CHEYENNE COUNTY
SCHOOL DISTRICT R-1

Kit Carson, Colorado

Financial Statements
For the Year Ended June 30, 2018

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Kit Carson, Colorado
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Cheyenne County School District R-1
Kit Carson, CO 80825

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District R-1 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, 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 Cheyenne County School District R-1, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other post-employment benefit information on pages a-g and 28-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the management discussion and analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cheyenne County School District R-1's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Winfrey, County & Hays, PC

Winfrey, County & Hays, PC
December 3, 2018

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2018

The Management discussion and analysis of Cheyenne County School District R-1 offers its readers an analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The main area of emphasis in this analysis will be on the primary government-general fund.

Cheyenne County School District R-1 reporting format is in compliance with the Government Accounting Standards Board or GASB. It is in accordance with GASB Statement NO. 34, Basic Financial Statement and Management Discussion and Analysis for State and local Governments that we offer this information today.

Financial Highlights

The net position for the fiscal year was negative $1,963,434 which is a decrease of $1,502,840 from the previous year. At the end of the fiscal year the District's governmental funds reported combined ending fund balances of $2,718,444 which represents an increase of $116,826 from the previous year.

Overview of Financial Statements

This discussion shall serve as an introduction to the District's basic financial statements. These financial statements are comprised of three basic components. 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to these statements other supplementary information is also provided for your examination.

Government-Wide Financial Statements

Government-wide financial statements provide data about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the assets and liabilities of Cheyenne County School District R-1.

All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is either receive or paid.

The two government-wide statements included in this report detail how the District's net position have changed. Net assets, which represent the difference between assets and liabilities, are one way to gauge the District's financial health.

Over time, increases or decreases in the District's net position is an indication of whether its financial health is improving or deteriorating.

The government-wide statements report all governmental activities.

> Governmental activities - all of the District's basic services are included within this category. Activities such as instruction, administration, operation of the buildings and grounds, and pupil transportation can all be found under this classification.

Fund Financial Statements

These statements provide specific information about the most significant funds, not the District as a whole. The maintenance of certain funds is required by state law, and if applicable must also adhere to certain bond requirements as well.

> Governmental funds - most of Cheyenne County School District R-1's financial activities are reported in governmental funds, which focus on the determination of financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's 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.

Financial Analysis of the District as a Whole

As noted previously in this document, net position may serve over time as a useful indictor of a school district's financial health. In the case of Cheyenne County School District R-1, liabilities exceeded its assets by approximately $1,963,434.

Table 1
Fiscal Year Ended June 30, 2018
Net Position

	Government Activities	
	6/30/2018	6/30/2017
Current and other assets	2,881,200	2,856,924
Capital assets	1,001,051	1,051,535
Total Assets	3,882,251	3,908,459
Deferred Outflows	2,160,007	2,621,295
Current liabilities	162,756	185,710
Long term liabilities	7,535,850	6,738,054
Deferred Inflows	307,086	66,583
Net Position		
Invested in capital assets	1,001,051	1,051,535
Restricted	530,351	550,095
Unrestricted	(3,494,835)	(2,062,224)
Total Net Position	(1,963,434)	(460,594)

Of the District's $3,882,251 in assets, $1,001,051 (29%) reflects investment in capital assets (e.g. land, building, infrastructure, machinery, and equipment). The District uses its capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted net position is negative $3,494,835.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly related to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.

Table 2 takes the information from the statement, rearranges it slightly so you can see total revenues for the year.

Table 2
Fiscal Year Ended June 30, 2018
Change in Net Position

	Government Activities	
REVENUES	6/30/2018	6/30/2017
Program Revenues		
Charges for service	52,855	171,918
Operating grants	236,923	158,865
General Revenues		
Property taxes	708,614	720,309
Auto taxes	81,908	65,546
State equalization	1,190,828	1,216,784
Other	104,266	47,846
Total Revenues	2,375,395	2,381,267
EXPENSES		
Instruction	2,165,650	1,970,351
Pupil services	6,034	3,480
Instructional services	143,756	103,929
General administration	437,795	405,686
School administration	24,270	1,741
Operations & maintenance	451,158	532,361
Pupil transportation	263,896	275,427
Central services	10,745	3,034
Building & technology	0	1,264
Student activities	0	121,014
Food services	143,894	145,123
Total Expenses	3,647,199	3,563,409
Increase (decrease) in net position	(1,271,804)	(1,182,142)

Table 3 shows the District's largest functions and unallocated depreciation expense. It also shows the net costs (total cost less revenues generated by the activities). This table also indicates the net costs offset by the other unrestricted grants and subsidies to show the remaining financial needs supported by local taxes and other revenues. As indicated earlier, that table is available for inspection as appendices to this document.

Table 3
Fiscal Year Ended June 30, 2018
Government Activities

Functions/Programs	Total Cost of Programs	Net Cost of Services	Prior Year
Instruction	2,165,650	1,972,757	1,873,423
Pupil services	6,034	6,034	3,480
Instructional services	143,756	143,756	103,929
General administration	437,795	437,795	405,686
School administration	24,270	24,270	1,741
Operations & maintenance	451,158	451,158	532,361
Pupil transportation	263,896	216,700	228,758
Central services	10,745	10,745	3,034
Building & technology	0	0	1,264
Food services	143,894	94,204	77,123
Student activities	0	0	1,829
Total Government Activities	3,647,199	3,357,420	3,232,626
Less state equalization		1,190,828	1,216,784
Total needs from local taxes and other revenue		2,166,593	2,015,842

The District Funds

Financial Analysis of the District's Funds

Revenues in the general fund increased $130,352 from the previous year. This increase was mostly due to an increase in donations for $63,668 and an increase in grants for $72,257.

Expenditures in the general fund decreased during the budget year by $46,042 from the previous budget year. This decrease was primarily due to a decrease in instructional salaries this year.

General Fund Budget

No amendments were made to the original budget.

Capital Assets and Debt Administration

As of June 30, 2018, the District had $1,001,051 classified as net capital assets, which is a decrease of $50,484 from the prior year.

	Governmental Activities	Prior Year
Sites	31,230	31,230
Site improvement	250,903	250,903
Buildings	1,835,667	1,835,667
Equipment	619,306	571,378
Transportation	560,417	560,417
Total Capital Assets	3,297,523	3,249,594
Accumulated depreciation	(2,296,472)	(2,198,059)
Net Capital Assets	1,001,051	1,051,535

Economic Factors and Next Year's Budget and Rates:

Cheyenne County School District R-1, better known as the Kit Carson School District R-1, and its subsequent student population are heavily dependent on oil and gas and farming and ranching activities. There has been an increase in the amount of local property that is now subject to oil and gas leases. If this increased interest in oil exploration continues, the district may see an increase in student count at that time. Conditions for the farming and ranching segment of the economy have improved and this may slow the decrease in student count that the district is currently experiencing as well. Future plans of wind turbines will add to the property tax base, but it is not expected to increase the number of students.

The district has adequate reserves set aside to prepare for a gradual modification of its business operations to ensure the long term financial viability of the district. However, the district has not been immune to sustained state equalization cuts (negative factor) and anticipates needing additional property tax override support in the future.

The 2018-2019 budget was built on an estimated five year average student count of 108 students. Should student count unexpectedly exceed that amount, the district will modify its budget prior to December 31st 2018 and approve at the January 2019 Board of Education meeting. The student count calculation used was conservative in nature and as such a reduction in the average is not anticipated.

Contacting the Financial Management

This financial report is intended to serve as a general overview of the District's financial status for anyone who has an interest in the District's finances. If you would like further information please contact Superintendent Robert Framel at P.O. Box 185 Kit Carson, CO 80825 or call 719-962-3219.

BASIC FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	297,624
Certificates of deposit	2,555,499
Accounts/grants receivable	12,334
Inventory	1,461
Accrued property taxes receivable	14,281
Capital assets, net of accumulated depreciation	1,001,051
Total Assets	3,882,251
DEFERRED OUTFLOWS	2,160,007
LIABILITIES	
Current Liabilities	
Accrued salaries payable	162,756
Long Term Liabilities	
Net health care trust fund liability	168,245
Net pension liability	7,367,605
Total Liabilities	7,698,606
DEFERRED INFLOWS	307,086
NET POSITION	
Invested in capital assets	1,001,051
Restricted for TABOR	67,452
Restricted for Capital Projects	462,899
Unrestricted	(3,494,835)
Total Net Position	(1,963,434)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues		
	Expenses	Charges for Service	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities				
Instructional	2,165,650	27,985	164,907	
Support services				
Pupil services	6,034			
Instructional services	143,756			
General administration	437,795			
School administration	24,270			
Operations & maintenance	451,158			
Pupil transportation	263,896		47,196	
Central services	10,745			
Food services	143,894	24,870	24,820	0
Total Governmental Activities	3,647,199	52,855	236,923	0

General revenues:
Taxes
Property taxes, levied for general purposes
Specific ownership taxes
State equalization
Miscellaneous
Investment earnings
Donations
Total General Revenues

Change in Net Position

Net Position - Beginning
Change in accounting-Note 2D
Prior Year Adjustment-Note 2E
Net Position - Ending

Net (Expense) Revenue and and Changes in Net Position Governmental Activities
(1,972,757)
(6,034)
(143,756)
(437,795)
(24,270)
(451,158)
(216,700)
(10,745)
(94,204)
(3,357,420)
708,614
81,908
1,190,828
17,618
22,980
63,668
2,085,616
(1,271,804)
(460,594)
(69,596)
(161,440)
(1,963,434)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	238,021	59,603	0	297,624
Certificates of deposit	1,961,317	594,182	0	2,555,499
Accounts/grants receivable	10,880	0	1,455	12,334
Inventory	0	0	1,461	1,461
Accrued property taxes receivable	14,281	0	0	14,281
Total Assets	2,224,499	653,785	2,916	2,881,200
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued salaries payable	162,756	0	0	162,756
Total Liabilities	162,756	0	0	162,756
Fund Balances				
Restricted for TABOR	67,452	0	0	67,452
Restricted for Capital Projects	0	462,899	0	462,899
Committed for Capital Projects	0	190,886	0	190,886
Nonspendable	0	0	1,461	1,461
Assigned	0	0	1,455	1,455
Unassigned	1,994,291	0	0	1,994,291
Total Fund Balances	2,061,743	653,785	2,916	2,718,444
Total Liabilities and Fund Balances	2,224,499	653,785	2,916	2,881,200

See auditor's report and notes to the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Balance Sheet
Governmental Funds
June 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	2,718,444
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,001,051
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	2,160,007
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(7,535,850)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	(307,086)
Net Position of Governmental Activities	(1,963,434)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

REVENUES	General	Capital Projects	Non Major Funds	Total Governmental Funds
Local Sources				
Property taxes	708,614	0	0	708,614
Specific ownership taxes	81,908	0	0	81,908
Investment interest	16,531	6,450	0	22,980
Donations	63,668	0	0	63,668
Other	45,603	0	0	45,603
Charges for service	0	0	24,870	24,870
State Sources				
Equalization	1,190,828	0	0	1,190,828
Vocational education	28,389	0	0	28,389
Transportation	47,196	0	0	47,196
Other	98,329	0	718	99,047
Federal Sources	38,189	0	24,102	62,292
Total Revenues	2,319,255	6,450	49,690	2,375,395
EXPENDITURES				
Current				
Instruction	1,201,242	0	0	1,201,242
Supporting Services				
Pupil guidance	8,980	0	0	8,980
Instructional staff services	87,303	0	0	87,303
Superintendent	251,012	0	0	251,012
Principals	12,182	0	0	12,182
Business Services	162	0	0	162
Operations & maintenance	336,106	0	0	336,106
Pupil transportation	160,507	0	0	160,507
Central services	10,745	0	0	10,745
Food services	0	0	102,075	102,075
Capital outlay	71,822	16,434	0	88,256
Total Expenditures	2,140,061	16,434	102,075	2,258,569
Revenues over (under) Expenditures	179,194	(9,984)	(52,385)	116,826

See auditor's report and notes to the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018
(continued)

	General	Capital Projects	Non Major Funds	Total Governmental Funds
Other Sources (Uses)				
Operating transfers in (out)	(52,152)	0	52,152	0
Excess of revenues over (under) Expenditures and other uses	127,043	(9,984)	(233)	116,826
Fund Balance - Beginning	1,934,700	663,769	72,745	2,671,214
Change in Accounting	0	0	(69,596)	(69,596)
Fund Balance - Ending	2,061,743	653,785	2,916	2,718,444

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds		116,826
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.		
Capital outlays	47,929	
Depreciation expense	(98,413)	(50,484)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expenses	(1,335,518)	
Other post-employment benefit expenses	(2,627)	(1,338,145)
Change in net position of government activities		(1,271,804)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Statement of Fiduciary Net Position
June 30, 2018

	Student Activity Fund
ASSETS	
Cash in Bank	81,133
LIABILITIES	
Held in trust for activities	81,133
NET POSITION	0

See auditor's report and notes to the financial statements.

Notes to the Financial Statements

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to the Financial Statements
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the Cheyenne County School District R-1's significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity," established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Cheyenne County School District R-1.

B. Basis of Presentation

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule, the effect of interfund activity has been eliminated from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund financial statements are also provided in the report for all of the governmental funds, and the fiduciary funds of the district. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital reserve fund accounts for capital asset and major renovations and repairs. Financing is provided by transfers from the general fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10, or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection. The last date for final adoption of the budget and appropriation resolution is June 30. January 31 is last date to change adopted budget.

By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

E. Encumbrances

Encumbrance accounting, where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities, Fund Balances and Net Position

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2018 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following estimated useful lives:

Assets	Years
Site improvements	10-30
Buildings	10-50
Equipment	5-25
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

Full time certified employees are allowed 10 compensated absence days per year. During a teacher’s third and subsequent years in the District, sick leave in excess of 30 days shall be purchased by the District at the substitute rate of pay. This amount is not considered material.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

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 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.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures. Actual results could differ from those estimates.

8. Fund Balances and Net Position

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

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

- Reserved net position – indicates the portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

- Unreserved net position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted funds are deemed spent first.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

- Nonspendable – amounts that cannot be spent because they are either in a nonspendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

- Restricted – when constraints placed on the use of resources are either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

- Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

- Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, and unassigned funds are available, committed funds are deemed spent first, then assigned funds.

At June 30, 2018 amounts restricted were $67,452 for TABOR Reserve, and $462,899 for Capital Projects. Within the governmental fund financial statements, amounts nonspendable for Food Service is $1,461; the amount assigned for Food Service is $1,455; and amounts committed for capital projects is $190,886.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

The voters of the District passed a ballot issue in November of 1997 which allows the District to collect, retain, and expend revenues legally received from any source.

B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.

C. The voters of the District approved a $200,000 tax override in 1994 for all subsequent years. In November of 2015, the voters of the District also approved a $150,000 tax override for all subsequent years and a one-time $150,000 tax override for the Special Building and Technology Capital Projects Fund.

D. During the 2017-18 fiscal year, the school transferred $69,596 of the Student Activities Special Revenue Fund's fund balance to create the Student Activities Agency Fund. This adjustment is noted on page 2 as a change in accounting policy.

E. For the fiscal year ended June 30, 2018, the District implemented GASB 75, reporting for Other Post-Employment Benefits (OPEB) associated with the PERA Health Care Trust Fund (HCTF). As a result, a prior year adjustment was required that included the amount $166,781 of net HCTF liability for the District as computed by HCTF, less the amount the District submitted to HCTF of $5,341 after HCTF's year end. The net prior year adjustment is $161,440.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments - all are in a single financial institution. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit." They are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

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At June 30, 2018, the District's cash deposits had a bank balance and carrying balance as follows:

	Bank Balance	Carrying Balance
Insured (FDIC)	500,000	500,000
Deposited in CSAFE	12	13
Deposits uncollateralized in a single institution pool	2,372,466	2,434,243
Total Cash	2,872,478	2,934,256
Amount of certificates of deposits		2,555,499
Amount with agency fund		81,133
Net cash		297,624

As presented above, deposits with a bank balance of $2,372,466 and a carrying balance of $2,434,243 as of June 30, 2018, are uninsured, exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution. CSAFE is a local governmental investment pool with a rating of AAAm by Standard & Poor's. This investment in valued using amortized cost.

B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

C. Changes in General Fixed Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Sites	31,230	0	0	31,230
Site Improvements	250,903	0	0	250,903
Buildings	1,835,667	0	0	1,835,667
Equipment	571,376	47,929	0	619,305
Transportation	560,417	0	0	560,417
Total	3,249,593	47,929	0	3,297,522
Less Accumulated Depreciation				
Sites	0	0	0	0
Site Improvements	78,171	7,225	0	85,396
Buildings	1,283,673	30,264	0	1,313,937
Equipment	446,821	25,955	0	472,776
Transportation	389,394	34,969	0	424,363
Total	2,198,059	98,413	0	2,296,472
Government Activities Capital Assets, Net	1,051,534	(50,484)	0	1,001,050

Depreciation expense for the governmental activities was allocated $60,700 to instruction, $34,969 to transportation, and $2,744 to food service.

D. The District had no long term debt at June 30, 2018.

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E. Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2018, was as follows:

Issue	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Net Health Care Trust Fund Liability	166,781	15,046	13,582	168,245
Net Pension Liability	6,738,054	1,575,397	945,846	7,367,605
Total	6,904,835	1,590,443	959,428	7,535,850

(4) OTHER INFORMATION

A. 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 has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

B. The District carries commercial insurance for all other losses, including employee health and accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

C. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31, but wages are earned over a school year of approximately nine months. The salaries earned but not paid at June 30 are shown as an accrued liability.

D. Operating Transfers In (Out) - The General Fund transferred $52,152 to the Food Services Fund for operating purposes.

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and June 30, 2018.

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions provisions as June 30, 2018: Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate[1]	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.50%
Total employer contribution rate to the SCHDTF[1]	**18.63%**	**19.13%**

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $197,542 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $7,367,605 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.0227842139 percent, which was an increase of 0.0001534475 percent from its proportion measured as of December 31, 2016.

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For the year ended June 30, 2018 the District recognized pension expense of $1,335,518 At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	135,459	-0-
Changes of assumptions or other inputs	1,881,223	11,938
Net difference between projected and actual earnings on pension plan investments	-0-	289,333
Changes in proportion and differences between contributions recognized and proportionate share of contributions	37,049	3,000
Contributions subsequent to the measurement date	99,283	N/A
Total	2,153,014	304,271

There is $99,283 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	16,771
2020	13,795
2021	3,483
2022	-0-
2023	-0-
Thereafter	-0-

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

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

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

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

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Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	9,306,538	7,367,605	5,787,596

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

Payables to the pension plan

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the District reported a liability of $7,367,605 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$ 3,328,620

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately $3,328,620 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

G. Other Post-Employment Benefits

Health Care Trust Fund

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 and additions to/deductions from the fiduciary net position 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.

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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. 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. § 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 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.

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 basis for 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 percent 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. § 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.

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 percent of PERA-includable salary into the HCTF.

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 $10,673 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $168,245 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on Districts contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.0129458789 percent, which was an increase of 0.0000822991 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of 2,627 At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	796	-0-
Changes of assumptions or other inputs	-0-	-0-
Net difference between projected and actual earnings on OPEB plan investments	-0-	2,815
Changes in proportion and differences between contributions recognized and proportionate share of contributions	903	-0-
Contributions subsequent to the measurement date	5,294	N/A
Total	6,992	2,815

There is $5,294 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 year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	177
2020	177
2021	177
2022	177
2023	177
Thereafter	16

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, 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 that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- 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 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- 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.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

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

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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	163,616	168,245	173,820

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, 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 3.50%.

- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent.

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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	189,160	168,245	150,393

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

H. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the Board is from the District. The Board has final authority for all budgeting and financing of the joint venture.

Each member pays a $2,500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

At June 30, 2017, total assets were $2,759,621, deferred outflows were $6,370,494, total liabilities were $17,087,255, deferred inflows were $423,405, net position was ($8,380,545), revenues were $8,591,775, and expenses were $10,871,227.

Complete financial statements may be obtained from BOCES office at 820 Second Street, Limon, CO, 80828.

REQUIRED SUPPLEMENTARY INFORMATION

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended June 30, 2018

	General Fund			
	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local Sources				
Property taxes	730,000	730,000	707,833	(22,167)
Other	162,319	162,319	208,491	46,173
State Sources				
Equalization	1,185,000	1,185,000	1,190,828	5,828
Other	144,665	144,665	173,913	29,248
Federal Sources	18,154	18,154	38,189	20,036
Total Revenues	2,240,137	2,240,137	2,319,255	79,117
EXPENDITURES				
Current				
Instruction	1,290,181	1,290,181	1,201,242	88,939
Supporting Services				
Pupils	14,190	14,190	8,980	5,210
Instructional staff - library	84,676	84,676	87,303	(2,627)
General administration	260,150	260,150	251,012	9,138
School administration	12,350	12,350	12,182	168
Business Services	0	0	162	(162)
Operations & maintenance	375,410	375,410	336,106	39,304
Transportation	178,590	178,590	160,507	18,083
Central services	11,000	11,000	10,745	255
Appropriated reserves	1,903,277	1,903,277	0	1,903,277
Capital Outlay	68,463	68,463	71,822	(3,359)
Total Expenditures	4,198,287	4,198,287	2,140,061	2,058,227
Excess of Revenues over	(1,958,150)	(1,958,150)	179,194	2,137,344
Other Sources (Uses)				
Operating Transfers In (Out)	(47,787)	(47,787)	(52,152)	(4,365)
Excess of Revenues and Other Sources over (under) Expenditures	(2,005,937)	(2,005,937)	127,043	2,132,980
Fund Balance - Beginning	2,005,937	2,005,937	1,934,700	(71,237)
Fund Balance - Ending	0	0	2,061,743	2,061,743

See auditor’s report and notes to the financial statements.

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CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Schedule of District's Proportionate Share of the Net Pension Liability-PERA School Division Trust Fund

	2017	2016	2015	2014	2013
Proportion (percentage) of the collective net pension liability	0.022784%	0.022631%	0.022351%	0.022480%	0.023659%
Proportionate share of the collective net pension liability	7,367,605	6,738,055	3,418,499	3,046,840	2,939,646
Covered payroll	1,051,008	1,015,708	973,097	941,764	953,781
Proportionate share of the net pension liability as a percentage of its covered employee payroll	701.00%	663.39%	351.30%	323.52%	308.21%
Plan fiduciary net position of the total pension liability	43.96%	43.10%	59.20%	62.80%	64.06%

Note 1: The amounts presented for each year were determined as of December 31.
Note 2: Information is not currently available for years prior to 2013; additional years will be displayed as they become available.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Schedule of Contributions and Related Ratios-PERA School Division Trust Fund
Last 10 Fiscal Years

As of June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contributions	197,542	188,065	175,911	162,991	148,337	144,214	134,901	129,727	125,338	113,480
Contributions in relation to the statutorily required contribution	197,542	188,065	175,911	162,991	148,337	144,214	134,901	129,727	125,338	113,480
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
Covered-employee payroll	1,046,414	1,022,877	991,225	964,737	893,541	955,730	950,728	976,195	1,012,204	988,119
Contributions as a percentage of covered-employee payroll	18.88%	18.39%	17.75%	16.89%	16.60%	15.09%	14.19%	13.29%	12.38%	11.48%

Note 1: The amounts presented for each year were determined as of the District's fiscal year.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Schedule of District's Proportionate Share of the Net Other Post-Employment Benefit
Liability-Health Care Trust Fund

	2017	2016
Proportion (percentage) of the collective net pension liability	0.012946%	0.012864%
Proportionate share of the collective net pension liability	168,245	166,781
Covered payroll	1,051,008	1,015,708
Proportionate share of the net pension liability as a percentage of its covered employee payroll	16.01%	16.42%
Plan fiduciary net position of the total pension liability	17.53%	N/A

Note 1: The amounts presented for each year were determined as of December 31.
Note 2: Information is not currently available for years prior to 2016; additional years will be displayed as they become available.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Schedule of Contributions and Related Ratios-Health Care Trust Fund

As of June 30,	2018	2017
Statutorily required contributions	10,673	10,433
Contributions in relation to the statutorily required contribution	10,673	10,433
Contribution deficiency (excess)	0	0
Covered-employee payroll	1,046,414	1,022,877
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

Note 1: Information above is presented as of the District's fiscal year.
Note 2: Information is not currently available for years prior to 2017; additional years will be displayed as they become available.

OTHER INFORMATION

COMBINING FUND STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
NonMajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Food Service	Student Activity	Total
ASSETS			
Accounts receivable	1,455	0	1,455
Inventory	1,461	0	1,461
Total Assets	2,916	0	2,916
LIABILITIES AND FUND BALANCE			
Fund Balance			
Nonspendable	1,461	0	1,461
Assigned	1,455	0	1,455
Total Fund Balance	2,916	0	2,916
Total Liabilities and Fund Balance	2,916	0	2,916

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
NonMajor Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2018

	Food Service	Student Activity	Total
REVENUES			
Local sources	24,870	0	24,870
State sources	718	0	718
Federal sources	24,102	0	24,102
Total Revenues	49,690	0	49,690
EXPENDITURES			
Current			
Salaries & benefits	57,036	0	57,036
Supplies & repairs	45,039	0	45,039
Total Expenditures	102,075	0	102,075
Revenues over (under) Expenditures	(52,385)	0	(52,385)
Other Financing Sources			
Operating Transfers In (Out)	52,152	0	52,152
Excess of Revenues and Other Sources over (under) Expenditures	(233)	0	(233)
Fund Balance - Beginning	3,149	69,596	72,745
Change in Accounting	0	(69,596)	(69,596)
Fund Balance - Ending	2,916	0	2,916

INDIVIDUAL FUND FINANCIAL STATEMENTS

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 for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the District's overall operation.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
General Fund
Comparative Balance Sheet

	6/30/18	6/30/17	Change
ASSETS			
Cash			
In bank	238,021	617,253	(379,232)
Certificates of deposit	1,961,317	1,476,336	484,981
Accounts/Grants receivalbe	10,880	0	10,880
Accrued property tax receivable	14,281	17,815	(3,534)
Total Assets	2,224,499	2,111,404	113,095
LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued salaries & benefits payable	162,756	176,704	(13,948)
Total Liabilities	162,756	176,704	(13,948)
Fund Balance			
Restricted for TABOR	67,452	67,391	61
Restricted for preschool	0	3,372	(3,372)
Unassigned	1,994,291	1,863,938	130,353
Total Fund Balance	2,061,743	1,934,700	127,043
Total Liabilities and Fund Balance	2,224,499	2,111,404	113,095

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

REVENUES	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property taxes	730,000	707,833	(22,167)	719,028
Specific ownership taxes	49,595	81,908	32,313	65,546
Penalties & interest	1,000	781	(219)	1,281
Interest on investments	11,000	16,531	5,531	12,001
Donations	54,793	63,668	8,875	0
Other	45,931	45,603	(327)	68,541
Total Local Revenue	892,319	916,324	24,006	866,396
State Sources				
Equalization	1,185,000	1,190,828	5,828	1,216,784
Vocational education	27,500	28,389	889	10,076
Transportation	47,084	47,196	111	46,669
Other grants	48,665	84,874	36,209	12,618
BOCES flowthrough	21,416	13,455	(7,961)	12,723
Total State Revenue	1,329,665	1,364,741	35,076	1,298,870
Federal Sources				
BOCES flowthrough	0	12,812	12,812	2,974
Grants	18,154	25,377	7,224	20,662
Total Federal Revenue	18,154	38,189	20,036	23,636
Total Revenues	2,240,137	2,319,255	79,117	2,188,903
Expenditures	4,198,287	2,140,061	2,058,227	2,186,103
Excess of Revenues over (under) Expenditures	(1,958,150)	179,194	2,137,344	2,800
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(47,787)	(52,152)	(4,365)	(53,929)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(2,005,937)	127,043	2,132,980	(51,130)
Fund Balance - Beginning	2,005,937	1,934,700	(71,237)	1,985,830
Fund Balance - Ending	0	2,061,743	2,061,743	1,934,700

See auditor's report and notes to the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

INSTRUCTION	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
Current				
Salaries	731,885	730,202	1,683	762,511
Employee benefits	296,206	291,718	4,488	292,484
Purchased services	161,548	88,977	72,571	99,428
Supplies & expenses	93,994	84,208	9,786	99,098
Other	6,548	6,137	411	7,491
Capital Outlay	59,263	52,863	6,400	50,475
Total Instruction	1,349,444	1,254,105	95,339	1,311,487
SUPPORTING SERVICES				
Pupils				
Current				
Purchased services	11,640	6,960	4,680	9,990
Supplies & expenses	2,250	2,020	230	1,515
Other	300	0	300	135
Total Pupils	14,190	8,980	5,210	11,640
Instructional Staff				
Current				
Salaries	50,358	46,562	3,796	37,590
Employee benefits	21,118	19,752	1,366	10,096
Purchased services	8,500	13,100	(4,600)	8,802
Supplies & expenses	4,700	7,889	(3,189)	3,108
Total Instructional Staff	84,676	87,303	(2,627)	59,596
General Administration				
Current				
Salaries	157,904	150,700	7,204	141,088
Employee benefits	59,046	59,647	(601)	53,817
Purchased services	20,800	18,569	2,231	17,223
Supplies & expenses	14,600	12,183	2,417	14,494
Other expenses	7,800	9,913	(2,113)	12,412
Capital Outlay	1,200	7,063	(5,863)	0
Total General Administration	261,350	258,074	3,276	239,035

See auditor’s report and notes to the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017
(continued)

SUPPORTING SERVICES	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
(continued)				
School Administration				
Current				
Salaries	10,000	10,000	0	15,000
Employee Benefits	2,350	2,182	168	3,188
Total School Administration	12,350	12,182	168	18,188
Business Services				
Current				
Benefits	0	162	(162)	0
Operations & Maintenance				
Current				
Salaries	72,750	67,151	5,599	65,778
Employee Benefits	30,800	28,009	2,791	27,823
Purchased Services	172,360	154,368	17,992	161,881
Supplies & Expenses	99,500	86,578	12,922	92,662
Capital Outlay	8,000	9,499	(1,499)	5,967
Total Operations & Maintenance	383,410	345,605	37,805	354,111
Transportation				
Current				
Salaries	84,200	84,684	(484)	84,492
Employee Benefits	52,590	43,664	8,926	48,518
Purchased Services	3,300	480	2,820	3,416
Supplies & Expenses	37,500	30,901	6,600	41,915
Other	1,000	778	222	1,862
Capital Outlay	0	2,398	(2,398)	0
Total Transportation	178,590	162,905	15,686	180,203
Central Services				
Current				
Purchased Services	11,000	10,745	255	11,844
Total Supporting Services	945,566	885,956	59,610	874,616
APPROPRIATED RESERVES	1,903,277	0	1,903,277	0
Total Expenditures	4,198,287	2,140,061	2,058,227	2,186,103

SPECIAL REVENUE FUNDS

Food Services Fund - to account for revenue and expenditures associated with providing hot lunches to students, teachers and visitors.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Food Services Special Revenue Fund
Comparative Balance Sheet

	6/30/18	6/30/17	Change
ASSETS			
Current Assets			
Cash in bank	0	8,217	(8,217)
Accounts receivable	1,455	846	609
Inventory	1,461	3,092	(1,631)
Total Assets	2,916	12,155	(9,239)
LIABILITIES AND NET POSITION			
Current Liabilities			
Accrued salaries & benefits	0	9,006	(9,006)
Fund Balance			
Nonspendable	1,461	3,092	(1,631)
Assigned	1,455	57	1,398
Total Fund Balance	2,916	3,149	(233)
Total Liabilities and Fund Balance	2,916	12,155	(9,239)

See auditor’s report and notes to the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Food Services Special Revenue Fund
Statement of Revenues, Expenses, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

REVENUES	Budget	Actual	Variance-Favorable (Unfavorable)	Actual Prior Year
Charges for Service				
Lunches	24,600	24,870	270	24,857
State Grants	750	718	(32)	1,100
Federal Aid				
Grants	0	0	0	9,789
Lunches	23,049	18,801	(4,248)	26,255
Commodities donated	7,000	5,302	(1,698)	5,998
Total Revenue	55,399	49,690	(5,709)	68,000
EXPENDITURES				
Salaries	36,596	32,766	3,830	36,942
Benefits	25,189	24,270	919	24,423
Food & milk	37,150	39,971	(2,821)	41,351
Supplies/other	6,400	5,068	1,332	5,162
Capital outlay	1,000	0	1,000	12,860
Total Expenses	106,335	102,075	4,260	120,738
Excess of Revenues over (under) Expenditures	(50,936)	(52,385)	(1,449)	(52,738)
Other Financing Sources (Uses)				
Operating Transfers In	47,787	52,152	4,365	51,900
Excess of Revenues and Other Sources over (under) Expenditures	(3,149)	(233)	2,916	(838)
Fund Balance - Beginning	3,149	3,149	0	3,987
Fund Balance - Ending	0	2,916	2,916	3,149

CAPITAL PROJECTS FUND

Capital Reserve Fund - to account for acquisition of land or improvements and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures; acquisition of school buses or other equipment, including any necessary installations; installment purchase agreements or lease agreements with an option to purchase for a period not to exceed twenty years under which a school district becomes entitled to the use of real property and related equipment for a school site, building, or structure. Also a lease agreement with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the District. Financing is provided by an allocation from the General Fund.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Capital Reserve Capital Projects Fund
Comparative Balance Sheet

	6/30/18	6/30/17	Change
ASSETS			
Cash in bank	59,603	75,883	(16,280)
Certificates of deposit	594,182	587,886	6,296
Total Cash	653,785	663,769	(9,984)
FUND BALANCE			
Committed for capital projects	190,886	184,436	6,450
Restricted for capital projects	462,899	479,333	(16,434)
Total Fund Balance	653,785	663,769	(9,984)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Capital Reserve Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Local Sources				
Interest on investments	3,200	6,450	3,250	5,179
Total Revenues	3,200	6,450	3,250	5,179
EXPENDITURES				
Building Repairs	0	0	0	36,181
Capital outlay	16,433	16,434	(1)	79,012
Contingency reserve	650,536	0	650,536	0
Total Expenditures	666,969	16,434	650,535	115,193
Excess of Revenues over (under) Expenditures	(663,769)	(9,984)	653,785	(110,013)
Fund Balance - Beginning	663,769	663,769	0	773,782
Fund Balance - Ending	0	653,785	653,785	663,769

See auditor's report and notes to the financial statements.

Student Activity Agency Fund

Student Activity Fund – to act as custodian for the classes and activities of the district.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities - Budget and Actual
For the Year Ended June 30, 2018

	Balance July 1	Revenues	Expenditures	Balance June 30
Athletics	(960)	0	0	(960)
Summer Volleyball	3,567	3,633	6,265	934
Girls Basketball	696	3,305	5,880	(1,879)
Boys BKB Fun Fund	6,018	15,835	13,060	8,793
Coaching Clinic	(195)	0	0	(195)
Football Miscellaneous	1,472	750	838	1,384
Sports	2,255	0	0	2,255
Track	1,481	991	1,225	1,247
FFA	738	21,010	21,173	575
FCCLA	1	0	0	1
H S Cheerleaders	(4)	0	0	(4)
Jr Hi Cheerleaders	923	0	0	923
Studco	264	996	574	685
Class of 2009	143	0	143	0
Class of 2008	6	0	6	0
Class of 2007	1	0	1	0
Class of 2006	3	0	3	0
Class of 2011	1	0	1	0
Class of 2012	13	0	13	0
Class of 2015	24	0	24	0
Class of 2016	200	0	200	0
Class of 2017	855	0	855	0
Class of 2018	16,151	15,557	28,741	2,968
Class of 2019	8,666	27,749	10,931	25,484
Class of 2020	5,880	7,429	4,869	8,440
Class of 2021	3,468	5,550	3,046	5,972
Class of 2022	2,559	1,258	199	3,618
Class of 2023	1,651	2,351	1,182	2,821
Class of 2024	0	2,041	616	1,425
Class of 2025	0	122	0	122
Bleacher Fund	(48)	0	0	(48)
Pop Fund	1	0	0	1
Student Bk Purchase	(3)	0	0	(3)
Sales/Not Fund Raise	768	515	793	490
After Prom Party	604	1,035	1,555	84

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities - Budget and Actual
For the Year Ended June 30, 2018
(continued)

	Balance July 1	Revenues	Expenditures	Balance June 30
Box Tops For Ed.	2,086	278	0	2,364
Target Fund Raising	1,508	3	0	1,511
Diabetes - Fruit	25	0	0	25
Snack Program	1,669	500	699	1,470
CHSAA Milk Grant	1,055	0	144	911
Baughman Foundation	66	0	0	66
Michael Ghegan Fund	2,250	0	0	2,250
School Mall	106	69	0	175
Back to School Activities	36	0	0	36
Rockies Game Tickets	5	0	0	5
Computer	(29)	0	0	(29)
Discover Fund	10	0	0	10
Library Fund	757	386	901	242
Wind Ensemble Trip	2,890	4,440	2,215	5,115
Drama/Play	9	0	0	9
Science & Technology	505	593	438	660
Boettcher Science Fund	2	1,000	1,000	2
El Pomar	0	2,500	770	1,730
NAL Scholarship Fund	3	0	0	3
College Scholarships	490	0	0	490
Staff Scholarships	862	0	0	862
B O E/Staff Activities	(1,907)	0	0	(1,907)
Total	69,596	119,895	108,358	81,133
Budget	71,425	58,000	129,425	0
Variance - Favorable (Unfavorable)	(1,829)	61,895	21,067	81,133

See auditor's report and notes to the financial statements.

AUDITOR'S INTEGRITY REPORT

Colorado Department of Education
Auditors Integrity Report
District: 0510 - KIT CARSON R-1
Fiscal Year 2017-18
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	1,934,700	2,225,495	2,098,452	2,061,743
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	41,609	41,609	0
Sub- Total	1,934,700	2,267,103	2,140,061	2,061,743
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	3,149	101,842	102,075	2,916
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	663,769	6,450	16,434	653,785
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	2,601,618	2,375,395	2,258,569	2,718,444
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	69,596	119,895	108,358	81,133
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	69,596	119,895	108,358	81,133

FINAL

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