4,686,097	0	0	0	0	0	0	0	0	0	0	0	4,686,097
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	44,758	0	0	0	0	0	44,758
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	287,040	0	0	0	0	0	287,040
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	5,621,927	0	0	0	0	501,994	331,798	0	0	0	380,540	0	6,836,260

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Enterprise Fund 51 (Food)	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
6,451,050	0	0	0	0	976,313	367,938	0	0	0	380,540	0	8,175,842
Total Liabilities & Fund Equity												

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Enterprise Fund 51 (Food)	Other Enterprise Funds 50, 52-59	Risk-Related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do Assets=Liability+Fund Equity											

Reports to Governmental Agencies



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Weld County School District RE-1 (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Anton Collins Mitchell LLP

Greeley, Colorado
November 19, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited Weld County School District RE-1's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



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

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

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

Anton Collins Mitchell LLP

Greeley, Colorado
November 19, 2014

Weld County School District RE-1
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Weld County School District RE-1
Summary of Prior Year Findings and Questioned Costs
Year Ended June 30, 2014

2013-1 Eligibility

Condition: We tested a sample of 25 applications submitted for the Child Nutrition Program and noted that one application could not be located by the District. In addition, we noted that the household information was incorrectly entered for another application causing the student to receive free meals when the student was eligible for reduced meals.

Recommendation: It was recommended that the District implement a review process to ensure that household numbers used by the system to calculate eligibility agrees to the application submitted. In addition, we recommend that the District retain all applications submitted as evidence of a student's eligibility for the program.

Current Year Status: Implemented.

Weld County School District RE-1
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2013-2014 Expenditures
U.S. Department of Agriculture			
Passed through Colorado Department of Education:			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	4553	\$ 98,905
National School Lunch Program	10.555	4555	437,111
Child Nutrition Cluster subtotal			536,016
Total U.S. Department of Agriculture			536,016
U.S. Department of Education			
Passed through Colorado Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	4048	40,914
Safe and Drug-Free Schools and Communities National Programs	84.184S	9184	948
School Improvement Grant	84.377	5010	70,734
Race to the Top - Early Learning Challenge	84.412	5412	789
Total U.S. Department of Education			113,385
Total Expenditures of Federal Awards			\$ 649,401

See accompanying notes to Schedule of Expenditures of Federal Awards.

Weld County School District RE-1
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

1. Basis of Presentation

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

2. Basis of Accounting

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

3. Food Distribution

Commodities donated to the District by the U.S. Department of Agriculture ("USDA") are valued based on the USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when commodities are used. During the year ended June 30, 2014, the District used food commodities totaling \$39,414.

Statistical Section

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

	2014	2013	2012	2011
General government expenditures by function				
Instruction	\$ 9,550,335	\$ 9,179,601	\$ 8,414,847	\$ 9,125,799
Supporting services:				
Pupil and instructional	1,925,705	1,592,348	1,557,628	1,706,668
General administration	588,225	601,192	404,920	438,296
School administration	988,510	833,349	855,690	802,600
Maintenance and operations	1,670,700	1,661,077	1,777,490	1,690,193
Pupil transportation	633,935	657,656	649,367	670,936
Business services	246,819	207,369	188,985	176,656
Central supporting services	503,963	436,940	468,162	431,420
Community services and other	10,512	14,316	38,519	50,121
Debt service:				
Principal	152,559	152,313	166,715	200,944
Interest	7,363	7,512	8,261	10,006
Capital projects:				
Water rights	-	-	-	-
Land and improvements	-	10,000	-	-
Buildings	1,670,682	389,121	-	-
Equipment and vehicles	405,613	208,834	151,568	217,683
Total expenditures	\$ 18,354,921	\$ 15,951,628	\$ 14,682,152	\$ 15,521,322
General government revenues by source				
General property taxes	\$ 10,694,043	\$ 10,726,243	\$ 7,862,912	\$ 6,257,717
Specific ownership taxes	866,865	649,592	518,976	430,421
Interest on delinquent taxes	2,537	2,008	1,719	1,295
Earnings on investments	804	2,772	2,873	3,970
Other local sources	1,229,105	180,908	361,553	394,163
Federal grants	601,687	578,434	595,868	1,182,114
State sources	4,962,192	4,939,233	6,217,606	8,293,861
Total revenues	\$ 18,357,233	\$ 17,079,190	\$ 15,561,507	\$ 16,563,541

2010	2009	2008	2007	2006	2005
\$ 10,051,949	\$ 10,147,395	\$ 9,462,642	\$ 10,605,538	\$ 9,922,676	\$ 9,524,541
2,102,266	2,136,404	2,438,395	805,988	724,440	693,642
410,135	383,056	983,273	751,647	616,307	532,026
863,707	829,105	1,142,725	1,190,977	1,111,980	1,061,782
155,113	142,206	1,880,517	1,974,922	1,776,265	1,363,872
1,724,666	1,735,961	664,511	637,365	604,723	496,882
670,908	655,700	114,427	318,168	309,944	324,243
405,894	516,959	23,081	17,987	17,530	11,237
31,210	26,016	19,001	25,708	13,701	254,168
161,069	130,017	-	32,847	31,357	2,934,935
9,997	-	-	1,560	3,050	130,113
-	160,000	-	-	-	-
-	-	-	82,200	88,832	5,495
-	-	-	116,810	874,413	-
257,799	587,471	195,048	521,306	204,301	81,348
\$ 16,844,713	\$ 17,450,290	\$ 16,923,620	\$ 17,083,023	\$ 16,299,519	\$ 17,414,284
\$ 8,494,941	\$ 6,125,954	\$ 6,357,971	\$ 6,503,749	\$ 6,507,492	\$ 6,826,337
511,550	541,465	620,203	661,348	698,858	733,987
3,512	967	2,227	2,466	2,746	(8,188)
1,078	9,051	105,973	199,081	168,374	67,035
257,004	245,817	561,063	907,641	1,000,787	555,902
897,340	504,761	445,951	201,030	114,524	133,554
6,722,538	8,554,899	7,801,854	7,381,621	7,101,587	7,005,031
\$ 16,887,963	\$ 15,982,914	\$ 15,895,242	\$ 15,856,936	\$ 15,594,368	\$ 15,313,658

See accompanying Independent Auditor's Report.

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

	2014	2013	2012	2011
Estimated value of taxable property	\$ 2,295,051,264	\$ 2,222,955,571	\$ 1,832,950,253	\$ 1,031,556,600
Assessed valuation	\$ 1,096,631,446	\$ 1,101,343,912	\$ 905,404,150	\$ 661,409,550
Mill levy by fund				
General fund	9.760	9.745	8.683	9.393
Total district mill levy	9.760	9.745	9.393	8.212
Mill levy including overlapping governments - by population center				
LaSalle	65.281	65.281	70.056	68.284
Gilcrest	74.414	72.527	72.316	69.221
Platteville	56.063	57.951	55.044	56.119
General property tax revenue net				
General fund	\$ 10,694,043	\$ 10,765,243	\$ 7,862,912	\$ 6,257,717
Bond redemption fund	-	-	-	-
Total general property tax revenue - net	\$ 10,694,043	\$ 10,765,243	\$ 6,257,717	\$ 8,494,941
State equalization entitlement	\$ 4,677,482	\$ 4,553,829	\$ 5,713,892	\$ 7,715,385
Legal debt margin - end of year	\$ 219,326,289	\$ 181,080,830	\$ 132,281,910	\$ 206,311,320

2010	2009	2008	2007	2006	2005
\$ 1,900,256,062	\$ 1,491,837,121	\$ 1,498,417,524	\$ 1,488,409,162	\$ 1,333,204,967	\$ 1,328,923,790
\$ 1,031,556,600	\$ 655,842,950	\$ 691,912,940	\$ 714,474,630	\$ 591,585,930	\$ 499,163,720
8.212	9.367	9.198	9.108	10.971	13.091
9.367	9.198	9.108	10.971	13.091	28.465
63.007	61.253	59.889	58.710	61.672	65.158
64.500	65.765	65.034	65.524	67.630	72.815
54.973	55.697	56.767	55.434	62.420	66.292
\$ 8,494,941	\$ 6,125,954	\$ 6,357,971	\$ 6,503,749	\$ 6,507,492	\$ 6,827,456
-	-	-	-	-	(1,119)
\$ 6,125,954	\$ 6,357,971	\$ 6,503,749	\$ 6,507,492	\$ 6,826,337	\$ 9,758,625
\$ 5,713,892	\$ 8,158,569	\$ 7,451,837	\$ 6,916,724	\$ 6,629,358	\$ 6,573,009
\$ 131,168,590	\$ 138,382,588	\$ 142,894,926	\$ 118,317,186	\$ 99,832,744	\$ 68,973,290

See accompanying Independent Auditor's Report.