

**CHEYENNE COUNTY
SCHOOL DISTRICT R-1**
Kit Carson, Colorado

Financial Statements
For the Year Ended June 30, 2017



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CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Table of Contents
 June 30, 2017

	<u>Page</u>
Independent Auditor's Report	
Management Discussion and Analysis -----	a-g
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position -----	1
Statement of Activities -----	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet -----	3
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position -----	4
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	5-6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities --	6
Notes to the Financial Statements -----	7-19
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule - Major Governmental Funds -----	20
Schedule of District's Proportionate Share of Net Pension Liability -----	21
Schedule of Contributions and Related Ratios - Last 10 Years -----	22
 <u>Other Information</u>	
Combining Fund Statements	
Combining Balance Sheet -----	23
Statement of Revenues, Expenditures, and Changes in Fund Balance -----	24
Individual Fund Financial Statements	
General Fund	
Comparative Balance Sheet -----	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -----	26
Statement of Expenditures - Budget and Actual -----	27-28

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Table of Contents
 June 30, 2017
 (Continued)

	<u>Page</u>
Special Revenue Funds	
Food Services Fund	
Comparative Balance Sheet -----	29
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	30
Student Activity Fund	
Comparative Balance Sheet -----	31
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	32-33
Capital Project Funds	
Special Building & Technology Fund	
Comparative Balance Sheet -----	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	35
Capital Reserve Fund	
Comparative Balance Sheet -----	36
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	37
Auditor's Integrity Report	

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District R-1 (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District R-1, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension information on pages a-g and 20-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Winfrey, County & Hays, PC
Certified Public Accountants

Winfrey, County & Hays, PC

November 14, 2017

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2017

The Management discussion and analysis of Cheyenne County School District R-1 offers its readers an analysis of the financial activities of the District for the fiscal year ended June 30, 2017. The main area of emphasis in this analysis will be on the primary government-general fund.

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

Financial Highlights

The net position for the fiscal year was negative \$460,594 which is a decrease of \$1,182,142 from the previous year. At the end of the fiscal year the District's governmental funds reported combined ending fund balances of \$2,671,214 which represents a decrease of \$163,044 from the previous year.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Continued)

The government-wide statements report all governmental activities.

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

As noted previously in this document, net position may serve over time as a useful indicator of a school district's financial health. In the case of Cheyenne County School District R-1, liabilities exceeded its assets by approximately \$460,594.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2017
 (Continued)

Table 1
 Fiscal Year Ended June 30, 2017
 Net Position

	Government Activities	
	<u>6/30/2017</u>	<u>6/30/2016</u>
Current and other assets	2,856,924	3,026,915
Capital assets	<u>1,051,535</u>	<u>1,006,275</u>
Total Assets	3,908,459	4,033,190
Deferred Outflows	2,621,295	429,436
Current liabilities	185,710	187,146
Long term liabilities	6,738,054	3,418,499
Deferred Inflows	66,583	129,922
Net Position		
Invested in capital assets	1,051,535	1,006,275
Restricted	550,095	663,844
Unrestricted	<u>(2,062,224)</u>	<u>(948,570)</u>
Total Net Position	<u>(460,594)</u>	<u>721,548</u>

Of the District's \$3,908,459 in assets, \$1,051,535 (27%) reflects investment in capital assets (e.g. land, building, infrastructure, machinery, and equipment). The District uses its capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted net position is negative \$2,062,224.

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2017
 (Continued)

Table 2
 Fiscal Year Ended June 30, 2017
 Change in Net Position

REVENUES	<u>Government Activities</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>
Program Revenues		
Charges for service	171,918	200,068
Operating grants	158,865	131,316
Capital grants	0	36,992
General Revenues		
Property taxes	720,309	980,466
Auto taxes	65,546	71,442
State equalization	1,216,784	1,123,103
Other	<u>47,846</u>	<u>23,557</u>
Total Revenues	2,381,267	2,566,943
EXPENSES		
Instruction	1,970,351	1,277,047
Pupil services	3,480	6,935
Instructional services	103,929	52,817
General administration	405,686	232,448
School administration	1,741	38,225
Operations & maintenance	532,361	307,563
Pupil transportation	275,427	200,071
Central services	3,034	10,407
Building & technology	1,264	127,853
Student activities	121,014	132,040
Food services	<u>145,123</u>	<u>117,482</u>
Total Expenses	<u>3,563,409</u>	<u>2,502,887</u>
Increase (decrease) in net position	<u>(1,182,142)</u>	<u>64,056</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2017
 (Continued)

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

Table 3
 Fiscal Year Ended June 30, 2017
 Government Activities

Functions/Programs	<u>Total Cost of Programs</u>	<u>Net Cost of Services</u>	<u>Prior Year</u>
Instruction	1,970,351	1,873,423	1,185,962
Pupil services	3,480	3,480	6,935
Instructional services	103,929	103,929	52,817
General administration	405,686	405,686	232,448
School administration	1,741	1,741	38,225
Operations & maintenance	532,361	532,361	275,071
Pupil transportation	275,427	228,758	153,488
Central services	3,034	3,034	10,407
Building & technology	1,264	1,264	127,853
Food services	145,123	77,123	58,848
Student activities	<u>121,014</u>	<u>1,829</u>	<u>(7,540)</u>
Total Government Activities	3,563,409	3,232,626	2,134,512
Less state equalization		<u>1,216,784</u>	<u>1,123,103</u>
Total needs from local taxes and other revenue		<u>2,015,842</u>	<u>1,011,408</u>

The District Funds

Financial Analysis of the District’s Funds

Revenues in the general fund decreased \$185,676 from the previous year. This decrease was mostly due to an increase of \$93,681 from state equalization and property taxes decreasing \$260,158.

Expenditures in the general fund increased during the budget year by \$1,060,522 from the previous budget year. This increase was primarily due to increase in instructional salaries including administration salaries. The increase also included a dedication to professional development and updating computers and technology.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2017
 (Continued)

General Fund Budget

No amendments were made to the original budget.

Capital Assets and Debt Administration

As of June 30, 2017, the District had \$1,051,535 classified as net capital assets, which is an increase of \$45,261 from the prior year.

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Sites	31,230	31,230
Site improvement	250,903	250,903
Buildings	1,835,667	1,835,667
Equipment	571,378	527,763
Transportation	<u>560,417</u>	<u>505,532</u>
Total Capital Assets	3,249,594	3,151,094
Accumulated depreciation	<u>(2,198,059)</u>	<u>(2,144,819)</u>
Net Capital Assets	<u>1,051,535</u>	<u>1,006,275</u>

Economic Factors and Next Year's Budget and Rates:

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

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

The 2017-2018 budget was built on an estimated five year average student count of 108 students. Should student count unexpectedly exceed that amount, the district will modify its budget prior to December 31st 2017. The student count calculation used was conservative in nature and as such a reduction in the average is not anticipated.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Continued)

Contacting the Financial Management

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



BASIC FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Statement of Net Position
 June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	770,948
Certificates of deposit	2,064,222
Accounts/grants receivable	846
Inventory	3,092
Accrued property taxes receivable	17,815
Capital assets, net of accumulated depreciation	<u>1,051,535</u>
Total Assets	3,908,459
DEFERRED OUTFLOWS	2,621,295
LIABILITIES	
Current Liabilities	
Accrued salaries payable	185,710
Long Term Liabilities	
Net pension liability	<u>6,738,054</u>
Total Liabilities	6,923,764
DEFERRED INFLOWS	66,583
NET POSITION	
Invested in capital assets	1,051,535
Restricted for preschool	3,372
Restricted for TABOR	67,391
Restricted for capital projects	479,333
Unrestricted	<u>(2,062,224)</u>
Total Net Position	<u>(460,594)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Statement of Activities
 For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities				
Instructional	1,970,351	27,875	69,053	
Support services				
Pupil services	3,480			
Instructional services	103,929			
General administration	405,686			
School administration	1,741			
Operations & maintenance	532,361			
Pupil transportation	275,427		46,669	
Central services	3,034			
Building & technology	1,264			
Student activity	121,014	119,186		
Food services	<u>145,123</u>	<u>24,857</u>	<u>43,143</u>	<u>0</u>
Total Governmental Activities	3,563,409	171,918	158,865	0

General revenues:

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for capital projects

 Specific ownership taxes

State equalization

Miscellaneous

Investment earnings

Gain (loss) on assets

 Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and
and Changes in Net Position

Governmental
Activities

(1,873,423)

(3,480)

(103,929)

(405,686)

(1,741)

(532,361)

(228,758)

(3,034)

(1,264)

(1,829)

(77,123)

(3,232,626)

720,309

0

65,546

1,216,784

30,666

17,180

0

2,050,485

(1,182,142)

721,548

(460,594)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	617,253	75,883	77,813	770,948
Certificates of deposit	1,476,336	587,886	0	2,064,222
Accounts/grants receivable	0	0	846	846
Inventory	0	0	3,092	3,092
Accrued property taxes receivable	<u>17,815</u>	<u>0</u>	<u>0</u>	<u>17,815</u>
Total Assets	<u>2,111,404</u>	<u>663,769</u>	<u>81,751</u>	<u>2,856,924</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	0	0	0	0
Accrued salaries payable	<u>176,704</u>	<u>0</u>	<u>9,006</u>	<u>185,710</u>
Total Liabilities	176,704	0	9,006	185,710
 Fund Balances				
Restricted for TABOR	67,391	0	0	67,391
Restricted for preschool	3,372	0	0	3,372
Restricted for capital projects	0	479,333	0	479,333
Committed for capital projects	0	184,436	0	184,436
Nonspendable	0	0	3,092	3,092
Assigned	0	0	69,653	69,653
Unassigned	<u>1,863,938</u>	<u>0</u>	<u>0</u>	<u>1,863,938</u>
Total Fund Balances	<u>1,934,700</u>	<u>663,769</u>	<u>72,745</u>	<u>2,671,214</u>
 Total Liabilities and Fund Balances	 <u>2,111,404</u>	 <u>663,769</u>	 <u>81,751</u>	 <u>2,856,924</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2017

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

Total Governmental Fund Balances	2,671,214
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,051,535
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	2,621,295
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(6,738,054)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	<u>(66,583)</u>
Net Position of Governmental Activities	<u>(460,594)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

REVENUES	<u>General</u>	<u>Capital Projects</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
Local Sources				
Property taxes	720,309	0	0	720,309
Specific ownership taxes	65,546	0	0	65,546
Investment interest	12,001	5,179	0	17,180
Other	68,541	0	119,186	187,727
Charges for service	0	0	24,857	24,857
State Sources				
Equalization	1,216,784	0	0	1,216,784
Vocational education	10,076	0	0	10,076
Transportation	46,669	0	0	46,669
Other	25,341	0	1,100	26,441
Federal Sources	<u>23,636</u>	<u>0</u>	<u>42,043</u>	<u>65,679</u>
Total Revenues	2,188,903	5,179	187,186	2,381,267
EXPENDITURES				
Current				
Instruction	1,261,012	0	0	1,261,012
Supporting Services				
Pupil guidance	11,640	0	0	11,640
Instructional staff services	59,596	0	0	59,596
Superintendent	239,035	0	0	239,035
Principals	18,188	0	0	18,188
Operations & maintenance	348,144	0	0	348,144
Pupil transportation	180,203	0	0	180,203
Central services	11,844	0	0	11,844
Other	0	0	121,014	121,014
Repairs & supplies	0	36,181	1,264	37,444
Food services	0	0	107,878	107,878
Capital outlay	<u>56,443</u>	<u>79,012</u>	<u>12,860</u>	<u>148,315</u>
Total Expenditures	<u>2,186,103</u>	<u>115,193</u>	<u>243,016</u>	<u>2,544,312</u>
Revenues over (under) Expenditures	2,800	(110,013)	(55,830)	(163,044)

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017
 (continued)

	<u>General</u>	<u>Capital Projects</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
Other Sources (Uses)				
Operating transfers in (out)	(53,929)	<u>0</u>	<u>53,929</u>	<u>0</u>
Excess of revenues over (under)				
Expenditures and other uses	(51,130)	(110,013)	(1,901)	(163,044)
Fund Balance - Beginning	<u>1,985,830</u>	<u>773,782</u>	<u>74,646</u>	<u>2,834,259</u>
Fund Balance - Ending	<u>1,934,700</u>	<u>663,769</u>	<u>72,745</u>	<u>2,671,214</u>

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

Net change in fund balances - total governmental funds (163,044)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	136,801	
Depreciation expense	(91,540)	45,261

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

Pension expenses		(1,064,358)
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Change in net position of government activities		<u>(1,182,142)</u>
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Notes to the Financial Statements

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

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

Budget Calendar -

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

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

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

E. Encumbrances

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

F. Assets, Liabilities, Fund Balances and Net Position

1. Deposits

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Notes to Financial Statements
 June 30, 2017
 (Continued)

2. Receivables and Payables

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

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

3. Inventories

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

A physical inventory was taken as of June 30, 2017 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Site improvements	10-30
Buildings	10-50
Equipment	5-25
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

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

6. Long-term Obligations

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

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

7. Estimates

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

8. Fund Balances and Net Position

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

- Invested in capital assets, net of related debt – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- Reserved net position – indicates the portion of net position which has been legally segregated for specific purposes or is not available for appropriation.
- Unreserved net position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

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

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

- Nonspendable – amounts that cannot be spent because they are either in a nonspendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.
- Restricted – when constraints placed on the use of resources are either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.
- Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

At June 30, 2017 amounts restricted were \$3,372 for Preschool, \$67,391 for TABOR Reserve, and \$479,333 for Capital Projects. Amounts assigned as of the same date were \$69,596 for Student Activities and \$57 for Food Services. The Food Service Fund also had nonspendable fund balance of \$3,092. The Capital Reserve Capital Projects Fund has \$184,436 committed for capital projects.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.
- C. The voters of the District approved a \$200,000 tax override in 1994 for all subsequent years. In November of 2015, the voters of the District also approved a \$150,000 tax override for all subsequent years and a one-time \$150,000 tax override for the Special Building and Technology Capital Projects Fund.
- D. Food Service expenditures of \$120,738 exceed the budget amount of \$116,446. This may be a violation of state budget laws.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

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

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

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

At June 30, 2017, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	500,000	500,000
Deposited in CSAFE	384,399	384,399
Deposits uncollateralized in a single institution pool	<u>1,869,866</u>	<u>1,950,772</u>
Total Cash	2,754,265	2,835,171
Shown as certificates of deposits		<u>2,064,222</u>
Shown as cash		770,948

As presented above, deposits with a bank balance of \$1,869,866 and a carrying balance of \$1,950,772 as of June 30, 2017, are uninsured, exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution. CSAFE is a local governmental investment pool with a rating of AAAM by Standard & Poor's. This investment is valued using amortized cost.

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

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

- C. Changes in General Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Sites	31,230	0	0	31,230
Site Improvements	250,903	0	0	250,903
Buildings	1,835,667	0	0	1,835,667
Equipment	527,763	43,613	0	571,376
Transportation	<u>505,531</u>	<u>93,186</u>	<u>38,300</u>	<u>560,417</u>
Total	3,151,094	136,799	38,300	3,249,593
Less Accumulated Depreciation				
Sites	0	0	0	0
Site Improvements	70,399	7,772	0	78,171
Buildings	1,253,406	30,267	0	1,283,673
Equipment	424,506	22,315	0	446,821
Transportation	<u>396,508</u>	<u>31,186</u>	<u>38,300</u>	<u>389,394</u>
Total	<u>2,144,819</u>	<u>91,540</u>	<u>38,300</u>	<u>2,198,059</u>
Government Activities Capital				
Assets, Net	<u>1,006,275</u>	<u>45,259</u>	<u>0</u>	<u>1,051,534</u>

Depreciation expense for the governmental activities was allocated \$58,658 to instruction, \$31,186 to transportation, and \$1,696 to food service.

- D. The District had no long term debt at June 30, 2017.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

(4) OTHER INFORMATION

- A. Risk Management - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its property and casualty and workers’ compensation insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members’ claims in excess of a specified self-insured retention, which is determined each policy year.
- B. The District carries commercial insurance for all other losses, including employee health and accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
- C. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31, but wages are earned over a school year of approximately nine months. The salaries earned but not paid at June 30 are shown as an accrued liability.
- D. Operating Transfers In (Out) - The General Fund transferred \$51,900 to the Food Services Fund and \$2,029 to the Building and Technology Fund during the fiscal year.
- E. The ending fund balance in the Special Building & Technology Capital Projects Fund is a deficit.
- F. 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.

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

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

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

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

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

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 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:

	<u>For the Year Ended</u>	
	<u>December 31</u>	
	<u>2016</u>	<u>2017</u>
Employer Contribution Rate ¹	10.15%	10.15%
Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	<u>4.50%</u>	<u>5.00%</u>
Total Employer Contribution Rate to the SCHDTF ¹	18.13%	19.65%

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(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 \$188,065 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$6,738,055 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District proportion was 0.0226307664 percent, which was an increase of 0.0002793013 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,064,358. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	84,236	59
Changes of assumptions or other inputs	2,186,358	30,385
Net difference between projected and actual earnings on pension plan investments	225,306	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	27,851	36,139
Contributions subsequent to the measurement date	<u>97,543</u>	<u>N/A</u>
Total	2,621,295	66,583

There is \$97,543 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date that is recognized as a reduction of the net pension liability for 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:

Fiscal Year Ended June 30,	
2018	(21,863)
2019	8,275
2020	5,300
2021	-
2022	-
Thereafter	-

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

Actuarial assumptions. The table below includes the actuarial assumptions and other inputs utilized in the December 31, 2015 actuarial valuation and the revised assumptions utilized in the roll forward of the total pension liability from December 31, 2015 to December 31, 2016:

	<u>12/31/2015</u> <u>Actuarial Valuation</u>	<u>12/31/2016</u> <u>Roll Forward</u>
Actuarial cost method	Entry Age	Entry Age
Price inflation	2.80 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.90 percent	3.50 percent
Salary increases, including wage inflation	3.90-10.10 percent	3.50-9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent	7.25 percent
Discount rate	7.50 percent	5.26 percent
Post-retirement benefit increases:		
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.0 percent	2.0 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)	

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(Continued)

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption of the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) were developed by the investment consultant 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 November 18, 2016 adoption of the long-term expected rate of return by the PERA Board, 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	<u>Target</u> <u>Allocation</u>	<u>30 Year Expected</u> <u>Geometric Real Rate</u> <u>of Return</u>
U.S. Equity-Large Cap	21.20%	4.30%
U.S. Equity-Small Cap	7.42%	4.80%
Non U.S. Equity-Developed	18.55%	5.20%
Non U.S. Equity-Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income-Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	100.00%	

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Notes to Financial Statements
 June 30, 2017
 (Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employee contributions were assumed to be made at the rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of the AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the GASB Statement No. 67 projecting test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investment of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Notes to Financial Statements
June 30, 2017
(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 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.26 percent) or 1-percentage point higher (6.26 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>(4.26%)</u>	<u>Rate (5.26%)</u>	<u>(6.26%)</u>
Proportionate share of the net pension liability	8,472,887	6,738,054	5,325,096

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.

G. 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 percent 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, 2017, 2016 and 2015, the District contributions to the HCTF were \$10,433, \$10,111 and \$10,327, respectively, equal to their required contributions for each year.

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

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

At June 30, 2016, total assets were \$2,617,821, deferred outflows were \$1,070,149, total liabilities were \$9,079,354, deferred inflows were \$709,709, net position was (\$6,101,093), revenues were \$8,398,687, and expenses were \$8,359,060.

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

REQUIRED SUPPLEMENTARY INFORMATION

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Budgetary Comparison Schedule
 Major Governmental Funds
 For the Year Ended June 30, 2017

General Fund

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
REVENUES				
Local Sources				
Property taxes	816,000	816,000	719,028	(96,972)
Other	111,553	111,553	147,369	35,816
State Sources				
Equalization	1,110,000	1,110,000	1,216,784	106,784
Other	95,929	95,929	82,086	(13,844)
Federal Sources	<u>20,662</u>	<u>20,662</u>	<u>23,636</u>	<u>2,974</u>
Total Revenues	2,154,144	2,154,144	2,188,903	34,758
EXPENDITURES				
Current				
Instruction	1,292,547	1,292,547	1,261,012	31,536
Supporting Services				
Pupils	10,050	10,050	11,640	(1,590)
Instructional staff - library	70,444	70,444	59,596	10,848
General administration	241,500	241,500	239,035	2,465
School administration	18,300	18,300	18,188	112
Operations & maintenance	386,350	386,350	348,144	38,206
Transportation	174,600	174,600	180,203	(5,603)
Central services	11,000	11,000	11,844	(844)
Appropriated reserves	1,877,430	1,877,430	0	1,877,430
Capital Outlay	74,721	74,721	56,443	18,278
Contingency Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>4,156,942</u>	<u>4,156,942</u>	<u>2,186,103</u>	<u>1,970,839</u>
Excess of Revenues over (under) Expenditures	(2,002,798)	(2,002,798)	2,800	2,005,598
Other Sources (Uses)				
Operating Transfers In (Out)	<u>(51,813)</u>	<u>(51,813)</u>	<u>(53,929)</u>	<u>(2,116)</u>
Excess of Revenues and Other Sources over (under) Expenditures	(2,054,611)	(2,054,611)	(51,130)	2,003,481
Fund Balance - Beginning	<u>2,054,611</u>	<u>2,054,611</u>	<u>1,985,830</u>	<u>(68,781)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>1,934,700</u>	<u>1,934,700</u>

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Schedule of District's Proportionate Share of the Net Pension Liability
 Last 10 Years

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

The amounts presented for each year were determined as of December 31.

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

As of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contributions	188,065	175,911	162,991	148,337	144,214	134,901	129,727	125,338	113,480	105,394
Contributions in relation to the statutorily required contribution	<u>188,065</u>	<u>175,911</u>	<u>162,991</u>	<u>148,337</u>	<u>144,214</u>	<u>134,901</u>	<u>129,727</u>	<u>125,338</u>	<u>113,480</u>	<u>105,394</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,022,877	991,225	964,737	893,541	955,730	950,728	976,195	1,012,204	988,119	996,788
Contributions as a percentage of covered-employee payroll	18.39%	17.75%	16.89%	16.60%	15.09%	14.19%	13.29%	12.38%	11.48%	10.57%

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OTHER INFORMATION

COMBINING FUND STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 NonMajor Governmental Funds
 Combining Balance Sheet
 June 30, 2017

	<u>Food Service</u>	<u>Student Activity</u>	<u>Building & Technology</u>	<u>Total</u>
ASSETS				
Cash	8,217	69,596	0	77,813
Accounts receivable	846	0	0	846
Inventory	<u>3,092</u>	<u>0</u>	<u>0</u>	<u>3,092</u>
Total Assets	<u>12,155</u>	<u>69,596</u>	<u>0</u>	<u>81,751</u>
 LIABILITIES AND FUND BALANCE				
Liabilities				
Current				
Accrued salaries & benefits	<u>9,006</u>	<u>0</u>	<u>0</u>	<u>9,006</u>
Total Liabilities	9,006	0	0	9,006
 Fund Balance				
Nonspendable	3,092	0	0	3,092
Assigned	57	69,596	0	69,653
Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>3,149</u>	<u>69,596</u>	<u>0</u>	<u>72,745</u>
 Total Liabilities and Fund Balance	 <u>12,155</u>	 <u>69,596</u>	 <u>0</u>	 <u>81,751</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 NonMajor Governmental Funds
 Statement of Revenue, Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2017

	<u>Food</u> <u>Service</u>	<u>Student</u> <u>Activity</u>	<u>Building &</u> <u>Technology</u>	<u>Total</u>
REVENUES				
Local sources	24,857	119,186	0	144,043
State sources	1,100	0	0	1,100
Federal sources	<u>42,043</u>	<u>0</u>	<u>0</u>	<u>42,043</u>
Total Revenues	68,000	119,186	0	187,186
EXPENDITURES				
Current				
Salaries & benefits	61,365	0	0	61,365
Supplies & repairs	46,513	0	1,264	47,777
Other	0	121,014	0	121,014
Capital Outlay	<u>12,860</u>	<u>0</u>	<u>0</u>	<u>12,860</u>
Total Expenditures	<u>120,738</u>	<u>121,014</u>	<u>1,264</u>	<u>243,016</u>
Revenues over (under) Expenditures	(52,738)	(1,829)	(1,264)	(55,830)
Other Financing Sources				
Operating Transfers In	<u>51,900</u>	<u>0</u>	<u>2,029</u>	<u>53,929</u>
Excess of Revenues and Other Sources over (under) Expenditures	(838)	(1,829)	766	(1,901)
Fund Balance - Beginning	<u>3,987</u>	<u>71,425</u>	<u>(766)</u>	<u>74,646</u>
Fund Balance - Ending	<u>3,149</u>	<u>69,596</u>	<u>0</u>	<u>72,745</u>

INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the District's overall operation.

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash			
In bank	617,253	605,012	12,241
Certificates of deposit	1,476,336	1,540,164	(63,828)
Accrued property tax receivable	<u>17,815</u>	<u>18,620</u>	<u>(805)</u>
Total Assets	<u>2,111,404</u>	<u>2,163,797</u>	<u>(52,392)</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued salaries & benefits payable	176,704	177,967	(1,263)
Fund Balance			
Restricted for TABOR	67,391	66,713	678
Restricted for preschool	3,372	3,372	0
Unassigned	<u>1,863,938</u>	<u>1,915,746</u>	<u>(51,808)</u>
Total Fund Balance	<u>1,934,700</u>	<u>1,985,830</u>	<u>(51,130)</u>
Total Liabilities and Fund Balance	<u>2,111,404</u>	<u>2,163,797</u>	<u>(52,392)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property taxes	816,000	719,028	(96,972)	829,938
Specific ownership taxes	45,603	65,546	19,943	71,442
Penalties & interest	900	1,281	381	568
Interest on investments	12,000	12,001	1	9,851
Other	<u>53,050</u>	<u>68,541</u>	<u>15,491</u>	<u>56,257</u>
Total Local Revenue	927,553	866,396	(61,157)	968,055
State Sources				
Equalization	1,110,000	1,216,784	106,784	1,123,103
Vocational education	32,000	10,076	(21,924)	16,179
Transportation	44,000	46,669	2,669	46,583
Other grants	6,339	12,618	6,278	5,235
BOCES flowthrough	<u>13,590</u>	<u>12,723</u>	<u>(867)</u>	<u>10,836</u>
Total State Revenue	1,205,929	1,298,870	92,941	1,201,936
Federal Sources				
BOCES flowthrough	0	2,974	2,974	1,122
Grants	<u>20,662</u>	<u>20,662</u>	<u>0</u>	<u>14,922</u>
Total Federal Revenue	<u>20,662</u>	<u>23,636</u>	<u>2,974</u>	<u>16,044</u>
Total Revenues	2,154,144	2,188,903	34,758	2,186,035
Expenditures	<u>4,156,942</u>	<u>2,186,103</u>	<u>1,970,839</u>	<u>1,953,033</u>
Excess of Revenues over (under)				
Expenditures	(2,002,798)	2,800	2,005,598	233,002
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(51,813)</u>	<u>(53,929)</u>	<u>(2,116)</u>	<u>(53,000)</u>
Excess of Revenues and Other Sources over				
(under) Expenditures and Other Uses	(2,054,611)	(51,130)	2,003,481	180,002
Fund Balance - Beginning	<u>2,054,611</u>	<u>1,985,830</u>	<u>(68,781)</u>	<u>1,805,828</u>
Fund Balance - Ending	<u>0</u>	<u>1,934,700</u>	<u>1,934,700</u>	<u>1,985,830</u>

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

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

Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
INSTRUCTION				
Current				
Salaries	777,260	762,511	14,750	705,660
Employee benefits	297,455	292,484	4,971	267,703
Purchased services	93,470	99,428	(5,958)	92,485
Supplies & expenses	117,730	99,098	18,632	63,555
Other	6,632	7,491	(859)	5,959
Capital Outlay	<u>66,721</u>	<u>50,475</u>	<u>16,246</u>	<u>9,922</u>
Total Instruction	1,359,268	1,311,487	47,781	1,145,285
SUPPORTING SERVICES				
Pupils				
Current				
Purchased services	8,000	9,990	(1,990)	5,796
Supplies & expenses	1,750	1,515	235	889
Other	<u>300</u>	<u>135</u>	<u>165</u>	<u>250</u>
Total Pupils	10,050	11,640	(1,590)	6,935
Instructional Staff				
Current				
Salaries	43,750	37,590	6,160	30,783
Employee benefits	11,894	10,096	1,798	11,073
Purchased services	12,500	8,802	3,698	3,365
Supplies & expenses	2,300	3,108	(808)	4,191
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instructional Staff	70,444	59,596	10,848	49,411
General Administration				
Current				
Salaries	142,000	141,088	912	121,588
Employee benefits	56,000	53,817	2,183	52,134
Purchased services	17,400	17,223	177	22,428
Supplies & expenses	18,300	14,494	3,806	13,218
Other expenses	7,800	12,412	(4,612)	9,628
Capital Outlay	<u>2,000</u>	<u>0</u>	<u>2,000</u>	<u>0</u>
Total General Administration	243,500	239,035	4,465	218,996

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016
 (continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
School Administration				
Current				
Salaries	15,000	15,000	0	27,500
Employee Benefits	3,300	3,188	112	5,682
Purchased Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Total School Administration	18,300	18,188	112	35,182
Operations & Maintenance				
Current				
Salaries	71,750	65,778	5,972	69,660
Employee Benefits	29,800	27,823	1,977	29,481
Purchased Services	175,800	161,881	13,919	108,078
Supplies & Expenses	109,000	92,662	16,338	91,618
Capital Outlay	<u>6,000</u>	<u>5,967</u>	<u>33</u>	<u>30,176</u>
Total Operations & Maintenance	392,350	354,111	38,239	329,014
Transportation				
Current				
Salaries	81,500	84,492	(2,992)	80,011
Employee Benefits	47,200	48,518	(1,318)	48,392
Purchased Services	3,900	3,416	484	1,099
Supplies & Expenses	41,000	41,915	(915)	25,638
Other	1,000	1,862	(862)	2,664
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transportation	174,600	180,203	(5,603)	157,804
Central Services				
Current				
Purchased Services	<u>11,000</u>	<u>11,844</u>	<u>(844)</u>	<u>10,407</u>
Total Supporting Services	920,244	874,616	45,628	807,748
APPROPRIATED RESERVES	<u>1,877,430</u>	<u>0</u>	<u>1,877,430</u>	<u>0</u>
Total Expenditures	<u>4,156,942</u>	<u>2,186,103</u>	<u>1,970,839</u>	<u>1,953,033</u>



SPECIAL REVENUE FUNDS

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

Student Activity Fund - to account for the revenues and the expenditures of each of the activities reported.

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash in bank	8,217	10,516	(2,299)
Accounts receivable	846	143	703
Inventory	<u>3,092</u>	<u>2,508</u>	<u>584</u>
Total Assets	<u>12,155</u>	<u>13,166</u>	<u>(1,011)</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accrued salaries & benefits	9,006	9,179	(173)
Fund Balance			
Nonspendable	3,092	2,508	584
Assigned	<u>57</u>	<u>1,480</u>	<u>(1,423)</u>
Total Fund Balance	<u>3,149</u>	<u>3,987</u>	<u>(838)</u>
Total Liabilities and Fund Balance	<u>12,155</u>	<u>13,166</u>	<u>(1,011)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Food Services Special Revenue Fund
 Statement of Revenues, Expenses, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Actual Prior Year
Charges for Service				
Lunches	29,800	24,857	(4,943)	22,195
State Grants	797	1,100	303	843
Federal Aid				
Grants	0	9,789	9,789	0
Lunches	23,049	26,255	3,206	30,963
Commodities donated	<u>7,000</u>	<u>5,998</u>	<u>(1,002)</u>	<u>4,633</u>
Total Revenue	60,646	68,000	7,354	58,634
EXPENDITURES				
Salaries	38,000	36,942	1,058	36,778
Benefits	22,900	24,423	(1,523)	24,193
Food & milk	43,000	41,351	1,649	43,884
Supplies/other	11,046	5,162	5,884	8,241
Capital outlay	<u>1,500</u>	<u>12,860</u>	<u>(11,360)</u>	<u>0</u>
Total Expenses	<u>116,446</u>	<u>120,738</u>	<u>(4,292)</u>	<u>113,096</u>
Excess of Revenues over (under) Expenditures	(55,800)	(52,738)	3,062	(54,462)
Other Financing Sources (Uses)				
Operating Transfers In	<u>51,813</u>	<u>51,900</u>	<u>87</u>	<u>53,000</u>
Excess of Revenues and Other Sources over (under) Expenditures	(3,987)	(838)	3,149	(1,462)
Fund Balance - Beginning	<u>3,987</u>	<u>3,987</u>	<u>0</u>	<u>5,449</u>
Fund Balance - Ending	<u>0</u>	<u>3,149</u>	<u>3,149</u>	<u>3,987</u>



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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>69,596</u>	<u>71,425</u>	<u>(1,829)</u>
ASSIGNED FUND BALANCE	<u>69,596</u>	<u>71,425</u>	<u>(1,829)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Student Activity Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017

	Balance			Balance
	<u>July 1</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30</u>
Athletics	(960)	0	0	(960)
Summer Volleyball	1,559	6,997	4,989	3,567
Girls Basketball	1,788	4,407	5,499	696
Boys BKB Fun Fund	5,016	14,156	13,089	6,083
Coaching Clinic	(195)	0	0	(195)
Football Miscellaneous	972	500	0	1,472
Sports	2,255	0	0	2,255
Track	1,290	760	569	1,481
FFA	1,436	18,040	18,738	738
FCCLA	1	0	0	1
H S Cheerleaders	(4)	0	0	(4)
Jr Hi Cheerleaders	923	0	0	923
Studco	45	399	180	264
Class of 2009	143	0	0	143
Class of 2008	6	0	0	6
Class of 2007	1	0	0	1
Class of 2006	3	0	0	3
Class of 2011	1	0	0	1
Class of 2012	13	0	0	13
Class of 2013	(0)	0	0	(0)
Class of 2015	24	0	0	24
Class of 2016	(1,329)	0	7	(1,336)
Class of 2017	16,589	30,093	45,716	966
Class of 2018	11,432	13,158	8,584	16,006
Class of 2019	7,935	6,231	3,995	10,171
Class of 2020	4,430	5,290	3,841	5,880
Class of 2021	2,568	2,018	1,118	3,468
Class of 2022	896	2,063	400	2,559
Class of 2023	0	3,222	1,570	1,651
Bleacher Fund	(48)	0	0	(48)
Pop Fund	1	0	0	1
Student Bk Purchase	(3)	0	0	(3)
Sales/Not Fund Raise	868	17	117	768
After Prom Party	301	1,685	1,382	604

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Student Activity Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (continued)

	Balance <u>July 1</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance <u>June 30</u>
Box Tops For Ed.	2,082	4	0	2,086
Target Fund Raising	1,508	0	0	1,508
Diabetes - Fruit	25	0	0	25
Snack Program	1,119	1,040	490	1,669
CHSAA Milk Grant	1,143	0	89	1,055
Baughman Foundation	66	0	0	66
Michael Ghegan Fund	2,250	0	0	2,250
School Mall	106	0	0	106
Back to School Activities	36	0	0	36
Rockies Game Tickets	5	0	0	5
Computer	(29)	0	0	(29)
Discover Fund	10	0	0	10
Library Fund	538	229	10	757
Wind Ensemble Trip	4,875	6,203	8,188	2,890
Drama/Play	9	0	0	9
Science & Technology	275	2,674	2,444	505
Boettcher Science Fund	2	0	0	2
NAL Scholarship Fund	3	0	0	3
College Scholarships	490	0	0	490
Staff Scholarships	862	0	0	862
B O E/Staff Activities	<u>(1,907)</u>	<u>0</u>	<u>0</u>	<u>(1,907)</u>
Total	71,425	119,186	121,014	69,596
 Budget	 <u>71,425</u>	 <u>58,000</u>	 <u>129,425</u>	 <u>0</u>
 Variance - Favorable (Unfavorable)	 <u>(0)</u>	 <u>61,186</u>	 <u>8,410</u>	 <u>69,596</u>



CAPITAL PROJECTS FUNDS

Special Building and Technology Fund – to account for the revenues from a tax levy for the purpose of acquiring, maintaining, or constructing schools or for the purchase and installation of instructional and informational technology. Expenditures from the fund shall be authorized by a resolution adopted by the board of education of the District.

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Special Building & Technology Capital Projects Fund
 Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash in bank	0	1,387	(1,387)
Accrued property taxes receivable	<u>0</u>	<u>3,358</u>	<u>(3,358)</u>
Total Assets	<u>0</u>	<u>4,745</u>	<u>(4,745)</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts payable	0	5,511	(5,511)
FUND BALANCE			
Restricted for Capital Projects	<u>0</u>	<u>(766)</u>	<u>766</u>
Total Liabilities and Fund Balance	<u>0</u>	<u>4,745</u>	<u>(4,745)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Special Building & Technology Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Actual Prior Year</u>
REVENUES				
Local Sources				
Property taxes	3,164	0	(3,164)	149,961
EXPENDITURES				
Current				
Repairs	0	1,264	(1,264)	79,244
Supplies	0	0	0	5,117
Capital Outlay	<u>3,164</u>	<u>0</u>	<u>3,164</u>	<u>66,365</u>
Total Expenditures	<u>3,164</u>	<u>1,264</u>	<u>1,901</u>	<u>150,726</u>
Excess of Revenues over (under) Expenditures	0	(1,264)	(1,264)	(766)
Other Financing Sources (Uses)				
Operating Transfers In	<u>0</u>	<u>2,029</u>	<u>2,029</u>	<u>0</u>
Excess of Revenues over (under) Expenditures & Other Sources	0	766	766	(766)
Fund Balance - Beginning	<u>0</u>	<u>(766)</u>	<u>(766)</u>	<u>0</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>(766)</u>

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash in bank	75,883	90,204	(14,322)
Certificates of deposit	<u>587,886</u>	<u>683,578</u>	<u>(95,692)</u>
 Total Cash	 <u>663,769</u>	 <u>773,782</u>	 <u>(110,013)</u>
 FUND BALANCE			
Committed for capital projects	184,436	179,257	5,179
Restricted for capital projects	<u>479,333</u>	<u>594,525</u>	<u>(115,193)</u>
 Total Fund Balance	 <u>663,769</u>	 <u>773,782</u>	 <u>(110,013)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
 Kit Carson, Colorado
 Capital Reserve Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
REVENUES				
Local Sources				
Interest on investments	3,200	5,179	1,979	4,932
State Sources				
Small Rural Schools	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,492</u>
Total Revenues	3,200	5,179	1,979	37,424
EXPENDITURES				
Building Repairs	37,000	36,181	819	0
Capital outlay	80,000	79,012	988	39,875
Contingency reserve	<u>659,982</u>	<u>0</u>	<u>659,982</u>	<u>0</u>
Total Expenditures	<u>776,982</u>	<u>115,193</u>	<u>661,790</u>	<u>39,875</u>
Excess of Revenues over (under) Expenditures	(773,782)	(110,013)	663,769	(2,451)
Fund Balance - Beginning	<u>773,782</u>	<u>773,782</u>	<u>0</u>	<u>776,234</u>
Fund Balance - Ending	<u>0</u>	<u>663,769</u>	<u>663,769</u>	<u>773,782</u>

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 0510 - KIT CARSON R-1
 Fiscal Year: 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	1,985,830		2,069,010		2,120,140		1,934,700
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		65,964		65,964		0
Sub-Total	1,985,830		2,134,973		2,186,103		1,934,700
11 Charter School Fund	0		0		0		0
20.26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	3,987		119,900		120,738		3,149
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	71,425		119,186		121,014		69,596
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	-766		2,029		1,264		0
43 Capital Reserve Capital Projects Fund	773,782		5,179		115,192		663,769
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	2,834,258		2,361,267		2,544,312		2,671,214
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60.65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL