

Weld County School District RE-9
Ault, Colorado

Financial Statements

For the Year Ended June 30, 2022

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Independent Auditors' Report

Board of Education
Weld County School District RE-9
Ault, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Weld County School District RE-9 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, auditors' integrity report and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the auditors' integrity report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 10, 2022

**WELD COUNTY SCHOOL DISTRICT RE-9
Management's Discussion and Analysis
June 30, 2022**

The discussion and analysis of Weld County School District RE-9's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The fund balance for Governmental Funds increased by \$1,670,916 for the 2022 fiscal year.

Outlays for capital assets included: vehicles to serve the transportation and facilities departments. Purchased vehicles included a 2018 Micro bird bus, a 2023 Bluebird bus and a John Deere tractor with ballfield attachments. Additional expenditures for equipment purchase included a new welder for the agriculture education program and a new stove at Highland Elementary for the food service department. A renovation of the baseball field complex was also a significant expense. The District decreased its principal long-term debt by \$735,000 for general obligation bonds and \$13,030 for leased business equipment.

The funded student count increased in 2022 to 1,041.5 from 949.3 from fiscal year 2021.

The District's fund balance continues to remain sufficient to accommodate cash flow needs.

Using the Basic Financial Statements

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

As of June 30, 2022, the District's total net position was \$13,282,632. The total net position of the District increased from the previous year by \$6,053,237 with the PERA Net Pension Liability decreasing by \$4,472,433 for a total PERA Net Pension Liability of \$9,997,650 and an increase to Capital Assets being depreciated.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District is made up of Governmental Activities:

Governmental Activities – The District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

A condensed summary of the District's net position is as follows:

Table 1
NET POSITION

	2022	2021
Current and other assets	\$ 13,494,286	\$ 11,590,755
Capital assets	22,550,288	22,503,959
Total assets	36,044,574	34,094,714
Deferred outflows of resources	3,063,095	4,672,443
Long-term debt outstanding	18,401,055	23,737,860
Other liabilities	2,048,229	1,847,210
Total liabilities	20,449,284	25,585,070
Deferred inflows of resources	5,375,753	5,952,692
Net position		
Net investment in capital assets	14,788,855	13,909,562
Restricted	2,264,289	1,915,721
Unrestricted (deficit)	(3,770,512)	(8,595,888)
Total net position	\$ 13,282,632	\$ 7,229,395

Most of the District's net position is invested in capital assets (buildings, land, equipment and vehicles). The remaining unrestricted net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts set aside for the repayment of debt, or set aside as required by Colorado statutes for emergencies.

A condensed Statement of Activities and Changes in Net Position is as follows:

Table 2
CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>
Program revenues		
Charges for services	\$ 80,878	\$ 33,917
Operating grants	2,012,425	2,682,457
Capital grants	-	140,674
General revenues		
Taxes	8,117,620	7,295,953
State equalization	3,399,680	2,697,297
Earnings on investments	87,361	37,009
Sale of assets	-	-
Other	756,326	641,638
Total revenues	<u>14,454,290</u>	<u>13,528,945</u>
Expenses		
Instruction	4,042,576	3,480,161
Supporting services	3,514,806	3,043,337
Unallocated depreciation	640,127	565,970
Interest on long-term debt	203,544	227,353
Total expenses	<u>8,401,053</u>	<u>7,316,821</u>
Change in net position	6,053,237	6,212,124
Net position at beginning of year	<u>7,229,395</u>	<u>1,017,271</u>
Net position at end of year	<u>\$ 13,282,632</u>	<u>\$ 7,229,395</u>

The major source of the District's revenue is from local property taxes and State Equalization. The District received \$9,022 per funded pupil. Overall, the District's revenue exceeded expenses for the governmental activities of the year.

Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 16. Fund financial reports provide detailed information about the District's major funds. The District's major funds are the General and Bond Redemption Funds.

Governmental Funds. Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's governmental funds consist of the General, Capital Projects, Food Service, Pupil Activity and Bond Redemption. The General Fund accounts for the majority of the District's instruction and support operations. The Food Service Fund accounts for financial transactions related to the food service operations. The Pupil Activity Fund accounts for financial transactions related to school-sponsored pupil organizations and activities. The Capital Projects Fund accounts for the District's funding for capital needs, and the Bond Redemption Fund accounts for the repayment of the District's general obligation debt.

Fund Financial Statements

As of June 30, 2022, the District's governmental funds reported a combined fund balance of \$11,392,529. The following is additional information, by fund, which contributed to the total.

General Fund showed an increase to fund balance of \$1,335,982. Information regarding the District's General Fund is shown below. The District also has four other governmental funds, the Capital Projects Fund, the Bond Redemption Fund, the Food Service Fund and the Pupil Activity Fund. The Bond Redemption Fund showed an increase of \$3,108 in ending fund balance to \$1,163,656. Capital Reserve Capital Projects Fund showed an increase of \$147,469 in fund balance to \$500,683 which was due primarily to capital outlays.

The 2022 Capital Projects Fund carryover will be held in reserve to use for future student transportation fleet upgrades and school expansion.

The District's Food Service Fund showed a \$154,390 increase in fund balance to \$324,409.

The District's Pupil Activity Fund showed a \$29,967 increase in fund balance to \$210,689.

Capital Assets

As of June 30, 2022, the District had \$22,550,288 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. This amount represents an increase (including additions, deletions, and depreciation) of \$46,329 from last year. A summary of the District's Capital Assets is as follows:

Capital assets, not being depreciated	
Land	\$ <u>455,977</u>
Total capital assets, not being depreciated	455,977
Capital assets, being depreciated	
Land improvements	4,486,031
Buildings and improvements	23,956,761
Food service equipment	112,902
Equipment	725,531
Transportation equipment	<u>1,886,879</u>
Total capital assets, being depreciated	<u>31,168,104</u>
Total capital assets	31,624,081
Less accumulated depreciation	
Land improvements	(1,366,591)
Buildings and improvements	(6,282,875)
Food service equipment	(56,941)
Equipment	(347,844)
Transportation equipment	<u>(1,019,542)</u>
Total accumulated depreciation	<u>(9,073,793)</u>
Capital assets, net	<u>\$ 22,550,288</u>

Debt Administration

As of June 30, 2022, the District had total outstanding long-term debt as follows:

Compensated absences	\$ 158,282
Financed purchases	37,310
Bonds payable	6,910,000
Bond premium	<u>814,123</u>
Total	<u>\$ 7,919,715</u>

The financed purchases represent extended obligations for the purchase of copier equipment, the bonds payable were utilized for building improvements, and the accrued compensated absences represent the liability for earned but unused sick leave and severance pay. Additional information related to the District's debt can be found in Note G to the financial statements.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes may be made prior to January 31st. The majority of changes from the original budget, which is adopted by June 30th, and the final January budget is mainly due to the student count and state equalization funding, actual teachers' contracts, any special needs of students that may impact the budget and final grant allocations.

Economic Factors and Next Year's Budget

Student enrollment is a major factor in funding. Enrollment is calculated using the higher count of either current or an average of previous years. The student count has increased from 1008 students in 2021 to 1017 in October 2022. Residential development continues throughout the district.

The district's preliminary assessed valuation for 2022 increased to \$491,610,970. Successful tax collections at the local level and responsible spending practices have resulted in an acceptable general fund balance.

The district continues to work on ways to increase salaries for faculty and staff in an effort to attract and retain high quality teachers for our students. The board of education has approved financial bonuses for teacher retention and has awarded funds for the Snow Hook scholarship program.

The student transportation department continues to replace outdated vehicles with new vehicles to improve safety. With the increased student population, it is likely the district will need an additional bus route which will include salary and benefits as well an additional vehicle.

Weld Re-9 has a financial agreement with ABC Child Development Centers who leases a district building to provide pre-school, after-school and daycare services. The district has increased funding to 50 students for the Colorado Preschool Program (CPP).

The district continues to foster a positive relationship with the local fire district. The two entities share ownership of property adjacent to the school campus in Ault. There is no immediate need for the construction of a new school, yet the property acquired is important to the district's future.

Current district initiatives include: Completion of a master plan with TreanorHL, which includes a potential bond issue and BEST grant to fund new schools. The master plan is expected to be completed in November of 2022. The board of education is seeking input from the communities in our district on facility upgrades in the future. TreanorHL has also been retained to coordinate the placement of modular classrooms at Highland Elementary to compensate for anticipated growth. A second initiative involves placing fiberoptic cable to the transportation/maintenance facility as well as Highland Elementary in Pierce. Mastec has been contracted to complete the installation. A grant through the Weld Trust was secured to pay for half of the fiber project. A contract with North Range behavioral health has been continued to provide additional services for students.

In summary, Weld Re-9 has remained in stable financial condition.

Requests for Information

This financial report is designed to provide a general overview of Weld County School District RE-9's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Weld County School District RE-9, Box 1390, Ault Colorado, 80610.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

WELD COUNTY SCHOOL DISTRICT RE-9
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash	\$ 8,046,261
Cash with fiscal agent	222,875
Investments	4,837,899
Receivables	383,676
Inventory	3,575
Capital assets, net of depreciation	<u>22,550,288</u>
Total assets	36,044,574
Deferred outflows of resources	
Pension benefit deferrals	3,008,907
Other post-employment benefit deferrals	<u>54,188</u>
Total deferred outflows of resources	<u>3,063,095</u>
Total assets and deferred outflows of resources	<u><u>\$ 39,107,669</u></u>
Liabilities	
Accounts payable	\$ 80,963
Accrued salaries and benefits	953,585
Unearned grant revenue	990,758
Accrued interest	22,923
Noncurrent liabilities	
Due within one year	768,795
Due in more than one year	7,150,920
Net pension liability	9,997,650
Net OPEB liability	<u>483,690</u>
Total liabilities	20,449,284
Deferred inflows of resources	
Pension benefit deferrals	5,189,003
Other post-employment benefit deferrals	168,744
Prepaid items	<u>18,006</u>
Total deferred inflows of resources	5,375,753
Net position	
Net investment in capital assets	14,788,855
Restricted for:	
Emergencies	340,000
Land dedication	439,799
Debt service	1,163,656
Food service	320,834
Unrestricted (deficit)	<u>(3,770,512)</u>
Total net position	<u>13,282,632</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 39,107,669</u></u>

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

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WELD COUNTY SCHOOL DISTRICT RE-9
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 4,042,576	\$ 48,331	\$ 1,134,096	
Supporting services				
Students	178,023			
Instructional staff	158,181			
General administration	169,129			
School administration	388,082			
Business services	167,486			
Operations and maintenance	1,218,077			
Student transportation	570,354	9,067	149,467	
Central support services	39,445			
Other support services	27,899			
Food service operations	598,130	23,480	728,862	
Unallocated depreciation *	640,127			
Interest and fiscal charges	203,544			
Total governmental activities	<u>\$ 8,401,053</u>	<u>\$ 80,878</u>	<u>\$ 2,012,425</u>	<u>\$ -</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Specific ownership taxes

Delinquent taxes, interest and abatements

State categorical aid

Earnings on investments

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (2,860,149)

(178,023)
(158,181)
(169,129)
(388,082)
(167,486)
(1,218,077)
(411,820)
(39,445)
(27,899)
154,212
(640,127)
(203,544)

(6,307,750)

6,679,744
1,028,912
405,435
3,529
3,399,680
87,361
756,326

12,360,987

6,053,237

7,229,395

\$ 13,282,632

WELD COUNTY SCHOOL DISTRICT RE-9
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 7,473,258		\$ 573,003	\$ 8,046,261
Cash with fiscal agent	197,681	\$ 25,194		222,875
Investments	3,271,777	1,126,343	439,779	4,837,899
Property taxes receivable	130,637	21,143		151,780
Due from other funds	1,664		3,183	4,847
Grants receivable	131,977		69,508	201,485
Other receivables	30,391		20	30,411
Inventory			3,575	3,575
Total assets	\$ 11,237,385	\$ 1,172,680	\$ 1,089,068	\$ 13,499,133
Liabilities				
Accounts payable	\$ 72,593		\$ 8,370	\$ 80,963
Due to other funds	3,183	\$ 1,664		4,847
Accrued salaries and benefits	926,674		26,911	953,585
Deferred grant revenues	990,758			990,758
Total liabilities	1,993,208	1,664	35,281	2,030,153
Deferred inflows of resources				
Deferred property tax revenues	51,085	7,360		58,445
Prepaid items			18,006	18,006
Total deferred inflows of resources	51,085	7,360	18,006	76,451
Fund balance				
Nonspendable inventory			3,575	3,575
Restricted for emergencies	340,000			340,000
Restricted for land dedication			439,779	439,779
Restricted for debt service		1,163,656		1,163,656
Restricted to food service			320,834	320,834
Committed to pupil activities			210,689	210,689
Assigned to insurance costs	103,870			103,870
Assigned to capital projects			60,904	60,904
Unassigned	8,749,222			8,749,222
Total fund balance	9,193,092	1,163,656	1,035,781	11,392,529
Total liabilities, deferred inflows of resources and fund balance	\$ 11,237,385	\$ 1,172,680	\$ 1,089,068	\$ 13,499,133

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

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

Total fund balance - governmental funds	\$ 11,392,529
Capital assets, net used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	22,550,288
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	58,445
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(22,923)
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	3,063,095
Long-term liabilities, including bonds payable, capital lease obligations, net pension and OPEB liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(18,401,055)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	<u>(5,357,747)</u>
Net position of the governmental activities	<u><u>\$ 13,282,632</u></u>

WELD COUNTY SCHOOL DISTRICT RE-9
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 7,271,433	\$ 1,025,991	\$ 589,921	\$ 8,887,345
Intermediate sources	150,037			150,037
State sources	4,290,028		4,248	4,294,276
Federal sources	637,938		724,614	1,362,552
Total revenues	12,349,436	1,025,991	1,318,783	14,694,210
Expenditures				
Instruction	6,177,191		388,991	6,566,182
Supporting services	4,234,662		597,966	4,832,628
Capital outlay	586,032			586,032
Debt service				
Principal retirement		735,000	13,030	748,030
Interest and fiscal charges		287,883	2,539	290,422
Total expenditures	10,997,885	1,022,883	1,002,526	13,023,294
Excess of revenues over (under) expenditures	1,351,551	3,108	316,257	1,670,916
Other financing sources (uses)				
Transfers in			15,569	15,569
Transfers out	(15,569)			(15,569)
Total other financing sources (uses)	(15,569)	-	15,569	-
Net change in fund balances	1,335,982	3,108	331,826	1,670,916
Fund balance at beginning of year	7,857,110	1,160,548	703,955	9,721,613
Fund balance at end of year	<u>\$ 9,193,092</u>	<u>\$ 1,163,656</u>	<u>\$ 1,035,781</u>	<u>\$ 11,392,529</u>

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

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

Net change in fund balances - governmental funds	\$ 1,670,916
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	46,329
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered to be "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	34,055
In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences, interest, and amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	3,553,907
Repayment of principal on general obligation bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>748,030</u>
Change in net position of governmental activities	<u><u>\$ 6,053,237</u></u>

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Weld County School District RE-9’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

A.1 – Reporting entity

The Weld County School District RE-9 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The reporting entity’s financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.” The District does not have any proprietary or fiduciary funds.

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 the servicing of general long-term debt (debt service fund). The following are the District’s major governmental funds:

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following are the District’s nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District’s food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise 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 accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants, pupil activities and student fees.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

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.

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.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

A.6 – Short-term interfund receivables/payables

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

A.7 – Inventories

Food Service Fund – Commodity inventories are stated at the United States Department of Agriculture's assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as nonoperating revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

Interest is capitalized on assets reported in the governmental activities that are acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized in the current period.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	20 years
Buildings and improvements	10-50 years
Food service equipment	8-15 years
Equipment	5-20 years
Transportation equipment	6-15 years

A.9 – 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. The District permits full-time employees with ten years or more of continuous service to receive severance pay upon retirement in the amount of \$125 for each year of service. Employees working less than full-time receive a reduced benefit as outlined in the policies. The District will pay professional staff \$80 per day for all accumulated sick leave over ten days upon separation of employment from the District. For support staff, the District pays \$50 per day for accumulated sick leave over ten days upon separation of employment from the District. Compensated absences also include accrued vacation carryover for eligible employees.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable 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. Bond premiums and discounts, and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

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

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local 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 and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$8,422,489, of which \$250,000 was insured and \$8,172,489 was collateralized with securities held by the pledging institution's trust department or agent but not in the District's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note B – Cash and investments (Continued)

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2022, the District had invested \$3,711,556 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

As of June 30, 2022, the District had invested in COLOTRUST PLUS+.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	<u>\$ 3,711,556</u>	<u>\$ 3,711,556</u>	<u>\$ -</u>	<u>\$ -</u>

The investments in Colotrust are maintained in the General and Capital Reserve Capital Projects funds.

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colotrust was rated AAA by Standard and Poor’s.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note B – Cash and investments (Continued)

The following table provides a reconciliation of cash, cash with fiscal agent, and investments on the statement of net position:

Cash	\$ 8,046,041
Cash on hand	220
Cash with fiscal agent	222,875
Investments – Colotrust	3,711,556
Investments – UMB (Third party custodian)	<u>1,126,343</u>
Total	<u>\$ 13,107,035</u>
 <u>Statement of net position</u>	
Cash	\$ 8,046,261
Cash with fiscal agent	222,875
Investments	<u>4,837,899</u>
Total	<u>\$ 13,107,035</u>

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 151,780
Grants receivable	201,485
Other receivables	<u>30,411</u>
Total	<u>\$ 383,676</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Weld County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the County are remitted to the District in the subsequent month.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General Fund	\$ 1,664	\$ 3,183
Bond Redemption Fund	-	1,664
Other Governmental Funds	<u>3,183</u>	<u>-</u>
Total	<u>\$ 4,847</u>	<u>\$ 4,847</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 15,569
Other governmental funds	<u>15,569</u>	<u>-</u>
Total	<u>\$ 15,569</u>	<u>\$ 15,569</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred \$15,569 from the General Fund to the Other Governmental Funds to set aside funds for capital acquisitions.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 455,977	\$ -	\$ -	\$ 455,977
Total capital assets, not being depreciated	455,977	-	-	455,977
Capital assets, being depreciated:				
Land improvements	3,821,889	664,142	-	4,486,031
Buildings and improvements	23,946,586	10,175	-	23,956,761
Food service equipment	103,608	9,294	-	112,902
Equipment	686,087	39,444	-	725,531
Transportation equipment	<u>1,835,319</u>	<u>142,910</u>	<u>(91,350)</u>	<u>1,886,879</u>
Total capital assets, being depreciated	<u>30,393,489</u>	<u>865,965</u>	<u>(91,350)</u>	<u>31,168,104</u>
Total capital assets	30,849,466	865,965	(91,350)	31,624,081
Less accumulated depreciation for:				
Land improvements	(1,191,422)	(175,169)	-	(1,366,591)
Buildings and improvements	(5,817,917)	(464,958)	-	(6,282,875)
Food service equipment	(48,663)	(8,278)	-	(56,941)
Equipment	(293,786)	(54,058)	-	(347,844)
Transportation equipment	<u>(993,719)</u>	<u>(117,173)</u>	<u>91,350</u>	<u>(1,019,542)</u>
Total accumulated depreciation	<u>(8,345,507)</u>	<u>(819,636)</u>	<u>91,350</u>	<u>(9,073,793)</u>
Governmental activities capital assets, net	<u>\$ 22,503,959</u>	<u>\$ 46,329</u>	<u>\$ -</u>	<u>\$ 22,550,288</u>

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note E – Capital assets (Continued)

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

Governmental activities	
Instruction	\$ 14,133
Operations and maintenance	33,168
Student transportation	117,173
Central supporting services	6,757
Food services	8,278
Unallocated	<u>640,127</u>
Total depreciation expense	<u>\$ 819,636</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$953,585. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 147,334	\$ 10,948	\$ -	\$ 158,282	\$ -
Financed purchases	50,340	-	(13,030)	37,310	13,795
Bonds payable	7,645,000	-	(735,000)	6,910,000	755,000
Bond premium	<u>899,057</u>	<u>-</u>	<u>(84,934)</u>	<u>814,123</u>	<u>-</u>
Total	<u>\$ 8,741,731</u>	<u>\$ 10,948</u>	<u>\$ (832,964)</u>	<u>\$ 7,919,715</u>	<u>\$ 768,795</u>

Payments on the financed purchases and bonds payable are made in the Capital Reserve Capital Projects and Bond Redemption Funds, respectively, while the compensated absences will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note G – Long-term debt (Continued)

Financed purchases

Office equipment obligation – In November 2019, the District entered into an agreement Konica Minolta Premier Finance to finance the costs of acquiring nine digital copiers. The agreement called for a term of one year with annual renewal options. Monthly payments of \$1,297 are due on the 15th of each month, with a final payment due on January 15, 2025. The average interest rate over the term is 5.70%.

The agreement contains a provision that, in the event of default, the lessor may (1) declare the entire balance of the unpaid payments for the then current original term or renewal term immediately due and payable, (2) sue for and receive all payments and any other payments then accrued or accelerated under this purchase, (3) charge the District interest on all monies due at the rate of eighteen percent per year from the date of default until paid, (4) require the District return the equipment, and (5) require the District to pay all expenses incurred in connection with the enforcement of any remedies, including reasonable attorneys' fees.

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$8,500,000 general obligation bonds, dated December 10, 2014, due in annual installments beginning in fiscal year 2016 ranging from \$265,000 to \$780,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1 st and December 1 st .	\$ 5,450,000
\$2,200,000 general obligation bonds, dated January 14, 2015, due in annual installments ranging from \$80,000 to \$210,000; varying annual interest rates ranging from 2.00% to 5.00%, payable semi-annually on December 1 st and June 1 st .	<u>1,460,000</u>
Total general obligation bonds	<u>\$ 6,910,000</u>

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District’s debt service requirements to maturity for the outstanding long-term debt at year-end:

Year Ending June 30,	<u>Financed Purchases</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 13,795	\$ 1,774	\$ 755,000	\$ 262,263
2024	14,604	965	780,000	236,200
2025	8,911	171	810,000	206,750
2026	-	-	840,000	173,750
2027	-	-	875,000	138,525
2028-2030	-	-	2,850,000	183,500
Totals	<u>\$ 37,310</u>	<u>\$ 2,910</u>	<u>\$ 6,910,000</u>	<u>\$ 1,200,988</u>

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan 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 (FNP) and additions to/deductions from the FNP 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.

General Information about the 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 (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Benefits provided as of December 31, 2021. 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. Section 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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% 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% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. Section 24-51-413.

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

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

Contributions provisions as of June 30, 2022. Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through <u>June 30, 2022</u>
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>19.88%</u></u>

**Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,091,569 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year end, the District reported a liability of \$9,997,650 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 9,997,650
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,146,103</u>
Total	<u>\$ 11,143,753</u>

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

At December 31, 2021, the District’s proportion was 0.0859%, which was a decrease of 0.0098% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(2,482,812) and revenue of \$122,361 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 405,832	\$ -
Changes of assumptions or other inputs	850,352	-
Net difference between projected and actual earnings on pension plan investments	-	3,894,502
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,199,617	1,294,501
Contributions subsequent to the measurement date	<u>553,106</u>	<u>-</u>
Total	<u>\$ 3,008,907</u>	<u>\$ 5,189,003</u>

\$553,106 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (1,126)
2024	(1,149,525)
2025	(1,126,311)
2026	<u>(456,240)</u>
Totals	<u>\$ (2,733,202)</u>

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%–11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ₁	Financed by the AIR

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

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

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

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

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the 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 reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ <u>14,715,723</u>	\$ <u>9,997,650</u>	\$ <u>6,060,594</u>

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note I – Defined contribution pension plan

Voluntary Investment Program

Plan description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$22,843 for the Voluntary Investment Program.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$56,006 for the year ended June 30, 2022.

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

At year-end, the District reported a liability of \$483,690 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.0561%, which was an increase of 0.0007% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$795. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 718	\$ 112,576
Changes of assumptions or other inputs	9,937	25,894
Net difference between projected and actual earnings on OPEB plan investments	-	29,690
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,154	584
Contributions subsequent to the measurement date	<u>28,379</u>	<u>-</u>
Total	<u>\$ 54,188</u>	<u>\$ 168,744</u>

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

\$28,379 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2023	\$ (39,369)
2024	(42,792)
2025	(40,025)
2026	(17,731)
2027	(2,673)
2028	<u>(345)</u>
Total	<u>\$ (142,935)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the tie of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Initial Costs for Members without Medicare Part A</u>		
	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TO for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 469,799	\$ 483,690	\$ 493,254

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ 561,755	\$ 483,690	\$ 417,008

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool’s objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District’s contribution for the year was \$203,222. The District continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). 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”

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$340,000 for the emergency reserve.

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note M – Joint venture

The District participates in the Centennial Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES is:

- financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District, has a separate management which is responsible for day to day operations and is accountable to the separate governing board,
- the governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility, including budgetary responsibility, and reporting to state agencies and controls fiscal management.

This is a jointly governed organization with twelve other school districts with the District being represented by one member on the governing board of the cooperative. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the BOCES are available by contacting their administrative office in Greeley, Colorado.

For the year, the District's financial contribution to the BOCES was \$26,593.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund

WELD COUNTY SCHOOL DISTRICT RE-9
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 6,049,552	\$ 7,073,546	\$ 7,271,433	\$ 197,887
Intermediate sources	144,713	150,036	150,037	1
State sources	4,647,118	4,138,199	4,290,028	151,829
Federal sources	424,472	734,295	637,938	(96,357)
Total revenues	11,265,855	12,096,076	12,349,436	253,360
Expenditures				
Instruction	7,070,925	6,852,316	6,177,191	675,125
Supporting services	5,133,421	5,285,616	4,234,662	1,050,954
Capital outlay		163,500	586,032	(422,532)
Reserve for contingency	5,892,951	7,636,185		7,636,185
Total expenditures	18,097,297	19,937,617	10,997,885	8,939,732
Excess of revenues over (under) expenditures	(6,831,442)	(7,841,541)	1,351,551	9,193,092
Other financing uses				
Transfers out	(295,569)	(15,569)	(15,569)	-
Net change in fund balance	\$ (7,127,011)	\$ (7,857,110)	1,335,982	\$ 9,193,092
Fund balance at beginning of year			7,857,110	
Fund balance at end of year			\$ 9,193,092	

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WELD COUNTY SCHOOL DISTRICT RE-9
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
PERA's School Division Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
District's proportion of the net pension liability	0.0859%	0.0957%	0.0835%	0.0839%
District's proportionate share of the net pension liability	\$ 9,997,650	\$ 14,470,083	\$ 12,467,562	\$ 14,847,767
State's proportionate share of the net pension liability	<u>1,146,103</u>	<u>-</u>	<u>1,581,352</u>	<u>2,030,226</u>
Total	<u>\$ 11,143,753</u>	<u>\$ 14,470,083</u>	<u>\$ 14,048,914</u>	<u>\$ 16,877,993</u>
District's covered payroll	\$ 5,369,096	\$ 5,119,411	\$ 4,903,639	\$ 4,609,808
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.21%	282.65%	254.25%	322.09%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0959%	0.0960%	0.0948%	0.0976%	0.1011%
\$ 31,022,516	\$ 28,678,529	\$ 14,498,600	\$ 13,226,131	\$ 12,896,242
-	-	-	-	-
<u>\$ 31,022,516</u>	<u>\$ 28,678,529</u>	<u>\$ 14,498,600</u>	<u>\$ 13,226,131</u>	<u>\$ 12,896,242</u>
\$ 4,425,446	\$ 4,323,065	\$ 4,131,251	\$ 4,088,138	\$ 4,075,968
701.00%	663.38%	350.95%	323.52%	316.40%
43.96%	43.10%	59.20%	62.84%	64.06%

WELD COUNTY SCHOOL DISTRICT RE-9
Schedule of District Contributions ¹
PERA's School Division Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 1,091,569	\$ 1,034,106	\$ 982,777	\$ 905,579
Contributions in relation to the contractually required contribution	<u>(1,091,569)</u>	<u>(1,034,106)</u>	<u>(982,777)</u>	<u>(905,579)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,490,761	\$ 5,201,717	\$ 5,071,077	\$ 4,733,815
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 848,504	\$ 807,307	\$ 750,723	\$ 683,234	\$ 654,850
<u>(848,504)</u>	<u>(807,307)</u>	<u>(750,723)</u>	<u>(683,234)</u>	<u>(654,850)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,493,126	\$ 4,388,422	\$ 4,232,436	\$ 4,046,014	\$ 4,095,281
18.88%	18.40%	17.74%	16.89%	15.99%

WELD COUNTY SCHOOL DISTRICT RE-9
Schedule of the District's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
District's proportion of the net OPEB liability	0.0561%	0.0554%	0.0545%	0.0545%
District's proportionate share of the net OPEB liability	\$ 483,690	\$ 526,046	\$ 612,982	\$ 741,555
District's covered payroll	\$ 5,369,096	\$ 5,119,411	\$ 4,903,639	\$ 4,609,808
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	10.28%	12.50%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2018</u>	<u>June 30, 2017</u>
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0.0545%	0.0548%
---------	---------

\$ 708,423	\$ 709,853
------------	------------

\$ 4,425,446	\$ 4,323,039
--------------	--------------

16.01%	16.42%
--------	--------

17.53%	16.72%
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WELD COUNTY SCHOOL DISTRICT RE-9
Schedule of District Contributions ¹
PERA's Health Care Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 56,006	\$ 53,058	\$ 51,725	\$ 48,285
Contributions in relation to the contractually required contribution	<u>(56,006)</u>	<u>(53,058)</u>	<u>(51,725)</u>	<u>(48,285)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,490,761	\$ 5,201,717	\$ 5,071,077	\$ 4,733,815
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 45,830	\$ 44,762
<u>(45,830)</u>	<u>(44,762)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 4,493,126	\$ 4,388,422
1.02%	1.02%

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, 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. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted
7. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

WELD COUNTY SCHOOL DISTRICT RE-9
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 5,658,963	\$ 6,553,963	\$ 6,649,447	\$ 95,484
Specific ownership taxes	248,362	294,362	405,435	111,073
Delinquent taxes and interest	1,950	2,200	2,692	492
Tuition	1,200	1,200	40,061	38,861
Transportation	500	2,500	9,067	6,567
Earnings on investments	7,180	76,502	86,298	9,796
Other local revenue	131,397	142,719	77,358	(65,361)
Services within the BOCES		100	1,075	975
Total local sources	6,049,552	7,073,546	7,271,433	197,887
Intermediate sources	144,713	150,036	150,037	1
State sources				
State equalization	3,727,379	3,320,374	3,399,680	79,306
ELPA professional development	65,000	49,834	11,529	(38,305)
English language proficiency	24,900	24,514	24,514	-
Vocational education	14,700	32,078	31,955	(123)
Transportation	123,000	146,271	149,467	3,196
READ Act	35,000	33,253	33,252	(1)
Library grant	3,500	3,500	4,500	1,000
Small rural funding	475,000	348,534	175,740	(172,794)
At risk funding	2,500	2,500	4,520	2,020
Mitigation at-risk			200,778	200,778
State on-behalf payment	162,000	162,000	122,361	(39,639)
Other agency state grants	2,700	3,669	3,670	1
Services within the BOCES	11,439	11,672	128,062	116,390
Total state sources	4,647,118	4,138,199	4,290,028	151,829

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Federal sources				
Title I	123,802	138,777	119,248	(19,529)
Title IIA	22,399	29,114	23,681	(5,433)
ARP ESSER III (90% allocation)	258,614	540,062	481,034	(59,028)
ARP ESSER III Supplemental			2,677	2,677
Title IV	10,520	10,776	6,764	(4,012)
SNAP-P:EBT mini grant			614	614
Services within the BOCES	9,137	15,566	3,920	(11,646)
Total federal sources	424,472	734,295	637,938	(96,357)
Total revenues	\$ 11,265,855	\$ 12,096,076	\$ 12,349,436	\$ 253,360

WELD COUNTY SCHOOL DISTRICT RE-9
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Expenditures				
Instruction				
Salaries	\$ 4,229,232	\$ 4,065,873	\$ 3,797,125	\$ 268,748
Employee benefits	1,677,791	1,588,864	1,462,121	126,743
Purchased services	767,384	795,933	598,955	196,978
Supplies and materials	220,833	226,315	179,229	47,086
Property	170,635	169,981	131,778	38,203
Other	5,050	5,350	7,983	(2,633)
Total instruction	7,070,925	6,852,316	6,177,191	675,125
Supporting services				
Students				
Salaries	225,029	168,417	164,848	3,569
Employee benefits	89,852	68,569	62,339	6,230
Purchased services	88,475	88,371	46,280	42,091
Supplies and materials	7,990	25,154	14,520	10,634
Property	1,660	1,660	219	1,441
Other	565	565	165	400
Total students	413,571	352,736	288,371	64,365
Instructional staff				
Salaries	212,472	211,272	190,881	20,391
Employee benefits	61,814	60,959	57,757	3,202
Purchased services	119,247	121,442	22,801	98,641
Supplies and materials	6,700	7,654	2,703	4,951
Property	61,000	60,500	11,813	48,687
Other	239			-
Total instructional staff	461,472	461,827	285,955	175,872
General administration				
Salaries	125,291	124,801	123,783	1,018
Employee benefits	69,103	68,103	64,195	3,908
Purchased services	44,250	59,050	37,381	21,669
Supplies and materials	15,975	17,375	15,420	1,955
Property	700	700		700
Other	11,000	11,200	11,209	(9)
Total general administration	266,319	281,229	251,988	29,241

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	474,906	546,511	546,123	388
Employee benefits	177,645	202,605	188,909	13,696
Purchased services	3,200	2,657	2,779	(122)
Supplies and materials	7,850	8,562	8,339	223
Property	8,500	7,064	5,089	1,975
Other	2,500	2,485	2,415	70
Total school administration	674,601	769,884	753,654	16,230
Business services				
Salaries	178,101	178,006	177,826	180
Employee benefits	63,887	63,687	54,488	9,199
Purchased services	60,900	60,400	50,667	9,733
Supplies and materials	4,500	4,100	1,867	2,233
Property	3,000	2,000	500	1,500
Other	1,100	1,100	1,173	(73)
Total business services	311,488	309,293	286,521	22,772
Operations and maintenance				
Salaries	323,770	279,370	256,791	22,579
Employee benefits	142,772	125,222	107,916	17,306
Purchased services	990,222	1,108,087	716,498	391,589
Supplies and materials	298,400	318,400	329,674	(11,274)
Property	437,000	285,635	66,738	218,897
Total operations and maintenance	2,192,164	2,116,714	1,477,617	639,097
Student transportation				
Salaries	371,216	360,468	345,224	15,244
Employee benefits	127,326	123,326	111,183	12,143
Purchased services	40,300	43,300	58,463	(15,163)
Supplies and materials	144,700	157,700	166,174	(8,474)
Property	12,000	195,000	146,138	48,862
Total student transportation	695,542	879,794	827,182	52,612

(continued)

WELD COUNTY SCHOOL DISTRICT RE-9
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries		500	150	350
Employee benefits		115	33	82
Purchased services	63,050	55,550	30,092	25,458
Supplies and materials	2,750	2,750	1,563	1,187
Other	1,250	1,250	950	300
Total central support services	67,050	60,165	32,788	27,377
Other support services				
Salaries	13,350	15,600	2,250	13,350
Employee benefits	3,171	3,681	562	3,119
Purchased services	27,593	27,593	26,593	1,000
Total other support services	44,114	46,874	29,405	17,469
Food services operations				
Purchased services	1,600	1,600	1,181	419
Property	5,500	5,500		5,500
Total food service operations	7,100	7,100	1,181	5,919
Total supporting services	5,133,421	5,285,616	4,234,662	1,050,954
Capital outlay				
Facilities acquisition				
Property		163,500	586,032	(422,532)
Total capital outlay	-	163,500	586,032	(422,532)
Reserve for contingency	5,892,951	7,636,185		7,636,185
Total expenditures	<u>\$ 18,097,297</u>	<u>\$ 19,937,617</u>	<u>\$ 10,997,885</u>	<u>\$ 8,939,732</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

WELD COUNTY SCHOOL DISTRICT RE-9
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Food Service Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund	Total
Assets				
Cash	\$ 293,040	\$ 219,059	\$ 60,904	\$ 573,003
Due from other funds	3,183			3,183
Investments			439,779	439,779
Grants receivable	69,508			69,508
Other receivable	20			20
Inventory	3,575			3,575
Total assets	\$ 369,326	\$ 219,059	\$ 500,683	\$ 1,089,068
Liabilities				
Accounts payable		\$ 8,370		\$ 8,370
Accrued salaries and benefits	\$ 26,911			26,911
Total liabilities	26,911	8,370	\$ -	35,281
Deferred inflows of resources				
Prepaid items	18,006			18,006
Fund balance				
Nonspendable inventory	3,575			3,575
Restricted for land dedication			\$ 439,779	439,779
Restricted to food service	320,834			320,834
Committed to pupil activities		210,689		210,689
Assigned to capital projects			60,904	60,904
Total fund balance	324,409	210,689	500,683	1,035,781
Total liabilities, deferred inflows of resources and fund balance	\$ 369,326	\$ 219,059	\$ 500,683	\$ 1,089,068

WELD COUNTY SCHOOL DISTRICT RE-9
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

	Food Service Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund	Total
Revenues				
Local sources	\$ 23,494	\$ 418,958	\$ 147,469	\$ 589,921
State sources	4,248			4,248
Federal sources	724,614			724,614
Total revenues	752,356	418,958	147,469	1,318,783
Expenditures				
Instruction		388,991		388,991
Supporting services	597,966			597,966
Debt service				
Principal retirement			13,030	13,030
Interest and fiscal charges			2,539	2,539
Total expenditures	597,966	388,991	15,569	1,002,526
Excess of revenues over (under) expenditures	154,390	29,967	131,900	316,257
Other financing sources				
Transfers in			15,569	15,569
Net change in fund balances	154,390	29,967	147,469	331,826
Fund balance at beginning of year	170,019	180,722	353,214	703,955
Fund balance at end of year	<u>\$ 324,409</u>	<u>\$ 210,689</u>	<u>\$ 500,683</u>	<u>\$ 1,035,781</u>

WELD COUNTY SCHOOL DISTRICT RE-9
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues	\$ 25,453	\$ 25,953	\$ 23,494	\$ (2,459)
State sources	4,266	4,266	4,248	(18)
Federal sources	470,850	470,850	724,614	253,764
Total revenues	500,569	501,069	752,356	251,287
Expenditures				
Supporting services				
Salaries	236,171	232,976	214,975	18,001
Employee benefits	62,764	59,964	55,632	4,332
Purchased services	3,500	3,500	2,889	611
Supplies and materials	277,895	278,045	311,171	(33,126)
Property	2,000	18,000	12,394	5,606
Other	905	905	905	-
Appropriated reserves	76,849	77,698		77,698
Total expenditures	660,084	671,088	597,966	73,122
Excess of revenues over (under) expenditures	(159,515)	(170,019)	154,390	178,165
Other financing sources				
Transfers in	40,000			-
Net change in fund balance	\$ (119,515)	\$ (170,019)	154,390	\$ 324,409
Fund balance at beginning of year			170,019	
Fund balance at end of year			\$ 324,409	

WELD COUNTY SCHOOL DISTRICT RE-9
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues				
Fundraising and other events	\$ 495,000	\$ 495,000	\$ 418,958	\$ (76,042)
Total revenues	495,000	495,000	418,958	(76,042)
Expenditures				
Instruction				
Purchased services	124,700	124,700	140,497	(15,797)
Supplies and materials	330,000	330,000	229,351	100,649
Property	15,000	15,000	2,334	12,666
Other	18,000	18,000	16,809	1,191
Appropriated reserves	151,491	188,022		188,022
Total expenditures	639,191	675,722	388,991	286,731
Excess of revenues over (under) expenditures	\$ (144,191)	\$ (180,722)	29,967	\$ 210,689
Fund balance at beginning of year			180,722	
Fund balance at end of year			\$ 210,689	

WELD COUNTY SCHOOL DISTRICT RE-9
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 108	\$ 66	\$ 1,049	\$ 983
Other local revenue	10,990	10,990	146,420	135,430
Total revenues	11,098	11,056	147,469	136,413
Expenditures				
Capital outlay				
Property	240,000			-
Debt service				
Principal retirement	13,028	13,028	13,030	(2)
Interest and fiscal charges	2,539	2,539	2,539	-
Appropriated reserves	366,167	364,272		364,272
Total expenditures	621,734	379,839	15,569	364,270
Excess of revenues over (under) expenditures	(610,636)	(368,783)	131,900	500,683
Other financing sources				
Transfers in	255,569	15,569	15,569	-
Net change in fund balance	\$ (355,067)	\$ (353,214)	147,469	\$ 500,683
Fund balance at beginning of year			353,214	
Fund balance at end of year			\$ 500,683	

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

WELD COUNTY SCHOOL DISTRICT RE-9
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,025,738	\$ 1,025,738	\$ 1,025,154	\$ (584)
Delinquent taxes and interest	650	750	837	87
Total revenues	1,026,388	1,026,488	1,025,991	(497)
Expenditures				
Debt service				
Purchased services	2,300	1,800	1,145	655
Principal retirement	735,000	735,000	735,000	-
Interest and fiscal charges	286,738	286,738	286,738	-
Appropriated reserves	1,157,525	1,163,498		1,163,498
Total expenditures	2,181,563	2,187,036	1,022,883	1,164,153
Net change in fund balance	\$ (1,155,175)	\$ (1,160,548)	3,108	\$ 1,163,656
Fund balance at beginning of year			1,160,548	
Fund balance at end of year			\$ 1,163,656	

Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

WELD COUNTY SCHOOL DISTRICT RE-9
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services Donated Commodities	10.555	4555	\$ 40,027
Colorado Department of Education School Breakfast Program	10.553	5553	147,682
National School Lunch Program	10.555	5555	516,646
National School Lunch Program	10.555	6555	20,259
Total CFDA Number 10.555			<u>576,932</u>
Total Child Nutrition Cluster			724,614
Pass-through program from:			
Colorado Department of Education: Pandemic EBT Administrative Costs	10.649	4649	<u>614</u>
Total U.S. Department of Agriculture			725,228
U.S. Department of Education			
Pass-through programs from:			
Colorado Department of Education:			
Title I Grants to local Educational Agencies	84.010	4010	119,248
Supporting Effective Instruction State Grants	84.367	4367	23,681
Student Support and Academic Enrichment Program	84.424	4424	6,764
COVID-19 Education Stabilization Fund	84.425U	4414	481,034
COVID-19 Education Stabilization Fund	84.425U	4418	2,677
Total CFDA Number 84.425U			<u>483,711</u>
Total U.S. Department of Education			<u>633,404</u>
Total expenditures of federal awards			<u>\$ 1,358,632</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

WELD COUNTY SCHOOL DISTRICT RE-9
Notes to Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Weld County School District RE-9 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *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 Weld County School District RE-9, it is not intended to and does not present the financial position, changes in net position, or cash flows of Weld County School District RE-9.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Weld County School District RE-9 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Weld County School District RE-9 did not pass through any federal grants to subrecipients.

Note E – Nonmonetary assistance

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Weld County School District RE-9 received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	\$ <u>40,027</u>
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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Education
Weld County School District RE-9
Ault, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weld County School District RE-9 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 10, 2022



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education
Weld County School District RE-9
Ault, Colorado

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Weld County School District RE-9's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion in expressed.

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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 10, 2022

WELD COUNTY SCHOOL DISTRICT RE-9
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Summary of audit results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Weld County School District RE-9 (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The program tested as major was:

Child Nutrition Cluster	CFDA Nos. 10.553 and 10.555
-------------------------	-----------------------------
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did not qualify as a low-risk auditee.

Findings – Financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and Questioned Costs

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

Prior year findings

There were no findings or questioned costs reported for the year ended June 30, 2021.

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.



Colorado Department of Education
Auditors Integrity Report
 District: 3145 - Ault-Highland RE-9
 Fiscal Year 2021-22
 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	7,753,499		12,130,386		10,794,663		9,089,222
18 Risk Mgmt Sub-Fund of General Fund	103,611		203,481		203,222		103,870
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	7,857,110		12,333,867		10,997,885		9,193,092
11 Charter-School Fund	0		0		0		0
20.26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec. Revenue Fund	170,019		752,356		597,966		324,409
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	180,722		418,959		388,991		210,689
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	1,160,548		1,025,991		1,022,883		1,163,656
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	353,214		163,038		15,569		500,683
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	9,721,611		14,694,210		13,023,293		11,392,528
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60.65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL

Debt Compliance Schedules

WELD COUNTY SCHOOL DISTRICT RE-9
History of District Mill Levies

Levy/Collection Year	Mill Levies				
	General Operating	Override	Bond	Abatement	Total
2017/2018	16.880	4.811	5.500	0.022	27.213
2018/2019	16.880	5.056	5.801	0.077	27.814
2019/2020	16.880	4.535	5.194	0.021	26.630
2020/2021	16.880	3.004	3.449	0.023	23.356
2021/2022	17.880	2.786	3.189	0.034	23.889

Source: State of Colorado Department of Education and the District.

WELD COUNTY SCHOOL DISTRICT RE-9
History of Assessed Valuations and Mill Levies for the District

<u>Levy/Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2017/2018	187,088,320	4.94%
2018/2019	178,014,970	-4.85%
2019/2020	198,467,300	11.49%
2020/2021	299,668,750	50.99%
2021/2022	323,091,530	7.82%

Source: State of Colorado Department of Education and Weld County Assessor's Office.

WELD COUNTY SCHOOL DISTRICT RE-9
History of District's Actual Valuation

<u>Levy/Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2017/2018	948,076,954	15.30%
2018/2019	937,416,457	-1.12%
2019/2020	1,093,480,294	16.65%
2020/2021	1,366,476,713	24.97%
2021/2022	1,620,268,058	18.57%

Source: State of Colorado Department of Education and Weld County Assessor's Office.

WELD COUNTY SCHOOL DISTRICT RE-9
Historical Property Tax Collections

<u>Levy/Collection Year</u>	<u>Taxes Levied (1)</u>	<u>Current Collections (2)</u>	<u>Collection Rate</u>
2017/2018	5,091,234	5,030,162	98.80%
2018/2019	4,936,355	4,920,061	99.67%
2019/2020	5,281,016	5,150,219	97.52%
2020/2021	6,992,171	6,967,805	99.65%
2021/2022	7,707,348	7,649,089	99.24%

(1) Levies do not include abatements or other adjustments.

(2) The Weld County Treasurer's collection fees have not been deducted from these amounts.

(3) Includes delinquent taxes and interest on current and delinquent taxes.

(4) Includes abatement adjustment processed in December 2014.

Source: Weld County Treasurer's Office and the District.

WELD COUNTY SCHOOL DISTRICT RE-9
District Enrollment

<u>School Year</u>	<u>Enrollment</u>	<u>Percent Change</u>
2017/18	912	6.92%
2018/19	935	2.52%
2019/20	943	0.86%
2020/21	901	-4.45%
2021/22	1,013	12.43%

Source: The District.

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WELD COUNTY SCHOOL DISTRICT RE-9
General Fund Revenues, Expenditures and Changes in Fund Balance (GAAP Basis)

	Fiscal Year Ended June 30,			
	2018	2019	2020	2021
Revenues				
Local sources	\$ 4,601,919	\$ 4,644,074	\$ 4,697,273	\$ 6,383,662
Intermediate sources	137,455	147,676	150,037	150,037
State sources	4,214,358	5,070,418	5,420,428	3,209,980
Federal sources,	218,025	199,610	281,941	1,608,343
Total revenues	9,171,757	10,061,778	10,549,679	11,352,022
Expenditures				
Instruction	4,801,735	5,312,087	5,769,357	5,918,100
Supporting services	3,222,871	3,525,703	3,845,462	3,657,351
Capital outlay	-	1,485,628	331,073	747,450
Debt service	-	-	-	-
Total expenditures	8,024,606	10,323,418	9,945,892	10,322,901
Excess of revenues over (under) expenditures	1,147,151	(261,640)	603,787	1,029,121
Other financing sources (uses)				
Transfers in (out), net	(205,562)	(407,249)	(56,769)	(92,628)
Net change in fund balance	941,589	(668,889)	547,018	936,493
Fund balance at beginning of year	6,100,901	7,042,488	6,373,599	6,920,617
Fund balance at end of year	<u>\$ 7,042,490</u>	<u>\$ 6,373,599</u>	<u>\$ 6,920,617</u>	<u>\$ 7,857,110</u>

Fiscal Year
Ended June 30,

2022

\$ 7,271,433
150,037
4,290,028
637,938

12,349,436

6,177,191
4,234,662
586,032

10,997,885

1,351,551

(15,569)

1,335,982

7,857,110

\$ 9,193,092