



Weld County School District RE-4

Financial Statements
and Supplementary Information
For the Year Ended June 30, 2016

Weld County School District RE-4

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Independent Auditor's Report

Board of Education
Weld County School District RE-4
Windsor, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weld County School District RE-4 (the "District"), as of June 30, 2016, and for the year then ended 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 did not audit the financial statements of the Windsor Charter Academy, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Windsor Charter Academy, is based solely on the report of the other auditors. 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 of material misstatement. The financial statements of Windsor Charter Academy were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal controls over financial reporting or reportable noncompliance associated with Windsor Charter Academy.

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weld County School District RE-4, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity 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 4 through 20, budgetary comparison information on page 53, Schedule of the District's Proportionate Share of the Net Pension Liability on page 54, and Schedule of District Contributions on pages 55 and 56 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The combining and individual major and nonmajor fund financial statements and budgetary comparisons, Auditor's Integrity Report, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and budgetary comparisons, Auditor's Integrity Report, and the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the District's internal control over financial reporting and on 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 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 21, 2016

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

This section of the Weld County School District RE-4's (the "District") annual financial report offers readers of the District's financial statements its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. 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

- General revenues account for approximately \$47.4 million or 89.5 percent of all revenues for the District as a whole. Program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions accounted for \$5.6 million or 10.5 percent of total revenues of \$53.0 million.
- The District had \$55.9 million in expenses related to governmental activities; only \$5.6 million of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues, primarily state equalization payments and property taxes, of \$47.4 million were adequate to provide for these programs.
- The District's total net position decreased \$2.9 million during fiscal year 2016. The District has a negative unrestricted net position of (\$63.3) million due to the recording of the net pension liability of \$76.9 million, as discussed below.
- The District is required to report its proportionate share of the total PERA (Public Employee's Retirement Association of Colorado) net pension liability in its government-wide financial statements. The District's share of the PERA net pension liability is \$76.9 million as of June 30, 2016, which increased \$9.1 million over the previous fiscal year. Inclusion of this figure in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown. The District's liability is limited to the annually required contributions established by the Colorado State Legislature.
- Due to the effect of the pension liability, the District has a negative net position. The governmental liabilities and deferred inflows of resources exceed its assets and deferred outflows of resources by \$14.2 million.

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

- Among major funds, the District's general fund had \$43.0 million in revenues and other financing sources and \$42.4 million in expenditures and other financing uses. The general fund's fund balance increased \$611,000 to \$6.5 million from \$5.9 million.
- Enrollment of the District increased 7.9 percent to a full-time equivalent (FTE) of 5,195 students, which represents an increase of 378.5 FTE.
- Outlays for capital assets were primarily comprised of equipment and vehicles, which came from the General Fund and the Capital Projects Fund. See the Capital Assets section of this management's discussion and analysis for more information.
- The District reduced its outstanding long-term debt approximately \$6.8 million or 16.5 percent for the annual debt service requirements on outstanding bonds and lease purchase agreements.

Overview of the Financial Statements

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

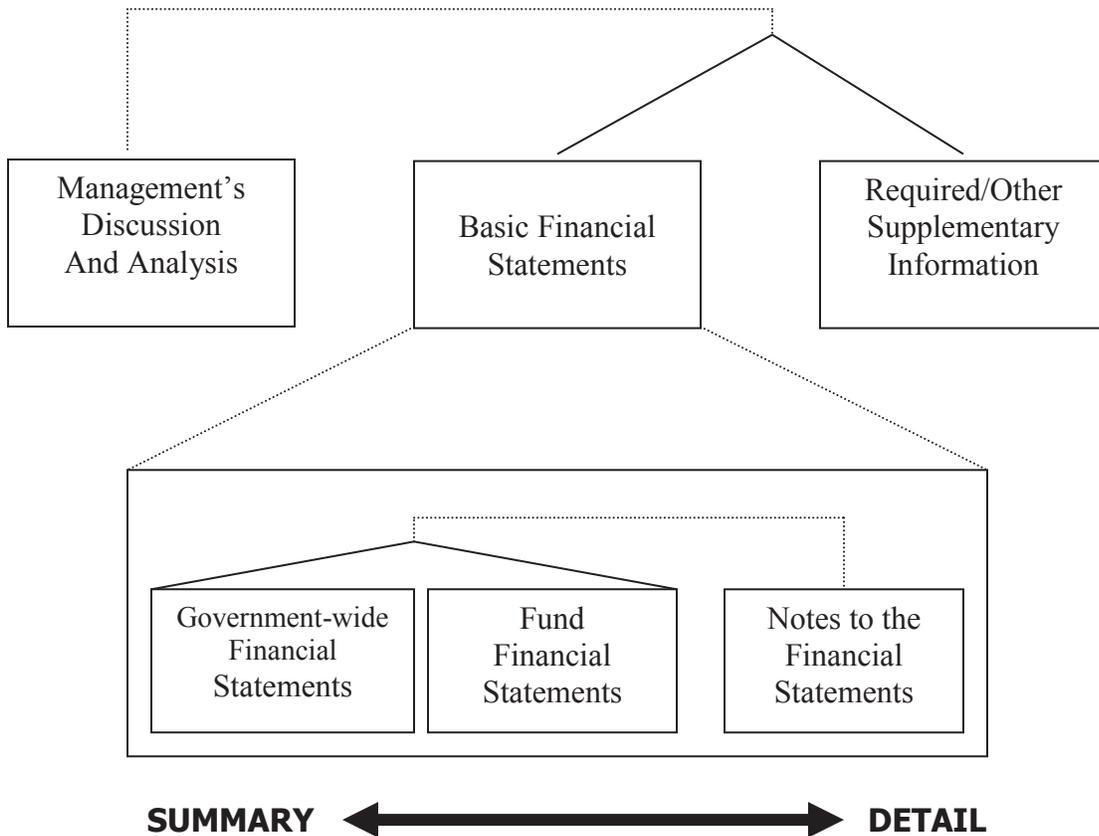
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations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

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

- Fiduciary funds 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 both the required and other supplementary information sections that further explain and support the financial statements as well as provide budgetary comparisons for the year. Included are Colorado mandated reports for financial data submissions to the Colorado Department of Education. Finally, the reports to governmental agencies section includes reports on internal control and federal programs as well as related schedules. Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another

**Table 1
Organization of Weld County School District's Annual Financial Report**



**Weld County School District RE-4
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Table 2 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, found in the basic financial statements.

**Table 2
Major Features of the Government-wide and Fund Financial Statements**

	District-wide Statements	Fund Financial 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	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 fund 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 outflow of resources, liabilities, and deferred inflow 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 included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets, deferred outflow of resources, liabilities, and deferred inflow 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 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-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the Weld County School District RE-4's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources. 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. These statements provide both *short-term* and *long-term* information about the District's *overall* financial status.

The *statement of net position* presents information on all of the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, maintenance and operations, food service, and administration.

The basic government-wide financial statements can be found on pages 21-23 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

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

(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 six 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 and debt service fund, which are considered to be major funds. A budget-to-actual comparison for the general fund is provided in the required supplementary section. Budget-to-actual comparisons for the other major funds are provided in the other supplementary information section. Data from the other governmental funds are combined into a single, aggregated presentation. The other governmental funds consist of the designated purpose grants fund, capital projects fund, school development fund, and food service fund. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplementary information section of this report. Also included in the other supplementary information section is budget-to-actual information for all non-major funds as required by state law.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

- *Proprietary funds:* 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 does not currently have any proprietary funds.

- *Fiduciary funds:* Fiduciary funds are 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

Weld County School District RE-4 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The District currently has two fiduciary funds, the private purpose trust fund and the agency fund. The private-purpose trust fund is used to account for scholarship activity. The agency fund is used to account for student activities.

The basic fiduciary fund statements can be found on pages 28-29 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 30-52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and *other supplementary information*. This includes combining statements and budget-to-actual comparisons of governmental funds and fiduciary funds. The additional schedules required for pension reporting are also presented in this section. Additionally, the Colorado Department of Education electronic data transmission reports are included after the other supplementary information. Finally, the *reports to governmental agencies* section includes the single audit information related to federal funding awards as well as the schedule of expenditures of federal awards.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

Net position may serve over time as a useful indicator of the District's financial position. The District's net position was lower on June 30, 2016, than the year before, decreasing 25 percent or \$2.9 million to (\$14.2) million. This is due to the increase in the recording of the District's net pension liability, which increased \$9.1 million to \$76.9 million. Inclusion of this figure in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown. The District's liability is limited to the annually required contributions established by the Colorado State Legislature.

A portion of the net position is either restricted as to the purpose it can be used for or is invested in capital assets. A large portion of the District's net position reflects its

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

\$39.7 million investment in capital assets net of depreciation and related debt. The District uses these capital assets to provide educational services to students; consequently, these assets are not available for future spending. Restricted net position decreased by \$665,000 or 6.6 percent and includes required TABOR reserves, debt service fund reserves for principal and interest payments, as well as cash-in-lieu of land dedication payments to be utilized for school site purchase and development. Unrestricted net position is at (\$63.3) million due to the recording of the net pension liability discussed previously. Table 3 provides a summary of the District's net position at June 30, 2016 and 2015.

**Table 3
Condensed Statement of Net Position**

	Governmental Activities		Percentage Change
	2016	2015	2015-2016
Assets			
Current Assets	\$ 22,397,551	\$ 22,387,512	0.0%
Capital Assets, Net	74,308,665	76,583,347	-3.0%
Total Assets	96,706,216	98,970,859	-2.3%
Deferred Outflows	11,536,883	6,055,340	90.5%
Liabilities			
Current Liabilities	7,019,157	6,820,788	2.9%
Long-term Liabilities	111,604,677	109,306,740	2.1%
Total Liabilities	118,623,834	116,127,528	2.1%
Deferred Inflows	3,770,211	179,647	1998.7%
Net Position			
Net Investment in			
Capital Assets	41,626,945	37,250,509	11.7%
Restricted	9,558,779	10,065,840	-5.0%
Unrestricted	(65,336,670)	(58,597,325)	11.5%
Total Net Position	<u>\$ (14,150,946)</u>	<u>\$ (11,280,976)</u>	25.4%

Table 4 provides a comparative summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

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

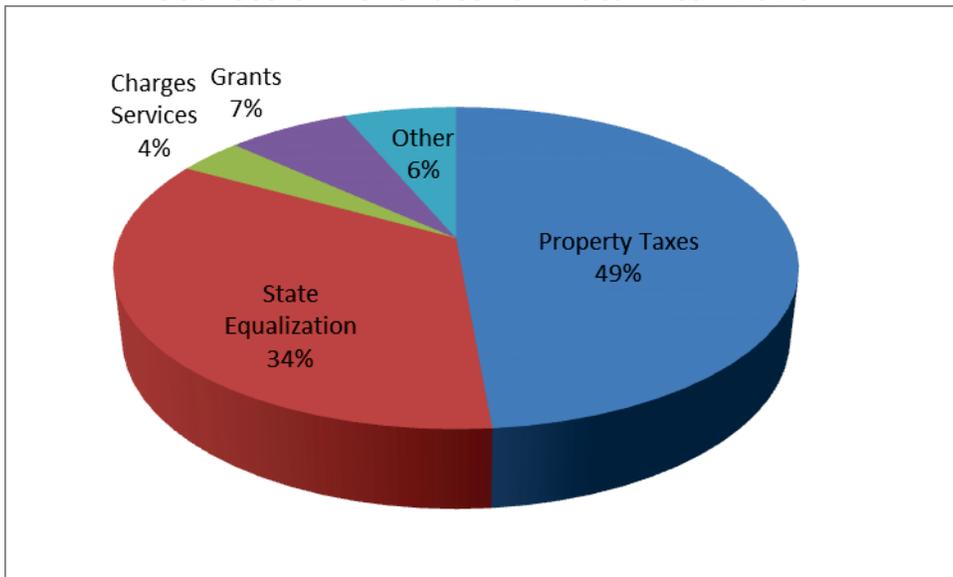
	Governmental Activities		Percentage Change
	2016	2015	2015-2016
Revenues			
Program Revenues			
Charges for Services	\$ 1,920,465	\$ 1,791,874	7.2%
Operating Grants & Contributions	3,601,264	2,850,461	26.3%
Capital Grants & Contributions	50,000	-	N/A
General Revenues			
Property Taxes	25,754,148	24,625,488	4.6%
State Equalization	18,294,566	17,125,501	6.8%
Other	3,369,980	2,562,024	31.5%
Total Revenues	52,990,423	48,955,348	8.2%
Expenses			
Instruction	26,702,537	22,435,465	19.0%
Support Services:			
Pupil/Instructional	5,414,105	4,020,339	34.7%
General Administration	734,606	754,145	-2.6%
School Administration	3,092,438	2,600,954	18.9%
Business Services	602,403	530,159	13.6%
Maintenance/Operations	4,548,769	4,311,660	5.5%
Pupil Transportation	1,421,706	1,227,622	15.8%
Central Support Services	2,761,118	2,155,124	28.1%
Other Facility Services	2,116,392	2,127,507	-0.5%
Other	69,702	63,352	10.0%
Food Service Operations	1,419,872	1,433,677	-1.0%
Charter School Funding	5,798,216	3,248,238	78.5%
Bond Issuance Costs	-	187,152	-100.0%
Interest on Long Term Debt	1,178,529	1,137,561	3.6%
Total Expenses	55,860,393	46,232,955	20.8%
Increase in Net Position	\$ (2,869,970)	\$ 2,722,393	-205.4%
Net Position at Beginning of Year *	\$ (11,280,976)	\$ (14,003,369)	
Net Position at End of Year	\$ (14,150,946)	\$ (11,280,976)	
Percent Change	-25.44%	19.44%	

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Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

The District’s property tax revenue consists of four separate components, the general fund, override, abatement, and debt service mill levies. Property taxes and per-pupil state formula revenue (state equalization) account for most of the District’s revenue, contributing about 49 cents and 34 cents respectively for every dollar raised (see Table 5). Another 7 cents came from grants and contributions with the remaining 10 cents coming from fees charged for services and other miscellaneous sources.

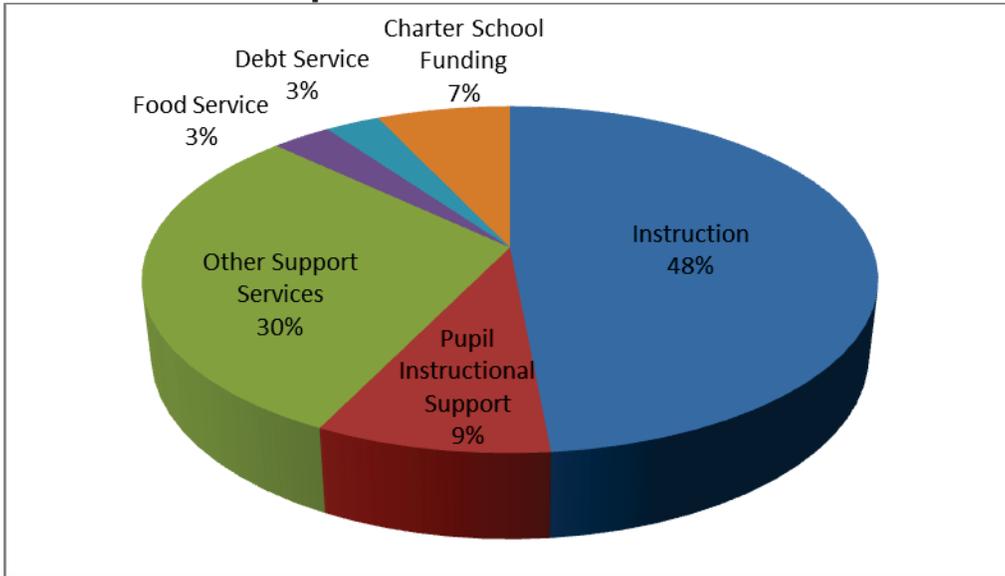
The District’s expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, transportation and others. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District’s employees. Detailed below in Tables 5 and 6 are charts displaying revenues by source and expenses by program for the total District.

**Table 5
Sources of Revenues for Fiscal Year 2016**



**Weld County School District RE-4
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

**Table 6
Expenses for Fiscal Year 2016**



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 \$6,940 per funded student, representing a 4.1 percent funding increase from the previous year. For fiscal year 2016, the District continued to be one of the lowest funded districts in the state at the minimum or “floor” funding level. Funding for the School Finance Act comes from property taxes, specific ownership tax, and state equalization. The District receives approximately 47 percent of this funding from property taxes, 50 percent from state equalization, and the remaining 3 percent from specific ownership tax. In addition, the District passed mill levy override ballot questions in 2001 and 2007 in the amounts of \$595,350 and \$2.0 million respectively. These funds are for the operating costs of new and expanded facilities.

The decrease in net position for governmental activities was (\$2.9) million in the 2016 fiscal year. This decrease in net position attributable to governmental activities is reflective of the recording of the pension liability discussed above.

The governmental funds monitor cash resources and expenditures. Capital outlay within these funds aggregated approximately \$277,000 during the fiscal 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.

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Management's Discussion and Analysis
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As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities (page 27), the net difference between capital outlays, donated property, and depreciation expense was approximately \$2.3 million for the year ended June 30, 2016.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 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**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2016	2015	2015-2016	2016	2015	2015-2016
Instruction	\$ 26,702,537	\$ 22,435,465	19.0%	\$ 23,435,685	\$ 19,949,828	17.5%
Pupil/Instructional Support	5,414,105	4,020,339	34.7%	4,903,794	3,701,502	32.5%
General Administration	734,606	754,145	-2.6%	621,401	754,145	-17.6%
School Administration	3,092,438	2,600,954	18.9%	3,074,455	2,586,303	18.9%
Business Services	602,403	530,159	13.6%	602,403	477,276	26.2%
Maintenance/Operations	4,548,769	4,311,660	5.5%	4,376,641	4,144,082	5.6%
Pupil Transportation	1,421,706	1,227,622	15.8%	1,175,018	992,627	18.4%
Central Supporting Services	2,761,118	2,155,124	28.1%	2,761,118	2,126,119	29.9%
Other Facility Support	2,116,392	2,127,507	-0.5%	2,066,392	2,127,507	-2.9%
Food Service Operations	1,419,872	1,433,677	-1.0%	225,310	94,928	N/A
Charter School Funding	5,798,216	3,248,238	78.5%	5,798,216	3,248,238	78.5%
Bond Issuance Costs	-	187,152	-100.0%	-	187,152	N/A
Interest on Long Term Debt	1,178,529	1,137,561	3.6%	1,178,529	1,137,561	3.6%
Other	69,702	63,352	10.0%	69,702	63,352	10.0%
Total	\$ 55,860,393	\$ 46,232,955	20.8%	\$ 50,288,664	\$ 41,590,620	20.9%

- The cost of all governmental activities this year was \$55.9 million.
- Some of the cost was financed by the users of the District's programs (\$1.9 million). Revenues in this category include items such as student meal purchases, tuition payments for preschool and kindergarten programs, building rentals, and services purchased by the District's component unit, Windsor Charter Academy.

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

- The federal and state government subsidized certain programs with grants and contributions (\$3.6 million) and the district received a capital contribution for a dedicated school site.
- Most of the District's costs (\$50.3 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$18.3 million in state equalization from the School Finance Act, \$25.8 million in property tax, \$1.6 million in specific ownership taxes, and \$1.7 million in investment earnings and other miscellaneous revenue.
- All programs saw increased costs over last year due to the increase of pension liability of \$9.1 million. These costs were allocated by individual program.
- Charter school funding increased \$2.5 million due to the opening of a secondary education option and the related increase in students.

Financial Analysis of District's Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Combined fund balances decreased \$85,000 from \$15.5 million in 2015 to \$15.4 million in 2016. The general fund and school development fund saw increases in fund balance. The debt service fund saw a decrease in fund balance due to lower necessary tax collections for a decrease in bond payments. The capital projects fund and food service fund saw slight decreases as well.

The general fund is the chief operating fund of the District. Unassigned fund balance represents 11.3 percent of general fund revenues, while total fund balance represents 15.0%. The total fund balance increased \$611,000 to \$6.5 million due to higher than anticipated revenues at both the state and local level. Additionally, other areas of the budget, including salaries and benefits, had positive budget variances. Fund balance also includes one-time carryover amounts as detailed below. The District is continually reviewing its reserves and allocating funds to one-time projects if appropriate.

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

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 budget for the general fund anticipated that expenditures and transfers out would exceed revenues by approximately \$1.7 million (not including appropriated fund balance) due to the expending of one-time sources for certain projects, including technology and facility planning. The actual results for the year showed revenues in excess of expenditures of approximately \$611,000.

- Actual total revenues were \$720,000 higher than anticipated. State sources exceeded the budget due to the higher than anticipated revenues for categorical programs such as transportation, special education, and vocational programs.
- Actual expenditures were \$5.7 million below budget, due primarily to the appropriated fund balance budgeted as a contingency reserve. Additionally, one-time sources including override funds, growth/contingency funds (budgeted under instruction), building and department budgets, beverage contract revenue funds, and prior year's unspent resources were carried into the next fiscal year. The funds remaining for central supporting services represent the funds allocated but unspent for technology projects and facility planning efforts, and will be budgeted for this purpose in the 2017 year.
- The District must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2016, the District's TABOR reserve amounted to \$1,085,124.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal year 2016, the District had invested \$74.3 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, site improvements, vehicles and other equipment (See Table 8). This amount represents a net decrease of approximately \$2.3 million or 3.0 percent from last year. The majority of this decrease is from the depreciation expense for the 2016 year. Total depreciation expense related to governmental activities was \$2.6 million for the year while additions amounted to approximately \$327,000. Additional information on the District's capital assets can be found in Note 4 to the financial statements.

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

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

	Governmental Activities		Percentage Change
	2016	2015	2015-2016
	Sites	\$ 7,290,444	\$ 7,240,444
Water Rights	705,753	705,753	0.00%
Construction in Progress	30,000	-	N/A
Site Improvements	888,171	1,081,050	-17.84%
Buildings	62,580,586	64,473,439	-2.94%
Equipment	2,427,534	2,682,216	-9.50%
Transportation	386,177	400,445	-3.56%
Totals	<u>\$ 74,308,665</u>	<u>\$ 76,583,347</u>	-2.97%

Long-Term Debt

At year-end, the District had a total of \$32.8 million outstanding in long-term debt. This included \$31.2 million in general obligation bonds and \$1.6 million in lease purchase agreements. The outstanding bonds saw a decrease of 17.4 percent from the previous year, as shown below in Table 9. This decrease is due to the scheduled principal payments made during the fiscal year. The District has lease purchase agreements related to performance contracts for energy efficiency improvements, which saw a 6 percent decrease due to payments made during the fiscal year. Energy savings are guaranteed to cover the payment on the leases. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

**Table 9
Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2016	2015	2015-2016
	Governmental Activities:		
Bonds Payable	\$ 31,250,000	\$ 37,825,000	-17.4%
Lease Purchase Agreements	\$ 1,592,467	\$ 1,694,150	-6.0%
Total	<u>\$ 32,842,467</u>	<u>\$ 39,519,150</u>	-16.9%

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Colorado Revised Statute 22-42-104 states that a school district shall have a limit of bonded indebtedness determined by a specific formula. The District's outstanding debt is below this limit.

Factors Bearing on the District's Future

The local economy, student enrollment trends, school finance and legislative activity, and funding trends affect the financial condition of the District. 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:

- Early projections for the fall of 2016 show District enrollment will continue to increase by an estimated 513 (FTE) students, which represents a 9.87 percent growth level. To plan for growth in the District, the District's Long Range Facility Planning Committee reviews building permits and population growth trends for the District. The Committee also utilizes the services of a planning firm to review new housing developments in the District's boundaries and provide five year enrollment projections. The District has commissioned this consultant to update the growth master plan to ensure accurate projections. The District is anticipating continued high growth in student enrollment over the next three years.
- The District's taxpayers approved two ballot questions on the November, 2016 ballot. The District gained voter approval to increase debt by \$104.8 million through the issuance of general obligation bonds. The construction projects address overcrowding at the high school level and provide funding for a second high school, major renovations and innovations at Windsor High School, and facility investments and improvements at other schools and operational facilities. The second ballot question approved was for a mill levy override of \$3.6 million, to be phased in over three years. The override will fund the operating costs of a new high school, operating costs related to facility improvements at Windsor Charter Academy, and expanding and improving student access to technology in every school.
- Preliminary assessed value figures for property tax year 2017 reflect an 8.4 percent increase to \$679 million, which is reflective of growth and expansion in the district.

**Weld County School District RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

- The future financial outlook for the District continues to be impacted by the local, state, and federal economy. While the economy in Colorado continues to improve, the State is limited to the amount of revenue that can be retained due to provisions in TABOR, Article X, Section 20 of the Colorado Constitution, which limits the growth in a large portion of State revenue to the sum of inflation plus population growth in the previous calendar year. Revenue collected above the TABOR limit must be returned to taxpayers, unless voters decide the State can retain the revenue. The State forecast expects the 2017 fiscal year and the foreseeable future years to be above the TABOR limits, requiring refunds to taxpayers, which will impact the amount of State funds available to fund education.

Component Unit

Only summary information regarding the District's component unit, Windsor Charter Academy, appears in the District's financial statements. Their financial information is presented in a separate column in the Government-wide Statement of Net Position and the Statement of Activities. Additional information on the financial condition of the school is available in their separate, audited financial statements.

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 Business Services, Weld County School District RE-4, 1020 Main Street, Windsor, Colorado 80550.

Basic Financial Statements

Weld County School District RE-4
Statement of Net Position
June 30, 2016

	Primary Government Governmental Activities	Component Unit Windsor Charter Academy
Assets		
Cash and cash equivalents	\$ 13,300,593	\$ 743,079
Restricted cash and cash equivalents	8,153,362	894,114
Receivables	308,355	389,346
Due from other governments	565,543	-
Inventories	69,698	-
Prepaid Expenses	-	12,258
Capital assets, not being depreciated	8,026,197	197,450
Capital assets, being depreciated, net	66,282,468	5,335,215
Total assets	96,706,216	7,571,462
Deferred outflows of resources		
Deferred loss on refundings	1,902,526	-
Deferred outflows of resources relating to pensions	9,634,357	4,148,432
Total deferred outflows of resources	11,536,883	4,148,432
Liabilities		
Accounts payable	142,662	123,988
Accrued salaries and benefits	6,554,851	185,659
Accrued interest payable	89,565	58,861
Due to other governments	232,079	-
Unearned revenues	-	16,200
Noncurrent liabilities:		
Accrued compensated absences	141,286	-
Due within one year	5,254,652	155,000
Due in more than one year	29,329,594	5,795,000
Net pension liability	76,879,145	9,143,838
Total liabilities	118,623,834	15,478,546
Deferred inflows of resources		
Unearned revenues	52,139	-
Deferred inflows of resources relating to pensions	3,718,072	129,599
Total deferred inflows of resources	3,770,211	129,599
Net position		
Net investment in capital assets	41,626,945	476,779
Restricted for:		
Emergencies	1,085,124	193,000
Debt service	6,737,738	-
Other	1,735,917	-
Unrestricted	(65,336,670)	(4,558,030)
Total net position	\$ (14,150,946)	\$ (3,888,251)

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

Weld County School District RE-4
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 26,702,537	\$ 953,697	\$ 2,313,155	\$ -
Supporting services				
Pupil and instructional	5,414,105	-	510,311	-
General administration	734,606	113,205	-	-
School administration	3,092,438	-	17,983	-
Business services	602,403	-	-	-
Maintenance and operations	4,548,769	172,128	-	-
Pupil transportation	1,421,706	-	246,688	-
Central supporting services	2,761,118	-	-	-
Other facilities services	2,116,392	-	-	50,000
Community services and other	69,702	-	-	-
Food service operations	1,419,872	681,435	513,127	-
Charter school funding	5,798,216	-	-	-
Interest on long-term debt	1,178,529	-	-	-
Total governmental activities/ primary government	\$ 55,860,393	\$ 1,920,465	\$ 3,601,264	\$ 50,000
Component unit - Windsor Charter Academy				
Instruction	\$ 4,486,828	\$ 427,463	\$ 73,994	\$ -
Support services	4,269,304	-	724,061	449,657
Interest on long-term debt	347,415	-	-	-
Total component unit	\$ 9,103,547	\$ 427,463	\$ 798,055	\$ 449,657
General revenues				
Property taxes levied for:				
General purposes				
Debt services				
Specific ownership taxes for:				
General purposes				
Intergovernmental:				
State equalization/per pupil funding				
Payment in lieu of land dedication				
Other revenues				
Earnings on investments				
Total 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	Component Unit Windsor Charter Academy
\$ (23,435,685)	\$ -
(4,903,794)	-
(621,401)	-
(3,074,455)	-
(602,403)	-
(4,376,641)	-
(1,175,018)	-
(2,761,118)	-
(2,066,392)	-
(69,702)	-
(225,310)	-
(5,798,216)	-
(1,178,529)	-
(50,288,664)	-
-	(3,985,371)
-	(3,095,586)
-	(347,415)
-	(7,428,372)
19,647,524	-
6,106,624	-
1,631,516	-
18,294,566	5,798,216
1,002,494	-
711,787	-
24,183	102
47,418,694	5,798,318
(2,869,970)	(1,630,054)
(11,280,976)	(2,258,197)
\$ (14,150,946)	\$ (3,888,251)

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

Weld County School District RE-4
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 12,487,999	\$ 51,457	\$ 761,137	\$ 13,300,593
Restricted cash and cash equivalents	-	6,626,072	1,527,290	8,153,362
Receivables	248,146	60,209	-	308,355
Inventories	-	-	69,698	69,698
Due from other governments	4,279	-	561,264	565,543
Due from other funds	75,083	-	-	75,083
Totals assets	\$ 12,815,507	\$ 6,737,738	\$ 2,919,389	\$ 22,472,634
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Accounts payable	\$ 119,236	\$ -	\$ 23,426	\$ 142,662
Accrued salaries and benefits	6,221,822	-	333,029	6,554,851
Due to other governments	-	-	232,079	232,079
Due to other funds	-	-	75,083	75,083
Total liabilities	6,341,058	-	663,617	7,004,675
Deferred inflows of resources				
Unearned revenue	4,979	-	47,160	52,139
Total deferred inflows of resources	4,979	-	47,160	52,139
Fund balances				
Nonspendable	-	-	69,698	69,698
Restricted	1,293,751	6,737,738	1,527,290	9,558,779
Committed	328,778	-	376,759	705,537
Assigned	-	-	234,865	234,865
Unassigned	4,846,941	-	-	4,846,941
Total fund balances	6,469,470	6,737,738	2,208,612	15,415,820
Total liabilities, deferred inflows of resources and fund balances	\$ 12,815,507	\$ 6,737,738	\$ 2,919,389	\$ 22,472,634

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

Weld County School District RE-4
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position
June 30, 2016

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

Total fund balances - governmental funds	\$	15,415,820
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported on the fund financial statements.

Capital assets	\$ 107,209,354		
Less: accumulated depreciation	<u>(32,900,689)</u>		74,308,665

The deferred loss on refunding is not a current financial resource, and therefore, not reported as a deferred outflow of resources in governmental funds.		1,902,526
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 9,634,357		
Deferred inflows of resources	<u>(3,718,072)</u>		5,916,285

Long-term liabilities, including net pension obligations, are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year-end consist of:

Bonds payable	\$ (31,250,000)		
Plus: bond premium	(1,741,779)		
Capital leases payable	(1,592,467)		
Accrued interest payable	(89,565)		
Compensated absences	(141,286)		
Net pension liability	<u>(76,879,145)</u>		<u>(111,694,242)</u>

Total net position of governmental activities	\$	<u>(14,150,946)</u>
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The accompanying notes are an integral part of these financial statements.

Weld County School District RE-4
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local	\$ 21,279,040	\$ 6,106,624	\$ -	\$ 27,385,664
State	19,780,752	-	106,446	19,887,198
Federal	-	-	1,871,585	1,871,585
Grants and contributions	-	-	137,050	137,050
Charges for services	1,239,030	-	681,435	1,920,465
Earnings on investments	20,230	-	3,953	24,183
Other	711,784	-	1,002,494	1,714,278
Total revenues	43,030,836	6,106,624	3,802,963	52,940,423
Expenditures				
Current				
Instruction	20,932,446	-	1,138,627	22,071,073
Supporting services				
Pupil and instructional	4,038,205	-	505,811	4,544,016
General administration	631,305	-	-	631,305
School administration	2,532,181	-	-	2,532,181
Business services	490,569	-	-	490,569
Maintenance and operations	3,861,023	-	86,015	3,947,038
Pupil transportation	1,114,391	-	-	1,114,391
Central supporting services	2,197,104	-	215,290	2,412,394
Community services and other	51,717	-	17,985	69,702
Food service operations	-	-	1,231,810	1,231,810
Charter school funding	5,798,216	-	-	5,798,216
Debt service				
Principal	101,683	6,575,000	-	6,676,683
Interest and other	61,302	1,167,330	-	1,228,632
Capital outlay	149,766	-	127,157	276,923
Total expenditures	41,959,908	7,742,330	3,322,695	53,024,933
Excess (deficiency) of revenues				
over expenditures	1,070,928	(1,635,706)	480,268	(84,510)
Other financing sources (uses)				
Transfers in	-	-	459,639	459,639
Transfers out	(459,639)	-	-	(459,639)
Total other financing sources (uses)	(459,639)	-	459,639	-
Net change in fund balances	611,289	(1,635,706)	939,907	(84,510)
Fund balances at beginning of year	5,858,181	8,373,444	1,268,705	15,500,330
Fund balances at end of year	\$ 6,469,470	\$ 6,737,738	\$ 2,208,612	\$ 15,415,820

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

Weld County School District RE-4
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances with the Government-wide Statement of Activities
Year Ended June 30, 2016

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

Total net change in fund balances - governmental funds	\$	(84,510)
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Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	\$	276,923	
Donated land		50,000	
Depreciation expense		<u>(2,601,605)</u>	(2,274,682)

Amortization of the deferred loss on refunding is included in the statement of activities as interest expense, but not reflected on the statement of revenues, expenditures and changes in fund balances.		(123,571)
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Accretion of the bond premium is included in the statement of activities against interest expense, but not reflected on the statement of revenues, expenditures and changes in fund balances.		162,044
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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.		6,409
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Repayments of bond principal and capital lease obligations are recorded as expenditures in the governmental funds, but as reductions in long-term liabilities in the statement of net position and does not affect the statement of activities.		6,676,683
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Decrease in accrued interest payable is reflected against interest expense on the statement of activities, but not reflected on the governmental fund statement of revenues, expenditures and changes in fund balances.		11,630
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Changes in the District's net pension asset, deferred outflows of resources, and deferred inflows of resources related to the cost-sharing defined benefit plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(7,243,973)
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Change in net position of governmental activities	\$	(2,869,970)
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The accompanying notes are an integral part of these financial statements.

Weld County School District RE-4

Statement of Fiduciary Net Position

June 30, 2016

	Scholarship Fund (Trust Fund)	Student Activity (Agency Fund)
Assets		
Cash and cash equivalents	\$ 56,661	\$ 546,866
Investments	353,600	-
Total assets	410,261	546,866
Liabilities		
Due to student groups	-	\$ 546,866
Net position		
Reserved for scholarships	410,261	
Total net position	\$ 410,261	

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

Weld County School District RE-4
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016

	Scholarship Fund (Trust Fund)
<hr/>	
Additions	
Contributions	\$ 1,265
Earnings on investments	4,065
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Total additions	5,330
<hr/>	
Deductions	
Scholarships and awards	12,265
<hr/>	
Change in net position	(6,935)
<hr/>	
Net position at beginning of year	417,196
<hr/>	
Net position at end of year	\$ 410,261
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The accompanying notes are an integral part of these financial statements.

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies

The financial statements of Weld County School District RE-4 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

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 appointed by a higher level of government, or (3) a jointly appointed board.

The District meets the criteria of a primary government: its District Board of Education 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 required by GAAP, these financial statements present the primary government and its component unit. Component units are legally separate organizations that are financially accountable to the primary government. The component unit has been included in the District's financial reporting entity because of the significance of their operational or financial relationship with the District.

Discretely Presented Component Unit - Charter School

The Legislature of the State of Colorado enacted the "Charter School Act - Colorado Revised Statutes ("C.R.S.") Section 22-30.5-101" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the District's Board of Education must approve all charter school applications and budgets. There is one charter school in the District: the Windsor Charter Academy. The charter school is a discretely presented component unit because of the significance of its financial relationship with the District.

Complete financial statements for the charter school are available at the school's administration office, 680 Academy Court, Windsor, Colorado 80550.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

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. Likewise, the primary government is reported separately from its legally separate component unit. The District does not report any business-type activities.

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

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. Nonmajor funds are aggregated and presented in a single column.

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

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 balance present increases and decreases in those net current assets. 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 180 days of the end of the current fiscal year. 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 claims and judgments, are recognized only when payment is due (matured).

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 the ending net position and the change in net position.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds) and capital projects funds.

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

The following are the District's major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the resources accumulated for the payments of general long-term debt principal and interest.

Additionally, the District reports the following nonmajor governmental funds:

Governmental Designated Purpose Grants Fund - This special revenue fund is used to account for the revenues and expenditures of specific local, state and federal grant awards.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources received to construct capital assets.

School Development Fund - This fund is a special revenue fund with primary revenues of cash-in-lieu of land dedication fees from agreements the District has with the Town of Windsor, Town of Severance, and Weld County. The fees are paid by developers and their purpose is to assist with the costs to the District associated with growth and expansion within the District boundaries. The funds must be used within ten years of collection and can be utilized for site acquisition and development as well as capital facilities planning.

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

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 one private-purpose trust fund, the Scholarship Trust Fund. 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.

Budgets and Budgetary Accounting

Budgets are adopted by the Board of Education. Annual budgets are adopted on a basis consistent with GAAP, except for enterprise funds, where capital asset acquisitions and debt payments are treated as expenditures and depreciation is not included.

The District adheres to the following procedures in establishing the budgetary data:

1. Budgets are required by state law for all funds. During May, the Superintendent of schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted by the Board of Education to obtain comments.
3. Prior to June 30, the budget is adopted by formal resolution.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations. All appropriations lapse at the end of each fiscal year.

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Notes to Financial Statements
June 30, 2016

Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board throughout the year.

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	\$ 419,972	\$ 573,914	\$ 573,914	\$ -
Additions (receipts)	1,148,650	1,231,000	1,314,193	83,193
Total funds available	1,568,622	1,804,914	1,888,107	83,193
Deductions (disbursements)	(1,568,622)	(1,804,914)	(1,341,241)	463,673
Ending funds available	\$ -	\$ -	\$ 546,866	\$ 546,866

The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets in fiscal year 2016:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General	\$ 47,061,326	\$ 1,107,337	\$ 48,168,663
Debt Service	14,588,819	(46,005)	14,542,814
Governmental Designated Purpose Grants	1,248,894	390,858	1,639,752
Capital Projects	845,369	20,150	865,519
School Development	552,368	69,499	621,867
Food Service	1,535,773	21,695	1,557,468
Fiduciary funds:			
Scholarship Trust	423,481	(524)	422,957
Student Activity	1,568,622	236,292	1,804,914
Total funds	\$ 67,824,652	\$ 1,799,302	\$ 69,623,954

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Notes to Financial Statements
June 30, 2016

Assets, Liabilities and Fund Balances/Net Position

Cash and Cash Equivalents

The District considers all highly liquid investments of three months or less, including deposits in a pooled investment fund, to be cash equivalents.

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value, and are included in cash and cash equivalents.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at June 30, 2016. Property taxes levied on December 31, but not received by June 30, are identified as property taxes receivable and recorded as revenue if they are collected within 60 days of year end.

Inventories

Inventories consist of purchased and donated food, and non-food supplies. Purchased inventories are stated at the lower of cost or market as determined by the first-in, first-out method. Food donated by the federal government at no cost to the District is stated at cost in accordance with the United States Department of Agriculture ("USDA") furnished price list.

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed.

Depreciation of capital assets is charged as an expense against operations in the statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Site improvements	10 - 20 years
Buildings and improvements	15 - 50 years
Equipment	3 - 15 years
Transportation	5 - 8 years

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

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Notes to Financial Statements
June 30, 2016

Bond Issuance Costs, Premium and Discounts, and Bond Refunding

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

For bond refundings resulting in the defeasement of debt, the difference between the acquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

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

Unearned Revenues

The District includes grant funds that have been collected within 180 days of year end, where the corresponding expenditures have not been incurred, in unearned revenues in the financial statements.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Amounts of accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide 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 and available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows/Inflows of Resources

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

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

Net Position/Fund Balance

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

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

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

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

As of June 30, 2016, 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, 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. Only the Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

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Notes to Financial Statements
June 30, 2016

As of June 30, 2016, fund balances are composed of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ -	\$ -	\$ 69,698	\$ 69,698
Restricted:				
Debt service payments	-	6,737,738	-	6,737,738
Emergencies	1,085,124	-	-	1,085,124
Operating costs of new facilities	50,649	-	-	50,649
School sites	-	-	1,527,290	1,527,290
Multi-year obligations	157,978	-	-	157,978
Committed:				
Capital projects	-	-	376,759	376,759
Risk management	328,778	-	-	328,778
Assigned:				
Food Service	-	-	234,865	234,865
Unassigned:	4,846,941	-	-	4,846,941
Total	\$ 6,469,470	\$ 6,737,738	\$ 2,208,612	\$ 15,415,820

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.

Pensions

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

Interfund Transactions

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.

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

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

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 Cash Equivalents and Investments

The composition of the District's cash and cash equivalents, including restricted cash and cash equivalents, on June 30, 2016, is as follows:

	District	Windsor Charter Academy
Cash on hand	\$ 6,925	\$ 259
Cash with county treasurer	457,039	-
Bank deposits	14,858,019	789,736
Local government investment pools	6,735,499	894,114
Total cash deposits	\$ 22,057,482	\$ 1,684,109

Cash and investments per the government-wide statement of net position and fiduciary fund statements are as follows:

	District	Windsor Charter Academy
Statement of net position		
Cash and cash equivalents	\$ 13,300,593	\$ 743,079
Restricted cash and cash equivalents	8,153,362	894,114
Fiduciary Funds		
Cash and cash equivalents	603,527	46,916
Total cash and cash equivalents	\$ 22,057,482	\$ 1,684,109

At June 30, 2016, the District held \$353,600 in long-term certificates of deposit. The total balance is reflected in the Private-purpose Scholarship Trust Fund statement of fiduciary net position in investments.

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Notes to Financial Statements
June 30, 2016

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, C.R.S requires 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 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 deposit. At June 30, 2016, the District had deposits with financial institutions with a carrying amount of \$14,858,019. The bank balances with the financial institutions were \$15,284,508, of which \$500,000 was covered by federal depository insurance. The remaining balance of \$14,784,508 was collateralized with securities held by the financial institutions' agents but not in the District's name.

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, 2016, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Secure Assets Fund ("CSAFE") discussed below.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Obligations of the United States and certain 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

District policy is to hold investments until maturity.

Local Government Investment Pools

Pooled investment funds (trusts) are supervised by the participating governments and must comply with the same restrictions on cash deposits and investments explained in the preceding paragraphs. Investment funds or money market funds are not categorized because they are not evidenced by securities that exist in physical or book form. At June 30, 2016, the District had invested \$6,735,499 in CSAFE, a local government investment pool. As an investment pool, CSAFE operates under the C.R.S. (24-75-701) and is overseen by the Colorado Securities Commissioner.

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Notes to Financial Statements
June 30, 2016

CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). CSAFE operates similarly to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. CSAFE is rated AAAM by the Standard & Poor's Corporation. U.S. Bank provides banking services and trust custody for securities held on behalf of the participating governments in CSAFE. The custodian's internal records identify the investments owned by the participating governments. Separate financial statements can be obtained by calling (303) 296-6340 or going to www.csafe.org.

Interest Rate Risk

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

3. Individual Fund Interfund Receivables/Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position and as due from other funds or due to other funds on the fund statement balance sheets. Internal balances are eliminated in the statement of net position. The District considers all interfund receivable and payables to be temporary and in compliance with state law, which requires all balances to be repaid within three months of the year end.

As of June 30, 2016, the District had the following interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental designated purpose grants fund	\$ 75,083
Total		\$ 75,083

Interfund Transfers

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

Total transfers for the year ended June 30, 2016, were as follows:

	Transfers Out: General Fund
Transfers In:	
Governmental fund:	
Capital projects fund	\$ 459,639
Total transfers	\$ 459,639

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Notes to Financial Statements
June 30, 2016

4. Capital Assets

Capital asset activity of the District for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 7,240,444	\$ 50,000	\$ -	\$ 7,290,444
Water rights	705,753	-	-	705,753
Construction in Progress	-	30,000	-	30,000
Total capital assets not being depreciated	7,946,197	80,000	-	8,026,197
Capital assets, being depreciated:				
Site improvements	3,955,198	-	-	3,955,198
Buildings and improvements	87,363,160	-	-	87,363,160
Equipment	5,245,225	142,453	(125,038)	5,262,640
Transportation	2,497,689	104,470	-	2,602,159
Total capital assets, being depreciated	99,061,272	246,923	(125,038)	99,183,157
Less accumulated depreciation for:				
Site improvements	(2,874,148)	(192,879)	-	(3,067,027)
Buildings and improvements	(22,889,721)	(1,892,853)	-	(24,782,574)
Equipment	(2,563,009)	(397,135)	125,038	(2,835,106)
Transportation	(2,097,244)	(118,738)	-	(2,215,982)
Total accumulated depreciation	(30,424,122)	(2,601,605)	125,038	(32,900,689)
Total capital assets, being depreciated, net	68,637,150	(2,354,682)	-	66,282,468
Governmental activities				
capital assets, net	\$76,583,347	\$(2,274,682)	\$ -	\$74,308,665

Depreciation is allocated to the following activities on the statement of activities:

Instruction	\$ 21,274
School administration	4,748
Business services	13,965
Maintenance and operations	136,664
Pupil transportation	107,586
Central supporting services	160,548
Other facility services	2,116,392
Food service operations	40,428
Depreciation expense allocated to governmental activities	\$ 2,601,605

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Notes to Financial Statements
June 30, 2016

5. Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve month period from October to September, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, for the District were \$6,554,851. These accrued salaries and benefits are reflected as a liability in the accompanying financial statements.

6. Long-Term Debt

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2016:

	Balance Beginning	Additions	Reductions/ Amortizations	Balance Ending	Amounts Due in One Year
Capital Lease:					
Performance energy	\$ 1,694,150	\$ -	\$ (101,683)	\$ 1,592,467	\$ 109,652
Capital lease total	1,694,150	-	(101,683)	1,592,467	109,652
G.O. Bonds:					
Series 2004 (Refunding)	1,520,000	-	(1,180,000)	340,000	340,000
Series 2008	5,550,000	-	(1,775,000)	3,775,000	1,850,000
Series 2010 (Refunding)	4,450,000	-	(2,635,000)	1,815,000	1,815,000
Series 2015 (Refunding)	26,305,000	-	(985,000)	25,320,000	1,140,000
G.O. bond total	37,825,000	-	(6,575,000)	31,250,000	5,145,000
Unamortized bond premiums	1,903,823	-	(162,044)	1,741,779	n/a
Compensated absences	147,695	166,762	(173,171)	141,286	n/a
Total Long-Term Debt	\$ 41,570,668	\$ 166,762	\$ (7,011,898)	\$ 34,725,532	\$ 5,254,652

The annual requirements to amortize bonds outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 5,145,000	\$ 940,710	\$ 6,085,710
2018	2,060,000	816,525	2,876,525
2019	2,140,000	762,625	2,902,625
2020	2,165,000	727,600	2,892,600
2021 - 2025	11,655,000	2,729,225	14,384,225
2026 - 2028	8,085,000	493,500	8,578,500
Total	\$ 31,250,000	\$ 6,470,185	\$ 37,720,185

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Notes to Financial Statements
June 30, 2016

Capital Lease Obligations

In November of 2010, the District entered into a lease purchase agreement with a third party for energy savings conservation projects to be constructed by an Energy Services Contractor (“ESCO”). The lease refinanced the two previous capital leases the District held. The new lease term is sixteen years and calls for quarterly payments commencing upon project completion varying in amounts from \$36,548 to \$51,670.

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Amount
2017	\$ 167,083
2018	171,282
2019	175,585
2020	179,988
2021 - 2025	970,318
2026 - 2027	274,664
Total minimum lease payments	1,938,920
Less: interest	(346,453)
Present value of minimum lease payments	\$ 1,592,467

The assets acquired through capital lease are as follows:

District-wide mechanical energy improvements	\$ 1,985,452
Less: accumulated depreciation	(638,505)
Total	\$ 1,346,947

General Obligation Bonds - Series 2004

During 2004, the District issued general obligation bonds for \$9,785,000, with varying interest rates of 2.25% to 4.0%, for the purpose of acquiring property and the construction of new school buildings; and improving, repairing and making additions to existing school buildings. The bonds were issued for a twelve year period with final maturity during fiscal year 2017.

General Obligation Bonds - Series 2008

During 2008, the District issued general obligation bonds for \$31,850,000, with varying interest rates of 3.0% to 5.0%, for the purpose of acquiring property and the construction of new school buildings; and improving, repairing and making additions to existing school buildings. The bonds were issued for a sixteen year period with final maturity during fiscal year 2025. \$15,635,000 of this bond was advance refunded with the 2015 refunding general obligation. The remaining \$3,775,000 of this bond is due in 2017 through 2018.

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Notes to Financial Statements
June 30, 2016

General Obligation Bonds - Series 2010 (Refunding)

On July 28, 2010, the District advance refunded the total balance of the 2001 bond series and a portion of the 2002 bond issuance and issued \$12,300,000 in general obligations bonds, with varying interest rates of 2.0% to 5.0%. The bonds were sold at a premium of \$819,385, with associated issuance costs of \$124,415. The bonds were issued for an eighteen year period with final maturity during fiscal year 2028. On July 28, 2010, \$12,993,370 was placed into an escrow account to provide for all future debt service payments on the refunded 2001 and 2002 general obligation bonds. As a result, the total balance of \$9,765,000 of the 2001 series bonds and \$2,410,000 of the 2002 series bonds were considered to be defeased and the liability for those bonds were reduced by that amount.

General Obligation Bonds - Series 2015 (Refunding)

On May 5, 2015, the District advance refunded the total balance of the 2007 bond series and a portion of the 2008 bond issuance, with varying interest rates of 1.25% to 4.00%. The bonds were sold at a premium of \$1,839,707, with associated issuance costs of \$187,152. The bonds were issued for a thirteen year period with final maturity during fiscal year 2027. On May 21, 2015, \$27,953,942 was placed into an escrow account to provide for all future debt service payments on the refunded 2007 and 2008 general obligation bonds. As a result, the total balance of \$9,650,000 of the 2007 series bonds and \$15,365,000 of the 2008 series bonds were considered to be defeased and the liability for those bonds were reduced by that amount.

7. Commitments and Contingencies

Self Insurance Pool

As discussed in Note 11, 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. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the District's financial statements.

Grant Programs

The District participated 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, 2016, 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.

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, if any, will not materially affect its financial condition.

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Notes to Financial Statements
June 30, 2016

8. Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments ("COLAs"), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

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

Contributions

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

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF¹	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$4,050,396 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$76,879,145 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

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At December 31, 2015, the District's proportion was .50267 percent, which was a decrease of .00762 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$7,243,973. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,015,198	\$ 3,202
Net difference between projected and actual earnings on pension plan investments	6,536,884	-
Changes of assumptions or other inputs	-	1,086,436
Changes in proportionate share	-	2,628,434
School contributions subsequent to the measurement date	2,082,275	-
	\$ 9,634,357	\$ 3,718,072

The \$2,082,275 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2017	\$ 773,621
2018	718,131
2019	1,000,107
2020	1,342,151
	\$ 3,834,010

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June 30, 2016

Actuarial assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

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June 30, 2016

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

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

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

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	\$ 99,657,840	\$ 76,879,145	\$ 57,931,519

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 C.R.S., 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 C.R.S., as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District contributions to the HCTF for the years ending June 30, 2014, 2015, and 2016 are \$205,748, \$219,645 and \$232,962, respectively, equal to their required contributions for each year.

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

10. Defined Contribution Pension Plan

Plan Description

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

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service (\$18,000 for calendar year 2015, and \$17,500 for the calendar years 2014 and 2013). In addition, catch-up contributions, up to \$6,000 for calendar year 2015 and \$5,500 for the calendar years 2014 and 2013, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of Internal Revenue Code §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the years ended June 30, 2014, 2015, and 2016, the 401(k) Plan member contributions from the District and the component unit were \$341,287, \$353,501 and \$320,198, respectively.

11. Risk Management

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

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

12. Related Party Transactions

The District provides administrative and other services to its charter school, shown as a discretely presented component unit. The amount of charges for services received from the charter school for the fiscal year ended June 30, 2016, was \$452,957.

13. Tax, 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

Weld County School District RE-4
Notes to Financial Statements
June 30, 2016

increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financial sources such as the 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. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$1,085,124 and the component unit - Windsor Charter Academy has restricted \$193,000 for this purpose.

On November 4, 1997, 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.

14. Subsequent Events

Management of the District has evaluated subsequent events through November 21, 2016, the date these financial statements were available to be issued. No transactions or events that would require adjustment to or disclosures in the financial statements were identified.

Required Supplementary Information

Weld County School District RE-4
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local	\$ 19,755,307	\$ 21,316,835	\$ 21,279,040	\$ (37,795)
State	20,728,640	19,510,971	19,780,752	269,781
Intermediate	16,550	16,550	29,307	12,757
Charges for services	1,131,686	1,152,946	1,239,030	86,084
Earnings on investments	8,015	8,015	20,230	12,215
Other	155,000	305,164	682,477	377,313
Total revenues	41,795,198	42,310,481	43,030,836	720,355
Expenditures				
Current				
Instruction	21,766,007	21,886,457	20,932,446	954,011
Supporting services				
Pupil and instructional	3,896,447	3,920,732	4,038,205	(117,473)
General administration	615,984	630,494	631,305	(811)
School administration	2,569,231	2,573,276	2,532,181	41,095
Business services	576,292	632,833	490,569	142,264
Maintenance and operations	3,809,494	3,809,639	3,861,023	(51,384)
Pupil transportation	1,033,807	1,059,105	1,114,391	(55,286)
Central supporting services	2,810,428	3,056,679	2,197,104	859,575
Community services and other	-	-	51,717	(51,717)
Charter school funding	5,798,934	5,782,327	5,798,216	(15,889)
Capital outlay	-	-	149,766	(149,766)
Debt service				
Principal	101,683	101,683	101,683	-
Interest and other	112,517	112,517	61,302	51,215
Reserves	3,518,078	4,143,282	-	4,143,282
Total expenditures	46,608,902	47,709,024	41,959,908	5,749,116
Excess (deficiency) of revenues over expenditures	(4,813,704)	(5,398,543)	1,070,928	6,469,471
Other financing uses				
Transfers out	(452,424)	(459,639)	(459,639)	-
Total other financing uses	(452,424)	(459,639)	(459,639)	-
Net change in fund balance	(5,266,128)	(5,858,182)	611,289	6,469,471
Fund balance at beginning of year	5,266,128	5,858,182	5,858,181	(1)
Fund balance at end of year	\$ -	\$ -	\$ 6,469,470	\$ 6,469,470

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Years

	2016	2015	2014
District's proportion of the net pension liability	0.50267%	0.49505%	0.49977%
District's proportionate share of the net pension liability	\$ 76,879,145	\$ 67,736,072	\$ 61,384,898
District's covered-employee payroll	\$ 22,989,144	\$ 20,936,917	\$ 19,956,956
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	334.41%	323.52%	307.59%
Plan fiduciary net position as a percentage of the total pension	59.20%	62.84%	64.07%

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

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

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Schedule of District Contributions
Last Ten Years

	2016	2015	2014
Contractually Required Contribution	\$ 4,050,396	\$ 3,635,831	\$ 3,224,069
Contributions in Relation to the Contractually Required Contribution	4,050,396	3,635,831	3,224,069
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 22,839,459	\$ 21,533,824	\$ 20,171,373
Contributions as a Percentage of Covered Employee Payroll	17.73%	16.88%	15.98%
Information for 2007 and 2008 was not available to report.			

2013	2012	2011	2010	2009
\$ 2,956,468	\$ 2,687,368	\$ 2,500,886	\$ 2,296,375	\$ 1,959,357
2,956,468	2,687,368	2,500,886	2,296,375	1,959,357
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 19,697,328	\$ 19,042,410	\$ 18,930,703	\$ 18,154,850	\$ 17,045,164
15.01%	14.11%	13.21%	12.65%	11.50%

See accompanying Independent Auditor's Report.

Other Supplementary Information

Weld County School District RE-4
Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local	\$ 6,169,370	\$ 6,169,370	\$ 6,106,624	\$ (62,746)
Total revenues	6,169,370	6,169,370	6,106,624	(62,746)
Expenditures				
Debt service				
Principal	6,575,000	6,575,000	6,575,000	-
Interest and other	1,167,032	1,167,032	1,167,330	(298)
Operating reserves	6,846,787	6,800,782	-	6,800,782
Total expenditures	14,588,819	14,542,814	7,742,330	6,800,484
Net change in fund balance	(8,419,449)	(8,373,444)	(1,635,706)	6,737,738
Fund balance at beginning of year	8,419,449	8,373,444	8,373,444	-
Fund balance at end of year	\$ -	\$ -	\$ 6,737,738	\$ 6,737,738

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Governmental Designated Purpose Grants Fund	Capital Projects Fund	School Development Fund	Food Service Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ 399,039	\$ -	\$ 362,098	\$ 761,137
Restricted cash and cash equivalents	-	-	1,527,290	-	1,527,290
Inventories	-	-	-	69,698	69,698
Due from other governments	559,550	-	-	1,714	561,264
Total assets	\$ 559,550	\$ 399,039	\$ 1,527,290	\$ 433,510	\$ 2,919,389
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ -	\$ 22,280	\$ -	\$ 1,146	\$ 23,426
Intergovernmental accounts payable	-	-	-	-	-
Accrued salaries and benefits	246,372	-	-	86,657	333,029
Due to other funds	75,083	-	-	-	75,083
Due to other governments	232,079	-	-	-	232,079
Total liabilities	553,534	22,280	-	87,803	663,617
Deferred inflows of resources					
Unearned revenue	6,016	-	-	41,144	47,160
Total deferred inflows of resources	6,016	-	-	41,144	47,160
Fund balances					
Nonspendable	-	-	-	69,698	69,698
Restricted	-	-	1,527,290	-	1,527,290
Committed	-	376,759	-	-	376,759
Assigned	-	-	-	234,865	234,865
Total fund balances	-	376,759	1,527,290	304,563	2,208,612
Total liabilities, deferred inflows of resources and fund balances	\$ 559,550	\$ 399,039	\$ 1,527,290	\$ 433,510	\$ 2,919,389

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Governmental Designated Purpose Grants Fund	Capital Projects Fund	School Development Fund	Food Service Fund	Total Nonmajor Governmental Funds
Revenues					
Federal	\$ 1,378,056	\$ -	\$ -	\$ 493,529	\$ 1,871,585
State	86,848	-	-	19,598	106,446
Grants and contributions	137,050	-	-	-	137,050
Charges for services	-	-	-	681,435	681,435
Earnings on investments	-	231	3,379	343	3,953
Other	-	-	1,002,494	-	1,002,494
Total revenues	1,601,954	231	1,005,873	1,194,905	3,802,963
Expenditures					
Current					
Instruction	1,078,158	60,469	-	-	1,138,627
Supporting services					
Pupil and instructional	505,811	-	-	-	505,811
Maintenance and operations	-	86,015	-	-	86,015
Central supporting services	-	215,290	-	-	215,290
Community services and other	17,985	-	-	-	17,985
Food service operations	-	-	-	1,231,810	1,231,810
Capital outlay	-	127,157	-	-	127,157
Total expenditures	1,601,954	488,931	-	1,231,810	3,322,695
Excess (deficiency) of revenues over expenditures	-	(488,700)	1,005,873	(36,905)	480,268
Other financing sources					
Transfers in	-	459,639	-	-	459,639
Net change in fund balances	-	(29,061)	1,005,873	(36,905)	939,907
Fund balances at beginning of year	-	405,820	521,417	341,468	1,268,705
Fund balances at end of year	\$ -	\$ 376,759	\$ 1,527,290	\$ 304,563	\$ 2,208,612

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Budgetary Comparison Schedule
Governmental Designated Purpose Grants Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Federal	\$ 1,056,894	\$ 1,405,538	\$ 1,378,056	\$ (27,482)
State	177,000	87,000	86,848	(152)
Grants and contributions	15,000	147,214	137,050	(10,164)
Total revenues	1,248,894	1,639,752	1,601,954	(37,798)
Expenditures				
Current				
Instruction	893,647	1,096,721	1,078,158	18,563
Supporting services				
Pupil and instructional	339,495	520,219	505,811	14,408
Central and other support services	15,752	22,812	17,985	4,827
Total expenditures	1,248,894	1,639,752	1,601,954	37,798
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Budgetary Comparison Schedule
Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$ 60	\$ 60	\$ 231	\$ 171
Total revenues	60	60	231	171
Expenditures				
Current				
Instruction	115,000	115,000	60,469	54,531
Maintenance and operations	152,924	138,924	86,015	52,909
Transportation	106,000	106,000	-	106,000
Central supporting services	226,000	234,500	215,290	19,210
Capital outlay	-	-	127,157	(127,157)
Reserves/contingencies	245,445	271,095	-	271,095
Total expenditures	845,369	865,519	488,931	376,588
Deficiency of revenues over expenditures	(845,309)	(865,459)	(488,700)	376,759
Other financing sources				
Transfers in	452,424	459,639	459,639	-
Total other financing sources	452,424	459,639	459,639	-
Net change in fund balance	(392,885)	(405,820)	(29,061)	376,759
Fund balance at beginning of year	392,885	405,820	405,820	-
Fund balance at end of year	\$ -	\$ -	\$ 376,759	\$ 376,759

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Budgetary Comparison Schedule
School Development Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Cash in lieu of land dedication	\$ 100,000	\$ 100,000	\$ 1,002,494	\$ 902,494
Earnings on investments	450	450	3,379	2,929
Total revenues	100,450	100,450	1,005,873	905,423
Expenditures				
Purchased services	-	48,300	-	48,300
Operating reserves	552,368	573,567	-	573,567
Total expenditures	552,368	621,867	-	621,867
Net change in fund balance	(451,918)	(521,417)	1,005,873	1,527,290
Fund balance at beginning of year	451,918	521,417	521,417	-
Fund balance at end of year	\$ -	\$ -	\$ 1,527,290	\$ 1,527,290

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Budgetary Comparison Schedule
Food Service Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Food sales	\$ 725,500	\$ 725,500	\$ 681,435	\$ (44,065)
USDA reimbursements	376,500	376,500	379,600	3,100
Donated commodities	95,000	95,000	113,929	18,929
Earnings on investments	-	-	343	343
State reimbursement	19,000	19,000	19,598	598
Total revenues	1,216,000	1,216,000	1,194,905	(21,095)
Expenditures				
Salaries and benefits	687,060	687,060	668,245	18,815
Supplies and materials	446,900	446,900	428,271	18,629
USDA commodities	95,000	95,000	113,929	(18,929)
Other	12,040	12,040	21,365	(9,325)
Operating reserves	294,773	316,468	-	316,468
Total expenses	1,535,773	1,557,468	1,231,810	325,658
Net change in fund balance	(319,773)	(341,468)	(36,905)	304,563
Fund balance at beginning of year	319,773	341,468	341,468	-
Fund balance at end of year	\$ -	\$ -	\$ 304,563	\$ 304,563

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Combining Statement of Changes in Assets and Liabilities
Student Activity Fund
June 30, 2016

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
High school student activity fund				
Assets				
Cash	\$ 314,278	\$ 803,256	\$ 809,463	\$ 308,071
Total assets	\$ 314,278	\$ 803,256	\$ 809,463	\$ 308,071
Liabilities				
Due to student groups	\$ 314,278	\$ 803,256	\$ 809,463	\$ 308,071
Middle schools student activity funds				
Assets				
Cash	\$ 132,600	\$ 285,209	\$ 282,624	\$ 135,185
Total assets	\$ 132,600	\$ 285,209	\$ 282,624	\$ 135,185
Liabilities				
Due to student groups	\$ 132,600	\$ 285,209	\$ 282,624	\$ 135,185
Elementary schools student activity funds				
Assets				
Cash	\$ 127,036	\$ 225,728	\$ 249,154	\$ 103,610
Total assets	\$ 127,036	\$ 225,728	\$ 249,154	\$ 103,610
Liabilities				
Due to student groups	\$ 127,036	\$ 225,728	\$ 249,154	\$ 103,610
Total of all agency funds	\$ 573,914	\$ 1,314,193	\$ 1,341,241	\$ 546,866

See accompanying Independent Auditor's Report.

Weld County School District RE-4
Budgetary Comparison Schedule
Scholarship Trust Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Contributions	\$ 1,500	\$ 1,500	\$ 1,265	\$ (235)
Earnings on investments	4,261	4,261	4,065	(196)
Total additions	5,761	5,761	5,330	(431)
Deductions				
Scholarships and awards	14,500	14,500	12,265	2,235
Reserves	408,981	408,457	-	408,457
Total deductions	423,481	422,957	12,265	410,692
Change in net position	(417,720)	(417,196)	(6,935)	410,261
Net position at beginning of year	417,720	417,196	417,196	-
Net position at end of year	\$ -	\$ -	\$ 410,261	\$ 410,261

See accompanying Independent Auditor's Report.



Colorado Department of Education
Auditors Integrity Report
 District: 3100 - WINDSOR RE-4
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	5,515,504	36,306,585	35,681,394	6,140,694
18 Risk Mgmt Sub-Fund of General Fund	342,678	466,398	480,297	328,778
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	5,858,181	36,772,982	36,161,691	6,469,473
11 Charter School Fund	1,327,012	6,953,901	7,307,761	973,152
20,26-29 Special Revenue Fund	521,417	1,005,874	0	1,527,290
21 Food Service Spec Revenue Fund	341,468	1,194,903	1,231,808	304,562
22 Govt Designated-Purpose Grants Fund	0	1,601,953	1,601,953	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	8,373,444	6,106,624	7,742,331	6,737,737
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	405,820	459,870	488,931	376,759
Totals	16,827,343	54,096,106	54,534,475	16,388,974
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	174,451	18,716	-15,425	208,592
Totals	174,451	18,716	-15,425	208,592
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	417,196	5,330	12,265	410,260
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	598,883	1,400,927	1,419,131	580,679
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,016,079	1,406,257	1,431,396	990,939

FINAL

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

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-4
Windsor, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Weld County School District RE-4 (the "District"), as of and for the year ended June 30, 2016, 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 21, 2016. Our report includes a reference to other auditors who audited the financial statements of Windsor Charter Academy, as described in our report on the District's financial statements. The financial statements of Windsor Charter Academy were not audited in accordance with *Government Auditing Standards*.

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*.

Denver | Boulder | Northern Colorado | Laramie



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 21, 2016



Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Weld County School District RE-4
Windsor, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Weld County School District RE-4 (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on 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, 2016.



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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
November 21, 2016

Weld County School District RE-4
Schedule of Findings and Questioned Costs
June 30, 2016

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 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education: Grants to States IDEA Part B
84.173	Special Education: Grants to States IDEA Part B (Preschool)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Weld County School District RE-4
Schedule of Findings and Questioned Costs
June 30, 2016

Section II - Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV - Prior Year Findings

There were no findings in the prior year that were required to be reported.

Weld County School District RE-4
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2015 - 2016 Expenditures
U.S. Department of Agriculture			
Passed through Colorado Department of Education:			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	4553	\$ 36,602
National School Lunch Program	10.555	4555	343,000
Passed through Colorado Department of Human Services:			
Food Commodities	10.555	4555	113,929
Child Nutrition Cluster subtotal			493,531
Total U.S. Department of Agriculture			493,531
U.S. Department of Education			
Passed through Colorado Department of Education:			
<i>Title I, Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010	4010	222,638
Title I, Part A Cluster subtotal			222,638
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States	84.027	5027	629,003
Special Education - Preschool Grants	84.173	4173	17,566
Special Education Cluster Subtotal			646,569
<i>Other Programs:</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	4126	129,257
English Language Acquisition State Grants	84.365	4365	3,343
Improving Teacher Quality State Grants	84.367	4367	52,170
Career and Technical Education - Basic Grants to States	84.048	4048	23,424
RTTT Early Childhood Assesment	84.412	4142	4,655
Charter Schools	84.282	5282	296,000
Total U.S. Department of Education			1,378,056
Total Expenditures of Federal Awards			\$ 1,871,587

See accompanying notes to Schedule of Expenditures of Federal Awards.

Weld County School District RE-4
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Weld County School District RE-4 (the "District") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allocable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Subrecipients

There were no subrecipients of federal awards during the year ended June 30, 2016.

4. Food Distribution

Commodities donated to the District by the U.S. Department of Agriculture ("USDA") are valued based on the USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenditures when the commodities are used. As of June 30, 2016, the District has received food commodities totaling \$113,929.