

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(EL PASO COUNTY)**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
and
SINGLE AUDIT**

**FOR THE YEAR ENDED
JUNE 30, 2016**



RECEIVED

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**CHEYENNE MOUNTAIN SCHOOL DISTRICT #12
(EL PASO COUNTY)
COLORADO SPRINGS, COLORADO**

PRINCIPAL OFFICIALS

JUNE 30, 2016

BOARD OF EDUCATION

Steve Parker – President
Monica Peloso – Vice President
Tom Neumann – Secretary
Russell Ross – Treasurer
Randy Case – Director

ADMINISTRATION

Walt Cooper – Superintendent
John Fogarty – Assistant Superintendent for Student Achievement
Carolena Steen – Assistant Superintendent for Student Services
Natalie Morin – Executive Director of Business Services

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

As management of Cheyenne Mountain School District 12 (the District) in Colorado Springs, Colorado, we offer readers of the District's report of independent certified public accountants this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

Financial Highlights

The District's liabilities for governmental activities, including long term debt and net pension liability, exceeded total assets, including capital assets (land, buildings and equipment), in fiscal year 2015-2016 by \$19,799,031 (deficit net position). The deficit is a result of the implementation of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net pension liability on the Statement of Net Position beginning in the 2014-2015 fiscal year. More information on the GASB Statement 68 can be found in the notes to the financial statements.

The overall ending fund balance for the District's governmental funds is \$39,289,397. This is a decrease of \$31,586,362 from the previous year and is primarily due to activity in the Capital Construction Fund. The revenue for the Capital construction Fund was collected in the previous fiscal year and is to be used exclusively for Capital Construction, primarily the renovation of Cheyenne Mountain High School (CMHS). As of June 30th the CMHS renovation project was approximately 70% completed. The expected completion date is December 2016.

Outstanding long term debt increased to \$137,737,655 from \$132,677,032 including \$1,671,584 due within one year. The increase is attributed to the PERA net pension liability.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The government-wide financial statements are designed to provide readers with information about the District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and retiree's sick leave payable).

For the fiscal year 2015-2016, all of the district's activities are reported under the Governmental Activities on the Statement of Net Position. In previous years the food service fund had been reported under Business-Type Activities. Beginning with the 2014-2015 fiscal year the Food Service Fund was re-classified as a Government Activity.

- **Governmental Activities:** Includes all district activity such as instruction, pupil activity, transportation, maintenance and operation, administration, instructional support and food service.
- **Business-Type Activities:** Beginning July 1, 2014 the Food Service fund was reclassified as a governmental activity.

The government-wide financial statements include not only the District itself (known as the "primary government") but also the legally separate charter school as a component unit of the District. Financial information for this component is reported separately from the financial information presented for the primary government itself with the exception of mandated fiscal allocations from the primary government to the component unit.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. All District funds can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) cash and other financial assets

that can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the three major governmental funds, the General Fund (combined with the Risk Management Fund), the Debt Service fund and the Capital Construction fund. Data for the other four governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds (Food Service Fund, Pupil Activity Fund, Land Fund and Capital Reserve Project Fund) is provided in the form of combining statements elsewhere in the report.

- **Proprietary funds:** The District maintains two Insurance Reserve Funds. The District's self-insured dental plan and the District's partially self-funded health insurance plan. The activity in these funds is comprised of revenue from premiums and expenses due to claim settlements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's annual appropriated budgets with comparison statements that demonstrate compliance with budget for the general fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis of the District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. Forty one percent of the District's assets are its investment in capital assets (i.e., land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the District's net position as of June 30, 2016 (in millions):

	Governmental Activities	
	2016	2015
Current Assets	\$ 49,439,842	\$ 76,626,107
Capital Assets - Net	70,554,981	40,820,052
Total Assets	<u>119,994,823</u>	<u>117,446,159</u>
Deferred Outflows	<u>9,497,207</u>	<u>3,654,973</u>
Current Liabilities	9,833,147	5,685,516
Long-Term Liabilities	<u>137,737,655</u>	<u>132,677,032</u>
Total Liabilities	<u>147,570,802</u>	<u>138,362,548</u>
Deferred Infows	<u>1,720,259</u>	<u>467,666</u>
Net Investment in Capital Assets	34,826,918	35,128,248
Restricted Net Position	4,412,128	5,260,876
Unrestricted Net Position	<u>(59,038,077)</u>	<u>(58,118,206)</u>
Total Net Position (Deficit)	<u>\$ (19,799,031)</u>	<u>\$ (17,729,082)</u>

Condensed Statement of Activities:

	Governmental Activities	
	2016	2015
Program Revenues:		
Charges for Services	\$ 2,094,526	\$ 2,327,306
Operating Grants	2,372,895	2,186,700
Capital Grants	<u>453,773</u>	<u>329,940</u>
Total Program Revenues	<u>4,921,194</u>	<u>4,843,946</u>
General Revenues:		
Taxes	22,745,403	21,279,393
State Equalization	13,605,972	13,501,199
Investment Income	147,898	33,711
Gain (Loss) on Disposal	8,134	1,080
Miscellaneous	<u>335,449</u>	<u>292,139</u>
Total General Revenues	<u>36,842,856</u>	<u>35,107,522</u>
Total Revenues	<u>41,764,050</u>	<u>39,951,468</u>
Expenses		
Instruction	24,724,637	24,066,445
Supporting Services	16,233,072	14,655,823
Interest on Long Term Debt	<u>2,583,771</u>	<u>688,114</u>
Total Expenses	<u>43,541,480</u>	<u>39,410,382</u>
Transfers	<u>(292,519)</u>	<u>(184,091)</u>
Change in Net Position	<u>(2,069,949)</u>	<u>356,995</u>
Net Position - Beginning	(17,729,082)	41,397,870
Prior Period Restatement	<u>-</u>	<u>(59,483,947)</u>
Net Position - Beginning (Restated)	<u>(17,729,082)</u>	<u>(18,086,077)</u>
Net Position - Ending	<u>\$ (19,799,031)</u>	<u>\$ (17,729,082)</u>

Governmental Activities

Total assets increased by \$2.5 million from the previous fiscal year.

Beginning with this fiscal year, the Business-Type Activities (Food Service fund) has been reclassified as a Governmental Activity.

Total liabilities increased by approximately \$9.2 million over the previous year primarily due to the districts net pension liability. In FY 2015 GASB 68 was implemented which requires school districts to record net pension liability. As of June 30, 2015, the net pension liability was \$64,571,024 and as of June 30, 2016, the net pension liability was \$72,229,092.

The primary source of operating revenue for school districts in Colorado comes from the School Finance Act of 1994, as amended (the Act). Under the Act the District received \$6,938.23 per funded pupil in fiscal year 2016, a 4% increase from fiscal year 2015. In fiscal year 2016 the funded pupil count was 4,838.76, a .8% decrease from the previous year. Funding for the Act comes from property taxes, specific ownership tax, and state equalization. The District received approximately 66% of this funding from state equalization. The remaining amount came from property taxes and specific ownership tax. The District's 2015 assessed valuation of \$387.1 million represented a 6.2% increase from 2014, and it generated \$20.5 million in fiscal year 2016, an increase of approximately \$1.2 million from the previous year, to include a share of funding determined by the Act plus budget overrides and bond redemption payments authorized by local voters.

Financial Analysis of the District's Funds

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

At the end of fiscal year 2016, the District's governmental funds reported combined ending fund balances of \$39.2 million, a decrease of \$31,586,362 in comparison with the prior fiscal year due to the activity in the Capital Construction Fund. The general fund had an increase in fund balance of \$1,221,328; the Capital Construction Fund decreased by \$32,381,738; the debt service fund had a decrease in fund balance of \$904,514; and other funds had a combined increase of \$478,562.

The general fund is the primary operating fund of the District. At year-end, the general fund maintained a balance of \$15.3 million, equal to 46% of the District's fiscal year expenditures and allocations to other funds. In 2015 the general fund maintained a balance of \$14.1 million, or 44% of fiscal year expenditures and allocations.

General Fund Budget Variance

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the general fund.

The general fund expenditure variance between original budget and final budget is a result of budgeted (appropriated) but not expended contingency and emergency reserve funds, which include state-mandated reserves.

Proprietary Funds

The proprietary funds consist of the District's two Insurance Reserve Funds (self-insured dental plan and the partially self-funded health insurance plan). These funds have a combined ending fund balance of \$816,155, an increase of \$199,141 from the previous year.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$70.5 million (net of accumulated depreciation), which is an increase of \$29,734,929 from the previous year. The increase is attributed to the CMHS renovation project that will be complete December of 2016. This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and capital leases all with an original cost of greater than \$5,000.

Additional information on the District's capital assets can be found in the notes to the basic financial statements.

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Site Improvements	208,500	-	-	208,500
Art Collection	237,000	-	-	237,000
Construction in Progress	3,337,338	26,825,083	-	30,162,421
Total Capital Assets Not Being Depreciated	5,221,896	26,825,083	-	32,046,979
Capital Assets Being Depreciated				
Land Improvements	7,273,800	3,611,410	-	10,885,210
Buildings and Improvements	55,445,064	778,675	-	56,223,739
Food Service Equipment	110,662	-	-	110,662
Equipment	2,686,278	58,705	-	2,744,983
Total Capital Assets Being Depreciated	65,515,804	4,448,790	-	69,964,594
Less: Accumulated Depreciation:				
Land Improvements	(5,117,862)	(312,612)	-	(5,430,474)
Buildings and Improvements	(22,451,471)	(1,136,441)	-	(23,587,912)
Food Service Equipment	(94,334)	(2,188)	-	(96,522)
Equipment	(2,253,981)	(87,703)	-	(2,341,684)
Total Accumulated Depreciation	(29,917,648)	(1,538,944)	-	(31,456,592)
Total Capital Assets Being Depreciated, Net	35,598,156	2,909,846	-	38,508,002
Governmental Activities Capital Assets, Net	\$ 40,820,052	\$ 29,734,928	\$ -	\$ 70,554,981

Long-term Debt

At year-end, the District's long-term debt of \$137.7 million, an increase of \$5,060,623 from the previous year, consisted of the following:

	Balance July 1, 2015	Additions	Payments	Balance June 30, 2016	Due Within One Year	Interest Expense
Governmental Activities						
Bonds:						
Gen. Oblig. Refunding, Series 2004	\$ 680,000	\$ -	\$ 680,000	\$ -	\$ -	7,140
Gen. Oblig. Refunding, Series 2011	6,340,000	-	35,000	6,305,000	475,000	243,007
Gen. Oblig. Refunding Cap Apprec. 2011	157,731	-	(67,978)	225,709	225,709	-
Gen. Oblig. Refunding, Series 2012	4,325,000	-	1,535,000	2,790,000	660,000	97,132
Gen. Oblig. Series 2015	45,000,000	-	-	45,000,000	45,000	2,395,584
Premiums on Issuance	10,893,989	-	278,643	10,615,346	199,354	-
Obligations under Capital Lease	229,979	-	163,458	66,521	66,521	2,248
PERA Net Pension Liability	64,571,024	7,658,068	-	72,229,092	-	-
Compensated Absences	479,310	26,677	-	505,987	-	-
Total Noncurrent Liabilities	\$ 132,677,033	\$ 7,684,745	\$ 2,624,123	\$ 137,737,655	\$ 1,671,584	\$ 2,745,110

Section 22-42-104 of the Colorado Revised Statutes limits the amount of bonded indebtedness to 20% of the latest valuation for assessment of the taxable property in the District, or 6% of the most recent determination of the actual value of the taxable property in the District as certified by the County Assessor to the Board of County Commissioners. The District's legal bonded debt limit as of June 30, 2016 was \$77.4 million.

Economic Factors: School Finance Act Funding

The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April, 1994, the Colorado Legislature enacted the Public School Finance Act of 1994 (the Act) which continued the goals of (1) establishing a financial base of support for public education, (2) moving toward a uniform mill tax levy for all school districts, and (3) limiting the future growth of and reliance on the property tax to support public education. It establishes a statewide base per pupil funding and adjusts that amount for individual school districts by recognizing differences in (1) personnel costs, (2) cost of living, and (3) school district size.

Additional funding is also provided to school districts based upon the presence of at-risk pupils. The sources of funding the Act formula amount include (1) a portion of the specific ownership taxes traditionally flowing to school districts in addition to (2) local property taxes, and (3) state equalization payments. The District's funding, based on this formula increased by 21.9%, 11% and 3.7% for fiscal years 2014, 2015 and 2016 respectively. The District's funded pupil count increased by 10.5% in 2013-2014 (due to the addition of the Cheyenne Mountain Charter Academy's Vanguard School), increased by .7% in 2014-2015, and decreased by .8% in 2015-2016.

In November, 2000, Colorado voters approved Amendment 23, "Funding for Public Schools", which required that the statewide base per pupil funding and the total State funding for categorical programs increase by at least the rate of inflation plus one percent for the ten-year period beginning in fiscal year 2002, and by at least the rate of inflation

thereafter. In addition, State revenues collected from a tax of one-third of one percent on federal taxable income shall be deposited into the State Education Fund. The State Education Fund monies can be used to fund what additional amounts are needed as required by Amendment 23 and any remaining funds can be used to support certain educational programs, as appropriated by the State General Assembly.

As stated above, the local share of the aggregate Act funding is to be paid from (1) school district property taxes levied at a rate defined by the Act in accordance with Article X, Section 20 of the State constitution (and certified no later than December 15) and (2) specific ownership taxes. Specific ownership tax revenue is defined as the amount of such revenue received by the District in the prior fiscal year excluding any such revenue attributable to a bond redemption levy or override levy. Because of the impact of Article X, Section 20 of the State constitution (“TABOR”) passed by the voters of Colorado in November 1992, the State’s goal of achieving a uniform mill levy across all school districts has not been achievable. If a school district’s assessed valuation grows at a rate greater than the combined change in the prior year Boulder-Denver consumer price index and the school district’s enrollment, then the school district is required to reduce its mill levy. The District’s assessed valuation increased 6.2% for the 2015 tax year (property tax collections due in calendar year 2016).

The State funds its share of each school district’s Act funding by paying the difference between school district’s formula amount and the amount of local property taxes to be collected by the school district (assuming no delinquencies) plus the amount of local specific ownership taxes collected the previous year. The effect of this formula is to make school districts increasingly dependent upon the State for funding of public education.

Economic Factors: Override Election Property Taxes

No school district may levy general fund taxes at a rate greater than that allowed by the Act unless authorized to do so at a general election or at a special election in November of odd-numbered years. The maximum amount of the revenue increase may not exceed 25% of the formula amount. Specific ownership tax revenue attributable to an override levy and to a bond redemption levy that is not used to satisfy bonded indebtedness must be applied toward the 25% override limit. In November of 1994, 1999, 2003, and 2011 the voters of the District approved overrides of \$750,000; \$950,000; \$1.4 million and \$1.7 million respectively, for an indefinite amount of time. The measure approved in 2011 capped the District’s total mill levy at 50 mills and also included a provision allowing the District to incrementally increase the total override collection up to the statutory maximum subject to the mill levy cap. In 2014 the mill levy cap was approved to increase to 53 mills.

According to calculations by the Colorado Department of Education, the District presently collects 42.3% of its maximum override amount of \$12,171,417.86.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cheyenne Mountain School District 12 Business Office, 1775 LaCleda Street, Colorado Springs, CO 80905.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Cheyenne Mountain School District 12 (El Paso County)
Colorado Springs, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the related notes to the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2016, which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 auditors' 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cheyenne Mountain School District 12's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1–M10 and pension schedules on 41-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 43-46 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. In addition, the combining and individual fund financial statements on pages 49-59 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 68-71 are presented for state regulatory compliance and are not a required part of the financial statements. The statistical tables presented on pages 71-74 are presented debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the Cheyenne Mountain School District 12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cheyenne Mountain School District 12's internal control over financial reporting and compliance.

Holscher, Mayberry + Company, LLC

Englewood, CO
November 17, 2016

BASIC FINANCIAL STATEMENTS

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CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
June 30, 2016

	Governmental	
	Activities	Component Unit
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments	\$ 48,167,221	\$ 3,363,696
Cash with Fiscal Agent	247,304	5,062
Taxes Receivable	553,562	-
Interfund Accounts Receivable	-	75,607
Grants Receivable	391,973	-
Other Accounts Receivable	-	91,543
Inventory	79,582	24,075
Deposits	200	-
Total Current Assets	49,439,842	3,559,983
Noncurrent Assets		
Capital Assets, not being depreciated	32,046,979	245,714
Capital Assets, being depreciated (net)	38,508,002	1,486,599
Total Noncurrent Assets	70,554,981	1,732,313
TOTAL ASSETS	119,994,823	5,292,296
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Deferred Charge on Refunding	474,133	-
Contributions Subsequent to Measurement Date	1,927,781	422,817
Change in School's Proportionate Share of Net Pension Liability - net	-	315,167
Difference Between Projected and Actual Pension Plan Experience - net	953,794	216,560
Difference Between Projected and Actual Returns on Pension Plan Investments - net	6,141,499	1,394,432
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	9,497,207	2,348,976
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 129,492,030	\$ 7,641,272
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 3,990,258	\$ 171,547
Retainage Payable	1,526,982	-
Accrued Interest	533,968	-
Accrued Salaries & Benefits	3,781,939	787,167
Unearned Revenue	-	149,763
Total Current Liabilities	9,833,147	1,108,477
Noncurrent Liabilities		
Due Within One Year	1,671,584	-
Due In More Than One Year	136,066,071	16,478,088
Total Noncurrent Liabilities	137,737,655	16,478,088
TOTAL LIABILITIES	147,570,802	17,586,565
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Gain on Refunding	48,624	-
Difference Between Projected and Actual Pension Plan Experience - net	3,008	683
Change in Pension Plan Assumptions - net	1,020,722	231,756
Change in District's Proportionate Share of Net Pension Liability - net	612,793	-
Other Deferred Revenue	35,112	-
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	1,720,259	232,439
NET POSITION		
Net Investment in Capital Assets	34,826,918	1,732,313
Restricted Net Position	4,412,128	287,000
Unrestricted Net Position	(59,038,077)	(12,197,045)
Total Net Position	(19,799,031)	(10,177,732)
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 129,492,030	\$ 7,641,272

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

Statement of Activities

For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>
			<u>Contributions</u>	<u>Contributions</u>
Primary Government				
Governmental Activities				
Instruction	\$ 24,724,637	\$ 1,554,745	\$ 1,128,703	\$ -
Supporting Services	16,233,072	539,781	1,244,192	453,773
Interest on Long Term Debt	2,583,771	-	-	-
Total Primary Government	<u>\$ 43,541,480</u>	<u>\$ 2,094,526</u>	<u>\$ 2,372,895</u>	<u>\$ 453,773</u>
Component Unit - Charter School	<u>\$ 10,244,594</u>	<u>\$ 504,313</u>	<u>\$ 223,534</u>	<u>\$ 319,392</u>

General Revenues

Property Taxes

Specific Ownership Taxes

State Equalization

Investment Earnings

Gain (Loss) on Capital Asset Disposals

Other Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

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

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
\$ (22,041,189)	\$ -	\$ (22,041,189)	
(13,995,326)	-	(13,995,326)	
<u>(2,583,771)</u>	<u>-</u>	<u>(2,583,771)</u>	
<u>(38,620,286)</u>	<u>-</u>	<u>(38,620,286)</u>	
			\$ (9,197,355)
20,497,447	-	20,497,447	8,567,049
2,247,956	-	2,247,956	-
13,605,972	-	13,605,972	-
147,898	-	147,898	7,706
8,134	-	8,134	-
335,449	-	335,449	109,966
<u>(292,519)</u>	<u>-</u>	<u>(292,519)</u>	<u>292,519</u>
<u>36,550,337</u>	<u>-</u>	<u>36,550,337</u>	<u>8,977,240</u>
(2,069,949)	-	(2,069,949)	(220,115)
<u>(17,729,082)</u>	<u>-</u>	<u>(17,729,082)</u>	<u>(9,957,617)</u>
<u>\$ (19,799,031)</u>	<u>\$ -</u>	<u>\$ (19,799,031)</u>	<u>\$ (10,177,732)</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Balance Sheet
Governmental Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

		<u>Debt Service</u>	<u>Capital Projects</u>	
		<u>Bond</u>	<u>Capital</u>	<u>Other</u>
		<u>Redemption</u>	<u>Construction</u>	<u>Governmental</u>
	<u>General Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and Investments	\$ 18,175,006	\$ 3,162,272	\$ 23,862,959	\$ 2,100,606
Cash with Fiscal Agent	235,719	11,585	-	-
Taxes Receivable	442,541	111,021	-	-
Interfund Accounts Receivable	-	-	-	-
Grants Receivable	391,973	-	-	-
Inventory	70,766	-	-	8,816
Prepaid Expenses	-	-	-	-
Deposits	200	-	-	-
TOTAL ASSETS	<u>\$ 19,316,205</u>	<u>\$ 3,284,878</u>	<u>\$ 23,862,959</u>	<u>\$ 2,109,422</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accounts Payable	160,330	-	3,676,810	102,895
Retainage Payable	-	-	1,526,982	-
Accrued Salaries & Benefits	3,771,454	-	-	10,485
Payroll Taxes & Deductions Payable	-	-	-	-
Total Liabilities	<u>3,931,784</u>	<u>-</u>	<u>5,203,792</u>	<u>113,380</u>
Deferred Inflows of Financial Resources				
Deferred Revenue	-	-	-	35,112
Fund Balance				
Nonspendable Fund Balance	222,265	-	-	8,816
Restricted Fund Balance				
Restricted for Debt Service	-	3,284,878	-	-
Restricted for TABOR Emergencies	1,080,000	-	-	-
Restricted for Capital Expenditures	-	-	18,659,167	47,250
Committed Fund Balance				
Committed for Insurance Expenditures	193,627	-	-	-
Committed for Multi-Year Obligations	190,007	-	-	-
Committed for Capital Expenditures	-	-	-	1,320,456
Assigned Fund Balance				
Assigned for Pupil Activity	-	-	-	530,239
Assigned for Food Service	-	-	-	54,169
Unassigned Fund Balance	<u>13,698,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>15,384,421</u>	<u>3,284,878</u>	<u>18,659,167</u>	<u>1,960,930</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 19,316,205</u>	<u>\$ 3,284,878</u>	<u>\$ 23,862,959</u>	<u>\$ 2,109,422</u>

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

Totals

2016	2015
\$ 47,300,843	\$ 74,789,015
247,304	239,494
553,562	518,771
-	2,000
391,973	152,531
79,582	79,154
-	146,051
200	200
<u>\$ 48,573,464</u>	<u>\$ 75,927,216</u>

\$ -	\$ 2,000
3,940,035	1,278,726
1,526,982	69,270
3,781,939	2,928,567
-	742,834
<u>9,248,956</u>	<u>5,021,397</u>

<u>35,112</u>	<u>30,060</u>
---------------	---------------

231,081	222,265
---------	---------

3,284,878	3,745,851
1,080,000	1,043,000
18,706,417	20,817

193,627	65,440
190,007	190,007
1,320,456	1,044,204

530,239	570,292
54,169	-

<u>13,698,522</u>	<u>63,973,883</u>
<u>39,289,396</u>	<u>70,875,759</u>
<u>\$ 48,573,464</u>	<u>\$ 75,927,216</u>

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CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2016

Fund Balance - Governmental Funds	\$ 39,289,396
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	
Capital assets, not being depreciated	32,046,979
Capital assets, being depreciated	69,964,594
Accumulated depreciation	(31,456,592)
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds	
Contributions subsequent to measurement date	1,927,781
Difference between projected and actual investment returns on the pension plan	8,136,861
Amortization of the investment return difference	(1,995,362)
Difference between projected and actual pension plan experience (outflow)	1,315,079
Amortization of the experience difference (outflow)	(361,285)
Net pension liability	(72,229,092)
Difference between projected and actual pension plan experience (inflow)	(6,550)
Amortization of the experience difference (inflow)	3,542
Change in District proportionate share of the net pension liability	(1,015,078)
Amortization of the change in proportion	402,285
Change in pension assumptions	(1,407,363)
Amortization of the change in assumptions	386,641
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds	
Deferred charge on refunding	474,133
Deferred gain on refunding	(48,624)
Bond premiums, net of amortization	(10,615,346)
Internal Service operations primarily benefit Governmental Activities	
Internal Service Fund Net Position	816,155
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	
Bonds payable	(54,320,709)
Capital leases payable	(66,521)
Accrued interest payable	(533,968)
Accrued compensated absences	(505,987)
Total Net Position - Governmental Activities	<u>\$ (19,799,031)</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

		Debt Service	Capital Projects	
		Bond	Capital	Other
	General Fund	Redemption Fund	Construction Fund	Governmental Funds
REVENUES				
Local Sources	\$ 19,436,580	\$ 4,108,760	\$ 139,633	\$ 1,763,435
Intermediate Sources	116,021	-	-	18,752
State Sources	14,931,512	-	-	8,980
Federal Sources	990,412	-	-	249,965
TOTAL REVENUES	<u>35,474,525</u>	<u>4,108,760</u>	<u>139,633</u>	<u>2,041,132</u>
EXPENDITURES				
Instruction	20,708,320	-	-	1,452,332
Supporting Services				
Pupil Support	2,493,648	-	-	-
Staff Support	1,969,914	-	-	-
General Administration	492,683	5,500	-	-
School Administration	1,874,175	-	-	-
Business Services	505,375	-	-	-
Operations and Maintenance	3,535,037	-	-	545,066
Transportation	380,855	-	-	-
Other Central Support	410,431	-	-	-
Risk Management	249,877	-	-	-
Other Supporting Services	79,761	-	-	-
Food Service	-	-	-	545,735
Community Support	89,554	-	-	-
Facilities	-	-	32,521,371	-
Other Uses	21,478	-	-	-
Debt Service	-	5,007,774	-	169,008
TOTAL EXPENDITURES	<u>32,811,108</u>	<u>5,013,274</u>	<u>32,521,371</u>	<u>2,712,141</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>2,663,417</u>	<u>(904,514)</u>	<u>(32,381,738)</u>	<u>(671,009)</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	-
Transfer In (Out) - net	(1,149,570)	-	-	1,149,570
Transfer To Component Unit	(292,519)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,442,089)</u>	<u>-</u>	<u>-</u>	<u>1,149,570</u>
CHANGE IN FUND BALANCE	<u>1,221,328</u>	<u>(904,514)</u>	<u>(32,381,738)</u>	<u>478,561</u>
BEGINNING FUND BALANCE	<u>14,163,093</u>	<u>4,189,392</u>	<u>51,040,905</u>	<u>1,482,369</u>
ENDING FUND BALANCE	<u>\$ 15,384,421</u>	<u>\$ 3,284,878</u>	<u>\$ 18,659,167</u>	<u>\$ 1,960,930</u>

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

Totals

	2016	2015
\$	25,448,408	\$ 23,919,246
	134,773	125,511
	14,940,492	14,653,208
	<u>1,240,377</u>	<u>1,161,183</u>
	<u>41,764,050</u>	<u>39,859,148</u>
	22,160,652	21,577,555
	2,493,648	2,517,405
	1,969,914	1,901,735
	498,183	887,949
	1,874,175	1,722,226
	505,375	481,589
	4,080,103	5,306,726
	380,855	393,150
	410,431	400,060
	249,877	305,318
	79,761	-
	545,735	751,134
	89,554	114,357
	32,521,371	3,352,697
	21,478	21,649
	<u>5,176,782</u>	<u>3,748,122</u>
	<u>73,057,894</u>	<u>43,481,672</u>
	<u>(31,293,844)</u>	<u>(3,622,524)</u>
	-	54,913,741
	-	(23,010)
	<u>(292,519)</u>	<u>(184,091)</u>
	<u>(292,519)</u>	<u>54,706,640</u>
	<u>(31,586,363)</u>	<u>51,084,116</u>
	<u>70,875,759</u>	<u>19,791,643</u>
\$	<u><u>39,289,396</u></u>	\$ <u><u>70,875,759</u></u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2016

Change in Fund Balance - Governmental Funds	\$ (31,586,363)
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Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	31,273,873
Depreciation Expense	(1,538,944)

Internal Service operations primarily benefit Governmental Activities

Change in net position - Internal Service Funds	199,141
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Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

Change in contributions subsequent to the measurement date	147,361
Current year projected to actual investment return difference	6,651,081
Current year amortization of overall investment return differences	(1,846,784)
Current year projected to actual pension plan experience difference (outflow)	1,315,079
Current year amortization of overall experience differences (outflow)	(361,285)
Change in net pension liability	(7,658,068)
Current year projected to actual pension plan experience difference (inflow)	(1,729)
Current year amortization of overall experience differences (inflow)	2,885
Current year change in proportionate share of cost-sharing plan liability	(550,779)
Current year amortization of overall proportionate share differences	338,971
Current year change in assumption difference	(1,407,363)
Current year amortization of assumption difference	386,641

Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level

Principal payments on bonds payable	2,182,021
Principal payments on capital leases	163,458
Change in accrued interest payable	18,214
Amortization of premiums, discounts and deferred amounts	229,318
Change in accrued compensated absences	(26,677)

Change in Net Position - Governmental Activities	\$ <u>(2,069,949)</u>
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The accompanying footnotes are an integral part of these financial statements.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
Proprietary Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Govt Activity - Int Svc Fund Totals	
	2016	2015
ASSETS		
Cash and Investments	\$ 866,378	\$ 700,891
LIABILITIES		
Accounts Payable	\$ 50,223	\$ 83,877
NET POSITION		
Unrestricted Net Position	816,155	617,014
TOTAL LIABILITIES AND NET POSITION	<u>\$ 866,378</u>	<u>\$ 700,891</u>
Reconciliation of Fund Net Position to Business-Type Activity Net Position		
Proprietary Fund Net Position	\$ 816,155	
Internal Service Fund operations primarily benefit Governmental Activities		
Net Position of the Internal Service Fund	<u>(816,155)</u>	
Business-Type Activities Net Position	<u>\$ -</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Govt Activity - Int Svc Fund Totals	
	2016	2015
OPERATING REVENUES		
Employee Premiums	\$ 658,292	\$ 742,044
OPERATING EXPENSES		
Risk Management		
PS - Professional	10,346	9,795
PS - Other	449,058	449,008
TOTAL OPERATING EXPENSES	459,404	458,803
OPERATING INCOME	198,888	283,241
Investment Earnings	253	156
CHANGE IN NET POSITION	199,141	283,397
BEGINNING NET POSITION	617,014	333,617
ENDING NET POSITION	\$ 816,155	\$ 617,014
Reconciliation of Fund Change in Net Assets to Business-Type Activities		
Change in Net Position		
Proprietary Fund Change in Net Position	\$ 199,141	
Internal Service Fund operations primarily benefit Governmental Activities		
Change in Net Position of the Internal Service Fund	(199,141)	
Business-Type Activities Change in Net Position	\$ -	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>Govt Activity - Int Svc Fund Totals</u>	
	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash Received from Local Sources	\$ 658,292	\$ 742,044
Cash Paid to Suppliers	<u>(493,058)</u>	<u>(442,056)</u>
Net Cash Provided (Used) for Operating Activities	165,234	299,988
Cash Flows from Noncapital Financing Activities:		
Cash Flows from Investing Activities:		
Interest Received	<u>253</u>	<u>156</u>
Net Increase(Decrease) in Cash	165,487	300,144
Cash, Beginning	<u>700,891</u>	<u>400,747</u>
Cash, Ending	<u>\$ 866,378</u>	<u>\$ 700,891</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
for Operating Activities:		
Operating Income (Loss)	<u>\$ 198,888</u>	<u>\$ 283,241</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
(Used) by Operating Activities		
Changes in Assets and Liabilities Related to Operations:		
(Increase) Decrease in:		
Increase (Decrease) in:		
Accounts Payable	<u>(33,654)</u>	<u>16,747</u>
Net Cash Provided (Used) for Operating Activities	<u>\$ 165,234</u>	<u>\$ 299,988</u>

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

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COMPONENT UNIT

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Balance Sheet - Governmental Funds
Discretely Presented Component Unit
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals - Cheyenne Mountain Charter Academy	
	2016	2015
ASSETS		
Cash and Investments	\$ 3,363,696	\$ 2,877,443
Cash with Fiscal Agent	5,062	5,062
Interfund Accounts Receivable	75,607	-
Other Accounts Receivable	91,543	38,855
Inventory	24,075	17,330
TOTAL ASSETS	\$ 3,559,983	\$ 2,938,690
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	171,547	328,923
Accrued Salaries & Benefits	787,167	643,930
Unearned Revenue	149,763	137,378
Total Liabilities	1,108,477	1,110,231
Fund Balance		
Restricted Fund Balance		
Restricted for TABOR Emergencies	287,000	265,000
Other Assigned Fund Balance	300,000	-
Unrestricted Fund Balance	1,864,506	1,563,459
Total Fund Balance	2,451,506	1,828,459
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,559,983	\$ 2,938,690
TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 2,451,506	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	245,714	
Capital assets, being depreciated	1,622,857	
Accumulated depreciation	(136,258)	
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	422,817	
Difference between projected and actual investment returns on the pension plan	1,847,480	
Amortization of the investment return difference	(453,048)	
Difference between projected and actual pension plan experience (outflow)	298,590	
Amortization of the experience difference (outflow)	(82,030)	
Net pension liability	(16,399,668)	
Difference between projected and actual pension plan experience (inflow)	(1,487)	
Amortization of the experience difference (inflow)	804	
Change in pension plan assumptions	(319,543)	
Amortization of the change in assumptions	87,787	
Change in School's proportionate share of the net pension liability	659,547	
Amortization of the change in proportion	(344,380)	
Earned but unpaid accumulated leave balances not reported in the funds		
Accrued Compensated Absences	(78,420)	
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ (10,177,732)	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - Discretely Presented Component Unit
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

			Totals - Cheyenne Mountain	
		Special Revenue	Charter Academy	
		Nonmajor Sports		
	General Fund	Fund	2016	2015
REVENUES				
Local Sources	\$ 9,069,534	\$ 111,773	\$ 9,181,307	\$ 8,664,029
State Sources	369,622	-	369,622	244,382
Federal Sources	85,368	-	85,368	150,906
TOTAL REVENUES	<u>9,524,524</u>	<u>111,773</u>	<u>9,636,297</u>	<u>9,059,317</u>
EXPENDITURES				
Instruction	5,248,703	151,568	5,400,271	5,218,330
Pupil Support	138,942	-	138,942	87,041
Staff Support	155,532	-	155,532	141,407
General Administration	225,335	-	225,335	193,610
School Administration	669,989	-	669,989	653,716
Business Services	217,126	-	217,126	194,669
Operations and Maintenance	987,999	-	987,999	3,688,703
Transportation	4,801	-	4,801	579
Other Central Support	306,210	-	306,210	388,549
Food Service	5,658	-	5,658	83,709
Debt Service	1,193,905	-	1,193,905	-
TOTAL EXPENDITURES	<u>9,154,200</u>	<u>151,568</u>	<u>9,305,768</u>	<u>10,650,313</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>370,324</u>	<u>(39,795)</u>	<u>330,529</u>	<u>(1,590,996)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	(39,795)	39,795	-	-
Transfer from Primary Government	292,519	-	292,519	184,091
TOTAL OTHER FINANCING SOURCES (USES)	<u>252,724</u>	<u>39,795</u>	<u>292,519</u>	<u>184,091</u>
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	<u>623,048</u>	<u>-</u>	<u>623,048</u>	<u>(1,406,905)</u>
SPECIAL ITEM				
Contribution from Another Government	-	-	-	-
CHANGE IN FUND BALANCE AFTER SPECIAL ITEM	<u>623,048</u>	<u>-</u>	<u>623,048</u>	<u>(1,406,905)</u>
BEGINNING FUND BALANCE	<u>1,828,459</u>	<u>-</u>	<u>1,828,459</u>	<u>3,235,364</u>
ENDING FUND BALANCE	<u>\$ 2,451,507</u>	<u>\$ -</u>	<u>\$ 2,451,507</u>	<u>\$ 1,828,459</u>
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			\$ 623,048	
Amounts reported for governmental activities in the statement of activities are different because:				
Purchases of capital assets are expensed in governmental funds:				
and depreciated on the statement of activities:				
Capitalized Expenses			307,902	
Depreciation Expense			(132,869)	
Accrued compensated absences are recorded on the cash basis in the funds:				
Change in accrued compensated absences			(6,300)	
Pension expense at the fund level represent cash contributions to the				
defined benefit plan. For the activity level presentation, the amount				
represents the actuarial cost of the benefits for the fiscal year:				
Change in contributions subsequent to measurement date			37,107	
Change in the difference between actual and expected experience (outflows)			298,590	
Change in the amortization of experience difference (outflows)			(82,030)	
Current year projected to actual investment return difference			1,514,152	
Current year amortization of overall investment return differences			(419,715)	
Change in net pension liability			(1,913,469)	
Current year projected to actual pension plan experience difference (inflows)			(405)	
Current year amortization of overall pension plan experience differences (inflows)			656	
Change in the changes of assumptions			(319,543)	
Change in the amortization of change in assumptions			87,787	
Current year change in proportionate share of cost-sharing plan liability			45,641	
Current year amortization of overall proportionate share differences			(260,666)	
CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES			<u>\$ (220,114)</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Fiduciary Net Position
Discretely Presented Component Unit
June 30, 2016
(With Comparative Totals for June 30, 2015)

			<u>Totals (Component Unit)</u>	
	Chey Mtn Charter Acad. Fndtn. Fund	Chey Mtn Charter Acad. Pupil Act Fund	2016	2015
ASSETS AND DEFERRED OUFLOWS OF FINANCIAL RESOURCES				
ASSETS				
Cash and Investments	\$ 8,090,180	\$ 36,799	\$ 8,126,979	\$ 1,692,686
Cash with Fiscal Agent	-	19,977	19,977	-
Sites	3,475,000	-	3,475,000	3,475,000
Building and Building Improvement	18,275,788	-	18,275,788	17,975,788
Accum. Deprec. - Buildings	(5,330,938)	-	(5,330,938)	(4,721,745)
TOTAL ASSETS	24,510,030	56,776	24,566,806	18,421,729
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	831,942	-	831,942	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 25,341,972	\$ 56,776	\$ 25,398,748	\$ 18,421,729
LIABILITIES AND NET POSITION				
LIABILITIES				
Interfund Accounts Payable	\$ 75,607	\$ -	\$ 75,607	\$ -
Bonds Payable	-	-	-	19,070,000
Loans Payable	25,120,000	-	25,120,000	-
Accrued Interest	149,513	-	149,513	38,246
Loan Premiums	898,281	-	898,281	-
TOTAL LIABILITIES	26,243,401	-	26,243,401	19,108,246
NET POSITION				
Restricted Net Position (Deficit)	(901,428)	56,776	(844,652)	(686,517)
TOTAL LIABILITIES AND NET POSITION	\$ 25,341,973	\$ 56,776	\$ 25,398,749	\$ 18,421,729

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Fiduciary Net Position
Discretely Presented Component Unit
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

			<u>Totals (Component Unit)</u>	
	Chey Mtn Charter Acad. Fndtn. Fund	Chey Mtn Charter Acad. Pupil Act Fund	2016	2015
ADDITIONS				
Local Sources	\$ 1,418,776	\$ 120,681	\$ 1,539,457	\$ 1,444,031
DEDUCTIONS				
Other	423,053	95,139	518,192	27,826
Depreciation	609,193	-	609,193	599,193
Debt Service	570,207	-	570,207	938,238
TOTAL DEDUCTIONS	<u>1,602,453</u>	<u>95,139</u>	<u>1,697,592</u>	<u>1,565,257</u>
CHANGE IN NET POSITION BEFORE SPECIAL ITEM	(183,677)	25,542	(158,135)	(121,226)
SPECIAL ITEM				
Contribution from Another Government	-	-	-	-
CHANGE IN NET POSITION AFTER SPECIAL ITEM	(183,677)	25,542	(158,135)	(121,226)
BEGINNING NET POSITION (DEFICIT)	<u>(717,751)</u>	<u>31,234</u>	<u>(686,517)</u>	<u>(565,291)</u>
ENDING NET POSITION (DEFICIT)	<u>\$ (901,428)</u>	<u>\$ 56,776</u>	<u>\$ (844,652)</u>	<u>\$ (686,517)</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cheyenne Mountain School District 12 (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

For financial reporting purposes, the District includes all activities and funds for which the District exercises financial accountability. The school board members are elected by the public, have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Certain units of local government, over which the District exercises no financial accountability, such as the county, city, other independently elected special districts within the District, are excluded from the financial statements. These units are considered separate reporting entities and issue financial statements separate from that of the District. The District is not a component unit of any other entity.

Discretely Presented Component Unit

The District has an approved charter with the Cheyenne Mountain Charter Academy, also known as The Vanguard School at Cheyenne Mountain Charter Academy, (the "School") as authorized under Section 22.30.5-102(2) of the Colorado Revised Statutes to provide education to students in grades K-12 who reside within the jurisdictional boundaries of the District and qualified students from outside the District's jurisdictional boundaries. The members of the School's governing board are elected by the School's board. The School is fiscally dependent upon the District because the School does not have the authority to determine its budget without the District's approval. The School does not provide services entirely or almost entirely to the District. The School financial information is presented as two governmental funds and two fiduciary funds. Information regarding the School's disclosures, similar to those presented for the District within these footnotes, are available in the School's stand-alone financial statements which may be obtained via the School's website: http://thevanguardschool.com/financial_transparency or by writing to Cheyenne Mountain Charter Academy, Business Manager, 1605 South Corona Street, Colorado Springs, Colorado 80906.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. The effect of inter-fund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. General revenues consist of taxes and others sources not described above.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service (Bond Redemption) Fund – This fund was established to account for the repayment of the District's general obligation debt.

Capital Project (Capital Construction) Fund – This fund, established for the current fiscal year, was established to account for bond funded facility improvements.

The District reports the following nonmajor governmental funds:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects). The District has three special revenue funds, the Pupil Activity and Land Funds and the Food Service Fund.

Capital Projects (Capital Reserve Project) Fund – This fund was established to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds or through bond proceeds.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Proprietary Fund - Internal Service Funds account for operations that provide services to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District operates two Internal Service Funds, the Insurance Reserve Fund – Health and the Insurance Reserve Fund – Dental.

Fiduciary (Foundation and Student Activity Agency) Funds – These funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. These funds are custodial in nature and do not present results of operations or a measurement focus. The two fiduciary funds presented are School rather than District funds. Agency funds are accounted for using the modified accrual basis of accounting.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide, proprietary and fiduciary fund 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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance

Deposits and Investments – Cash balances from most funds are combined and invested to the extent available in trusts authorized by state statute for the purpose of investing, pooling for investment and protecting public funds. The amount contributed to the cash pool is recorded in each fund. Interest earnings from the pool are allocated monthly to each fund based on average daily balances of equity in the pool. For reporting purposes, the investment pool is stated at fair value.

For the purposes of the statement of cash flows, the District considers cash and cash equivalents to be all cash on hand, cash on demand deposit and highly liquid investments with a maturity of three months or less when purchased.

Colorado state statutes govern the entity's deposits of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible asset. Eligible collateral includes obligations of the United States, obligation of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States government and certain government agencies' securities
- Certain international agency securities
- General obligation and revenue bonds of governmental entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds and time certificates of deposits
- Guaranteed investment contracts
- Checking with interest savings accounts

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tax Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2015 property taxes were both measurable and available at June 30, 2016, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2016 but not collected by June 30, 2016.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Inventories and Prepaid Items – Inventories consist of expendable supplies and commodities held for consumption. Inventories for supplies are stated at cost on a first-in, first-out basis. Inventories for commodities are stated at the USDA's assigned values which approximate fair market value at the date of receipt on a first-in, first-out basis.

Expenditures for supplies are recorded upon the consumption of these items by the various schools and departments. The federal government donates surplus commodities to supplement the National School Lunch Programs. Commodity contributions received by the District are recorded as revenues when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

Due To and From Other Funds – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payables are classified as "Due From Other Funds", or "Due to Other Funds. In the government-wide financial statements, all internal balances have been substantially eliminated.

Capital Assets – Capital assets, which include sites, site improvements, buildings and improvements, transportation, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Land Improvements	5-48
Buildings and Improvements	7-50
Equipment	5-20

If proprietary fund assets are constructed, interest is capitalized on the assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Compensated Absences – It is the District's policy to permit employees to accumulate a limited amount of earned but unused sick pay benefits, which will be paid to employees upon separation from District service. All compensated absence liabilities are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have been matured, for example, as a result of employee resignations and retirements.

Unearned Revenues – Unearned revenues include grants for which the District has received funding, yet allowable expenditures have not been incurred.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. The first is the deferred loss (charge) on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second category is presented by the District and is deferred outflows related to pension liabilities as further described in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District is reporting a deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the District reports deferred inflows related to pension liabilities as further described in Note 9.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds are reported net of applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issues are reported as other financing uses.

Net Position/Fund Balance - In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting. Proprietary funds distinguish operating revenues and expenses from non-operating activities. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with the principal ongoing operation. The District does not consider grant receipts as operating revenue.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor by December 10. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November. District property taxes are accounted for in the General and Debt Service Funds.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on the cash basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between functions within any fund and the reallocation of budget line items within any department in the General Fund rests with the Assistant Superintendent of Business Operations and is reviewed by the accounting department. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed operating and capital budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to adjust its final budget.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

Encumbrance accounting is employed in governmental funds. Encumbrances such as purchase orders and contracts outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The amount of encumbrances as of June 30, 2016 was not material to the financial statements.

If, during the fiscal year, the District receives unanticipated revenues or revenues not assured at the time of adoption of the budget from any source other than its property tax mill levy, the Board of Education may authorize the expenditure of these unanticipated or un-assured funds by enacting a supplementary budget and appropriation. State statute prohibits any officer, employee or other spending agency from expending or contracting to expend any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money in excess of the amounts appropriated. Appropriation resolutions are done at the fund level.

NOTE 3: CASH AND INVESTMENTS

The District's cash and investment balances are as follows:

Cash in Bank	\$ 530,239
Petty Cash	6,730
Investments	<u>47,630,251</u>
Total Cash and Investments	<u>\$ 48,167,220</u>
Government Activities - Unrestricted	<u>\$ 48,167,220</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks 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. At June 30, 2016, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At June 30, 2016, the District's deposits had a bank and carrying balances as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 441,407	\$ 427,739
PDPA Collateralized (Not in District's name)	102,513	102,500
Total Deposits	<u>\$ 543,920</u>	<u>\$ 530,239</u>

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Average Maturity in Years</u>
Repurchase Agreement - Sweep Account	\$ -	\$ 21,633,752	\$ -	\$ 21,633,752	N/A
Local Government Pools	-	25,996,499	-	25,996,499	-
Total Investments	<u>\$ -</u>	<u>\$ 47,630,251</u>	<u>\$ -</u>	<u>\$ 47,630,251</u>	

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CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- ***Investment Pools:*** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.
- ***Repurchase Agreements - Sweep Account:*** Valued at the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

Guaranteed investment contracts

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. For the fiscal year ended June 30, 2016, the District did not have any investments requiring disclosure.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, the District did not have any investments requiring safekeeping.

During the year ended June 30, 2016, the District invested funds in Colotrust and CSAFE. As investment pools, these entities operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

NOTE 4: INTERNAL BALANCES AND ACTIVITY

During the fiscal year, the Bond Redemption Fund paid \$2,000 fees on behalf of the Capital Construction Fund that had not been repaid as of June 30, 2015.

The following is a summary of the routine internal transfers for the year ended June 30, 2016:

General Fund Transfer To:	
Capital Reserve Projects Fund	\$ 1,100,000
Pupil Activity Special Revenue	49,570
	<u>\$ 1,149,570</u>
Primary Government Transfer To Component Unit:	
General Fund to Component Unit General Fund	<u>\$ 292,519</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5: CAPITAL ASSETS

The following tables present summaries of the District's capital asset activity for the year ended June 30, 2016.

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Site Improvements	208,500	-	-	208,500
Art Collection	237,000	-	-	237,000
Construction in Progress	<u>3,337,338</u>	<u>26,825,083</u>	-	<u>30,162,421</u>
Total Capital Assets Not Being Depreciated	<u>5,221,896</u>	<u>26,825,083</u>	-	<u>32,046,979</u>
Capital Assets Being Depreciated				
Land Improvements	7,273,800	3,611,410	-	10,885,210
Buildings and Improvements	55,445,064	778,675	-	56,223,739
Food Service Equipment	110,662	-	-	110,662
Equipment	<u>2,686,278</u>	<u>58,705</u>	-	<u>2,744,983</u>
Total Capital Assets Being Depreciated	<u>65,515,804</u>	<u>4,448,790</u>	-	<u>69,964,594</u>
Less: Accumulated Depreciation:				
Land Improvements	(5,117,862)	(312,612)	-	(5,430,474)
Buildings and Improvements	(22,451,471)	(1,136,441)	-	(23,587,912)
Food Service Equipment	(94,334)	(2,188)	-	(96,522)
Equipment	<u>(2,253,981)</u>	<u>(87,703)</u>	-	<u>(2,341,684)</u>
Total Accumulated Depreciation	<u>(29,917,648)</u>	<u>(1,538,944)</u>	-	<u>(31,456,592)</u>
Total Capital Assets Being Depreciated, Net	<u>35,598,156</u>	<u>2,909,846</u>	-	<u>38,508,002</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,820,052</u>	<u>\$ 29,734,928</u>	<u>\$ -</u>	<u>\$ 70,554,981</u>

The District's depreciation has been allocated among its functional programs as follows:

Governmental Activities	
Instruction	\$ 825,743
Supporting Services	<u>691,006</u>
Total Governmental Activities	<u>\$ 1,538,944</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The accrued compensation amount as of June 30, 2016 is \$3,781,939, which is reflected as a liability in the accompanying financial statements.

NOTE 7: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Payments	Balance June 30, 2016	Due Within One Year	Interest Expense
Governmental Activities						
Bonds:						
Gen. Oblig. Refunding, Series 2004	\$ 680,000	\$ -	\$ 680,000	\$ -	\$ -	7,140
Gen. Oblig. Refunding, Series 2011	6,340,000	-	35,000	6,305,000	475,000	243,007
Gen. Oblig. Refunding Cap Apprec, 2011	157,731	-	(67,978)	225,709	225,709	-
Gen. Oblig. Refunding, Series 2012	4,325,000	-	1,535,000	2,790,000	660,000	97,132
Gen. Oblig. Series 2015	45,000,000	-	-	45,000,000	45,000	2,395,584
Premiums on Issuance	10,893,989	-	278,643	10,615,346	199,354	-
Obligations under Capital Lease	229,979	-	163,458	66,521	66,521	2,248
PERA Net Pension Liability	64,571,024	7,658,068	-	72,229,092	-	-
Compensated Absences	479,310	26,677	-	505,987	-	-
Total Noncurrent Liabilities	\$ 132,677,033	\$ 7,684,745	\$ 2,624,123	\$ 137,737,655	\$ 1,671,584	\$ 2,745,110

General Obligation Bonds

General obligation bonds are a direct obligation and pledge the full faith and credit of the District. General obligation bonds were issued to finance construction and improvements to school buildings and to refund prior debt at an interest cost savings.

The following is a summary of the terms of the outstanding bonds as of June 30, 2016:

	Interest Rates	Final Maturity Date	Principal Due	Interest Due
Governmental Activities				
Bonds:				
Gen. Oblig. Refunding, Series 2004	2% - 3.6%	Sept 2015	9/15	3/15 & 9/15
Gen Oblig. Refunding Cap Apprec, 2011	1.75% Yield	Sept 2016	9/15	N/A
Gen. Oblig. Refunding, Series 2012	2% - 3%	Sept 2019	9/15	3/15 & 9/15
General Obligation, Series 2015	2% - 5.25%	Sept 2038	9/15	3/15 & 9/15

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 7: LONG-TERM OBLIGATIONS(Continued)

General Obligation Bonds (Continued)

Debt service requirements for all general obligation bonds as of June 30, 2016:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,405,709	\$ 2,540,200
2018	1,480,000	2,499,300
2019	1,530,000	2,447,000
2020	1,585,000	2,393,000
2021-2025	8,875,000	11,072,250
2026-2030	11,120,000	8,896,250
2031-2035	14,190,000	5,824,000
2036-2039	14,135,000	1,876,163
Totals	\$ 54,320,709	\$ 37,548,163

Related to the issuance of the above bonds, the District has recorded bond premiums, and deferred gains and losses, that are amortized over the life of the related bonds. The activity related to these items is summarized below.

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance June 30, 2016</u>
Deferred Outflows of Financial Resources				
Deferred Charge on Refunding	\$ 537,351	\$ -	\$ 63,218	\$ 474,133
Deferred Inflows of Financial Resources				
Deferred Gain on Refunding	\$ 62,517	\$ -	\$ 13,893	\$ 48,624

Capital Leases

In 2014, The District entered into a capital lease to purchase computer hardware and software at a cost of \$296,280. An annual payment of \$100,624 is due in July of each year through 2016. The lease bears interest at 1.9%.

In 2015, The District entered into a capital lease to purchase computer hardware and software at a cost of \$199,615. An annual payment of \$68,384 is due in August of each year through 2017. The lease bears interest at 2.8%.

The District considers this computer hardware purchase a supplies expense and therefore has not been capitalized.

The following table represents future minimum lease payments as well as the net present value of those payments:

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Capital Leases (Continued)

<u>For the year ended</u>	<u>Amount</u>
2017	68,384
Total payments under capital lease	68,384
Less: Interest portion of payments (1.9%-2.8%)	(1,863)
Net obligation under capital lease	<u>\$ 66,521</u>

Legal Debt Margin

The district's bonded indebtedness is limited by law to the greater of twenty percent of its assessed valuation or six percent of its market value. As of June 30, 2016, the limit was \$77,432,956 providing a debt margin of \$23,112,248 after deducting \$54,320,708 of outstanding general obligation bonds.

NOTE 8: 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; natural disasters; job related illnesses and injuries of employees for which the District carries commercial insurance. The District is self-insured for its dental insurance and health insurance plan employee deductibles. There have been no significant reductions in insurance coverage from those carried in the prior year and the amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

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

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

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

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

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

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

January 1st through December 31st	2014¹	2015¹
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	3.80%	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$3,278,670 for the plan year ended December 31, 2015 and \$3,566,429 for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$72,229,092 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .4723%, which was a decrease of .0078% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$7,179,100. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 953,794	\$ (3,010)
Changes of assumptions or other inputs		\$ (1,020,725)
Net difference between projected and actual earnings on pension plan	\$ 6,141,499	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (612,793)
Contributions subsequent to the measurement date	\$ 1,927,781	
Total	\$ 9,023,074	\$ (1,636,528)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$1,927,781 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Total
2017	\$ (1,323,450)
2018	(1,361,625)
2019	(1,514,307)
2020	(1,259,383)
Total	\$ (5,458,765)

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

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (93,630,014)	\$ (72,229,092)	\$(54,427,518)

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

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2016 program members contributed \$540,390.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014 each of the two preceding, the District contributions to the HCTF were \$213,576, \$206,624, and \$194,660, respectively, equal to their required contributions for each year.

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Tabor Amendment - In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Revenue received in excess of the limitations may be required to be refunded unless the District's electorate vote to retain the revenue.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

In November 2006, the District passed the following election question with regards to TABOR:

WITHOUT IMPOSING ANY NEW TAXES OR ANY TAX RATE INCREASE, SHALL EL PASO COUNTY DISTRICT NO. 12 BE AUTHORIZED, FOR THE PURPOSE OF MAINTAINING THE QUALITY OF EDUCATION IN THE SCHOOL DISTRICT, TO COLLECT, RETAIN, AND SPEND ALL REVENUES RECEIVED IN FISCAL YEAR 2004-05 AND THEREAFTER AS A VOTER APPROVED REVENUE CHANGE AND AN EXCEPTION TO THE LIMITATIONS OTHERWISE IMPOSED PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO OR ANY OTHER LAW?

The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2016, the District's reserve of \$1,080,000 was recorded as a restriction of the Government Activities net position and the General Fund restricted fund balance.

Litigation – The District is involved in various litigations. The outcome of the litigations cannot be predicted at this time.

Construction Commitments - The District entered into construction and related commitments of \$42,509,699, of which \$29,716,400 had been incurred through June 30, 2016 leaving a remaining commitment of \$12,793,299 as of June 30, 2016.

NOTE 14: DEFICIT UNRESTRICTED NET POSTION

The Governmental Activities has an overall deficit net position of \$19,799,030 with unrestricted net position deficit of \$59,038,076, primarily due to the PERA net pension liability of \$72,229,092, as further described in Note 9. As the District has no control over pension benefits or contribution rates, we expect this deficit to continue going forward.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
District's proportion of the net pension asset (liability)	0.472262%	0.476421%	0.480061%
District's proportionate share of the net pension asset (liability)	\$ (72,229,092)	\$ (64,571,024)	\$ (61,231,646)
District's covered-employee payroll	\$ 20,581,056	\$ 19,958,615	\$ 19,352,786
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%	64.07%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 3,566,697	\$ 3,279,200	\$ 3,005,488
Actual contributions	<u>(3,566,697)</u>	<u>(3,279,200)</u>	<u>(3,005,488)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 20,581,056	\$ 19,958,615	\$ 19,352,786
Contributions as a percentage of covered-employee payroll	17.33%	16.43%	15.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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**REQUIRED SUPPLEMENTARY INFORMATION
(BUDGETARY COMPARISON SCHEDULES)**

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES					
Local Sources					
Property Taxes	\$ 16,060,931	\$ 16,061,960	\$ 16,375,422	\$ 313,462	\$ 15,262,349
Specific Ownership Taxes	1,995,127	1,995,127	2,247,956	252,829	2,034,332
Delinquent Taxes	20,000	20,000	17,333	(2,667)	17,231
Tuition From Individuals	211,500	193,000	187,025	(5,975)	218,045
Transportation Fees	15,000	15,000	14,434	(566)	16,441
Investment Earnings	39,000	39,000	3,662	(35,338)	2,618
Community Service Revenue	76,500	59,000	21,286	(37,714)	21,318
Rent Revenue	117,500	117,500	112,062	(5,438)	125,505
Donations	35,000	35,000	75,922	40,922	77,937
Sale of Fixed Assets	1,000	1,000	8,134	7,134	1,080
Services Provided to Component Unit	-	-	39,818	39,818	52,147
Other Local	179,900	210,900	333,526	122,626	262,847
Total Local Sources	18,751,458	18,747,487	19,436,580	689,093	18,091,850
Intermediate Sources					
Mineral Leases	-	-	392	392	398
Impact Fee Revenue	60,000	60,000	115,629	55,629	117,453
Total Intermediate Sources	60,000	60,000	116,021	56,021	117,851
State Sources					
State Equalization	14,155,365	13,848,234	13,605,973	(242,261)	13,501,200
Transportation	45,000	45,000	52,498	7,498	83,703
State Grants from CDE					
Capital Construction - Charter Schools	209,000	209,000	319,391	110,391	204,827
State ECEA	558,893	619,372	688,774	69,402	594,406
State ELPA	18,616	54,346	53,357	(989)	61,782
State Share - Colorado Preschool Program	40,002	-	41,629	41,629	39,990
State Gifted and Talented	47,290	47,281	47,281	-	47,290
Read Act	64,453	54,352	54,353	1	64,453
Library Grant	-	4,500	4,500	-	3,000
NBCT Grant	-	-	19,200	19,200	19,200
Gifted and Talented Universal Screening	-	23,217	23,217	-	6,074
At-Risk Funding	-	-	9,199	9,199	-
State Vocational Education	13,690	13,690	12,140	(1,550)	18,616
Total State Sources	15,152,309	14,918,992	14,931,512	12,520	14,644,541
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	173,567	174,582	174,917	335	194,033
IDEA Part B - Special Education	639,151	639,151	639,139	(12)	559,796
IDEA Part B - Special Education Preschool	8,686	8,686	8,649	(37)	9,938
NCLB Title III, Part A - English Language Acquisition	12,676	12,626	12,626	-	10,395
NCLB Title II, Part A - Teacher & Principal Training	65,939	65,744	53,787	(11,957)	51,101
School to Work Alliance Program	21,140	21,140	20,017	(1,123)	21,266
RTTT Early Childhood Readiness Assess	-	-	1,924	1,924	-
NCLB Title III, Part A - English Language Set Aside	-	-	-	-	13,080
Medicaid Reimbursement	70,000	70,000	79,353	9,353	70,534
Total Federal Sources	991,159	991,929	990,412	(1,517)	930,143
TOTAL REVENUES	34,954,926	34,718,408	35,474,525	756,117	33,784,385

(Continued)

See the accompanying Independent Auditors' Report

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
(Continued)					
EXPENDITURES					
Instruction					
Salaries	15,101,644	15,016,988	14,900,788	116,200	14,576,796
Benefits	4,151,747	3,925,250	3,997,483	(72,233)	3,835,077
PS - Professional	225,231	224,681	282,455	(57,774)	310,339
PS - Property	20,300	20,300	9,001	11,299	7,767
PS - Other	611,084	657,837	697,888	(40,051)	528,644
Supplies	1,047,352	1,056,897	738,539	318,358	787,794
Property	37,524	31,172	82,166	(50,994)	84,046
Other Expenses	1,000	700	-	700	885
Total Instruction	<u>21,195,882</u>	<u>20,933,825</u>	<u>20,708,320</u>	<u>225,505</u>	<u>20,131,348</u>
Supporting Services					
Pupil Support					
Salaries	1,871,542	1,834,507	1,831,079	3,428	1,861,202
Benefits	525,299	513,675	503,411	10,264	499,289
PS - Professional	40,800	43,200	26,831	16,369	28,494
PS - Property	200	200	30	170	-
PS - Other	13,200	24,300	25,460	(1,160)	10,919
Supplies	84,300	81,700	66,464	15,236	73,180
Property	44,000	41,000	38,255	2,745	43,637
Other Expenses	2,500	2,500	2,118	382	684
Total Pupil Support	<u>2,581,841</u>	<u>2,541,082</u>	<u>2,493,648</u>	<u>47,434</u>	<u>2,517,405</u>
Staff Support					
Salaries	1,353,393	1,374,039	1,356,317	17,722	1,326,660
Benefits	360,174	376,264	360,716	15,548	337,702
PS - Professional	135,459	136,080	60,774	75,306	48,667
PS - Property	7,500	7,500	8,692	(1,192)	4,709
PS - Other	26,200	27,998	21,082	6,916	19,375
Supplies	79,508	79,278	72,703	6,575	72,611
Property	88,748	88,748	88,502	246	90,889
Other Expenses	1,100	1,100	1,127	(27)	1,122
Total Staff Support	<u>2,052,082</u>	<u>2,091,007</u>	<u>1,969,913</u>	<u>121,094</u>	<u>1,901,735</u>
General Administration					
Salaries	277,032	277,032	275,387	1,645	272,179
Benefits	62,133	62,169	61,301	868	58,274
PS - Professional	129,000	110,103	70,591	39,512	123,464
PS - Other	53,500	60,000	48,893	11,107	50,196
Supplies	4,150	5,650	6,995	(1,345)	7,049
Property	2,000	2,000	5,491	(3,491)	998
Other Expenses	27,000	27,000	24,025	2,975	23,826
Total General Administration	<u>554,815</u>	<u>543,954</u>	<u>492,683</u>	<u>51,271</u>	<u>535,986</u>
School Administration					
Salaries	1,438,587	1,451,511	1,448,710	2,801	1,339,980
Benefits	371,005	387,956	377,956	10,000	335,099
PS - Professional	2,300	2,300	1,888	412	1,740
PS - Property	13,500	13,500	14,635	(1,135)	13,191
PS - Other	15,050	14,750	14,241	509	13,600
Supplies	15,934	15,146	12,951	2,195	14,077
Property	600	100	-	100	-
Other Expenses	4,250	4,250	3,794	456	4,539
Total School Administration	<u>1,861,226</u>	<u>1,889,513</u>	<u>1,874,175</u>	<u>15,338</u>	<u>1,722,226</u>
(Continued)					

See the accompanying Independent Auditors' Report

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Original	Final		Variance	2015
	Budget	Budget	Actual	with Final	Actual
				Budget	
	(Continued)				
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	339,931	340,634	339,130	1,504	330,063
Benefits	84,729	87,307	86,163	1,144	80,377
PS - Professional	64,000	66,000	56,665	9,335	49,498
PS - Other	2,500	2,500	2,254	246	2,389
Supplies	22,609	22,609	19,417	3,192	15,944
Property	8,000	8,000	956	7,044	2,638
Other Expenses	1,000	1,000	790	210	680
Total Business Services	522,769	528,050	505,375	22,675	481,589
Operations and Maintenance					
Salaries	1,425,404	1,420,525	1,428,353	(7,828)	1,382,951
Benefits	415,444	416,428	409,373	7,055	386,826
PS - Professional	173,770	193,770	183,365	10,405	147,907
PS - Property	552,237	552,437	418,902	133,535	476,215
PS - Other	242,145	242,145	224,032	18,113	224,449
Supplies	1,055,557	1,055,557	871,012	184,545	979,978
Property	-	-	-	-	1,165
Total Operations and Maintenance	3,864,557	3,880,862	3,535,037	345,825	3,599,491
Transportation					
Salaries	225,205	225,205	233,511	(8,306)	250,176
Benefits	48,208	55,299	56,910	(1,611)	52,725
PS - Professional	400	400	-	400	-
PS - Property	35,000	37,000	59,575	(22,575)	51,413
PS - Other	1,200	1,200	2,319	(1,119)	507
Supplies	50,000	50,000	28,540	21,460	38,329
Total Transportation	360,013	369,104	380,855	(11,751)	393,150
Other Central Support					
Salaries	45,096	45,094	45,094	-	44,178
Benefits	13,416	13,435	12,698	737	12,112
PS - Professional	51,000	53,000	45,492	7,508	44,511
PS - Other	298,000	299,000	297,155	1,845	292,287
Supplies	9,050	10,050	9,992	58	6,972
Property	2,500	2,500	-	2,500	-
Total Other Central Support	419,062	423,079	410,431	12,648	400,060
Risk Management					
PS - Professional	2,000	6,000	5,142	858	80
PS - Property	6,000	4,000	5,340	(1,340)	11,681
PS - Other	373,573	373,573	239,395	134,178	293,557
Total Risk Management	381,573	383,573	249,877	133,696	305,318
Other Supporting Services					
Salaries	63,017	63,667	63,668	(1)	-
Benefits	12,478	16,142	16,093	49	-
Total Other Supporting Services	75,495	79,809	79,761	48	-

(Continued)

See the accompanying Independent Auditors' Report

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Community Support					
Salaries	99,918	99,918	74,473	25,445	95,844
Benefits	19,784	19,784	15,082	4,702	18,513
Total Community Support	119,702	119,702	89,555	30,147	114,357
Other Uses					
Up-Front Grant Match	21,400	21,400	21,478	(78)	21,649
Contingency	12,918,715	13,826,542	-	13,826,542	-
TOTAL EXPENDITURES	46,929,132	47,631,502	32,811,108	14,820,394	32,124,314
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(11,974,206)	(12,913,094)	2,663,417	15,576,511	1,660,071
OTHER FINANCING SOURCES (USES)					
Transfers	(1,149,570)	(1,149,570)	(1,149,570)	-	(1,632,570)
Transfer to Component Unit	(150,000)	(150,000)	(292,519)	(142,519)	(184,091)
TOTAL OTHER FINANCING SOURCES (USES)	(1,299,570)	(1,299,570)	(1,442,089)	(142,519)	(1,816,661)
CHANGE IN FUND BALANCE	(13,273,776)	(14,212,664)	1,221,328	15,433,992	(156,590)
BEGINNING FUND BALANCE	13,273,776	14,212,664	14,163,093	(49,571)	14,319,683
ENDING FUND BALANCE	\$ -	\$ -	\$ 15,384,421	\$ 15,384,421	\$ 14,163,093

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Special Revenue			Capital Projects
	Food Service Fund	Pupil Activity Fund	Land Fund	Capital Reserve Project Fund
ASSETS				
Cash and Investments	\$ 100,026	\$ 530,239	\$ 47,250	\$ 1,423,091
Inventory	8,816	-	-	-
TOTAL ASSETS	\$ 108,842	\$ 530,239	\$ 47,250	\$ 1,423,091
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 260	\$ -	\$ -	\$ 102,635
Accrued Salaries & Benefits	10,485	-	-	-
Total Liabilities	10,745	-	-	102,635
Deferred Inflows of Financial Resources				
Deferred Revenue	35,112	-	-	-
Fund Balance				
Nonspendable Fund Balance	8,816	-	-	-
Restricted Fund Balance				
Restricted for Capital Expenditures	-	-	47,250	-
Committed Fund Balance				
Committed for Capital Expenditures	-	-	-	1,320,456
Assigned Fund Balance				
Assigned for Pupil Activity	-	530,239	-	-
Assigned for Food Service	54,169	-	-	-
Unrestricted Net Assets	-	-	-	-
Total Fund Balance	62,985	530,239	47,250	1,320,456
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 108,842	\$ 530,239	\$ 47,250	\$ 1,423,091

See accompanying Independent Auditors' Report.

Totals

2016	2015
\$ 2,100,606	\$ 1,531,220
8,816	3,140
<u>\$ 2,109,422</u>	<u>\$ 1,534,360</u>
\$ 102,895	\$ 21,931
10,485	-
<u>113,380</u>	<u>21,931</u>
<u>35,112</u>	<u>30,060</u>
8,816	3,140
47,250	28,484
1,320,456	891,033
530,239	565,281
54,169	-
-	(5,569)
<u>1,960,930</u>	<u>1,482,369</u>
<u>\$ 2,109,422</u>	<u>\$ 1,534,360</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Food Service</u>	<u>Pupil Activity</u>		<u>Capital Reserve</u>
	<u>Fund</u>	<u>Fund</u>	<u>Land Fund</u>	<u>Project Fund</u>
REVENUES				
Local Sources	\$ 352,204	\$ 1,367,720	\$ 14	\$ 43,497
Intermediate Sources	-	-	18,752	-
State Sources	8,980	-	-	-
Federal Sources	249,965	-	-	-
TOTAL REVENUES	<u>611,149</u>	<u>1,367,720</u>	<u>18,766</u>	<u>43,497</u>
EXPENDITURES				
Instruction	-	1,452,332	-	-
Operations and Maintenance	-	-	-	545,066
Food Service	545,735	-	-	-
Debt Service	-	-	-	169,008
TOTAL EXPENDITURES	<u>545,735</u>	<u>1,452,332</u>	<u>-</u>	<u>714,074</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>65,414</u>	<u>(84,612)</u>	<u>18,766</u>	<u>(670,577)</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	-
Transfer In (Out) - net	-	49,570	-	1,100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>49,570</u>	<u>-</u>	<u>1,100,000</u>
CHANGE IN FUND BALANCE	<u>65,414</u>	<u>(35,042)</u>	<u>18,766</u>	<u>429,423</u>
BEGINNING FUND BALANCE	<u>(2,429)</u>	<u>565,281</u>	<u>28,484</u>	<u>891,033</u>
ENDING FUND BALANCE	<u>\$ 62,985</u>	<u>\$ 530,239</u>	<u>\$ 47,250</u>	<u>\$ 1,320,456</u>

See accompanying Independent Auditors' Report.

Totals

2016	2015
\$ 1,763,435	\$ 1,923,486
18,752	7,660
8,980	8,667
249,965	231,040
<u>2,041,132</u>	<u>2,170,853</u>
1,452,332	1,561,537
545,066	1,707,235
545,735	751,134
169,008	226,872
<u>2,712,141</u>	<u>4,246,778</u>
<u>(671,009)</u>	<u>(2,075,925)</u>
-	199,615
<u>1,149,570</u>	<u>1,632,570</u>
<u>1,149,570</u>	<u>1,832,185</u>
478,561	(243,740)
<u>1,482,369</u>	<u>1,726,109</u>
<u>\$ 1,960,930</u>	<u>\$ 1,482,369</u>

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SPECIAL REVENUE FUNDS

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

The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District school food program.

Pupil Activity Fund

This fund accounts for financial transactions of the District's activity account. In addition, this fund accounts for the activities of the interscholastic athletic programs in the District. The District has three distinct pupil activity operations; the Athletic operation, Student Republic operation and the Junior High Activity operation.

Land Fund

This fund receives its primary source of income from fees in lieu of land paid by developers. The purpose of this fund is to accumulate resources for new land development and acquisition costs.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
Local Sources				
Investment Earnings	\$ 100	\$ 23	\$ (77)	\$ 20
Food Service Revenue	426,938	352,181	(74,757)	388,894
Other Local	-	-	-	29,288
Total Local Sources	427,038	352,204	(74,834)	418,202
State Sources				
State Grants from CDE				
State Match - Child Nutrition	6,000	5,926	(74)	5,756
School Breakfast Program	500	-	(500)	-
Smart Start Nutrition	-	660	660	833
State K-2 Reduced Lunch	1,900	2,394	494	2,078
Total State Sources	8,400	8,980	580	8,667
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	19,276	22,607	3,331	18,525
National School Lunch Program	178,000	194,027	16,027	184,070
Federal Grants from Other State Agencies				
Commodities	18,017	33,331	15,314	28,445
Total Federal Sources	215,293	249,965	34,672	231,040
TOTAL REVENUES	650,731	611,149	(39,582)	657,909
EXPENDITURES				
Food Service				
Salaries	227,839	192,856	34,983	-
Benefits	64,456	47,850	16,606	-
PS - Professional	-	1,294	(1,294)	-
PS - Property	5,000	2,909	2,091	9,823
PS - Other	-	-	-	393,119
Supplies	88,200	25,771	62,429	74,465
Food	239,356	241,724	(2,368)	245,282
Commodities	18,017	33,331	(15,314)	28,445
Total Food Service	642,868	545,735	97,133	751,134
Contingency	7,863	-	7,863	-
TOTAL EXPENDITURES	650,731	545,735	104,996	751,134
CHANGE IN FUND BALANCE	-	65,414	65,414	(93,225)
BEGINNING FUND BALANCE	-	(2,429)	(2,429)	90,796
ENDING FUND BALANCE	\$ -	\$ 62,985	\$ 62,985	\$ (2,429)

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES				
Local Sources				
Pupil Activity Revenues	\$ 2,173,959	\$ 1,367,720	\$ (806,239)	\$ 1,504,956
EXPENDITURES				
Instruction				
PS - Other	2,173,959	1,083,627	1,090,332	1,203,034
Supplies	-	368,705	(368,705)	358,503
TOTAL EXPENDITURES	<u>2,173,959</u>	<u>1,452,332</u>	<u>721,627</u>	<u>1,561,537</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	(84,612)	(84,612)	(56,581)
OTHER FINANCING SOURCES (USES)				
Transfers	-	49,570	49,570	51,570
CHANGE IN FUND BALANCE	-	(35,042)	(35,042)	(5,011)
BEGINNING FUND BALANCE	-	565,281	565,281	570,292
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 530,239</u>	<u>\$ 530,239</u>	<u>\$ 565,281</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES					
Local Sources					
Property Taxes	\$ 4,093,628	\$ 4,109,367	\$ 4,100,240	\$ (9,127)	\$ 3,961,820
Delinquent Taxes	-	-	4,451	4,451	3,660
Investment Earnings	30,000	15,000	4,069	(10,931)	2,061
Total Local Sources	<u>4,123,628</u>	<u>4,124,367</u>	<u>4,108,760</u>	<u>(15,607)</u>	<u>3,967,541</u>
EXPENDITURES					
General Administration					
PS - Professional	6,000	6,000	5,500	500	2,750
Debt Service					
Principal	2,250,000	2,250,000	2,250,000	-	3,075,000
Interest	<u>2,757,774</u>	<u>2,757,774</u>	<u>2,757,774</u>	-	<u>446,250</u>
Total Debt Service	5,007,774	5,007,774	5,007,774	-	3,521,250
Contingency	<u>3,327,812</u>	<u>3,296,485</u>	-	3,296,485	-
TOTAL EXPENDITURES	<u>8,341,586</u>	<u>8,310,259</u>	<u>5,013,274</u>	<u>3,296,985</u>	<u>3,524,000</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(4,217,958)	(4,185,892)	(904,514)	3,281,378	443,541
OTHER FINANCING SOURCES (USES)					
Escrow Payment	<u>(3,500)</u>	<u>(3,500)</u>	-	3,500	-
CHANGE IN FUND BALANCE (BUDGET BASIS)	<u>\$ (4,221,458)</u>	<u>\$ (4,189,392)</u>	(904,514)	<u>\$ 3,284,878</u>	443,541
BEGINNING FUND BALANCE			4,189,392		3,745,851
ENDING FUND BALANCE			<u>\$ 3,284,878</u>		<u>\$ 4,189,392</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The District has one debt service fund as follows:

Bond Redemption Fund

This fund is authorized by Colorado School Law. It provides revenues based upon a property tax mill levy set by the School Board to satisfy the District's bonded indebtedness on an annualized basis.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES					
Local Sources					
Property Taxes	\$ 4,093,628	\$ 4,109,367	\$ 4,100,240	\$ (9,127)	\$ 3,961,820
Delinquent Taxes	-	-	4,451	4,451	3,660
Investment Earnings	30,000	15,000	4,069	(10,931)	2,061
Total Local Sources	<u>4,123,628</u>	<u>4,124,367</u>	<u>4,108,760</u>	<u>(15,607)</u>	<u>3,967,541</u>
EXPENDITURES					
General Administration					
PS - Professional	6,000	6,000	5,500	500	2,750
Debt Service					
Principal	2,250,000	2,250,000	2,250,000	-	3,075,000
Interest	<u>2,757,774</u>	<u>2,757,774</u>	<u>2,757,774</u>	<u>-</u>	<u>446,250</u>
Total Debt Service	5,007,774	5,007,774	5,007,774	-	3,521,250
Contingency	<u>3,327,812</u>	<u>3,296,485</u>	<u>-</u>	<u>3,296,485</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,341,586</u>	<u>8,310,259</u>	<u>5,013,274</u>	<u>3,296,985</u>	<u>3,524,000</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(4,217,958)	(4,185,892)	(904,514)	3,281,378	443,541
OTHER FINANCING SOURCES (USES)					
Escrow Payment	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
CHANGE IN FUND BALANCE (BUDGET BASIS)	<u>\$ (4,221,458)</u>	<u>\$ (4,189,392)</u>	<u>(904,514)</u>	<u>\$ 3,284,878</u>	<u>443,541</u>
BEGINNING FUND BALANCE			<u>4,189,392</u>		<u>3,745,851</u>
ENDING FUND BALANCE			<u>\$ 3,284,878</u>		<u>\$ 4,189,392</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

The acquisition or construction of major capital facilities, sites and equipment, other than those acquired directly by the General Fund or the Enterprise Fund are accounted for in the Capital Projects Funds. The District has the following Capital Project Fund:

Capital Construction Fund

This fund was established to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds or through bond proceeds.

Capital Reserve Projects Fund

This fund accounts for the majority of capital outlay activity of the District.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Construction Fund
For the Year Ended June 30, 2016

	2016		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Investment Earnings	\$ 70,000	\$ 139,633	\$ 69,633
EXPENDITURES			
Supporting Services			
Facilities/Capital Outlay			
PS - Professional	1,220,000	1,466,423	(246,423)
Buildings	30,769,805	31,011,430	(241,625)
Equipment	36,000	43,518	(7,518)
Total Facilities/Capital Outlay	32,025,805	32,521,371	(495,566)
Contingency	19,085,100	-	19,085,100
TOTAL EXPENDITURES	51,110,905	32,521,371	18,589,534
CHANGE IN FUND BALANCE	(51,040,905)	(32,381,738)	18,659,167
BEGINNING FUND BALANCE	51,040,905	51,040,905	-
ENDING FUND BALANCE	\$ -	\$ 18,659,167	\$ 18,659,167

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			
	Final		Variance	2015
	Budget	Actual	with Final	Actual
	Budget		Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 4,000	\$ 497	\$ (3,503)	\$ 316
Donations	-	43,000	43,000	-
Other Local	-	-	-	5
TOTAL REVENUES	4,000	43,497	39,497	321
EXPENDITURES				
Supporting Services				
Operations and Maintenance				
Property	1,177,395	545,066	632,329	1,707,235
Debt Service				
Principal	-	163,458	(163,458)	222,076
Interest	-	5,550	(5,550)	4,796
Total Debt Service	-	169,008	(169,008)	226,872
Contingency	817,638	-	817,638	-
TOTAL EXPENDITURES	1,995,033	714,074	1,280,959	1,934,107
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,991,033)	(670,577)	1,320,456	(1,933,786)
OTHER FINANCING SOURCES (USES)				
Transfers	1,100,000	1,100,000	-	1,581,000
Capital Lease Proceeds	-	-	-	199,615
TOTAL OTHER FINANCING SOURCES (USES)	1,100,000	1,100,000	-	1,780,615
CHANGE IN FUND BALANCE	(891,033)	429,423	1,320,456	(153,171)
BEGINNING FUND BALANCE	891,033	891,033	-	1,044,204
ENDING FUND BALANCE	\$ -	\$ 1,320,456	\$ 1,320,456	\$ 891,033

See accompanying Independent Auditors' Report.

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INTERNAL SERVICE FUND

Internal Service Funds account for operations that provide services to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

The District reports two Internal Service Funds for its self-insurance programs related to its employee health and dental benefit coverage.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
Internal Service Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>Totals</u>			
	Health Insurance	Dental Insurance		
	Reserve Fund	Reserve Fund	2016	2015
ASSETS				
Cash and Investments	<u>\$ 517,277</u>	<u>\$ 349,101</u>	<u>\$ 866,378</u>	<u>\$ 700,891</u>
LIABILITIES				
Accounts Payable	<u>15,153</u>	<u>35,070</u>	<u>50,223</u>	<u>83,877</u>
NET POSITION				
Unrestricted Net Position	<u>\$ 502,124</u>	<u>\$ 314,031</u>	<u>\$ 816,155</u>	<u>\$ 617,014</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>Totals</u>			
	Health Insurance	Dental Insurance		
	Reserve Fund	Reserve Fund	2016	2015
Employee Premiums	\$ 377,405	\$ 280,887	\$ 658,292	\$ 742,044
OPERATING EXPENSES				
Risk Management				
PS - Professional	10,346	-	10,346	9,795
PS - Other	175,506	273,552	449,058	449,008
TOTAL OPERATING EXPENSES	<u>185,852</u>	<u>273,552</u>	<u>459,404</u>	<u>458,803</u>
OPERATING INCOME	191,553	7,335	198,888	283,241
OTHER REVENUES (EXPENSES)				
Investment Earnings	<u>144</u>	<u>109</u>	<u>253</u>	<u>156</u>
CHANGE IN NET POSITION	191,697	7,444	199,141	283,397
BEGINNING NET POSITION	<u>310,427</u>	<u>306,587</u>	<u>617,014</u>	<u>333,617</u>
ENDING NET POSITION	<u>\$ 502,124</u>	<u>\$ 314,031</u>	<u>\$ 816,155</u>	<u>\$ 617,014</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>Totals</u>			
	<u>Health Insurance</u>	<u>Dental Insurance</u>		
	<u>Reserve Fund</u>	<u>Reserve Fund</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:				
Cash Received from Local Sources	\$ 377,405	\$ 280,887	\$ 658,292	\$ 742,044
Cash Paid to Suppliers	<u>(213,949)</u>	<u>(279,109)</u>	<u>(493,058)</u>	<u>(444,632)</u>
Net Cash Provided (Used) for Operating Activities	163,456	1,778	165,234	297,412
Cash Flows from Noncapital Financing Activities:				
Cash Flows from Investing Activities:				
Interest Received	<u>144</u>	<u>109</u>	<u>253</u>	<u>156</u>
Net Increase(Decrease) in Cash	163,600	1,887	165,487	297,568
Cash, Beginning	<u>353,677</u>	<u>347,214</u>	<u>700,891</u>	<u>403,323</u>
Cash, Ending	<u>\$ 517,277</u>	<u>\$ 349,101</u>	<u>\$ 866,378</u>	<u>\$ 700,891</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)				
for Operating Activities:				
Operating Income (Loss)	\$ 191,553	\$ 7,335	\$ 198,888	\$ 283,241
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided				
(Used) by Operating Activities				
Changes in Assets and Liabilities Related to Operations:				
Increase (Decrease) in:				
Accounts Payable	<u>(28,097)</u>	<u>(5,557)</u>	<u>(33,654)</u>	<u>14,171</u>
Net Cash Provided (Used) for Operating Activities	<u>\$ 163,456</u>	<u>\$ 1,778</u>	<u>\$ 165,234</u>	<u>\$ 297,412</u>

See accompanying Independent Auditors' Reports.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Health Insurance Reserve Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
OPERATING REVENUES				
Employee Premiums	\$ 355,325	\$ 377,405	\$ 22,080	\$ 455,313
OPERATING EXPENSES				
Risk Management				
PS - Professional	8,000	10,346	(2,346)	9,795
PS - Other	299,700	175,506	124,194	186,983
Contingency	<u>358,152</u>	<u>-</u>	<u>358,152</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>665,852</u>	<u>185,852</u>	<u>480,000</u>	<u>196,778</u>
OPERATING INCOME	<u>(310,527)</u>	<u>191,553</u>	<u>502,080</u>	<u>258,535</u>
OTHER REVENUES (EXPENSES)				
Investment Earnings	<u>100</u>	<u>144</u>	<u>44</u>	<u>65</u>
CHANGE IN NET POSITION	<u>(310,427)</u>	<u>191,697</u>	<u>502,124</u>	<u>258,600</u>
BEGINNING NET POSITION	<u>310,427</u>	<u>310,427</u>	<u>-</u>	<u>51,827</u>
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 502,124</u>	<u>\$ 502,124</u>	<u>\$ 310,427</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Dental Insurance Reserve Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
OPERATING REVENUES				
Employee Premiums	\$ 276,000	\$ 280,887	\$ 4,887	\$ 286,731
OPERATING EXPENSES				
Risk Management				
PS - Other	280,000	273,552	6,448	262,025
Contingency	302,687	-	302,687	-
TOTAL OPERATING EXPENSES	582,687	273,552	309,135	262,025
OPERATING INCOME	(306,687)	7,335	314,022	24,706
OTHER REVENUES (EXPENSES)				
Investment Earnings	100	109	9	91
CHANGE IN NET POSITION	(306,587)	7,444	314,031	24,797
BEGINNING NET POSITION	306,587	306,587	-	281,790
ENDING NET POSITION	\$ -	\$ 314,031	\$ 314,031	\$ 306,587

See accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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FEDERAL FINANCIAL ASSISTANCE REPORTS

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Cheyenne Mountain School District 12 (El Paso County)
Colorado Springs, Colorado

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

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Cheyenne Mountain School District 12 (the District) as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Holscher, Maybury + Company, LLC

Englewood, Colorado
November 17, 2016

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Cheyenne Mountain School District 12 (El Paso County)
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the Cheyenne Mountain School District 12 (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's, Colorado's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

Cheyenne Mountain School District 12
Report on Internal Control Over Financial Reporting and
Report on Schedule of Expenditures of Federal Awards

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 17, 2016 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
November 17, 2016

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES/BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. This schedule is presented in accordance with the modified accrual basis of accounting.

NOTE 2: 10% DE MINIMUS COST RATE

The District did not utilize the 10% de minimus cost rate.

NOTE 3: SUBRECIPIENTS

There were no subrecipients that received funding from the District for the fiscal year other than the District's charter school which is included in the District's financial statements.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<u>Grantor/Grant Title</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Passthrough Colorado Department of Education			
NCLB Title I, Part A - Improving Basic Programs	4010	84.010	\$ 174,917
IDEA Part B - Special Education	4027	84.027	639,139
IDEA Part B - Special Education Preschool	4173	84.173	8,649
NCLB Title III, Part A - English Language Acquisition	4365	84.365	12,626
NCLB Title II, Part A - Teacher & Principal Training	4367	84.367	53,787
RTTT Early Childhood Readiness Assess	5412	84.412	1,924
Passthrough CO Dept. of Human Services - Div. of Voc. Rehab.			
School to Work Alliance Program	5126	84.126	20,017
Total U.S. Department of Education			<u>911,059</u>
U.S. Department of Agriculture			
Passthrough Colorado Department of Education			
School Breakfast Program	4553	10.553	22,607
National School Lunch Program	4555	10.555	194,027
Passthrough Colorado Department of Human Services			
Commodity Distribution	4555	10.555	33,331
Total U.S. Department of Agriculture			<u>249,965</u>
Total Federal Expenditures			<u>\$ 1,161,024</u>

See accompanying Independent Auditors' Report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(EL PASO COUNTY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ yes x no

Identification of major programs:

84.027 IDEA Part B – Special Education – Grants to States
84.173 IDEA Part B – Special Education – Preschool

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

Auditee qualified as low-risk auditee?

 x yes _____ no

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2016

II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2016, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2016, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2016, did not disclose any material weaknesses or significant deficiencies in internal controls over federal grant management.

B. Compliance Findings

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2016, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

C. Questioned Costs

None noted.

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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
District: 1020 - CHEYENNE MOUNTAIN 12
Fiscal Year 2015-16
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
	+		-	=
10 General Fund	13,951,602	33,541,558	32,448,417	15,044,743
18 Risk Mgmt Sub-Fund of General Fund	211,492	490,878	362,691	339,678
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	14,163,093	34,032,435	32,811,107	15,384,421
11 Charter School Fund	1,828,459	9,777,247	9,154,200	2,451,507
20,26-29 Special Revenue Fund	28,484	18,766	0	47,250
21 Food Service Spec Revenue Fund	-2,429	611,149	545,735	62,985
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	565,281	1,568,858	1,603,900	530,239
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	4,189,392	4,108,759	5,013,274	3,284,878
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	51,040,905	139,633	32,521,371	18,659,167
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	891,033	1,143,497	714,075	1,320,456
Totals	72,704,219	51,400,345	82,363,661	41,740,903
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	617,014	378,818	179,677	816,155
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	617,014	378,818	179,677	816,155
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	31,234	120,681	95,139	56,776
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	-717,751	224,870	408,548	-901,429
Totals	-686,516	345,551	503,688	-844,653
FINAL				

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



Colorado Department of Education
Bolded Balance Sheet Report
District: 1020 - CHEYENNE MOUNTAIN 12
Fiscal Year 2015-16
Colorado School District/BOCES

ASSETS	Governmental						Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	18,175,006	3,363,696	0	100,025	577,489	3,162,272	25,286,050	0	866,377	0	36,799	8,090,180	59,657,896
Cash with Fiscal Agent (8105)	235,719	5,062	0	0	0	11,585	0	0	0	0	19,977	0	272,343
Taxes Receivable (8121,8122)	442,541	0	0	0	0	111,021	0	0	0	0	0	0	553,562
Interfund Loans Receivable (8131,8132)	0	75,607	0	0	0	0	0	0	0	0	0	0	75,607
Grants Accounts Receivable (8142)	391,973	0	0	0	0	0	0	0	0	0	0	0	391,973
Other Receivables (8151-8154,8161)	0	91,542	0	0	0	0	0	0	0	0	0	0	91,542
Inventories (8171,8172,8173)	70,766	24,075	0	8,816	0	0	0	0	0	0	0	0	103,657
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191 -8194,8199)	200	0	0	0	0	0	0	0	0	0	0	0	200
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	3,475,000	3,475,000
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	12,944,850	12,944,850
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Outflow (8800)	0	0	0	0	0	0	0	0	0	0	0	831,942	831,942
Total Assets	19,316,205	3,559,983	0	108,842	577,489	3,284,878	25,286,050	0	866,377	0	56,776	25,341,972	78,398,573

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	222,265	0	0	8,816	0	0	0	0	0	0	0	0	231,081
Restricted Fund Balance 6720	0	0	0	0	47,250	3,284,878	18,659,167	0	0	0	0	0	21,991,295
TABOR 3% Emergency Reserve 6721	1,080,000	287,000	0	0	0	0	0	0	0	0	0	0	1,367,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	383,634	0	0	0	0	0	1,320,456	0	0	0	0	0	1,704,090
Assigned Fund Balance 6760	0	300,000	0	54,169	530,239	0	0	0	0	0	0	0	884,408
Unassigned Fund Balance 6770	13,698,522	1,864,507	0	0	0	0	0	0	0	0	56,776	-901,429	14,718,376
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	816,155	0	0	0	816,155
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	15,384,421	2,451,507	0	62,985	577,489	3,284,878	19,979,623	0	816,155	0	56,776	-901,429	41,712,405

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	19,316,205	3,559,983	0	108,842	577,489	3,284,878	25,286,050	0	866,377	0	56,776	25,341,972	78,398,573

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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DEBT COMPLIANCE

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

General Fund Budget Summary and Comparison

	FYE 6/30/15		FYE 6/30/16	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
REVENUES:				
Local Sources	\$ 18,051,431	\$ 18,091,850	\$ 18,747,487	\$ 19,436,580
Intermediate Sources	60,000	117,851	60,000	116,021
State Sources	14,659,332	14,644,541	14,918,992	14,931,512
Federal Sources	<u>1,018,007</u>	<u>930,143</u>	<u>991,929</u>	<u>990,412</u>
Total Revenues	<u>33,788,770</u>	<u>33,784,385</u>	<u>34,718,408</u>	<u>35,474,525</u>
EXPENDITURES:				
Instruction	20,613,431	20,131,348	20,933,825	20,708,320
Pupil Support	2,551,103	2,517,404	2,541,082	2,493,648
Staff Support	2,054,996	1,901,735	2,091,007	1,969,913
General Administration	527,280	535,986	543,954	492,683
School Administration	1,734,767	1,722,226	1,889,513	1,874,175
Business Services	511,921	481,589	528,050	505,375
Operations and Maintenance	3,800,954	3,599,491	3,880,862	3,535,037
Transportation	361,219	393,150	369,104	380,855
Other Central Support	415,490	400,060	423,079	410,431
Risk Management	367,780	305,318	383,573	249,877
Community Support	111,766	114,357	119,702	89,554
Other Uses	<u>21,400</u>	<u>21,649</u>	<u>21,400</u>	<u>21,478</u>
Total Expenditures	<u>33,072,107</u>	<u>32,124,314</u>	<u>33,804,960</u>	<u>32,811,107</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	716,663	1,660,071	913,448	2,663,418
OTHER FINANCING SOURCES (USES)				
Transfers In (Out) - Net	<u>(1,762,570)</u>	<u>(1,816,661)</u>	<u>(1,299,570)</u>	<u>(1,442,089)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,045,907)</u>	<u>\$ (156,590)</u>	<u>\$ (386,122)</u>	<u>\$ 1,221,329</u>

Source: District audited financial statements

See the accompanying Independent Auditor's Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

General Fund Revenues, Expenditures and Changes in Fund Balance (GAAP Basis)

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
REVENUES:					
Local Sources	\$ 17,679,660	\$ 18,112,228	\$ 17,883,262	\$ 18,091,849	\$ 19,436,580
Intermediate Sources	76,146	84,097	81,513	117,852	116,021
State Sources	12,168,334	12,220,114	13,545,899	14,644,541	14,931,512
Federal Sources	1,184,310	1,061,908	960,929	930,144	990,412
Total Revenues	<u>31,108,450</u>	<u>31,478,347</u>	<u>32,471,603</u>	<u>33,784,386</u>	<u>35,474,525</u>
EXPENDITURES:					
Instruction	17,757,152	19,087,365	19,919,199	20,131,347	20,708,320
Pupil Support	2,063,926	2,173,743	2,310,499	2,517,403	2,493,648
Staff Support	1,629,592	1,648,456	1,544,636	1,901,734	1,969,913
General Administration	441,685	493,086	523,808	535,987	492,683
School Administration	1,553,491	1,592,038	1,692,780	1,722,226	1,874,175
Business Services	444,925	444,049	471,729	481,590	505,375
Operations and Maintenance	3,405,585	3,489,575	3,547,275	3,599,491	3,535,037
Transportation	312,180	350,819	423,462	393,150	380,855
Other Central Support	337,182	334,378	404,579	400,061	410,431
Risk Management	200,875	210,328	348,209	305,318	249,877
Community Support	42,498	87,198	108,267	114,357	89,554
Other Uses	26,490	26,895	27,883	21,649	21,478
Total Expenditures	<u>28,215,581</u>	<u>29,937,930</u>	<u>31,322,326</u>	<u>32,124,313</u>	<u>32,811,107</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	2,892,869	1,540,417	1,149,277	1,660,073	2,663,418
OTHER FINANCING SOURCES (USES)					
Transfers In (Out) - Net	<u>(825,952)</u>	<u>(1,001,169)</u>	<u>(1,045,133)</u>	<u>(1,816,661)</u>	<u>(1,442,089)</u>
NET CHANGE IN FUND BALANCE	2,066,917	539,248	104,144	(156,588)	1,221,329
FUND BALANCE, Beginning	<u>11,609,374</u>	<u>13,676,291</u>	<u>14,215,539</u>	<u>14,319,683</u>	<u>14,163,093</u>
FUND BALANCE, Ending	<u>\$ 13,676,291</u>	<u>\$ 14,215,539</u>	<u>\$ 14,319,683</u>	<u>\$ 14,163,095</u>	<u>\$ 15,384,422</u>

Source: District audited financial statements

See the accompanying Independent Auditor's Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

History of Assessed Valuations and Mill Levies for the District

Levy/ Collection Year	Assessed Valutaion		Mill Levies				Total Mill Levy
	Assessed Valuation	Percent Change	General Operating	Debt Service	Overrides	Special Abate- ment	
2010/2011	\$ 391,594,490	0.00%	27.000	8.793	7.916	0.0560	43.765
2011/2012	371,992,500	-5.01%	27.000	9.692	12.903	0.1690	49.764
2012/2013	370,267,800	-0.46%	27.000	9.024	13.929	0.0470	50.000
2013/2014	362,769,570	-2.03%	27.000	8.666	14.204	0.1300	50.000
2014/2015	364,468,990	0.47%	27.000	10.910	14.962	0.1280	53.000
2015/2016	387,164,780	6.23%	27.000	10.614	15.246	0.1400	53.000

Source: State of Colorado Department of Education, El Paso County Assessor's Office and the District

See the accompanying Independent Auditor's Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

Property Tax Collections for the District

Levy/ Collection	Taxes	Current	Collection
<u>Year</u>	<u>Levied (1)</u>	<u>Collections (2)</u>	<u>Rate</u>
2009/2010	\$ 17,115,901	\$ 17,098,289	99.90%
2010/2011	17,138,133	17,130,243	99.95%
2011/2012	18,511,835	18,499,572	99.93%
2012/2013	18,513,390	18,502,207	99.94%
2013/2014	18,138,479	18,124,943	99.93%
2014/2015	19,316,856	18,801,797 ⁽³⁾	97.33%
2015/2016	20,519,733	19,983,762	97.39%

⁽¹⁾ Levies do not include abatements or other adjustments

⁽²⁾ The El Paso County Treasurer's collection fees have not been deducted from these amounts, nor do they included delinquent tax collections or interest collected on current taxes.

⁽³⁾ Through June 30

Sources: El Paso County Treasurer's Office and the District

See the accompanying Independent Auditor's Report.