

CHEYENNE COUNTY
SCHOOL DISTRICT R-1
Kit Carson, Colorado

Financial Statements
For the Year Ended June 30, 2019

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Table of Contents
 June 30, 2019

	<u>Page</u>
Independent Auditor's Report	
Management Discussion and Analysis -----	a-g
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position -----	1
Statement of Activities -----	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet -----	3
Reconciliation of the Balance Sheet - Governmental Funds to the	
Statement of Net Position -----	4
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	5-6
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities --	6
Student Activity Agency Fund	
Statement of Fiduciary Net Position -----	7
Notes to the Financial Statements -----	8-28
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule - Major Governmental Funds -----	29
Schedule of District's Proportionate Share of Net Pension Liability	
PERA School Trust Fund -----	30
Schedule of Contributions and Related Ratios - Last 10 Years	
PERA School Trust Fund -----	31
Schedule of District's Proportionate Share of Net Other Post-Employment	
Benefit Liability – Health Care Trust Fund -----	32
Schedule of Contributions and Related Ratios	
Health Care Trust Fund -----	33

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Table of Contents
 June 30, 2019
 (Continued)

Other Information

	<u>Page</u>
Individual Fund Financial Statements	
General Fund	
Comparative Balance Sheet -----	34
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -----	35
Statement of Expenditures - Budget and Actual -----	36-37
Special Revenue Funds	
Food Services Fund	
Comparative Balance Sheet -----	38
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	39
Debt Service Fund	
Bond Redemption Fund	
Comparative Balance Sheet-----	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual-----	40
Capital Project Fund	
Capital Reserve Fund	
Comparative Balance Sheet -----	41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	42
Building Fund	
Comparative Balance Sheet -----	43
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	44
Student Activity Agency Fund	
Statement of Changes in Assets and Liabilities - Budget and Actual -----	45-46
Auditor's Integrity Report	

WINFREY, COUNTY & HAYS, PC

Certified Public Accountants

577 14th Street
Burlington, Colorado 80807
Telephone 719-346-7216
Fax 719-346-8499

Gerald D. County, CPA
Jennifer M. Hays, CPA

Kristina L. Cowan, CPA
Sarah M. Bailey, CPA

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, 2019, 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, 2019, 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 29-33 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 and the Auditor's Integrity Report 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
November 19, 2019

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2019

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, 2019. 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 \$28,365 which is an increase of \$1,935,069 from the previous year. At the end of the fiscal year the District's governmental funds reported combined ending fund balances of \$10,881,300 which represents an increase of \$8,162,856 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 position, 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2019
(Continued)

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 indicator of a school district's financial health. In the case of Cheyenne County School District R-1, liabilities exceeded its assets by \$28,365.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2019
 (Continued)

Table 1
 Fiscal Year Ended June 30, 2019
 Net Position

	Government Activities	
	6/30/2019	6/30/2018
Current and other assets	11,159,675	2,881,200
Capital assets	<u>2,333,253</u>	<u>1,001,051</u>
Total Assets	13,492,928	3,882,251
Deferred Outflows	1,000,434	2,160,007
Current liabilities	555,729	162,756
Long term liabilities	11,109,168	7,535,850
Deferred Inflows	2,856,831	307,086
Net Position		
Invested in capital assets	2,333,253	1,001,051
Restricted	8,545,880	530,351
Unrestricted	<u>(10,907,498)</u>	<u>(3,494,835)</u>
Total Net Position	<u>(28,365)</u>	<u>(1,963,434)</u>

Of the District's \$13,492,928 in assets, \$2,333,253 (17%) 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 \$10,907,498.

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2019
 (Continued)

Table 2
 Fiscal Year Ended June 30, 2019
 Change in Net Position

	Government Activities	
REVENUES	<u>6/30/2019</u>	<u>6/30/2018</u>
Program Revenues		
Charges for service	62,644	52,855
Operating grants	273,496	236,923
Capital grants	960,579	0
General Revenues		
Property taxes	1,330,030	708,614
Auto taxes	121,410	81,908
State equalization	1,171,083	1,190,828
Other	<u>85,365</u>	<u>104,266</u>
Total Revenues	4,004,607	2,375,395
EXPENSES		
Instruction	1,064,016	2,165,650
Pupil services	9,417	6,034
Instructional services	45,347	143,756
General administration	181,351	437,795
School administration	8,140	24,270
Operations & maintenance	321,759	451,158
Pupil transportation	182,379	263,896
Central services	12,964	10,745
Food services	91,848	143,894
Debt service	<u>152,318</u>	<u>0</u>
Total Expenses	<u>2,069,538</u>	<u>3,647,199</u>
Increase (decrease) in net position	<u>1,935,069</u>	<u>(1,271,804)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2019
 (Continued)

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, 2019
 Government Activities

Functions/Programs	<u>Total Cost of Programs</u>	<u>Net Cost of Services</u>	<u>Prior Year</u>
Instruction	1,064,016	812,387	1,972,757
Pupil services	9,417	9,417	6,034
Instructional services	45,347	45,347	143,756
General administration	181,351	181,351	437,795
School administration	8,140	8,140	24,270
Operations & maintenance	321,759	321,759	451,158
Pupil transportation	182,379	136,416	216,700
Central services	12,964	(933,106)	10,745
Food services	91,848	38,792	94,204
Debt service	<u>152,318</u>	<u>152,318</u>	<u>0</u>
Total Government Activities	2,069,538	772,819	3,357,420
Less state equalization		<u>1,171,083</u>	<u>1,190,828</u>
Total needs from local taxes and other revenue		<u>(398,263)</u>	<u>2,166,593</u>

The District Funds

Financial Analysis of the District’s Funds

Revenues in the governmental funds increased \$1,629,212 from the previous year. This increase was mostly due to an increase in property taxes of \$621,416 due to the bond issue and an increase in BEST grant revenue of \$946,070.

Expenditures in the governmental funds increased during the budget year by \$1,629,732 from the previous budget year. This increase was primarily due to an increase in capital outlay of \$1,390,462.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2019
 (Continued)

General Fund Budget

No amendments were made to the original budget.

Capital Assets and Debt Administration

As of June 30, 2019, the District had \$2,333,253 classified as net capital assets, which is an increase of \$1,332,202 from the prior year.

	<u>6/30/2019</u>	<u>6/30/2018</u>
Assets under construction	1,347,155	0
Sites	31,230	31,230
Site improvement	250,903	250,903
Buildings	1,835,667	1,835,667
Equipment	636,735	619,306
Transportation	<u>527,664</u>	<u>560,417</u>
Total Capital Assets	4,629,353	3,297,523
Accumulated depreciation	<u>(2,296,100)</u>	<u>(2,296,472)</u>
Net Capital Assets	<u>2,333,253</u>	<u>1,001,051</u>

In November 2018, the voters of the District approved a bond issue in the amount of \$8,048,784 to supplement a BEST grant awarded to build a new school building. See footnote 3D for details on the bond issue.

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 a slight increase in the amount of local property that is now subject to oil and gas leases. 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2019
(Continued)

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, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	8,664,804
Certificates of deposit	2,446,287
Accounts and grants receivable	19,416
Inventory	2,944
Accrued property taxes receivable	26,224
Capital assets, net of accumulated depreciation	<u>2,333,253</u>
Total Assets	13,492,928
DEFERRED OUTFLOWS	1,000,434
LIABILITIES	
Current Liabilities	
Accounts payable	107,699
Accrued salaries payable	170,676
Current portion of bonds payable	277,353
Long Term Liabilities	
Bonds Payable	7,771,430
Net health care trust fund liability	158,670
Net pension liability	<u>3,179,068</u>
Total Liabilities	11,664,896
DEFERRED INFLOWS	2,856,831
NET POSITION	
Invested in capital assets	2,333,253
Restricted for preschool	148
Restricted for TABOR	68,852
Restricted for capital projects	8,005,683
Restricted for debt service	471,197
Unrestricted	<u>(10,907,498)</u>
Total Net Position	<u>(28,365)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Statement of Activities
 For the Year Ended June 30, 2019

		Program Revenues		
<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	
Governmental Activities				
Instructional	1,064,016	36,988	200,133	14,508
Support services				
Pupil services	9,417			
Instructional services	45,347			
General administration	181,351			
School administration	8,140			
Operations and maintenance	321,759			
Pupil transportation	182,379		45,963	
Central services	12,964			946,070
Debt service	152,318			
Food services	<u>91,848</u>	<u>25,657</u>	<u>27,399</u>	<u>0</u>
Total Governmental Activities	<u>2,069,538</u>	<u>62,644</u>	<u>273,496</u>	<u>960,579</u>

General revenues:

- Taxes
 - Property taxes, levied for general purposes
 - Property taxes levied for debt service
 - Specific ownership taxes
- State equalization
- Miscellaneous
- Investment earnings
- Sale of assets
- Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and
and Changes in Net Position

Governmental
Activities

(812,387)

(9,417)

(45,347)

(181,351)

(8,140)

(321,759)

(136,416)

933,106

(152,318)

(38,792)

(772,819)

714,321

615,709

121,410

1,171,083

42,362

41,003

2,000

2,707,888

1,935,069

(1,963,434)

(28,365)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2019

	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Governmental Funds</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	314,698	459,059	7,735,610	155,437	0		8,664,804
Certificates of deposit	1,876,588	0	0	569,699	0		2,446,287
Accounts and grants receivable	18,262	0	0	0	1,154		19,416
Inventory	0	0	0	0	2,944		2,944
Accrued property taxes receivable	<u>14,085</u>	<u>12,138</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>26,224</u>
Total Assets	<u>2,223,634</u>	<u>471,197</u>	<u>7,735,610</u>	<u>725,136</u>	<u>4,099</u>		<u>11,159,675</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	19,789	0	87,911	0	0		107,699
Accrued salaries payable	<u>170,676</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>170,676</u>
Total Liabilities	190,465	0	87,911	0	0		278,375
Fund Balances							
Restricted for TABOR	68,852	0	0	0	0		68,852
Restricted for preschool	148	0	0	0	0		148
Restricted for capital projects	0	0	7,647,699	357,984	0		8,005,683
Restricted for debt service	0	471,197	0	0	0		471,197
Committed for capital projects	0	0	0	367,153	0		367,153
Nonspendable	0	0	0	0	2,944		2,944
Assigned	0	0	0	0	1,154		1,154
Unassigned	<u>1,964,169</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>1,964,169</u>
Total Fund Balances	<u>2,033,169</u>	<u>471,197</u>	<u>7,647,699</u>	<u>725,136</u>	<u>4,099</u>		<u>10,881,300</u>
Total Liabilities and Fund Balances	<u>2,223,634</u>	<u>471,197</u>	<u>7,735,610</u>	<u>725,136</u>	<u>4,099</u>		<u>11,159,675</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2019

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

Total Governmental Fund Balances	10,881,300
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	2,333,253
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	1,000,434
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(11,386,521)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	<u>(2,856,831)</u>
Net Position of Governmental Activities	<u>(28,365)</u>

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, 2019

REVENUES	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Governmental Funds</u>	Total
Local Sources							
Property taxes	714,321	615,709	0	0	0	1,330,030	1,330,030
Specific ownership taxes	121,410	0	0	0	0	121,410	121,410
Investment interest	24,551	7,806	0	8,647	0	41,003	41,003
Donations	34,793	0	0	14,508	0	49,301	49,301
Other	78,238	0	0	0	0	78,238	78,238
Charges for service	0	0	0	0	25,657	25,657	25,657
State Sources							
Equalization	1,171,083	0	0	0	0	1,171,083	1,171,083
Vocational education	15,851	0	0	0	0	15,851	15,851
Transportation	45,963	0	0	0	0	45,963	45,963
Other	94,223	0	0	3,112	1,691	99,025	99,025
BEST Grant	0	0	946,070	0	0	946,070	946,070
Federal Sources	<u>53,034</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,709</u>	<u>78,742</u>	<u>78,742</u>
Total Revenues	2,353,466	623,515	946,070	26,267	53,056	4,002,374	4,002,374
EXPENDITURES							
Current							
Instruction	1,286,317	0	0	0	0	1,286,317	1,286,317
Supporting Services							
Pupil guidance	9,417	0	0	0	0	9,417	9,417
Instructional staff services	59,463	0	0	0	0	59,463	59,463
Superintendent	242,911	0	0	0	0	242,911	242,911
Principals	12,420	0	0	0	0	12,420	12,420
Business Services	0	0	0	0	0	0	0
Operations & maintenance	330,448	0	0	5,950	0	336,398	336,398
Pupil transportation	184,060	0	0	0	0	184,060	184,060
Central services	12,964	0	0	0	0	12,964	12,964
Repairs & supplies	0	0	0	7,302	0	7,302	7,302
Food services	0	0	0	0	106,013	106,013	106,013
Debt service	0	152,318	0	0	0	152,318	152,318
Capital outlay	<u>39,900</u>	<u>0</u>	<u>1,347,155</u>	<u>91,663</u>	<u>0</u>	<u>1,478,718</u>	<u>1,478,718</u>
Total Expenditures	<u>2,177,900</u>	<u>152,318</u>	<u>1,347,155</u>	<u>104,915</u>	<u>106,013</u>	<u>3,888,301</u>	<u>3,888,301</u>
Revenues over (under) Expenditures	175,566	471,197	(401,085)	(78,649)	(52,957)	114,073	114,073

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, 2019
 (continued)

	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
Other Sources (Uses)						
Bond Proceeds	0	0	8,048,784			8,048,784
Operating transfers in (out)	(204,139)	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>54,139</u>	<u>0</u>
Total Other Sources (Uses)	<u>(204,139)</u>	<u>0</u>	<u>8,048,784</u>	<u>150,000</u>	<u>54,139</u>	<u>8,048,784</u>
Excess of revenues over (under)						
Expenditures and other uses	(28,574)	471,197	7,647,699	71,351	1,182	8,162,856
Fund Balance - Beginning	<u>2,061,743</u>	<u>0</u>	<u>0</u>	<u>653,785</u>	<u>2,916</u>	<u>2,718,444</u>
Fund Balance - Ending	<u>2,033,169</u>	<u>471,197</u>	<u>7,647,699</u>	<u>725,136</u>	<u>4,099</u>	<u>10,881,300</u>

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 8,162,856

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	1,430,787	
Depreciation expense	(98,585)	1,332,202

Some revenues (expenses) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues (expenditures) in governmental funds.

Pension income	486,834	
Noncash revenue from State for PERA	2,233	
Other post-employment benefit expenses	(273)	488,794

Bond proceeds are recognized as revenue in governmental funds, but not in the statements of activities (8,048,784)

Change in net position of government activities 1,935,069
 See auditor's report and notes to the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Statement of Fiduciary Net Position
Student Activity Agency Fund
June 30, 2019

	Student Activity <u>Fund</u>
ASSETS	
Cash	92,397
 LIABILITIES	
Due to student activities	<u>92,397</u>
 NET POSITION	 <u>0</u>

Notes to the Financial Statements

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to the Financial Statements
June 30, 2019

(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.

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 Bond Redemption Fund accounts for collection of taxes and payment of bonds.

The Building Fund accounts for receipt of BEST Grant from the State and bond proceeds to build and furnish a new school building.

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

The Food Service Fund accounts for revenues and expenditures to provide meals to students, teachers, and visitors.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(Continued)

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Notes to Financial Statements
 June 30, 2019
 (Continued)

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, 2019 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 \$5,000 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:

<u>Assets</u>	<u>Years</u>
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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Notes to Financial Statements
 June 30, 2019
 (Continued)

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(Continued)

At June 30, 2019 amounts restricted were \$68,852 for TABOR Reserve, \$8,005,683 for Capital Projects, \$148 for preschool, and \$471,197 for debt service. Within the governmental fund financial statements, amounts nonspendable for Food Service was \$2,944; the amount assigned for Food Service was \$1,154; and amounts committed for capital projects was \$367,153.

(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.

(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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(Continued)

At June 30, 2019, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	500,000	500,000
Cash with County Treasurer	459,059	459,059
Deposits collateralized in a two institutional pools	<u>10,188,546</u>	<u>10,244,429</u>
Total Cash	11,147,605	11,203,488
Amount of certificates of deposit		(2,446,287)
Amount with agency fund		<u>(92,397)</u>
Net cash		8,664,804

As presented above, deposits with a bank balance of \$10,188,546 and a carrying balance of \$10,244,429 as of June 30, 2019, are uninsured, exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

- 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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Assets under construction	0	1,347,155	0	1,347,155
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	619,305	17,428	0	636,733
Transportation	560,417	66,204	98,958	527,663
Total	<u>3,297,522</u>	<u>1,430,787</u>	<u>98,958</u>	<u>4,629,351</u>
Less Accumulated Depreciation				
Assets under construction	0	0	0	0
Sites	0	0	0	0
Site improvements	85,396	7,142	0	92,538
Buildings	1,313,937	30,264	0	1,344,201
Equipment	472,776	25,844	0	498,620
Transportation	424,362	35,335	98,958	360,739
Total	<u>2,296,471</u>	<u>98,585</u>	<u>98,958</u>	<u>2,296,098</u>
Net Capital Assets	<u>1,001,051</u>	<u>1,332,202</u>	<u>0</u>	<u>2,333,253</u>

Depreciation expense for the governmental activities was allocated \$60,507 to instruction, \$35,335 to transportation, and \$2,743 to food service.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(Continued)

D. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

<u>Issue</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>
Bonds Payable	-	8,048,784	-	8,048,784
Net health care trust fund liability	168,245	17,402	(26,977)	158,670
Net pension liability	<u>7,367,605</u>	<u>16,560</u>	<u>(4,205,097)</u>	<u>3,179,068</u>
Total	<u>7,535,850</u>	<u>8,082,746</u>	<u>(4,232,074)</u>	<u>11,386,522</u>

In November 2018, the voters of the District approved a bond issue in the amount of \$8,048,784 to supplement a BEST grant awarded by the State of Colorado to build a new school building on existing District land. Principal payments are due each December 1, and interest payments are due on June 1 and December 1 each year. The bond matures on December 1, 2038. The stated coupon rate is 3.893%.

The debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2020	277,353	307,940	585,294
6/30/2021	283,799	297,018	580,816
6/30/2022	294,847	285,754	580,601
6/30/2023	306,325	274,052	580,378
6/30/2024	318,251	261,895	580,146
2025-2029	1,787,028	1,109,890	2,896,918
2030-2034	2,163,032	726,568	2,889,599
2035-2038	<u>2,618,149</u>	<u>262,592</u>	<u>2,880,740</u>
Total	8,048,784	3,525,709	11,574,493

(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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(Continued)

- 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 \$54,139 to the Food Services Fund and \$150,000 to the Capital Projects 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 plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position 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.

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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

Benefits provided as of December 31, 2018. 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, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

Contributions provisions as of June 30, 2019: Eligible employees, of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	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)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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 \$189,526 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on June 30, 2019 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the District reported a liability of \$3,179,068 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$3,179,068
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District.	\$382,405
Total	\$3,561,473

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

At December 31, 2018, the District's proportion was 0.0179536778 percent, which was a decrease of 0.0048305361 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension income of \$486,834 and revenue of \$2,233 for support from the State as a nonemployer contributing entity. At June 30, 2019, 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	107,838	0
Changes of assumptions or other inputs	593,388	1,977,038
Net difference between projected and actual earnings on pension plan investments	173,279	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,277	865,464
Contributions subsequent to the measurement date	99,994	N/A
Total	991,776	2,842,502

There was \$99,994 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, 2020. 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 ending June 30:	
2020	(319,076)
2021	(329,388)
2022	(199,723)
2023	0
2024	0
Thereafter	0

Actuarial assumptions. The total pension liability in the December 31, 2017 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	4.78 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

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 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:

- 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 member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

- 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. 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 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 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 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 pension liability	4,041,640	3,179,068	2,455,223

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

E. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

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.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$10,099 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$158,670 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District's proportion was 0.0116622651 percent, which was a decrease of 0.0012836138 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$273. At June 30, 2019, 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	576	242
Changes of assumptions or other inputs	1,113	0
Net difference between projected and actual earnings on OPEB plan investments	912	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	725	14,087
Contributions subsequent to the measurement date	5,332	N/A
Total	8,658	14,329

There was \$5,332 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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 ending June 30:	
2020	(2,618)
2021	(2,618)
2022	(2,618)
2023	(2,618)
2024	(2,779)
Thereafter	(112)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2017 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	3.25 percent for 2018, gradually rising to 5.00 percent in 2025

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.

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

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, 2017, 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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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 School and Judicial Divisions were based on 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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%.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	154,289	158,670	163,710

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, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 middle of the year.

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	177,538	158,670	142,540

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2019
(continued)

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, 2018, total assets were \$3,327,744, deferred outflows were \$5,904,957, total liabilities were \$20,049,626, deferred inflows were \$1,234,522, net position was (\$12,051,447), revenues were \$8,973,067, and expenses were \$12,249,299.

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, 2019

	General Fund			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources	872,886	872,886	973,313	100,427
State Sources	1,335,778	1,335,778	1,327,120	(8,658)
Federal Sources	<u>35,027</u>	<u>35,027</u>	<u>53,034</u>	<u>18,007</u>
Total Revenues	2,243,691	2,243,691	2,353,466	109,775
EXPENDITURES				
Current				
Instruction	1,311,742	1,311,742	1,286,317	25,425
Supporting Services				
Pupils	11,550	11,550	9,417	2,133
Instructional staff - library	70,954	70,954	59,463	11,491
General administration	256,350	256,350	242,911	13,439
School administration	12,350	12,350	12,420	(70)
Business Services	0	0	0	0
Operations & maintenance	360,625	360,625	330,448	30,177
Transportation	178,300	178,300	184,060	(5,760)
Central services	11,000	11,000	12,964	(1,964)
Appropriated reserves	1,903,894	1,903,894	0	1,903,894
Capital Outlay	<u>48,900</u>	<u>48,900</u>	<u>39,900</u>	<u>9,000</u>
Total Expenditures	<u>4,165,665</u>	<u>4,165,665</u>	<u>2,177,900</u>	<u>1,987,764</u>
Excess of Revenues over	(1,921,974)	(1,921,974)	175,566	2,097,539
Other Sources (Uses)				
Operating Transfers In (Out)	<u>(204,075)</u>	<u>(204,075)</u>	<u>(204,139)</u>	<u>(64)</u>
Excess of Revenues and Other Sources over (under) Expenditures	(2,126,049)	(2,126,049)	(28,574)	2,097,475
Fund Balance - Beginning	<u>2,126,049</u>	<u>2,126,049</u>	<u>2,061,743</u>	<u>(64,306)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>2,033,169</u>	<u>2,033,169</u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.017954%	0.022784%	0.022631%	0.022351%	0.022480%	0.023659%
Proportionate share of the collective net pension liability	3,179,068	7,367,605	6,738,055	3,418,499	3,046,840	2,939,646
Covered payroll	986,357	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 payroll	322.30%	701.00%	663.39%	351.30%	323.52%	308.21%
Plan fiduciary net position of the total pension liability	57.01%	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,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contributions	189,526	197,542	188,065	175,911	162,991	148,337	144,214	134,901	129,727	125,338
Contributions in relation to the statutorily required contribution	189,526	197,542	188,065	175,911	162,991	148,337	144,214	134,901	129,727	125,338
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
Covered payroll	990,076	1,046,414	1,022,877	991,225	964,737	893,541	955,730	950,728	976,195	1,012,204
Contributions as a percentage of covered payroll	19.14%	18.88%	18.39%	17.75%	16.89%	16.60%	15.09%	14.19%	13.29%	12.38%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion (percentage) of the collective net OPEB liability	0.011662%	0.012946%	0.012864%
Proportionate share of the collective net OPEB liability	158,670	168,245	166,781
Covered payroll	986,357	1,051,008	1,015,708
Proportionate share of the net OPEB liability as a percentage of its covered payroll	16.09%	16.01%	16.42%
Plan fiduciary net position of the total OPEB liability	17.03%	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,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contributions	10,099	10,673	10,433
Contributions in relation to the statutorily required contribution	<u>10,099</u>	<u>10,673</u>	<u>10,433</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	990,076	1,046,414	1,022,877
Contributions as a percentage of covered payroll	1.02%	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

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

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
ASSETS			
Cash			
In bank	314,698	238,021	76,677
Certificates of deposit	1,876,588	1,961,317	(84,728)
Accounts/Grants receivable	18,262	10,880	7,382
Accrued property tax receivable	<u>14,085</u>	<u>14,281</u>	(196)
Total Assets	<u>2,223,634</u>	<u>2,224,499</u>	<u>(865)</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	19,789	0	19,789
Accrued salaries & benefits payable	<u>170,676</u>	<u>162,756</u>	<u>7,920</u>
Total Liabilities	190,465	162,756	27,709
Fund Balance			
Restricted for TABOR	68,852	67,452	1,401
Restricted for preschool	148	0	148
Unassigned	<u>1,964,169</u>	<u>1,994,291</u>	(30,123)
Total Fund Balance	<u>2,033,169</u>	<u>2,061,743</u>	<u>(28,574)</u>
Total Liabilities and Fund Balance	<u>2,223,634</u>	<u>2,224,499</u>	<u>(865)</u>

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, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property taxes	710,000	713,517	3,517	707,833
Specific ownership taxes	49,000	121,410	72,410	81,908
Penalties & interest	1,000	804	(196)	781
Interest on investments	12,000	24,551	12,551	16,531
Donations	39,793	34,793	(5,000)	63,668
Other	<u>61,093</u>	<u>78,238</u>	<u>17,145</u>	<u>45,603</u>
Total Local Revenue	872,886	973,313	100,427	916,324
State Sources				
Equalization	1,210,000	1,171,083	(38,917)	1,190,828
Vocational education	12,500	15,851	3,351	28,389
Transportation	44,000	45,963	1,963	47,196
Other grants	46,320	57,275	10,955	84,874
Special funding for PERA	0	24,921	24,921	0
BOCES flowthrough	<u>22,958</u>	<u>12,027</u>	<u>(10,931)</u>	<u>13,455</u>
Total State Revenue	1,335,778	1,327,120	(8,658)	1,364,741
Federal Sources				
BOCES flowthrough	9,800	22,297	12,497	12,812
Grants	<u>25,227</u>	<u>30,737</u>	<u>5,510</u>	<u>25,377</u>
Total Federal Revenue	<u>35,027</u>	<u>53,034</u>	<u>18,007</u>	<u>38,189</u>
Total Revenues	2,243,691	2,353,466	109,775	2,319,255
Expenditures	<u>4,165,665</u>	<u>2,177,900</u>	<u>1,987,764</u>	<u>2,140,061</u>
Excess of Revenues over (under) Expenditures	(1,921,974)	175,566	2,097,539	179,194
Other Financing Sources (Uses) Operating Transfers In (Out)	<u>(204,075)</u>	<u>(204,139)</u>	<u>(64)</u>	<u>(52,152)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(2,126,049)	(28,574)	2,097,475	127,043
Fund Balance - Beginning	<u>2,126,049</u>	<u>2,061,743</u>	<u>(64,306)</u>	<u>1,934,700</u>
Fund Balance - Ending	<u>0</u>	<u>2,033,169</u>	<u>2,033,169</u>	<u>2,061,743</u>

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, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

			Variance Favorable (Unfavorable)	Actual Prior Year
INSTRUCTION	<u>Budget</u>	<u>Actual</u>		
Current				
Salaries	764,580	772,231	(7,651)	730,202
Employee benefits	307,468	316,632	(9,164)	291,718
Purchased services	155,594	105,094	50,500	88,977
Supplies & expenses	76,505	83,612	(7,107)	84,208
Other	7,595	8,748	(1,153)	6,137
Capital Outlay	<u>46,900</u>	<u>39,900</u>	<u>7,000</u>	<u>52,863</u>
Total Instruction	1,358,642	1,326,217	32,425	1,254,105
SUPPORTING SERVICES				
Pupils				
Current				
Purchased services	8,000	5,717	2,283	6,960
Supplies & expenses	3,250	3,700	(450)	2,020
Other	<u>300</u>	<u>0</u>	<u>300</u>	<u>0</u>
Total Pupils	11,550	9,417	2,133	8,980
Instructional Staff				
Current				
Salaries	39,980	32,980	7,000	46,562
Employee benefits	10,764	10,782	(18)	19,752
Purchased services	15,360	10,998	4,362	13,100
Supplies & expenses	<u>4,850</u>	<u>4,704</u>	<u>146</u>	<u>7,889</u>
Total Instructional Staff	70,954	59,463	11,491	87,303
General Administration				
Current				
Salaries	149,254	143,817	5,438	150,700
Employee benefits	62,546	65,440	(2,894)	59,647
Purchased services	22,350	18,900	3,450	18,569
Supplies & expenses	14,400	7,562	6,838	12,183
Other expenses	7,800	7,192	608	9,913
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,063</u>
Total General Administration	256,350	242,911	13,439	258,074

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018
 (continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
School Administration				
Current				
Salaries	10,000	10,000	0	10,000
Employee Benefits	<u>2,350</u>	<u>2,420</u>	<u>(70)</u>	<u>2,182</u>
Total School Administration	12,350	12,420	(70)	12,182
Business Services				
Current				
Benefits	0	0	0	162
Operations & Maintenance				
Current				
Salaries	70,725	70,020	705	67,151
Employee Benefits	30,971	29,730	1,241	28,009
Purchased Services	162,429	140,885	21,544	154,368
Supplies & Expenses	96,500	89,813	6,687	86,578
Capital Outlay	<u>2,000</u>	<u>0</u>	<u>2,000</u>	<u>9,499</u>
Total Operations & Maintenance	362,625	330,448	32,177	345,605
Transportation				
Current				
Salaries	82,500	86,480	(3,980)	84,684
Employee Benefits	52,250	53,536	(1,286)	43,664
Purchased Services	3,300	2,991	309	480
Supplies & Expenses	39,000	39,846	(846)	30,901
Other	1,250	1,207	43	778
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,398</u>
Total Transportation	178,300	184,060	(5,760)	162,905
Central Services				
Current				
Purchased Services	<u>11,000</u>	<u>12,964</u>	<u>(1,964)</u>	<u>10,745</u>
Total Supporting Services	903,129	851,684	51,445	885,956
APPROPRIATED RESERVES	<u>1,903,894</u>	<u>0</u>	<u>1,903,894</u>	<u>0</u>
Total Expenditures	<u>4,165,665</u>	<u>2,177,900</u>	<u>1,987,764</u>	<u>2,140,061</u>

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



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

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
ASSETS			
Current Assets			
Accounts receivable	1,154	1,455	(301)
Inventory	<u>2,944</u>	<u>1,461</u>	<u>1,483</u>
Total Assets	<u>4,099</u>	<u>2,916</u>	<u>1,182</u>
LIABILITIES AND FUND BALANCE			
Fund Balance			
Nonspendable	2,944	1,461	1,483
Assigned	<u>1,154</u>	<u>1,455</u>	<u>(301)</u>
Total Fund Balance	<u>4,099</u>	<u>2,916</u>	<u>1,182</u>
 Total Liabilities and Fund Balance	 <u>4,099</u>	 <u>2,916</u>	 <u>1,182</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Food Services Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Actual Prior Year
Charges for Service				
Lunches	24,600	25,657	1,057	24,870
State Grants	750	1,691	941	718
Federal Aid				
Lunches	23,049	20,451	(2,598)	18,801
Commodities donated	<u>7,000</u>	<u>5,258</u>	<u>(1,742)</u>	<u>5,302</u>
Total Revenue	55,399	53,056	(2,343)	49,690
EXPENDITURES				
Salaries	37,596	39,500	(1,904)	32,766
Benefits	25,678	27,301	(1,623)	24,270
Food & milk	39,000	34,184	4,816	39,971
Supplies/other	<u>12,200</u>	<u>5,028</u>	<u>7,172</u>	<u>5,068</u>
Total Expenditures	<u>114,474</u>	<u>106,013</u>	<u>8,461</u>	<u>102,075</u>
Excess of Revenues over (under) Expenditures	(59,075)	(52,957)	6,118	(52,385)
Other Financing Sources (Uses)				
Operating Transfers In	<u>54,075</u>	<u>54,139</u>	<u>64</u>	<u>52,152</u>
Excess of Revenues and Other Sources over (under) Expenditures	(5,000)	1,182	6,182	(233)
Fund Balance - Beginning	<u>5,000</u>	<u>2,916</u>	<u>(2,084)</u>	<u>3,149</u>
Fund Balance - Ending	<u>0</u>	<u>4,099</u>	<u>4,099</u>	<u>2,916</u>



DEBT SERVICE FUND

Bond Redemption Fund - to account for payment of principal and interest on bonds. Financing is provided by a specific annual property tax levy.

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

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
ASSETS			
Cash with county treasurer	459,059	0	459,059
Accrued property taxes receivable	<u>12,138</u>	<u>0</u>	<u>12,138</u>
Total Assets	<u>471,197</u>	<u>0</u>	<u>471,197</u>
FUND BALANCE			
Restrict for debt service	<u>471,197</u>	<u>0</u>	<u>471,197</u>

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
REVENUES				
Local Sources				
Property taxes	611,914	615,709	3,795	0
Interest income	<u>0</u>	<u>7,806</u>	<u>7,806</u>	<u>0</u>
Total Revenues	611,914	623,515	11,601	0
EXPENDITURES				
Debt Service				
Interest expense	<u>154,818</u>	<u>152,318</u>	<u>2,500</u>	<u>0</u>
Excess of Revenues over (under)				
Expenditures	457,096	471,197	14,101	0
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u>457,096</u>	<u>471,197</u>	<u>14,101</u>	<u>0</u>

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

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.

Building Fund – to account for all resources available for acquiring capital sites, buildings, and equipment.

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

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
ASSETS			
Cash in bank	155,437	59,603	95,835
Certificates of deposit	<u>569,699</u>	<u>594,182</u>	<u>(24,483)</u>
 Total Assets	 <u>725,136</u>	 <u>653,785</u>	 <u>71,351</u>
 FUND BALANCE			
Committed for capital projects	367,153	190,886	176,267
Restricted for capital projects	<u>357,984</u>	<u>462,899</u>	<u>(104,915)</u>
 Total Fund Balance	 <u>725,136</u>	 <u>653,785</u>	 <u>71,351</u>

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, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Local Sources				
Donations	0	14,508	14,508	0
Interest on investments	2,500	8,647	6,147	6,450
Insurance claims	<u>3,111</u>	<u>3,112</u>	<u>1</u>	<u>0</u>
Total Local Sources	5,611	26,267	20,656	6,450
State Sources				
BEST grant	<u>29,000</u>	<u>0</u>	<u>(29,000)</u>	<u>0</u>
Total Revenues	34,611	26,267	(8,344)	6,450
 EXPENDITURES				
Current				
Building repairs	5,505	6,305	(800)	0
Supplies	0	997	(997)	0
Dues and fees	25,000	5,950	19,050	
Capital Outlay	81,500	91,663	(10,163)	16,434
Contingency Reserve	<u>726,390</u>	<u>0</u>	<u>726,390</u>	<u>0</u>
Total Expenditures	<u>838,395</u>	<u>104,915</u>	<u>733,480</u>	<u>16,434</u>
Excess of Revenues over (under) Expenditures	(803,784)	(78,649)	725,135	(9,984)
Other Financing Sources				
Operating transfer in	<u>150,000</u>	<u>150,000</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources over (under) Expenditures	(653,784)	71,351	725,135	(9,984)
Fund Balance - Beginning	<u>653,784</u>	<u>653,785</u>	<u>1</u>	<u>663,769</u>
Fund Balance - Ending	<u>0</u>	<u>725,136</u>	<u>725,136</u>	<u>653,785</u>

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

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

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>7,735,610</u>	<u>0</u>	<u>7,735,610</u>
LIABILITIES AND FUND BALANCE			
Accounts payable	87,911	0	87,911
FUND BALANCE			
Restricted for capital projects	<u>7,647,699</u>	<u>0</u>	<u>7,647,699</u>
Total Liabilities and Fund Balance	<u>7,735,610</u>	<u>0</u>	<u>7,735,610</u>

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Building Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
REVENUES				
State Sources				
BEST grant	24,260,362	946,070	(23,314,292)	0
EXPENDITURES				
Capital outlay	<u>32,260,362</u>	<u>1,347,155</u>	<u>30,913,207</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	(8,000,000)	(401,085)	7,598,915	0
Other Financing Sources				
Bond proceeds	<u>8,000,000</u>	<u>8,048,784</u>	<u>48,784</u>	<u>0</u>
Excess of Revenues and Other Sources over (under) Expenditures	0	7,647,699	7,647,699	0
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u>0</u>	<u>7,647,699</u>	<u>7,647,699</u>	<u>0</u>



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, 2019

	Balance <u>July 1</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance <u>June 30</u>
Athletics	(960)	125	0	(835)
Summer Volleyball	934	10,987	8,161	3,760
Girls Basketball	(1,879)	11,050	7,083	2,089
Boys BKB Fun Fund	8,793	16,718	17,177	8,335
Coaching Clinic	(195)	0	0	(195)
Football Miscellaneous	1,384	1,365	108	2,641
Sports	2,255	0	0	2,255
Track	1,247	1,405	1,751	901
FFA	575	17,682	13,153	5,104
FCCLA	1	0	0	1
H S Cheerleaders	(4)	0	0	(4)
Jr Hi Cheerleaders	923	0	0	923
Studco	685	180	700	166
Class of 2018	2,968	0	5,339	(2,371)
Class of 2019	25,484	2,477	24,546	3,415
Class of 2020	8,440	36,821	21,788	23,473
Class of 2021	5,972	4,763	1,964	8,771
Class of 2022	3,618	1,611	0	5,229
Class of 2023	2,821	3,094	2,134	3,781
Class of 2024	1,425	4,324	3,566	2,183
Class of 2025	122	2,011	1,250	883
Bleacher Fund	(48)	0	0	(48)
Pop Fund	1	0	0	1
Student Bk Purchase	(3)	0	0	(3)
Sales/Not Fund Raise	490	315	546	259
After Prom Party	84	2,170	2,240	14

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, 2019
 (continued)

	Balance			Balance
	<u>July 1</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30</u>
Box Tops For Ed.	2,364	2	0	2,366
Target Fund Raising	1,511	0	0	1,511
Diabetes - Fruit	25	0	0	25
Snack Program	1,470	1,200	1,082	1,588
CHSAA Milk Grant	911	0	136	775
Baughman Foundation	66	0	0	66
Michael Ghegan Fund	2,250	0	0	2,250
School Mall	175	0	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	242	453	299	396
Wind Ensemble Trip	5,115	7,022	4,733	7,405
Drama/Play	9	0	0	9
Science & Technology	660	716	473	904
Boettcher Science Fund	2	500	0	502
El Pomar	1,730	2,500	0	4,230
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)	<u>0</u>	<u>0</u>	(1,907)
Total	81,133	129,492	118,228	92,397
 Budget	<u>0</u>	<u>127,000</u>	<u>127,000</u>	<u>0</u>
 Variance - Favorable (Unfavorable)	<u>81,133</u>	<u>2,492</u>	<u>8,772</u>	<u>92,397</u>

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

AUDITOR'S INTEGRITY REPORT