

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado

Financial Statements

For the Year Ended June 30, 2017



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CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Table of Contents
 June 30, 2017

	<u>Page</u>
Independent Auditor's Report	
Management Discussion and Analysis -----	a-h
 <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 - Governmental Funds to the Statement of Activities ----	6-7
Fiduciary Fund	
Statement of Net Position -----	8
Notes to the Financial Statements -----	9-23
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – General Fund -----	24
Schedule of District's Proportionate Share of Net Pension Liability -----	25
Schedule of Contributions and Related Ratios - Last 10 Years -----	26
 <u>Other Information</u>	
Combining and Individual Fund Statements	
Combining Balance Sheet - NonMajor Governmental Funds -----	27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance NonMajor Governmental Funds -----	28
General Fund	
Comparative Balance Sheet -----	29
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -----	30
Statement of Expenditures - Budget and Actual -----	31-33

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Table of Contents
 June 30, 2017

	<u>Page</u>
Special Revenue Funds	
Food Services Special Revenue Fund	
Comparative Balance Sheet -----	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -----	35
Student Activity Fund	
Comparative Balance Sheet -----	36
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual -----	37
Bond Redemption Debt Service Fund	
Comparative Balance Sheet -----	38
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -----	39
Student Activity Agency Fund	
Statement of Changes in Assets & Liabilities– Budget and Actual -----	40-41
Auditor's Integrity Report	

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Cheyenne County School District RE-5
P O Box 577
Cheyenne Wells, CO 80810

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 RE-5, as of and for the year ended June 30, 2017, 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 RE-5, 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-h and 24-26 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 RE-5'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 individual nonmajor fund financial statements and the Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Winfrey, County & Hays, PC

Winfrey, County & Hays, PC
Certified Public Accountants
October 11, 2017

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Management Discussion and Analysis
Year Ended June 30, 2017

Management of the District offers readers of the basic financial statements this narrative overview and analysis of the financial statements of the District for the fiscal year ended June 30, 2017.

Financial Highlights

The District's net position decreased by \$1,608,466 to \$4,835,202.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,491,857, a decrease of \$592,353 from the prior year.

General Fund revenues exceeded expenditures by \$259,857 for the 2016/2017 school year. The Bond Redemption Fund decreased \$848,569, the Student Activity Special Revenue Fund decreased by \$767, and the Food Service Special Revenue Fund decreased by \$2,873.

The District has had adequate resources available for all appropriations.

Overview of the Financial Statements

This discussion is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. In addition to the basic financial statements, also provided is other supplementary information.

Government-Wide Financial Statements

These statements report information 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 District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

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

The government-wide statements show all of the governmental activities and indicate all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Management Discussion and Analysis
Year Ended June 30, 2017
(continued)

Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in 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 readily be 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 (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Management Discussion and Analysis
 Year Ended June 30, 2017
 (continued)

Financial Analysis of the District as a Whole:

The District's total net position was \$4,835,202 at June 30, 2017.

Table 1
 Fiscal Year Ended June 30, 2017
 Net Position

	<u>Government Activities</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>
Current and other assets	2,742,592	3,276,464
Capital assets	<u>8,440,188</u>	<u>8,657,746</u>
Total assets	11,182,780	11,934,210
Deferred Outflows	3,838,048	640,737
Current liabilities	250,735	189,884
Long term liabilities	<u>9,794,077</u>	<u>5,671,287</u>
Total Liabilities	10,044,812	5,861,171
Deferred Inflows	140,814	270,108
Net Position		
Invested in capital assets	8,440,188	7,932,746
Restricted		
For TABOR	100,101	102,546
For Scholarship	54,165	54,165
For Preschool	0	19,432
For Debt Service	0	848,569
Unrestricted	<u>(3,759,252)</u>	<u>(2,513,790)</u>
Total Net Position	<u>4,835,202</u>	<u>6,443,668</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Management Discussion and Analysis
Year Ended June 30, 2017
(continued)

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Cheyenne County School District RE-5, assets exceed liabilities by approximately \$4,835,202, a decrease of \$1,608,466 from 2016.

Of the District's \$11,182,780 in total assets, \$8,440,188 (75%) reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

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 relate 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.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Management Discussion and Analysis
 Year Ended June 30, 2017
 (continued)

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

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

	Government Activities	
REVENUES	<u>6/30/2017</u>	<u>6/30/2016</u>
Program Revenues		
Charges for service	103,301	88,410
Operating grants	253,831	293,697
Capital Grants/Contributions	0	7,000
General Revenues		
Property taxes	1,253,515	1,943,858
Auto taxes	129,591	157,681
State Equalization	1,569,556	1,260,230
Other	37,827	63,363
Sale of Assets	<u>(35,710)</u>	<u>17,066</u>
Total Revenues	3,311,911	3,831,305
EXPENSES		
Instruction	2,818,450	1,883,291
Pupil services	128,552	81,534
Instructional services	140,034	68,747
General administration	299,267	239,624
School administration	435,994	266,023
Operations & maintenance	530,008	389,165
Pupil transportation	216,848	199,325
Central services	79,145	39,423
Debt service	11,629	30,147
Noninstructional	80,591	67,502
Food Services	<u>179,859</u>	<u>127,181</u>
Total Expenses	<u>4,920,377</u>	<u>3,391,960</u>
Increase (decrease) in net position	<u>(1,608,466)</u>	<u>439,345</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Management Discussion and Analysis
 Year Ended June 30, 2017
 (continued)

Table 3 shows the District's nine largest functions and unallocated depreciation expense. It also shows the net costs (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants and subsidies to show the remaining financial needs supported by local taxes and other revenues.

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	2,818,450	2,656,794	1,706,310
Pupil services	128,552	128,552	81,534
Instructional services	140,034	140,034	68,747
General administration	299,267	299,267	239,624
School administration	435,994	435,994	266,023
Operations & maintenance	530,008	530,008	389,165
Pupil transportation	216,848	179,922	136,375
Central services	79,145	79,145	39,423
Non Instructional	80,591	29,767	19,444
Food Service	179,859	72,132	26,061
Debt Services	<u>11,629</u>	<u>11,629</u>	<u>30,147</u>
Total Governmental Activities	4,920,377	4,563,244	3,002,853
Less State Equalization		<u>1,569,556</u>	<u>1,260,230</u>
Total needs from local taxes and other revenue		<u>2,993,689</u>	<u>1,742,623</u>

The District Funds

At June 30, 2017, the District governmental funds reported a combined fund balance of \$2,491,857, which is a decrease of \$592,353. The primary reasons for this decrease are:

In the General Fund, revenues exceeded the expenditures by \$259,857. Revenues decreased \$182,716 from 2016, while expenditures increased \$288,365, so the excess was up from \$659,446 from the prior year.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Management Discussion and Analysis
 Year Ended June 30, 2017
 (continued)

Financial Analysis of the District's Funds:

Revenues in general fund that decreased were \$458,718 from local sources while revenue from state sources increased \$258,694. There were sale of assets of \$3,402.

General Fund expenditures increased by \$288,365. Instruction increased by \$98,179 and operations and maintenance increased by \$227,049.

The Bond Fund decreased by \$848,569 because the bonds were paid off this year.

The Food Service Fund showed a decrease of \$2,873. Revenues increased \$6,609 and expenditures increased \$2,608.

The Student Activity Fund showed a decrease of \$767.

General Fund Budget

No revisions were made to the original budget.

Capital Assets and Debt Administration

At June 30, 2017, the District had \$8,440,188 invested in capital assets. This represents a net decrease (including additions and depreciation) of \$217,558. Depreciation expense was \$389,680. Capital purchases included new carpet for \$179,513, floor mixer for \$7,785, gas range with oven for \$4,835, and a 2015 Nissan Altima for \$19,100.

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Sites & Improvements	205,368	205,368
Buildings	10,988,260	10,910,385
Equipment	2,025,942	2,013,321
Transportation	<u>505,024</u>	<u>557,513</u>
Total capital assets	13,724,593	13,686,587
Accumulated depreciation	<u>(5,284,405)</u>	<u>(5,028,841)</u>
Total capital assets	<u>8,440,188</u>	<u>8,657,746</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Management Discussion and Analysis
 Year Ended June 30, 2017
 (continued)

Long-Term Debt

At year end, the District had no general obligation bonds outstanding. This is a reduction of \$725,000 from the prior year. There was also \$20,085 of compensated absences due.

	<u>2017</u>	<u>2016</u>
Bonds Payable	0	725,000
Compensated Absences		
General Fund	17,790	16,500
Food Services	<u>2,295</u>	<u>2,370</u>
Total	20,085	743,870

In 2017, the District paid a total of \$725,000 in principal toward its outstanding bond obligation.

Economic Factors and Next Year’s Budget and Rates:

Factors that will continue to affect next year’s budget are the concerns with the changing economy, the adjustments in school finance funding in regards to the “budget stabilization factor”, and property taxes due to a drop in oil and gas prices which will affect our assessed valuation, concerns over declining student enrollment, although it is starting to level off, and increased costs in employee insurance premiums. The Board of education approved staff salary increases of a step for certified employees and raised the minimum wage for classified employees .75 cents per hour, approved the purchase of a storage shed, approved the purchase and installation of carpet and tile, cove base and paint for the entire school, approved the purchase of new furniture for the entire school, approved the purchase and installation of new LED lighting for the gym, and purchased a copier for the Ag shop.. The Board of Education will also be putting a bond issue on the ballot in November of 2018 to address deferred maintenance of our school which will include a new roof, HVAC system, and new windows. The school will be 18 years old by the time work would be completed. Some general fund monies will be used to hire consultants for the bond issue and if the bond issue passes, general fund monies will be used to offset some costs for the building project.

The prediction is that the current state of the economy will continue to grow and get stronger and continue to impact the farming community and local economics located within the school district. The school district continues to experience a slight decrease in student enrollment. The four year student averaging used to base the funded count by CDE will probably be calculated at a lesser funded count than in 2016.

Contacting the District Financial Management

Our financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of Schools at Cheyenne County School District RE-5, P O Box 577, Cheyenne Wells, CO 80810.

BASIC FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Statement of Net Position
 June 30, 2017

Governmental
Activities

ASSETS	
Current Assets	
Cash and cash equivalents	1,927,409
Certificates of deposit	766,377
Inventory	8,534
Accrued property taxes receivable	33,137
Accounts receivable	<u>7,135</u>
Total Current Assets	2,742,592
Capital assets, net of accumulated depreciation	<u>8,440,188</u>
Total Assets	11,182,780
DEFERRED OUTFLOWS	3,838,048
LIABILITIES	
Current Liabilities	
Accounts payable	45,481
Accrued salaries payable	202,960
Compensated absences	<u>2,295</u>
Total Current Liabilities	250,735
Noncurrent Liabilities	
Compensated absences due within one year	3,330
Compensated absences due within more than one year	14,460
Net Pension Liability	<u>9,776,287</u>
Total Noncurrent Liabilities	<u>9,794,077</u>
Total Liabilities	10,044,812
DEFERRED INFLOWS	140,814
NET POSITION	
Invested in capital assets	8,440,188
Reserved for TABOR	100,101
Restricted	
For Music	54,165
For Preschool	0
Unrestricted	<u>(3,759,252)</u>
Total Net Position	<u>4,835,202</u>

CHEYENNE WELLS SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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	2,818,450	10,555	151,101	
Support Services				
Pupil services	128,552			
Instructional services	140,034			
General administration	299,267			
School administration	435,994			
Operations & maintenance	530,008			
Pupil transportation	216,848		36,926	
Central services	79,145			
Non Instructional	80,591	50,824		0
Debt Service	11,629			
Food Services	<u>179,859</u>	<u>41,922</u>	<u>65,805</u>	<u>0</u>
Total Governmental Activities	4,920,377	103,301	253,831	0

General revenues:

Taxes

 Property taxes, levied for general purposes

 Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Sale of assets

 Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position

Governmental
Activities

(2,656,794)

(128,552)

(140,034)

(299,267)

(435,994)

(530,008)

(179,922)

(79,145)

(29,767)

(11,629)

(72,132)

(4,563,244)

1,253,515

129,591

1,569,556

31,503

6,324

(35,710)

2,954,778

(1,608,466)

6,443,668

4,835,202

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2017

	<u>General</u>	<u>NonMajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	1,916,044	11,364	1,927,409
Certificates of deposit	766,377	0	766,377
Inventory	0	8,534	8,534
Accrued property taxes receivable	33,137	0	33,137
Accounts receivable	<u>445</u>	<u>6,690</u>	<u>7,135</u>
Total Assets	<u>2,716,004</u>	<u>26,588</u>	<u>2,742,592</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	45,481	0	45,481
Accrued salaries payable	195,717	7,243	202,960
Accrued sick leave	<u>0</u>	<u>2,295</u>	<u>2,295</u>
Total Liabilities	241,197	9,538	250,735
Fund Balances			
Restricted			
For TABOR	100,101	0	100,101
For Music	54,165	0	54,165
Nonspendable	0	8,534	8,534
Assigned	0	8,516	8,516
Unassigned	<u>2,320,540</u>	<u>0</u>	<u>2,320,540</u>
Total Fund Balances	<u>2,474,806</u>	<u>17,051</u>	<u>2,491,857</u>
Total Liabilities and Fund Balances	<u>2,716,004</u>	<u>26,588</u>	<u>2,742,592</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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	2,491,857
<p>Amounts reported for governmental activities in the statement of net position are different because of the following:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,440,188
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	3,838,048
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(9,794,077)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	<u>(140,814)</u>
Net Position of Governmental Activities	<u>4,835,202</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Taxes	1,255,160	0	0	1,255,160
Specific Ownership Taxes	129,591	0	0	129,591
Interest	8,325	1,079	0	9,404
Other	40,735	0	92,746	133,481
Intergovernmental				
State Sources				
Equalization	1,569,556	0	0	1,569,556
Other	129,912	0	1,442	131,354
Federal Sources	<u>58,114</u>	<u>0</u>	<u>64,363</u>	<u>122,478</u>
Total Revenues	3,191,393	1,079	158,551	3,351,023
EXPENDITURES				
Current				
Instruction	1,510,670	0	0	1,510,670
Supporting Services				
Students	79,346	0	0	79,346
Instructional staff services	46,464	0	0	46,464
General administration	236,021	0	0	236,021
School administration	257,488	0	0	257,488
Operations & maintenance	429,218	0	0	429,218
Pupil transportation	143,510	0	0	143,510
Central services	32,285	0	0	32,285
Non Instructional	0	0	80,591	80,591
Food Service	0	0	127,507	127,507
Debt Service	0	732,250	0	732,250
Capital Outlay	<u>268,026</u>	<u>0</u>	<u>0</u>	<u>268,026</u>
Total Expenditures	<u>3,003,028</u>	<u>732,250</u>	<u>208,098</u>	<u>3,943,376</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017
 (continued)

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues over (under) Expenditures	188,365	(731,171)	(49,547)	(592,353)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>71,492</u>	<u>(117,398)</u>	<u>45,907</u>	<u>0</u>
Revenues & Other Sources over (under) Expenditures & Other Sources	259,857	(848,569)	(3,641)	(592,353)
Fund Balance - Beginning	<u>2,214,949</u>	<u>848,569</u>	<u>20,691</u>	<u>3,084,210</u>
Fund Balance - Ending	<u>2,474,806</u>	<u>0</u>	<u>17,051</u>	<u>2,491,857</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 (592,353)

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	211,234	
Depreciation expense	<u>(389,680)</u>	(178,446)

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
For the Year Ended June 30, 2017

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

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the additional interest in the statement of activities

Bond accrued interest		14,050
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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		(1,517,885)
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The issuance of long-term debt (e.g. bonds & leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Sick leave	(1,290)	
Principal on bonds	725,000	
Amortized interest expense on defeased bonds	<u>(18,429)</u>	705,281

Gain (loss) on disposal of assets is not recognized in governmental funds, but the sale of the assets is recorded as income.

Cash received on sale of asset	(3,402)	
Recognized gain (loss)	<u>(35,710)</u>	<u>(39,112)</u>

Change in net position of governmental activities		<u>(1,608,466)</u>
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CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Statement of Fiduciary Net Position
Student Activity Agency Fund
June 30, 2017

	Student Activity Fund
ASSETS	
Cash in bank	87,467
LIABILITIES	
Due to Student Activities	<u>87,467</u>
NET POSITION	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Notes to the Financial Statements
June 30, 2017

Cheyenne County School District RE-5 is an independent governmental entity organized under provisions of the Colorado Revised Statutes. It operates entirely within Cheyenne County but is not part of the County government. There are no component units that should be included in these financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cheyenne County School District RE-5 have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and the District is following the *Financial Policies and Procedures Handbook*. The following is a summary of the significant policies:

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 RE-5.

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 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 bond redemption fund accounts for the collection of property taxes for the payment of the bond issue.

Additionally the District reports the Student Activity agency fund which accounts for cash held by the District for related organizations. It is custodial in nature and does not involve measurement of results of operations.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the 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 as are the proprietary fund and the fiduciary fund statements. 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) are 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 with 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 and Fund Balances/Net position or Equity

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 RE-5
 Cheyenne Wells, Colorado
 Notes to the 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". Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide statements as "internal balances".

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 asset, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Site improvements	30
Buildings	20-50
Equipment	5-25
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

Compensated Absences - The district allows the accumulation of 30 days sick leave per employee with all excess over 30 days paid in cash each year on September 1. The accumulated sick leave is payable to employees at termination, resignation, retirement or death.

Salaries and related benefits of certain school-based personnel are paid over a twelve-month period beginning in September, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, as of June 30, 2017 are:

General Fund	\$ 195,717
Food Service	<u>7,243</u>
Total	202,960

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

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. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

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

The amounts of unpaid vacation leave accumulated by District employees are accrued as expenses when incurred. Employees are limited in the number of unused vacation hours they may carry forward at year-end. The District records the accrued liability for unpaid vacation leave in the accompanying basic financial statements as liabilities.

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 and liabilities and disclosure. Actual results could differ from those estimates.

8. Fund Balances and Net Position

In the government-wide and proprietary fund financial statements, net position are classified in the following categories;

Invested in Capital Assets – 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.

Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditures in future periods.

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

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 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 Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

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 a body 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, or unassigned funds are available, committed is first spent, then assigned.

At June 30, 2017 the amounts restricted were \$100,101 for the TABOR Reserve, and \$54,165 for music.

(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.

In November 1997, voters of the District approved a ballot issue which allows the District to collect, retain, and expend revenues from all sources, without limit.

- B. The District is in compliance with Financial Policies and Procedures handbook prepared by the Colorado Department of Education.
- C. The General Fund transferred \$29,000 and \$16,907, respectively, to the Student Activity Special Revenue Fund and Food Service, for general operating purposes. The bond fund transferred \$117,398 to the general fund for operating purposes.
- D. In November 2013, taxpayers approved a mill levy override of 6.1 mills.
- E. Expenditures in the Student Activities Special Revenue Fund of \$80,591 exceeds the budgeted amount of \$80,000. 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 and carried at cost. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit".

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 RE-5
Cheyenne Wells, Colorado
Notes to the Financial Statements
June 30, 2017

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
Deposits collateralized in a single institution pool	2,103,490	2,280,692
Cash on hand	<u>0</u>	<u>560</u>
Total Deposits	2,603,490	2,781,252
Shown as Certificates of Deposits		(766,377)
In Agency Fund		<u>(87,467)</u>
Cash		1,927,409

As presented above, deposits with a bank balance of \$2,103,490 and a carrying balance of \$2,280,692 as of June 30, 2017, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

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

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

- C. Changes in General Fixed Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Land	174,600	0	0	174,600
Site Improvements	30,768	0	0	30,768
Buildings	10,910,385	179,513	101,639	10,988,259
Equipment	2,013,321	12,620	0	2,025,941
Transportation	<u>557,513</u>	<u>19,100</u>	<u>71,589</u>	<u>505,024</u>
Total	13,686,587	211,234	173,228	13,724,593
Less Accumulated Depreciation				
Site Improvements	7,265	1,025	0	8,290
Buildings	3,344,235	225,166	62,527	3,506,874
Equipment	1,239,332	134,101	0	1,373,433
Transportation	<u>438,009</u>	<u>29,388</u>	<u>71,589</u>	<u>395,808</u>
Total	<u>5,028,841</u>	<u>389,680</u>	<u>134,116</u>	<u>5,284,405</u>
Governmental Activities				
Capital Assets, Net	<u>8,657,746</u>	<u>(178,446)</u>	<u>39,112</u>	<u>8,440,188</u>

Depreciation expense for the governmental activities was allocated \$359,661 to instruction, \$29,388 to transportation and \$631 to food service.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

D. Changes in Long-Term Debt

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>
Compensated Absences				
General Fund	16,500	1,290	-	17,790
Food Service	2,370	-	75	2,295
Bonds Payable	<u>725,000</u>	<u>-</u>	<u>725,000</u>	<u>-</u>
	743,870	1,290	725,075	20,085

General Obligation Bonds Payable.

On November 6, 2001, the taxpayers passed at election to issue bonds up to \$10,000,000. The money was to be used to build a pre K-8 school facility, renovate the existing high school and acquire furniture and equipment for the school. The contract for the construction was \$9,491,820. The construction was complete by June 30, 2003. The net effective interest rate is 3.90%.

On August 18, 2011, the District issues \$4,125,000 of refunding general obligation bonds with average rate of 2.5% to advance refund \$4,070,000 of the 2001 series bonds. The net proceeds of \$4,164,779 (after receiving a premium of \$113,668 and payment of \$73,889 issue costs) were deposited in escrow to purchase U S government securities. As a result, all of the 2001 series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advanced refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$94,779. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charge to operations through the year 2016 using the effective interest method. The District completed the advance refunding to reduce its total debt service payments over the next 5 years by \$291,242 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$282,101.

There are no scheduled payments for the 2011 refunding bonds. These bonds were paid off during the June 30, 2017 year end.

E. Deferred Outflows of Resources

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>
Defeased Bonds	18,428	0	18,428	0

(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, a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSI for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSI 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.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

The District carries commercial insurance for all risks or loss, including workers' compensation and employee's health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. 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 are earned over a school year of approximately a nine month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. 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.

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.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

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 RE-5
 Cheyenne Wells, Colorado
 Notes to the 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 \$273,472 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 \$9,776,287 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 0.0328351254 percent, which was an increase of 0.0007096294 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,517,885. 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	122,219	86
Changes of assumptions or other inputs	3,172,201	44,086
Net difference between projected and actual earnings on pension plan investments	326,899	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	70,761	96,642
Contributions subsequent to the measurement date	<u>145,969</u>	<u>N/A</u>
Total	3,838,048	140,814

There is \$145,969 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	(51,678)
2019	12,333
2020	13,465
2021	-
2022	-
Thereafter	-

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the 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>12/31/2016</u>
	<u>Actuarial Valuation</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.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
Cheyenne Wells, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

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

For disabled retirees, the mortality assumption was 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:

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

Asset Class	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate 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%	

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.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. 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.

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 (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	12,293,366	9,776,287	7,726,216

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.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

D. Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Cheyenne Wells School 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 Cheyenne Wells School 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 Cheyenne Wells School 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 Cheyenne Wells School District contributions to the HCTF were \$15,165, \$14,669 and \$14,129, respectively, equal to their required contributions for each year.

E. 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.

F. Accrued Compensation/Compensated Absences

REQUIRED SUPPLEMENTARY INFORMATION

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				<u>(Negative)</u>
REVENUES				
Local sources	1,525,369	1,525,369	1,433,811	(91,558)
State Sources	1,996,786	1,996,786	1,699,468	(297,318)
Federal Sources	<u>57,994</u>	<u>57,994</u>	<u>58,114</u>	<u>120</u>
Total Revenues	3,580,149	3,580,149	3,191,393	(388,756)
EXPENDITURES				
Current				
Instruction	1,596,805	1,596,805	1,510,670	86,135
Supporting Services				
Pupils	87,681	87,681	79,346	8,335
Instructional Staff - Library	67,899	67,899	46,464	21,435
General Administration	254,619	254,619	236,021	18,598
School Administration	262,780	262,780	257,488	5,291
Operations & Maintenance	449,711	449,711	429,218	20,493
Pupil Transportation	214,560	214,560	143,510	71,049
Central Support	52,772	52,772	32,285	20,487
Capital Outlay	722,297	722,297	268,026	454,271
Appropriated reserves	<u>1,842,588</u>	<u>1,842,588</u>	<u>0</u>	<u>1,842,588</u>
Total Expenditures	<u>5,551,711</u>	<u>5,551,711</u>	<u>3,003,028</u>	<u>2,548,683</u>
Excess of revenues over (under)				
Expenditures	(1,971,562)	(1,971,562)	188,365	2,159,927
Other Financing Uses				
Operating Transfers In (Out)	(7,534)	(7,534)	71,492	79,025
SWAP	<u>(904)</u>	<u>(904)</u>	<u>0</u>	<u>904</u>
Excess of Revenues over (under)				
Expenditures & Other Uses	(1,980,000)	(1,980,000)	259,857	2,239,857
Fund Balance - Beginning	<u>1,980,000</u>	<u>1,980,000</u>	<u>2,214,949</u>	<u>234,949</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>2,474,806</u>	<u>2,474,806</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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	0.032835%	0.032125%	0.032826%	0.035099%
Proportionate share of the collective net pension liability	9,776,287	4,913,368	4,449,056	4,359,002
Covered payroll	1,473,699	1,294,208	1,374,547	1,455,824
Proportionate share of the net pension liability as a percentage of its covered employee payroll	663.38%	379.64%	323.67%	299.42%
Plan fiduciary net position as a percentage of 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 RE-5
 Cheyenne Wells, 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>
Statutorily required contributions	273,472	255,383	234,170	219,722	219,862	208,347	207,107	191,761
Contributions in relation to the statutorily required contribution	<u>273,472</u>	<u>255,383</u>	<u>234,170</u>	<u>219,722</u>	<u>219,862</u>	<u>208,347</u>	<u>207,107</u>	<u>191,761</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>
Covered-employee payroll	1,486,788	1,438,090	1,385,157	1,373,013	1,455,824	1,467,641	1,557,256	1,547,298
Contributions as a percentage of covered-employee payroll	18.39%	17.76%	16.91%	16.00%	15.10%	14.20%	13.30%	12.39%

Note - Payroll records prior to FYE 6/30/10 are not readily available

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OTHER INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Combining Balance Sheet
 NonMajor Governmental Funds
 June 30, 2017

ASSETS	<u>Food Service</u>	<u>Student Activity</u>	<u>Total</u>
Current Assets			
Cash	9,062	2,302	11,364
Accounts/Grants Receivable	6,690	0	6,690
Inventory	<u>8,534</u>	<u>0</u>	<u>8,534</u>
Total Current Assets	<u>24,286</u>	<u>2,302</u>	<u>26,588</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accrued Salaries & Benefits	7,243	0	7,243
Accrued Sick Leave	<u>2,295</u>	<u>0</u>	<u>2,295</u>
Total Current Liabilities	9,538	0	9,538
Fund Balance			
Nonspendable	8,534	0	8,534
Assigned	<u>6,214</u>	<u>2,302</u>	<u>8,516</u>
Total Fund Balance	<u>14,748</u>	<u>2,302</u>	<u>17,051</u>
Total Liabilities and Fund Balance	<u>24,286</u>	<u>2,302</u>	<u>26,588</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 NonMajor Governmental Funds
 For Year Ended June 30, 2017

REVENUES	Food <u>Service</u>	Student <u>Activity</u>	<u>Total</u>
Local	41,922	50,824	92,746
State	1,442	0	1,442
Federal	<u>64,363</u>	<u>0</u>	<u>64,363</u>
Total Revenues	107,727	50,824	158,551
EXPENDITURES			
Current			
Athletic	0	80,591	80,591
Food Service	<u>127,507</u>	<u>0</u>	<u>127,507</u>
Total Expenditures	<u>127,507</u>	<u>80,591</u>	<u>208,098</u>
Excess of Revenues over (under) Expenditures	(19,780)	(29,767)	(49,547)
Other Financing Sources			
Operating Transfers In	<u>16,907</u>	<u>29,000</u>	<u>45,907</u>
Excess of Revenues and Other Sources Over (under) Expenditures	(2,873)	(767)	(3,641)
Fund Balance - Beginning	<u>17,622</u>	<u>3,069</u>	<u>20,691</u>
Fund Balance - Ending	<u>14,748</u>	<u>2,302</u>	<u>17,051</u>

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. It is the most significant fund in relation to the District's overall operation.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 General Fund
 Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash In Bank	1,916,044	2,004,050	(88,006)
Certificates of Deposit	766,377	364,740	401,636
Accrued Property Tax Receivable	33,137	28,264	4,873
Accounts Receivable	<u>445</u>	<u>0</u>	<u>445</u>
Total Assets	<u>2,716,004</u>	<u>2,397,055</u>	<u>318,949</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	45,481	704	44,776
Due to Other Funds	0	15	(15)
Accrued Salaries and Benefits Payable	<u>195,717</u>	<u>181,386</u>	<u>14,331</u>
Total Liabilities	241,197	182,106	59,092
Fund Balance			
Restricted			
For TABOR	100,101	102,546	(2,445)
For Music	54,165	54,165	0
For Preschool	0	19,432	(19,432)
Unassigned	<u>2,320,540</u>	<u>2,038,807</u>	<u>281,733</u>
Total Fund Balance	<u>2,474,806</u>	<u>2,214,949</u>	<u>259,857</u>
Total Liabilities and Fund Balance	<u>2,716,004</u>	<u>2,397,055</u>	<u>318,949</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5

Cheyenne Wells, 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	1,377,347	1,255,160	(122,187)	1,586,711
Specific Ownership Taxes	89,322	129,591	40,269	157,681
Investment Interest	5,500	8,325	2,825	7,095
Other	53,200	37,333	(15,867)	78,221
Sale of Assets	<u>0</u>	<u>3,402</u>	<u>3,402</u>	<u>62,821</u>
Total Local Sources	1,525,369	1,433,811	(91,558)	1,892,529
State Sources				
Equalization	1,373,010	1,569,556	196,546	1,260,230
Transportation	35,000	36,926	1,926	62,950
Vocational Education	32,760	45,712	12,952	20,206
BOCES Flowthrough	35,466	36,885	1,419	38,326
Other	<u>520,550</u>	<u>10,389</u>	<u>(510,161)</u>	<u>59,062</u>
Total State Sources	1,996,786	1,699,468	(297,318)	1,440,774
Federal Sources				
Grants	14,643	14,768	125	12,814
BOCES Flowthrough	<u>43,351</u>	<u>43,346</u>	<u>(5)</u>	27,992
Total Federal Sources	<u>57,994</u>	<u>58,114</u>	<u>120</u>	<u>40,806</u>
Total Revenues	3,580,149	3,191,393	(388,756)	3,374,109
Expenditures	<u>5,551,711</u>	<u>3,003,028</u>	<u>2,548,683</u>	<u>2,714,663</u>
Excess of Revenues over (under) Expenditures	(1,971,562)	188,365	2,159,927	659,446
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(7,534)	71,492	79,025	(48,100)
SWAP	<u>(904)</u>	<u>0</u>	<u>904</u>	<u>0</u>
Excess of Revenues and Other Sources over (under) Expenditures & Other Uses	(1,980,000)	259,857	2,239,857	611,346
Fund Balance - Beginning	<u>1,980,000</u>	<u>2,214,949</u>	<u>234,949</u>	<u>1,603,603</u>
Fund Balance - Ending	<u>0</u>	<u>2,474,806</u>	<u>2,474,806</u>	<u>2,214,949</u>

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

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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

INSTRUCTION	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Current				
Salaries	973,145	956,291	16,854	888,896
Employee Benefits	370,371	343,506	26,865	322,150
Purchased Services	167,371	153,821	13,550	121,658
Supplies and Material	85,918	57,053	28,865	63,377
Other	0	0	0	0
Capital Outlay	<u>53,793</u>	<u>32,357</u>	<u>21,436</u>	<u>48,767</u>
Total Instruction	1,650,598	1,543,028	107,570	1,444,848
SUPPORTING SERVICES				
Pupil				
Current				
Salaries	60,255	58,735	1,520	52,923
Benefits	19,176	18,763	413	18,850
Purchased Services	2,650	1,582	1,068	1,996
Supplies and Material	5,600	266	5,334	425
Capital Outlay	<u>600</u>	<u>0</u>	<u>600</u>	<u>2,690</u>
Total Pupil	88,281	79,346	8,935	76,885
Instructional Staff Services				
Current				
Salaries	33,800	33,854	(54)	33,057
Employee Benefits	20,274	7,668	12,606	18,483
Purchased Services	8,975	1,349	7,626	55
Supplies and Material	4,850	3,593	1,257	8,127
Capital Outlay	<u>500</u>	<u>0</u>	<u>500</u>	<u>6,121</u>
Total Instructional Staff	68,399	46,464	21,935	65,842

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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
General Administration				
Current				
Salaries	101,500	102,821	(1,321)	103,119
Employee Benefits	49,319	46,948	2,371	50,150
Purchased Services	71,100	47,858	23,242	37,964
Supplies and Material	32,700	35,877	(3,177)	35,660
Other	0	2,516	(2,516)	2,473
Capital Outlay	<u>1,000</u>	<u>1,250</u>	<u>(250)</u>	<u>1,200</u>
Total General Administration	255,619	237,271	18,348	230,565
 School Administration				
Current				
Salaries	181,675	182,438	(763)	178,981
Employee Benefits	72,505	68,861	3,644	63,891
Purchased Services	3,600	2,652	948	2,479
Supplies and Material	5,000	3,537	1,463	3,399
Other	0	0	0	0
Capital Outlay	<u>1,000</u>	<u>400</u>	<u>600</u>	<u>1,548</u>
Total School Administration	263,780	257,888	5,891	250,298
 Operations and Maintenance				
Current				
Salaries	103,500	95,784	7,716	85,639
Employee Benefits	41,907	35,423	6,484	33,081
Purchased Services	147,804	155,565	(7,761)	126,221
Supplies and Material	156,500	142,446	14,054	126,597
Other	0	0	0	0
Capital Outlay	<u>633,604</u>	<u>214,918</u>	<u>418,686</u>	<u>45,549</u>
Total Operations & Maintenance	1,083,315	644,136	439,179	417,088

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
SUPPORTING SERVICES (continued)				
Pupil Transportation				
Current				
Salaries	102,445	66,109	36,336	76,508
Employee Benefits	27,029	20,022	7,006	22,869
Purchased Services	30,086	21,813	8,273	29,617
Supplies and Material	55,000	35,566	19,434	33,844
Capital Outlay	<u>30,000</u>	<u>19,100</u>	<u>10,900</u>	<u>27,286</u>
Total Transportation	244,560	162,610	81,949	190,124
Central Support Services				
Current				
Purchased Services	52,772	32,285	20,487	39,013
Capital Outlay	<u>1,800</u>	<u>0</u>	<u>1,800</u>	<u>0</u>
Total Central Services	<u>54,572</u>	<u>32,285</u>	<u>22,287</u>	<u>39,013</u>
TOTAL SUPPORTING SERVICES	2,058,525	1,460,000	598,525	1,269,815
Appropriated Reserves	<u>1,842,588</u>	<u>0</u>	<u>1,842,588</u>	<u>0</u>
TOTAL EXPENDITURES	<u>5,551,711</u>	<u>3,003,028</u>	<u>2,548,683</u>	<u>2,714,663</u>



SPECIAL REVENUE FUNDS

Food Services Fund

To account for revenue and expenses associated with providing meals to students, staff, and visitors.

Student Activity Fund

To account for the revenues reported and the expenditures of each of the activities reported.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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	9,027	20,295	(11,268)
On Hand	<u>35</u>	<u>35</u>	<u>0</u>
Total Cash	9,062	20,330	(11,268)
Accounts Receivable	5,403	0	5,403
Grants Receivable	1,287	0	1,287
Inventory	<u>8,534</u>	<u>7,455</u>	<u>1,079</u>
Total Current Assets	<u>24,286</u>	<u>27,785</u>	<u>(3,499)</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued Salaries & Benefits Payable	7,243	6,903	339
Unearned Revenue	0	890	(890)
Accrued Sick Leave	<u>2,295</u>	<u>2,370</u>	<u>(75)</u>
Total Liabilities	9,538	10,163	(626)
 FUND BALANCE			
Nonspendable	8,534	7,455	1,079
Assigned	<u>6,214</u>	<u>10,167</u>	<u>(3,953)</u>
Total Fund Balance	<u>14,748</u>	<u>17,622</u>	<u>(2,873)</u>
 Total Liabilities and Fund Balance	 <u>24,286</u>	 <u>27,785</u>	 <u>(3,499)</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Food Services Special Revenue 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
Charges for Service				
Student Meals	51,850	34,576	(17,274)	31,804
Adult Meals	7,200	7,245	45	5,436
Other	750	101	(649)	383
State Grants	3,100	1,442	(1,658)	2,003
Federal Aid				
Breakfast & Lunch	43,000	54,554	11,554	53,405
Donated Commodities	<u>100</u>	<u>9,809</u>	<u>9,709</u>	<u>8,089</u>
Total Revenues	106,000	107,727	1,727	101,120
EXPENSES				
Salaries	58,000	56,394	1,606	54,365
Benefits	25,332	25,116	216	23,849
Food & Milk	46,568	31,229	15,339	33,564
Commodities	0	9,809	(9,809)	8,089
Purchased Services	1,600	1,324	276	43
Non-Food	3,500	1,853	1,647	2,495
Capital Outlay	<u>0</u>	<u>1,781</u>	<u>(1,781)</u>	<u>0</u>
Total Expenditures	<u>135,000</u>	<u>127,507</u>	<u>7,493</u>	<u>122,404</u>
Excess of Revenues over (under) Expenditures	(29,000)	(19,780)	9,220	(21,284)
Other Financing Sources				
Operating Transfers In	<u>29,000</u>	<u>16,907</u>	<u>(12,093)</u>	<u>19,100</u>
Excess of Revenues and Other Sources over (under) Expenditures	0	(2,873)	(2,873)	(2,184)
Fund Balance - Beginning	<u>0</u>	<u>17,622</u>	<u>17,622</u>	<u>19,806</u>
Fund Balance - Ending	<u>0</u>	<u>14,748</u>	<u>14,748</u>	<u>17,622</u>

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

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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	1,777	2,544	(767)
On Hand	<u>525</u>	<u>525</u>	<u>0</u>
Total Cash	2,302	3,069	(767)
 ASSIGNED FUND BALANCE	 <u>2,302</u>	 <u>3,069</u>	 <u>(767)</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, 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
 With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUE	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Interest Income	1,000	0	(1,000)	0
Gates admission	79,000	50,824	(28,176)	41,057
Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,000</u>
Total Revenue	80,000	50,824	(29,176)	48,057
EXPENDITURES				
Non Instructional				
Athletic purchased services	80,000	12,665	67,335	12,134
Athletic supplies	0	37,298	(37,298)	36,796
Travel	0	30,628	(30,628)	18,572
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,010</u>
Total Expenditures	<u>80,000</u>	<u>80,591</u>	<u>(591)</u>	<u>78,512</u>
Excess of Revenue over (under) Expenditures	0	(29,767)	(29,767)	(30,454)
Other Sources (Uses)				
Operating transfers In (Out)	<u>0</u>	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>
Excess of Revenues & Other Sources over (under) Expenditures	0	(767)	(767)	(1,454)
Fund Balance - Beginning	<u>0</u>	<u>3,069</u>	<u>3,069</u>	<u>4,524</u>
Fund Balance - Ending	<u>0</u>	<u>2,302</u>	<u>2,302</u>	<u>3,069</u>



DEBT SERVICE FUND

Bond Redemption Fund

To account for payment of principal and interest on bonds issued November 6, 2001.
Financing is provided by a specific annual property tax levy.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Bond Redemption Debt Service Fund
 Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash in Bank	0	842,566	(842,566)
Certificate of Deposit	0	0	0
Due from Other Funds	0	15	(15)
Accrued Property Taxes Receivable	<u>0</u>	<u>5,988</u>	<u>(5,988)</u>
Total Assets	<u>0</u>	<u>848,569</u>	<u>(848,569)</u>
FUND BALANCE			
Restricted for Debt Service	<u>0</u>	<u>848,569</u>	<u>(848,569)</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Bond Redemption Debt Service 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

REVENUE	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Property Taxes	737,500	0	(737,500)	353,774
Interest	<u>2,000</u>	<u>1,079</u>	<u>(921)</u>	<u>0</u>
Total Revenue	739,500	1,079	(738,421)	353,774
EXPENDITURES				
Debt Service				
Account Fee	0	0	0	0
Bond Interest	7,250	7,250	0	21,600
Bond Principal	<u>732,250</u>	<u>725,000</u>	<u>7,250</u>	<u>710,000</u>
Total Expenditures	<u>739,500</u>	<u>732,250</u>	<u>7,250</u>	<u>731,600</u>
Excess of Revenues over (under) Expenditures	0	(731,171)	(731,171)	(377,826)
Other Sources (Uses)				
Operating transfers In (Out)	<u>0</u>	<u>(117,398)</u>	<u>(117,398)</u>	<u>0</u>
Excess of Revenues and Other Sources over (under) Expenditures	<u>0</u>	<u>(848,569)</u>	<u>(848,569)</u>	<u>(377,826)</u>
Fund Balance - Beginning	<u>0</u>	<u>848,569</u>	<u>848,569</u>	<u>1,226,395</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>848,569</u>



AGENCY FUND

Student Activity Fund

To act as custodian for the classes and activities of the District.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities - Budget and Actual
 For the Year Ended June 30, 2017

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
Resale	279	6,313	4,599	1,992
Elementary	229	5,539	5,718	51
HS Student Council	300	2,076	370	2,006
Knowledge Bowl	172	0	0	172
FFA	1,034	16,696	13,267	4,464
Annual	6,306	5,388	3,834	7,860
Shop Resale	6,746	1,971	2,494	6,223
National Honor Society	2,611	4,542	4,312	2,842
Tigerettes	110	0	110	(0)
HS Cheerleaders	5,270	18,718	15,500	8,488
JH Cheerleaders	4,276	2,855	1,437	5,695
JH Student Council	207	0	50	157
Art Resale	1,025	681	659	1,046
Principal's Account	182	480	662	0
RIF Book Fairs	65	2,962	2,964	63
Music Scholarship	554	0	0	554
Science Club	2,394	0	0	2,394
FBLA	1,846	1,899	1,801	1,943
Library Fund	493	118	597	14
Music Resale	158	0	120	38
Football Field Reserve	(0)	1,000	904	96
Flower Fund	75	235	197	113
Drama	54	0	54	0
Elementary Enrichment	0	362	322	40
Pre/Play Club	5,108	2,235	2,308	5,035
Petty Cash	148	0	148	0
Vo Ag Resale	349	0	0	349
Baseball Resale	420	3,110	2,944	586
Gymnastics Resale	1,360	0	468	892
Football Resale	242	2,266	1,946	562
Volleyball Resale	1,669	1,969	1,333	2,305
Boys BB Resale	4,283	3,268	2,487	5,064
Girls Golf Resale	375	2,627	2,554	449
Wrestling Resale	550	1,941	2,385	106
Track Resale	773	1,035	867	941

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

CHEYENNE COUNTY SCHOOL DISTRICT RE-5
 Cheyenne Wells, Colorado
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities - Budget and Actual
 For the Year Ended June 30, 2017
 (continued)

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
Girls BB Resale	1,015	6,196	6,393	818
Memory Mates	0	0	0	0
FFA District	380	125	0	505
Boys Golf Resale	2,400	0	262	2,138
Concessions	5	9,695	5,073	4,626
Class of 2013	344	0	344	0
Class of 2014	9	0	9	(0)
Class of 2016	334	0	334	(0)
Class of 2017	14,590	7,079	20,978	691
Class of 2018	12,718	3,769	4,257	12,230
Class of 2019	0	11,325	7,360	3,965
Class of 2020	<u>0</u>	<u>0</u>	<u>47</u>	<u>(47)</u>
Total	81,461	128,475	122,469	87,467
 Budget	 <u>0</u>	 <u>185,000</u>	 <u>185,000</u>	 <u>0</u>
 Variance - Favorable (Unfavorable)	 <u>81,461</u>	 <u>(56,525)</u>	 <u>62,531</u>	 <u>87,467</u>

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

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 0520 - CHEYENNE COUNTY RE-5
 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	2,214,949		3,262,885		3,003,028		2,474,806
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	2,214,949		3,262,885		3,003,028		2,474,806
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	17,622		124,633		127,507		14,748
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	3,069		79,824		80,591		2,302
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	848,569		-116,319		732,250		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	3,084,210		3,351,023		3,943,376		2,491,856
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	81,461		128,475		122,469		87,466
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	81,461		128,475		122,469		87,466
FINAL							87,466