

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

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

**FOR THE YEAR ENDED
JUNE 30, 2019**

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

PRINCIPAL OFFICIALS

JUNE 30, 2019

BOARD OF EDUCATION

Monica Peloso – President
Russell Ross – Vice President
Susan Morris Mellow – Secretary
Randy Case – Treasurer
Nissa Steinhour – Director

ADMINISTRATION

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

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FINANCIAL SECTION

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

As management of Cheyenne Mountain School District 12 (the District) in Colorado Springs, Colorado, we offer readers of the District's report of independent certified public accountants this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

Financial Highlights

The District's liabilities for governmental activities, including long term debt and net pension liability, exceeded total assets, including capital assets (land, buildings and equipment), in fiscal year 2018-2019 by \$63,452,866 (deficit net position). The deficit is a result of the implementation of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net pension liability on the Statement of Net Position beginning in the 2014-2015 fiscal year. More information on the GASB Statement 68 can be found in the notes to the financial statements.

The overall ending fund balance for the District's governmental funds is \$26,075,676, which is an increase of \$1,132,352 from the previous year.

Outstanding long term debt decreased to \$141,304,386 from \$221,826,605 including \$2,241,265 due within one year. The decrease is attributed to the PERA net pension liability decreasing by \$79,185,324.

Overview of the Financial Statements

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

Government-wide Statements

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

The statement of net position includes all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in

net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

For the fiscal year 2018-2019, all of the district's activities are reported under the Governmental Activities on the Statement of Net Position.

- **Governmental Activities:** Includes all district activity such as instruction, pupil activity, transportation, maintenance and operation, administration, instructional support and food service.

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

Fund Financial Statements

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

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) cash and other financial assets that can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

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

reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

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

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

Notes to the Financial Statements

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

Other Information

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

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

Financial Analysis of the District as a Whole

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

The following table provides a summary of the District's net position as of June 30, 2019 (in millions):

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2019	2018
Current Assets	\$ 31,492,787	\$ 30,231,542
Capital Assets - Net	<u>78,578,792</u>	<u>79,437,645</u>
Total Assets	<u>110,071,579</u>	<u>109,669,187</u>
Deferred Outflows	<u>30,535,652</u>	<u>47,195,097</u>
Current Liabilities	4,602,731	4,889,185
Long-Term Liabilities	<u>136,701,655</u>	<u>216,937,420</u>
Total Liabilities	<u>141,304,386</u>	<u>221,826,605</u>
Deferred Infows	<u>62,755,711</u>	<u>10,305,492</u>
Net Investment in Capital Assets	28,389,312	28,002,645
Restricted Net Position	5,416,669	5,129,872
Unrestricted Net Position	<u>(97,258,847)</u>	<u>(108,400,330)</u>
Total Net Position (Deficit)	<u>\$ (63,452,866)</u>	<u>\$ (75,267,813)</u>

Condensed Statement of Activities:

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Program Revenues:		
Charges for Services	\$ 2,340,638	\$ 2,005,407
Operating Grants	3,628,482	2,662,341
Capital Grants	<u>582,656</u>	<u>354,485</u>
Total Program Revenues	<u>6,551,776</u>	<u>5,022,233</u>
General Revenues:		
Taxes	23,742,034	23,764,647
State Equalization	16,385,264	14,944,465
Investment Income	169,696	93,606
Gain (Loss) on Disposal	2,545	(4,577,654)
Miscellaneous	<u>645,180</u>	<u>270,713</u>
Total General Revenues	<u>40,944,719</u>	<u>34,495,777</u>
Total Revenues	<u>47,496,495</u>	<u>39,518,010</u>
Expenses		
Instruction	19,925,961	45,841,006
Supporting Services	13,094,790	17,256,286
Interest on Long Term Debt	<u>2,301,234</u>	<u>2,355,017</u>
Total Expenses	<u>35,321,985</u>	<u>65,452,309</u>
Transfers	<u>(359,563)</u>	<u>(321,900)</u>
Change in Net Position	<u>11,814,947</u>	<u>(26,256,199)</u>
Net Position - Beginning	(75,267,813)	(45,542,047)
Prior Period Restatement	<u>-</u>	<u>(3,469,567)</u>
Net Position - Beginning (Restated)	<u>(75,267,813)</u>	<u>(49,011,614)</u>
Net Position - Ending	<u>\$ (63,452,866)</u>	<u>\$ (75,267,813)</u>

Governmental Activities

Total assets increased by \$402,392 from the previous fiscal year.

Total liabilities decreased by approximately \$80.5 million over the previous year due to the district's net pension liability. In FY 2015 GASB 68 was implemented which requires school districts to record net pension liability. As of June 30, 2018, the net pension liability was \$151,164,473 and as of June 30, 2019, the net pension liability decreased to \$71,979,149.

The primary source of operating revenue for school districts in Colorado comes from the School Finance Act of 1994, as amended (the Act). Under the Act the District received \$7,717 per funded pupil in fiscal year 2019, a 6% increase from fiscal year 2018. In fiscal year 2019 the funded pupil count was 4,995.3, a 1% increase from the previous year. Funding for the Act comes from property taxes, specific ownership tax, and state equalization. The District received approximately 69% of this funding from state equalization. The remaining amount came from property taxes and specific ownership tax. The District's 2018 assessed valuation of \$384.3 million represented a .03% increase from 2017, and it generated approximately \$21.1 million in fiscal year 2019 (virtually unchanged from the previous year) to include a share of funding determined by the Act plus budget overrides and bond redemption payments authorized by local voters.

Financial Analysis of the District's Funds

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

At the end of fiscal year 2019, the District's governmental funds reported combined ending fund balances of \$26 million, an increase of \$1,132,352 in comparison with the prior fiscal year. The General Fund (which includes the Risk Management Fund) had an increase in fund balance of \$1,233,444; the Capital Reserve Project Fund decreased by \$260,317; the Debt Service Fund had an increase in fund balance of \$39,260; and the other funds had a combined increase of \$119,965.

The general fund is the primary operating fund of the District. At year-end, the General Fund (which includes the Risk Management Fund) maintained a balance of \$18.4 million, equal to 49% of the District's fiscal year expenditures and allocations to other funds. In 2018 the general fund maintained a balance of \$17.1 million, or 48% of fiscal year expenditures and allocations.

General Fund Budget Variance

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

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

Proprietary Funds

The proprietary funds consist of the District's two Insurance Reserve Funds (self-insured dental plan and the partially self-funded health insurance plan). These funds have a combined ending fund balance of \$814,380, a decrease of \$55,165 from the previous year.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$78.3 million (net of accumulated depreciation), which is a decrease of \$1,142,463 from the previous year. This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and capital leases all with an original cost of greater than \$5,000.

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

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Site Improvements	208,500	-	-	208,500
Art Collection	237,000	-	-	237,000
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,884,558</u>	<u>-</u>	<u>-</u>	<u>1,884,558</u>
Capital Assets Being Depreciated				
Land Improvements	8,360,720	-	29,008	8,331,712
Buildings and Improvements	95,591,948	927,980	-	96,519,928
Food Service Equipment	328,082	5,820	-	333,902
Equipment	3,027,663	205,079	-	3,232,742
Total Capital Assets Being Depreciated	<u>107,308,413</u>	<u>1,138,879</u>	<u>29,008</u>	<u>108,418,284</u>
Less: Accumulated Depreciation:				
Land Improvements	(3,852,188)	(287,845)	(28,573)	(4,111,460)
Buildings and Improvements	(23,407,768)	(1,900,646)	-	(25,308,414)
Food Service Equipment	(127,769)	(16,683)	-	(144,452)
Equipment	(2,367,601)	(76,603)	-	(2,444,204)
Total Accumulated Depreciation	<u>(29,755,326)</u>	<u>(2,281,777)</u>	<u>(28,573)</u>	<u>(32,008,530)</u>
Total Capital Assets Being Depreciated, Net	<u>77,553,087</u>	<u>(1,142,898)</u>	<u>435</u>	<u>76,409,754</u>
Governmental Activities Capital Assets, Net	<u>\$ 79,437,645</u>	<u>\$ (1,142,898)</u>	<u>\$ 435</u>	<u>\$ 78,294,312</u>

Long-term Debt

At year-end, the District's long-term debt of \$136.1 million is a decrease of \$80,746,864 from the previous year, consisted of the following:

	Balance July 1, 2018	Additions	Payments	Balance June 30, 2019	Due Within One Year	Interest Expense
Governmental Activities						
Bonds:						
Gen. Oblig. Refunding, Series 2011	\$ 5,080,000	\$ -	\$ 775,000	\$ 4,305,000	\$ 800,000	\$ 181,242
Gen. Oblig. Refunding, Series 2012	1,440,000	-	710,000	730,000	730,000	28,113
Gen. Oblig. Series 2015	44,915,000	-	45,000	44,870,000	55,000	2,226,113
Premiums on Issuance	10,233,515	-	183,557	10,049,958	152,108	-
PERA Net Pension Liability	151,164,473	-	79,185,324	71,979,149	-	-
Net OPEB Liability	3,452,147	142,774	-	3,594,921	-	-
Compensated Absences	652,285	9,243	-	661,528	-	-
Total Noncurrent Liabilities	\$ 216,937,420	\$ 152,017	\$ 80,898,881	\$ 136,190,556	\$ 1,737,108	\$ 2,435,468

Section 22-42-104 of the Colorado Revised Statutes limits the amount of bonded indebtedness to 20% of the latest valuation for assessment of the taxable property in the District, or 6% of the most recent determination of the actual value of the taxable property in the District as certified by the County Assessor to the Board of County Commissioners. The District's legal bonded debt limit as of June 30, 2019 was \$76.8 million.

Economic Factors: School Finance Act Funding

The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April, 1994, the Colorado Legislature enacted the Public School Finance Act of 1994 (the Act) which continued the goals of (1) establishing a financial base of support for public education, (2) moving toward a uniform mill tax levy for all school districts, and (3) limiting the future growth of and reliance on the property tax to support public education. It establishes a statewide base per pupil funding and adjusts that amount for individual school districts by recognizing differences in (1) personnel costs, (2) cost of living, and (3) school district size. Additional funding is also provided to school districts based upon the presence of at-risk pupils. The sources of funding the Act formula amount include (1) a portion of the specific ownership taxes traditionally flowing to school districts in addition to (2) local property taxes, and (3) state equalization payments. The District's funding, based on this formula, increased by 3.2%, 3.3% and 6% for fiscal years 2017, 2018 and 2019 respectively. The District's funded pupil count increased by 2.1% in 2016-2017, increased .07% in 2017-2018 and increased by 1% in 2018-2019.

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

for the ten-year period beginning in fiscal year 2002, and by at least the rate of inflation thereafter. In addition, State revenues collected from a tax of one-third of one percent on federal taxable income shall be deposited into the State Education Fund. The State Education Fund monies can be used to fund what additional amounts are needed as required by Amendment 23 and any remaining funds can be used to support certain educational programs, as appropriated by the State General Assembly.

As stated above, the local share of the aggregate Act funding is to be paid from (1) school district property taxes levied at a rate defined by the Act in accordance with Article X, Section 20 of the State constitution (and certified no later than December 15) and (2) specific ownership taxes. Specific ownership tax revenue is defined as the amount of such revenue received by the District in the prior fiscal year excluding any such revenue attributable to a bond redemption levy or override levy. Because of the impact of Article X, Section 20 of the State constitution (“TABOR”) passed by the voters of Colorado in November 1992, the State’s goal of achieving a uniform mill levy across all school districts has not been achievable. If a school district’s assessed valuation grows at a rate greater than the combined change in the prior year Boulder-Denver consumer price index and the school district’s enrollment, then the school district is required to reduce its mill levy. The District’s assessed valuation increased .03% for the 2018 tax year (property tax collections due in calendar year 2019).

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

Economic Factors: Override Election Property Taxes

No school district may levy general fund taxes at a rate greater than that allowed by the Act unless authorized to do so at a general election or at a special election in November of odd-numbered years. The maximum amount of the revenue increase may not exceed 25% of the formula amount. Specific ownership tax revenue attributable to an override levy and to a bond redemption levy that is not used to satisfy bonded indebtedness must be applied toward the 25% override limit. In November of 1994, 1999, 2003, and 2011 the voters of the District approved overrides of \$750,000; \$950,000; \$1.4 million and \$1.7 million respectively, for an indefinite amount of time. The measure approved in 2011 capped the District’s total mill levy at 50 mills and also included a provision allowing the District to incrementally increase the total override collection up to the statutory maximum subject to the mill levy cap. In 2014 the mill levy cap was approved to increase to 53 mills. In 2017 the district voters approved a measure that removed the mill levy cap.

According to calculations by the Colorado Department of Education, the District presently collects 51% of its maximum override amount of \$13,166,182.

Contacting the District's Financial Management

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

Mayberry & Company, LLC

Certified Public Accountants

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

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

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the related notes to the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2019, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cheyenne Mountain School District 12's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1–M10 and pension schedules on 55-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

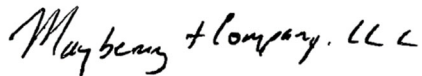
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 59-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining and individual fund financial statements on pages 63-75 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 84-87 are presented for state regulatory compliance and are not a required part of the financial statements. The statistical tables presented on pages 88-94 are presented debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019 on our consideration of the Cheyenne Mountain School District 12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters pages 76-83. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cheyenne Mountain School District 12's internal control over financial reporting and compliance.



Englewood, CO
November 20, 2019

BASIC FINANCIAL STATEMENTS

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CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
June 30, 2019

	<u>Governmental</u>	
	<u>Activities</u>	<u>Component Unit</u>
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments	\$ 30,121,422	\$ 3,592,185
Cash with Fiscal Agent	251,606	5,069
Taxes Receivable	707,844	-
Grants Receivable	342,137	-
Inventory	69,578	17,531
Deposits	200	-
Total Current Assets	<u>31,492,787</u>	<u>3,790,927</u>
Noncurrent Assets		
Charge on Refunding	284,480	-
Capital Assets, not being depreciated	1,647,558	245,714
Capital Assets, being depreciated (net)	76,646,754	892,801
Total Noncurrent Assets	<u>78,578,792</u>	<u>1,138,515</u>
TOTAL ASSETS	<u>110,071,579</u>	<u>4,929,442</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Net Deferred Outflows Pensions	30,313,551	8,039,059
Net Deferred Outflows OPEB	222,101	115,732
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>30,535,652</u>	<u>8,154,791</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 140,607,231</u>	<u>\$ 13,084,233</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 329,936	\$ 40,992
Accrued Salaries & Benefits	4,227,346	862,757
Deferred Revenue	45,449	53,340
Total Current Liabilities	<u>4,602,731</u>	<u>957,089</u>
Noncurrent Liabilities		
Due Within One Year	2,241,265	-
Due In More Than One Year	134,460,390	19,995,170
Total Noncurrent Liabilities	<u>136,701,655</u>	<u>19,995,170</u>
TOTAL LIABILITIES	<u>141,304,386</u>	<u>20,952,259</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Net Deferred Inflows Pensions	62,674,761	15,178,303
Net Deferred Inflows OPEB	80,950	12,249
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>62,755,711</u>	<u>15,190,552</u>
NET POSITION		
Net Investment in Capital Assets	28,389,312	1,138,515
Restricted Net Position	5,416,669	318,000
Unrestricted Net Position	(97,258,847)	(24,515,093)
TOTAL NET POSITION	<u>(63,452,866)</u>	<u>(23,058,578)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 140,607,231</u>	<u>\$ 13,084,233</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
Primary Government						
Governmental Activities						
Instruction	\$ 19,925,961	\$ 1,712,588	\$ 2,047,433	\$ -	\$ (16,165,940)	
Supporting Services	13,094,790	628,050	1,581,049	582,656	(10,303,035)	
Interest on Long Term Debt	2,301,234	-	-	-	(2,301,234)	
Total Primary Government	<u>\$ 35,321,985</u>	<u>\$ 2,340,638</u>	<u>\$ 3,628,482</u>	<u>\$ 582,656</u>	<u>(28,770,209)</u>	
Component Unit - The Vanguard School	<u>\$ 11,655,216</u>	<u>\$ 652,167</u>	<u>\$ 412,575</u>	<u>\$ 496,125</u>		\$ (10,094,349)
General Revenues						
Property Taxes					21,103,211	10,439,126
Specific Ownership Taxes					2,638,823	-
State Equalization					16,385,264	-
Investment Earnings					169,696	42,629
Gain (Loss) on Capital Asset Disposals					2,545	-
Insurance Proceeds					265,970	616,994
Other Revenues					379,210	28,395
Transfers					<u>(359,563)</u>	<u>359,563</u>
Total General Revenues and Transfers					<u>40,585,156</u>	<u>11,486,707</u>
Change in Net Position					<u>11,814,947</u>	<u>1,392,358</u>
Beginning Net Position					<u>(75,267,813)</u>	<u>(24,113,849)</u>
Prior Period Restatement					-	(337,087)
Beginning Net Position (As Restated)					<u>(75,267,813)</u>	<u>(24,450,936)</u>
Ending Net Position					<u>\$ (63,452,866)</u>	<u>\$ (23,058,578)</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Balance Sheet
 Governmental Funds
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Totals	
		Bond Redemption Fund	Capital Reserve Project Fund		2019	2018
ASSETS						
Cash and Investments	\$ 21,598,226	\$ 3,827,599	\$ 2,839,496	\$ 955,583	\$ 29,220,904	\$ 27,620,161
Cash with Fiscal Agent	243,001	8,605	-	-	251,606	254,068
Taxes Receivable	574,278	133,566	-	-	707,844	640,582
Grants Receivable	342,137	-	-	-	342,137	664,492
Inventory	66,613	-	-	2,965	69,578	77,149
Deposits	200	-	-	-	200	200
TOTAL ASSETS	\$ 22,824,455	\$ 3,969,770	\$ 2,839,496	\$ 958,548	\$ 30,592,269	\$ 29,256,652
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 181,288	\$ -	\$ 62,510	\$ -	\$ 243,798	\$ 330,667
Accrued Salaries & Benefits	4,215,427	-	-	11,919	4,227,346	3,937,934
Deferred Revenue	-	-	-	45,449	45,449	44,727
Total Liabilities	4,396,715	-	62,510	57,368	4,516,593	4,313,328
Deferred Inflows of Financial Resources						
Fund Balance						
Nonspendable Fund Balance	66,813	-	-	2,965	69,778	77,349
Restricted Fund Balance						
Restricted for Debt Service	-	3,969,770	-	-	3,969,770	3,930,510
Restricted for TABOR Emergency	1,230,000	-	-	-	1,230,000	1,116,000
Restricted Other	-	-	-	147,121	147,121	83,362
Committed Fund Balance						
Committed for Multi-Year Obligations	438,960	-	-	-	438,960	658,440
Committed for Insurance Expenditures	711,463	-	-	-	711,463	366,955
Committed for Fund Purposes	-	-	2,776,986	751,094	3,528,080	3,731,394
Unassigned Fund Balance	15,980,504	-	-	-	15,980,504	14,979,314
Total Fund Balance	18,427,740	3,969,770	2,776,986	901,180	26,075,676	24,943,324
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 22,824,455	\$ 3,969,770	\$ 2,839,496	\$ 958,548	\$ 30,592,269	\$ 29,256,652

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2019

Fund Balance - Governmental Funds		\$ 26,075,676	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 1,647,558		
Capital assets, being depreciated	108,655,284		
Accumulated depreciation	<u>(32,008,530)</u>	78,294,312	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
PERA Pension			
Net pension deferred outflows	30,313,551		
Net pension liability	(71,979,149)		
Net pension deferred inflows	<u>(62,674,761)</u>	(104,340,359)	
PERA Health Care Trust Fund (OPEB)			
Net OPEB deferred outflows	222,101		
Net OPEB liability	(3,594,921)		
Net OPEB deferred inflows	<u>(80,950)</u>	(3,453,770)	
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds			
Deferred charge on refunding	284,480		
Deferred gain on refunding	(6,942)		
Bond premiums, net of amortization	<u>(10,049,958)</u>	(9,772,420)	
Internal Service Fund Net Position		814,380	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable	(49,905,000)		
Accrued interest payable	(504,157)		
Accrued compensated absences	<u>\$ (661,528)</u>	<u>(51,070,685)</u>	
Total Net Position - Governmental Activities		\$ <u>(63,452,866)</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Debt Service			Capital	Totals	
	General Fund	Bond	Projects	Other	2019	2018
		Redemption	Capital	Governmental		
	Fund	Reserve	Project Fund	Funds		
REVENUES						
Local Sources	\$ 21,065,817	\$ 4,019,310	\$ 16,448	\$ 1,931,023	\$ 27,032,598	\$ 26,100,338
Intermediate Sources	289	-	-	63,120	63,409	15,426
State Sources	18,681,983	-	-	9,761	18,691,744	16,480,408
Federal Sources	1,437,229	-	-	271,950	1,709,179	1,501,472
TOTAL REVENUES	<u>41,185,318</u>	<u>4,019,310</u>	<u>16,448</u>	<u>2,275,854</u>	<u>47,496,930</u>	<u>44,097,644</u>
EXPENDITURES						
Instruction	23,938,569	-	-	1,437,940	25,376,509	22,938,482
Pupil Support	2,908,540	-	-	-	2,908,540	2,738,205
Staff Support	2,406,615	-	-	-	2,406,615	2,109,342
General Administration	579,953	3,500	-	-	583,453	549,219
School Administration	1,988,776	-	-	-	1,988,776	1,907,497
Business Services	558,956	-	-	-	558,956	552,254
Operations and Maintenance	4,137,420	-	613,659	-	4,751,079	4,920,648
Transportation	484,032	-	-	-	484,032	445,992
Other Central Support	427,701	-	-	-	427,701	453,992
Risk Management	408,263	-	-	-	408,263	291,348
Other Supporting Services	52,816	-	-	-	52,816	41,570
Food Service	-	-	-	741,102	741,102	706,146
Community Support	112,517	-	-	-	112,517	92,135
Facilities	-	-	1,228,106	-	1,228,106	1,105,720
Debt Service	-	3,976,550	-	-	3,976,550	3,978,900
TOTAL EXPENDITURES	<u>38,004,158</u>	<u>3,980,050</u>	<u>1,841,765</u>	<u>2,179,042</u>	<u>46,005,015</u>	<u>42,831,450</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>3,181,160</u>	<u>39,260</u>	<u>(1,825,317)</u>	<u>96,812</u>	<u>1,491,915</u>	<u>1,266,194</u>
OTHER FINANCING SOURCES (USES)						
Transfer In (Out) - net	(1,588,153)	-	1,565,000	23,153	-	-
Transfer to Component Unit	(359,563)	-	-	-	(359,563)	(321,900)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,947,716)</u>	<u>-</u>	<u>1,565,000</u>	<u>23,153</u>	<u>(359,563)</u>	<u>(321,900)</u>
CHANGE IN FUND BALANCE	<u>1,233,444</u>	<u>39,260</u>	<u>(260,317)</u>	<u>119,965</u>	<u>1,132,352</u>	<u>944,294</u>
BEGINNING FUND BALANCE	<u>17,194,296</u>	<u>3,930,510</u>	<u>3,037,303</u>	<u>781,215</u>	<u>24,943,324</u>	<u>23,999,030</u>
ENDING FUND BALANCE	<u>\$ 18,427,740</u>	<u>\$ 3,969,770</u>	<u>\$ 2,776,986</u>	<u>\$ 901,180</u>	<u>\$ 26,075,676</u>	<u>\$ 24,943,324</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2019

Change in Fund Balance - Governmental Funds		\$	1,132,352
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	1,138,879	
Depreciation Expense		(2,281,777)	
Gain (Loss) on Asset Disposals		<u>(435)</u>	(1,143,333)
Internal Service operations primarily benefit Governmental Activities			
Change in net assets - Internal Service Funds			(55,165)
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
PERA Pension			
Change in deferred pension outflows		(16,404,856)	
Change in net pension liability		79,185,324	
Change in deferred pension inflows		<u>(52,513,953)</u>	10,266,515
PERA Health Care Trust Fund (OPEB)			
Change in deferred OPEB outflows		93,108	
Change in net OPEB liability		(142,774)	
Change in deferred OPEB inflows		<u>(1,829)</u>	(51,495)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on bonds payable		1,530,000	
Deferred gain and loss from current refundings		13,894	
Change in accrued interest payable		11,082	
Amortization of premiums and discounts		120,340	
Change in accrued compensated absences	\$	<u>(9,243)</u>	<u>1,666,073</u>
Change in Net Position - Governmental Activities			<u>\$ 11,814,947</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
Proprietary Funds
June 30, 2019
(With Comparative Totals for June 30, 2018)

	<u>Internal Service</u>		
	<u>Funds</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash and Investments	\$ 900,518	\$ 900,518	\$ 974,890
LIABILITIES			
Accounts Payable	<u>86,138</u>	<u>86,138</u>	<u>105,345</u>
NET POSITION			
Unrestricted Net Position	<u>\$ 814,380</u>	<u>\$ 814,380</u>	<u>\$ 869,545</u>
Reconciliation of Fund Net Position to Business-Type Activity Net Position			
Proprietary Fund Net Position		\$ 814,380	
Internal Service Fund operations primarily benefit Governmental Activities			
Net Position of the Internal Service Fund		<u>(814,380)</u>	
Business-Type Activities Net Position		<u>\$ -</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Internal Service		
	<u>Funds</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES			
Employee Premiums	\$ 329,850	\$ 329,850	\$ 333,386
Employer Premiums	100,063	100,063	102,780
Insurance Proceeds	<u>50,000</u>	<u>50,000</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>479,913</u>	<u>479,913</u>	<u>436,166</u>
OPERATING EXPENSES			
Risk Management			
PS - Professional	16,134	16,134	10,418
PS - Other	<u>523,960</u>	<u>523,960</u>	<u>493,745</u>
TOTAL OPERATING EXPENSES	<u>540,094</u>	<u>540,094</u>	<u>504,163</u>
OPERATING INCOME	(60,181)	(60,181)	(67,997)
OTHER REVENUES (EXPENSES)			
Investment Earnings	<u>5,016</u>	<u>5,016</u>	<u>(996)</u>
CHANGE IN NET POSITION	(55,165)	(55,165)	(68,993)
BEGINNING NET POSITION	<u>869,545</u>	<u>869,545</u>	<u>938,538</u>
ENDING NET POSITION	<u>\$ 814,380</u>	<u>\$ 814,380</u>	<u>\$ 869,545</u>

Reconciliation of Fund Change in Net Position to Business-Type Activities Change in Net Position

Proprietary Fund Change in Net Position	\$ (55,165)
Internal Service Fund operations primarily benefit Governmental Activities	
Change in Net Position of the Internal Service Fund	<u>55,165</u>
Business-Type Activities Change in Net Position	<u>\$ -</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Internal Service		
	Funds	2019	2018
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Cash Received from Local Sources	\$ 479,913	\$ 479,913	\$ 436,166
Cash Paid to Suppliers	<u>(559,301)</u>	<u>(559,301)</u>	<u>(553,349)</u>
Net Cash Provided (Used) for Operating Activities	(79,388)	(79,388)	(117,183)
Cash Flows from Investing Activities:			
Interest Received	<u>5,016</u>	<u>5,016</u>	<u>(996)</u>
Net Increase(Decrease) in Cash	(74,372)	(74,372)	(118,179)
Cash, Beginning	<u>974,890</u>	<u>974,890</u>	<u>1,093,069</u>
Cash, Ending	<u>\$ 900,518</u>	<u>\$ 900,518</u>	<u>\$ 974,890</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Operating Income (Loss)	\$ (60,181)	\$ (60,181)	\$ (67,997)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities Related to Operations:			
Increase (Decrease) in:			
Accounts Payable	<u>(19,207)</u>	<u>(19,207)</u>	<u>(49,186)</u>
Net Cash Provided (Used) for Operating Activities	<u>\$ (79,388)</u>	<u>\$ (79,388)</u>	<u>\$ (117,183)</u>

See accompanying Independent Auditors' Report.

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COMPONENT UNIT

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Balance Sheet - Governmental Funds
Discretely Presented Component Unit
June 30, 2019
(With Comparative Totals for June 30, 2018)

	<u>Special Revenue</u>		<u>Totals - The Vanguard School</u>	
	<u>General Fund</u>	<u>Sports Fund</u>	<u>2019</u>	<u>2018</u>
ASSETS				
Cash and Investments	\$ 3,576,412	\$ 15,773	\$ 3,592,185	\$ 3,316,836
Cash with Fiscal Agent	5,069	-	5,069	5,062
Interfund Accounts Receivable	-	-	-	656,317
Other Accounts Receivable	176,142	-	176,142	27,311
Inventory	17,531	-	17,531	12,670
TOTAL ASSETS	<u>\$ 3,775,154</u>	<u>\$ 15,773</u>	<u>\$ 3,790,927</u>	<u>\$ 4,018,196</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 40,992	\$ -	\$ 40,992	\$ 64,738
Accrued Salaries & Benefits	862,757	-	862,757	713,852
Deferred Revenue	53,340	-	53,340	176,361
Total Liabilities	<u>957,089</u>	<u>-</u>	<u>957,089</u>	<u>954,951</u>
Fund Balance				
Restricted Fund Balance				
Restricted for TABOR Emergencies	318,000	-	318,000	318,000
Committed for Fund Purposes	-	15,773	15,773	-
Assigned Fund Balance				
Other Assigned Fund Balance	-	-	-	300,000
Unassigned Fund Balance	2,500,065	-	2,500,065	2,445,245
Total Fund Balance	<u>2,818,065</u>	<u>15,773</u>	<u>2,833,838</u>	<u>3,063,245</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,775,154</u>	<u>\$ 15,773</u>	<u>\$ 3,790,927</u>	<u>\$ 4,018,196</u>
TOTAL FUND BALANCE - GOVERNMENTAL FUND			\$ 2,833,838	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds				
Capital assets, not being depreciated			245,714	
Capital assets, being depreciated			1,397,116	
Accumulated depreciation			(504,315)	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds				
Pension Liability				
Net deferred pension outflows			8,039,059	
Net pension liability			(18,956,532)	
Net deferred pension inflows			(15,178,303)	
Net OPEB Liability				
Net deferred OPEB outflows			115,732	
Net OPEB liability			(946,763)	
Net deferred OPEB inflows			(12,249)	
Earned but unpaid accumulated leave balances not reported in the funds				
Accrued Compensated Absences			(91,875)	
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			<u>\$ (23,058,578)</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Discretely Presented Component Unit
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Special Revenue		Totals - The Vanguard School	
	General Fund	Sports Fund	2019	2018
REVENUES				
Local Sources	\$ 11,779,294	\$ 95,335	\$ 11,874,629	\$ 10,163,477
State Sources	705,560	-	705,560	410,886
Federal Sources	107,822	-	107,822	77,713
TOTAL REVENUES	<u>12,592,676</u>	<u>95,335</u>	<u>12,688,011</u>	<u>10,652,076</u>
EXPENDITURES				
Instruction	7,089,761	138,997	7,228,758	6,231,315
Pupil Support	210,465	-	210,465	186,510
Staff Support	227,473	-	227,473	230,495
General Administration	375,671	-	375,671	354,547
School Administration	1,084,119	-	1,084,119	958,001
Business Services	343,243	-	343,243	242,949
Operations and Maintenance	1,635,345	1,646	1,636,991	917,063
Transportation	25,800	-	25,800	1,174
Other Central Support	527,033	-	527,033	355,893
Food Service	12,307	-	12,307	13,970
Facilities	180,488	-	180,488	-
Debt Service	1,424,633	-	1,424,633	1,429,687
TOTAL EXPENDITURES	<u>13,136,338</u>	<u>140,643</u>	<u>13,276,981</u>	<u>10,921,604</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(543,662)</u>	<u>(45,308)</u>	<u>(588,970)</u>	<u>(269,528)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	-	61,081	61,081	48,416
Transfer from Primary Government	298,482	-	298,482	273,484
TOTAL OTHER FINANCING SOURCES (USES)	<u>298,482</u>	<u>61,081</u>	<u>359,563</u>	<u>321,900</u>
CHANGE IN FUND BALANCE	<u>(245,180)</u>	<u>15,773</u>	<u>(229,407)</u>	<u>52,372</u>
BEGINNING FUND BALANCE	<u>3,063,245</u>	<u>-</u>	<u>3,063,245</u>	<u>3,010,873</u>
ENDING FUND BALANCE	<u>\$ 2,818,065</u>	<u>\$ 15,773</u>	<u>\$ 2,833,838</u>	<u>\$ 3,063,245</u>

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (229,407)

Amounts reported for governmental activities in the statement of activities are different because:

Purchases of capital assets are expensed in governmental funds:
and depreciated on the statement of activities:

Capitalized Expenses	35,495
Depreciation Expense	(127,670)

Accrued compensated absences are recorded on the cash basis in the funds:

Change in accrued compensated absences	4,800
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Pension expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year:

Pension Liability

Current year total change in pension deferred outflows	(4,133,070)
Change in net pension liability	18,761,769
Current year total change in pension deferred inflows	(12,893,142)

OPEB Liability

Current year total change in OPEB deferred outflows	56,858
Change in net OPEB liability	(85,436)
Current year total change in OPEB deferred inflows	2,161

CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES \$ 1,392,358

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Fiduciary Net Position
Discretely Presented Component Unit
June 30, 2019
(With Comparative Totals for June 30, 2018)

	<u>Totals (Component Unit)</u>			
	Chey Mtn Charter Acad. Fndtn. Fund	Chey Mtn Charter Acad. Pupil Act Fund	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
ASSETS				
Cash and Investments	\$ 2,441,991	\$ 69,738	\$ 2,511,729	\$ 2,653,239
Sites	3,475,000	-	3,475,000	3,475,000
Building and Building Improvement	24,117,960	-	24,117,960	23,828,487
Accum. Deprec. - Buildings	(7,148,517)	-	(7,148,517)	(6,513,702)
TOTAL ASSETS	<u>22,886,434</u>	<u>69,738</u>	<u>22,952,172</u>	<u>23,443,024</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	696,689	-	696,689	817,370
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>23,583,123</u>	<u>69,738</u>	<u>23,652,861</u>	<u>24,260,394</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Interfund Accounts Payable	-	-	-	656,317
Loans Payable	24,225,000	-	24,225,000	24,680,000
Accrued Interest	39,654	-	39,654	40,412
Loan Premiums	752,243	-	752,243	882,547
TOTAL LIABILITIES	<u>25,016,897</u>	<u>-</u>	<u>25,016,897</u>	<u>26,259,276</u>
NET POSITION				
Restricted Net Position	-	69,738	69,738	56,750
Unrestricted Net Position(Deficit)	(1,433,774)	-	(1,433,774)	(2,055,632)
TOTAL NET POSITION	<u>(1,433,774)</u>	<u>69,738</u>	<u>(1,364,036)</u>	<u>(1,998,882)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 23,583,123</u>	<u>\$ 69,738</u>	<u>\$ 23,652,861</u>	<u>\$ 24,260,394</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Fiduciary Net Position
Discretely Presented Component Unit
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Totals (Component Unit)</u>			
	Chey Mtn Charter Acad. Fndtn. Fund	Chey Mtn Charter Acad. Pupil Act Fund	2019	2018
ADDITIONS				
Local Sources	\$ 2,357,366	\$ 18,569	\$ 2,375,935	\$ 1,453,841
DEDUCTIONS				
Other	-	5,581	5,581	10,166
General Administration	37,197	-	37,197	-
Depreciation	634,815	-	634,815	570,654
Facilities	103,977	-	103,977	227,548
Debt Service	959,519	-	959,519	981,388
TOTAL DEDUCTIONS	<u>1,735,508</u>	<u>5,581</u>	<u>1,741,089</u>	<u>1,789,756</u>
CHANGE IN NET POSITION BEFORE SPECIAL ITEM	621,858	12,988	634,846	(335,915)
BEGINNING NET POSITION	<u>(2,055,632)</u>	<u>56,750</u>	<u>(1,998,882)</u>	<u>(1,662,967)</u>
ENDING NET POSITION	<u>\$ (1,433,774)</u>	<u>\$ 69,738</u>	<u>\$ (1,364,036)</u>	<u>\$ (1,998,882)</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Discretely Presented Component Unit

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

Basis of Presentation

Government-wide Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor governmental funds:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Tax Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2018 property taxes were both measurable and available at June 30, 2019, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2019 but not collected by June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. The first is the deferred loss (charge) on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second category is presented by the District and is deferred outflows related to pension and OPEB liabilities as further described in Note 9 & 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District is reporting a deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the District reports deferred inflows related to pension and OPEB liabilities as further described in Note 9 & 11.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumptions

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

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

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

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

Comparative Data

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between functions within any fund and the reallocation of budget line items within any department in the General Fund rests with the Assistant Superintendent of Business Operations and is reviewed by the accounting department. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed operating and capital budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to adjust its final budget.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

Encumbrance accounting is employed in governmental funds. Encumbrances such as purchase orders and contracts outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The amount of encumbrances as of June 30, 2019 was not material to the financial statements.

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: CASH AND INVESTMENTS

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

Cash in Bank	\$ 25,419,582
Petty Cash	6,730
Investments	<u>4,695,110</u>
Total Cash and Investments	<u>\$ 30,121,422</u>
 Government Activities - Unrestricted	 <u>\$ 30,121,422</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2019, all the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

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

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 685,650	\$ 685,650
PDPA Collateralized (Not in District's name)	<u>25,195,123</u>	<u>24,733,932</u>
Total Deposits	<u>\$ 25,880,773</u>	<u>\$ 25,419,582</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

During the year ended June 30, 2019, the District invested funds in Colotrust and CSAFE. As investment pools, these entities operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation. As of June 30, 2019, the District held \$869,336 and \$3,821,200, in Colotrust for general purposes and bond repayment, respectively, and \$4,574 in CSAFE for capital projects.

Credit Risk

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

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. For the fiscal year ended June 30, 2019, the District did not have any investments requiring disclosure.

Concentration of Credit Risk

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

Interest Rate Risk

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the District did not have any investments requiring safekeeping.

NOTE 4: INTERNAL BALANCES AND ACTIVITY

The following is a summary of the routine internal transfers for the year ended June 30, 2019:

General Fund Transfer To:	
Capital Reserve Projects Fund	\$1,565,000
Pupil Activity Special Revenue	<u>23,153</u>
Total General Fund Internal Transfers	<u>\$ 1,588,153</u>
Primary Government Transfer To Component Unit:	
General Fund to Component Unit General Fund	<u>\$ 359,563</u>

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: CAPITAL ASSETS

The following tables present summaries of the District's capital asset activity for the year ended June 30, 2019.

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Site Improvements	208,500	-	-	208,500
Art Collection	237,000	-	-	237,000
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,884,558</u>	<u>-</u>	<u>-</u>	<u>1,884,558</u>
Capital Assets Being Depreciated				
Land Improvements	8,360,720	-	29,008	8,331,712
Buildings and Improvements	95,591,948	927,980	-	96,519,928
Food Service Equipment	328,082	5,820	-	333,902
Equipment	3,027,663	205,079	-	3,232,742
Total Capital Assets Being Depreciated	<u>107,308,413</u>	<u>1,138,879</u>	<u>29,008</u>	<u>108,418,284</u>
Less: Accumulated Depreciation:				
Land Improvements	(3,852,188)	(287,845)	(28,573)	(4,111,460)
Buildings and Improvements	(23,407,768)	(1,900,646)	-	(25,308,414)
Food Service Equipment	(127,769)	(16,683)	-	(144,452)
Equipment	(2,367,601)	(76,603)	-	(2,444,204)
Total Accumulated Depreciation	<u>(29,755,326)</u>	<u>(2,281,777)</u>	<u>(28,573)</u>	<u>(32,008,530)</u>
Total Capital Assets Being Depreciated, Net	<u>77,553,087</u>	<u>(1,142,898)</u>	<u>435</u>	<u>76,409,754</u>
Governmental Activities Capital Assets, Net	<u>\$ 79,437,645</u>	<u>\$ (1,142,898)</u>	<u>\$ 435</u>	<u>\$ 78,294,312</u>

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

Governmental Activities	
Instruction	\$ 1,365,933
Supporting Services	<u>915,844</u>
Total Governmental Activities	<u>\$ 2,281,777</u>

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The accrued compensation amount for the District as of June 30, 2019 is \$4,227,346, which is reflected as a liability in the accompanying financial statements.

NOTE 7: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Payments	Balance June 30, 2019	Due Within One Year	Interest Expense
Governmental Activities						
Bonds:						
Gen. Oblig. Refunding, Series 2011	\$ 5,080,000	\$ -	\$ 775,000	\$ 4,305,000	\$ 800,000	\$ 181,242
Gen. Oblig. Refunding, Series 2012	1,440,000	-	710,000	730,000	730,000	28,113
Gen. Oblig. Series 2015	44,915,000	-	45,000	44,870,000	55,000	2,226,113
Premiums on Issuance	10,233,515	-	183,557	10,049,958	152,108	-
PERA Net Pension Liability	151,164,473	-	79,185,324	71,979,149	-	-
Net OPEB Liability	3,452,147	142,774	-	3,594,921	-	-
Compensated Absences	652,285	9,243	-	661,528	-	-
Total Noncurrent Liabilities	<u>\$ 216,937,420</u>	<u>\$ 152,017</u>	<u>\$ 80,898,881</u>	<u>\$ 136,190,556</u>	<u>\$ 1,737,108</u>	<u>\$ 2,435,468</u>

General Obligation Bonds

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

The following is a summary of the terms of the outstanding bonds as of June 30, 2019:

	Interest Rates	Final Maturity Date	Principal Due	Interest Due
Governmental Activities				
Bonds:				
Gen. Oblig. Refunding, Series 2012	2% - 3%	Sept 2019	9/17	3/17 & 9/17
General Obligation, Series 2015	2% - 5.25%	Sept 2038	9/17	3/17 & 9/17

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 7: LONG-TERM OBLIGATIONS(Continued)

General Obligation Bonds (Continued)

Debt service requirements for all general obligation bonds as of June 30, 2019:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,585,000	\$ 2,393,000
2021	1,640,000	2,348,350
2022	1,705,000	2,282,150
2023	1,770,000	2,213,350
2024-2028	10,105,000	9,894,050
2029-2033	12,870,000	7,143,250
2034-2038	16,425,000	3,587,750
2039	3,805,000	199,763
Totals	<u>\$ 49,905,000</u>	<u>\$ 35,007,963</u>

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance June 30, 2019</u>
Deferred Outflows of Financial Resources				
Deferred Charge on Refunding	\$ 347,697	\$ -	\$ 63,217	\$ 284,480
Deferred Inflows of Financial Resources				
Deferred Gain on Refunding	\$ 20,836	\$ -	\$ 13,894	\$ 6,942

Legal Debt Margin

The district's bonded indebtedness is limited by law to the greater of twenty percent of its assessed valuation or six percent of its market value. As of June 30, 2019, the limit was \$76,863,434 providing a debt margin of \$26,958,434 after deducting \$49,905,000 of outstanding general obligation bonds.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; job related illnesses and injuries of employees for which the District carries commercial insurance. The District is self-insured for its dental insurance and health insurance plan employee deductibles. There have been no significant reductions in insurance coverage from those carried in the prior year and the amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a non-employer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

General Information about the Pension Plan

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the 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.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$4,275,073 for the plan year ended December 31, 2018 and \$4,411,509 for the fiscal year ended June 30, 2019.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

At June 30, 2019, the District reported a liability of \$71,979,149 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with District were as follows:

District's proportionate share of the net pension liability	\$ (71,979,149)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (8,658,253)
Total	\$ (80,637,402)

At December 31, 2018, the District's proportion was .4065%, which was a decrease of .060974% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$5,500,771 and revenue of \$584,557 for support from the State as a non-employer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,614,028	\$ -
Changes of assumptions or other inputs	\$ 15,511,448	\$ (44,763,070)
Net difference between projected and actual earnings on pension plan investments	\$ 9,937,414	\$ (6,699,850)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (11,211,841)
Contributions subsequent to the measurement date	\$ 2,250,661	\$ -
Total	\$ 30,313,551	\$ (62,674,761)

\$2,250,661 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (5,397,875)
2021	(18,722,360)
2022	(12,637,767)
2023	2,146,131
Total	\$ (34,611,871)

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

A discount rate of 7.25 percent was used in the roll forward calculation of the total pension liability to the measurement date of December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rate for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (91,509,175)	\$ (71,979,149)	\$ (55,590,165)

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

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN (Continued)

Voluntary Investment Program (Continued)

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2019 program members contributed \$450,107.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description – Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure - The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$227,944 for the plan year ended December 31, 2018 and \$235,219 for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$3,594,921 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District proportion was 0.26423%, which was an decrease of .0014% from its proportion measured as of December 31, 2017.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$286,714. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 13,120	\$ (5,472)
Net difference between projected and actual earnings on pension plan investments	\$ 63,759	\$ (43,316)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (32,162)
Contributions subsequent to the measurement date	\$ 120,004	\$ -
Total	\$ 222,101	\$ (80,950)

\$120,004 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ 1,454
2021	1,454
2022	1,454
2023	15,893
2024	854
2025	38
Total	\$ 21,147

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial assumptions - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25 % for 2018, gradually rising to 5.00% in 2025
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Proportionate share of the net OPEB asset (liability)	\$ (3,495,651)	\$ (3,594,921)	\$ (3,709,099)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District proportionate share of the net OPEB liability to changes in the discount rate - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (4,022,403)	\$ (3,594,921)	\$ (3,229,463)

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

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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

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

The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2019, the District's reserve of \$1,230,000 was recorded as a restriction of the Government Activities net position and the General Fund restricted fund balance.

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

NOTE 13: DEFICIT UNRESTRICTED NET POSTION

The Governmental Activities has an overall deficit net position of \$63,452,866 with unrestricted net position deficit of \$97,240,847, primarily due to the PERA net pension liability of \$71,979,149, and OPEB net pension liability of \$3,594,921 as further described in Note 9. As the District has no control over pension benefits or contribution rates, we expect this deficit to continue going forward.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

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

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.480061%	\$ (61,231,646)	\$ 19,352,785	316.40%	64.07%
June 30, 2015	0.476421%	\$ (64,571,024)	\$ 19,958,616	323.52%	62.84%
June 30, 2016	0.472262%	\$ (72,229,092)	\$ 20,581,063	350.95%	59.16%
June 30, 2017	0.470791%	\$ (140,172,690)	\$ 21,129,937	663.38%	43.13%
June 30, 2018	0.467474%	\$ (151,161,473)	\$ 21,564,014	701.00%	43.96%
June 30, 2019	0.081652%	\$ (71,979,149)	\$ 22,947,260	313.67%	57.01%

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

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

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 3,005,488	\$ (3,005,488)	\$ -	\$ 19,352,785	15.53%
June 30, 2015	\$ 3,279,200	\$ (3,279,200)	\$ -	\$ 19,958,616	16.43%
June 30, 2016	\$ 3,566,697	\$ (3,566,697)	\$ -	\$ 20,581,063	17.33%
June 30, 2017	\$ 3,830,859	\$ (3,830,859)	\$ -	\$ 21,129,937	18.13%
June 30, 2018	\$ 4,017,377	\$ (4,017,377)	\$ -	\$ 21,564,014	18.63%
June 30, 2019	\$ 4,275,073	\$ (4,275,073)	\$ -	\$ 22,947,260	18.63%

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

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

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	<u>District's proportion of the net OPEB asset (liability)</u>	<u>District's proportionate share of the net OPEB asset (liability)</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
June 30, 2017	0.267603%	\$ (3,469,567)	\$ 21,129,937	16.420%	16.70%
June 30, 2018	0.265631%	\$ (3,452,147)	\$ 21,564,014	16.009%	17.53%
June 30, 2019	0.264227%	\$ (3,594,921)	\$ 22,947,260	15.666%	17.03%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown

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

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

**SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 215,525	\$ (215,525)	\$ -	\$ 21,129,937	1.02%
June 30, 2018	\$ 219,953	\$ (219,953)	\$ -	\$ 21,564,014	1.02%
June 30, 2019	\$ 234,062	\$ (234,062)	\$ -	\$ 22,947,260	1.02%

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

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

See the accompanying Independent Auditors' Report.

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				
	Original	Final		Variance	2018
	Budget	Budget	Actual	with Final	Actual
REVENUES					
Local Sources					
Property Taxes	\$ 17,155,648	\$ 17,090,949	\$ 17,107,553	\$ 16,604	\$ 16,368,184
Specific Ownership Taxes	2,611,835	2,711,835	2,638,823	(73,012)	2,699,312
Delinquent Taxes	20,000	20,000	24,737	4,737	20,223
Tuition From Individuals	249,994	248,000	252,864	4,864	248,185
Transportation Fees	15,000	15,000	7,590	(7,410)	8,482
Investment Earnings	39,000	39,000	102,541	63,541	48,592
Community Service Revenue	30,000	30,000	19,557	(10,443)	12,481
Rent Revenue	117,500	117,500	104,458	(13,042)	105,600
Donations	35,000	35,000	132,069	97,069	109,701
Sale of Fixed Assets/Insurance Proceeds	2,300	2,300	2,980	680	2,521
Services Provided to Component Unit	148,864	245,825	235,780	(10,045)	169,639
Overhead Cost Revenue	-	-	29,217	29,217	-
Insurance Proceeds	-	250,000	265,970	15,970	2,001
Other Local	100,000	100,000	141,678	41,678	52,250
Total Local Sources	<u>20,525,141</u>	<u>20,905,409</u>	<u>21,065,817</u>	<u>160,408</u>	<u>19,847,171</u>
Intermediate Sources					
Mineral Leases	-	-	289	289	286
State Sources					
State Share (Equalization)	16,494,346	16,383,472	16,385,263	1,791	14,944,465
State Transportation	59,073	62,482	46,353	(16,129)	59,212
State Grants from CDE					
Capital Construction - Charter Schools	209,000	209,000	405,814	196,814	339,345
State ECEA (Special Education)	754,911	754,655	769,609	14,954	819,730
State ELPA - excellence award	-	33,121	33,121	-	7,842
State ELPA: Professional Development and Student Support	50,229	52,449	52,449	-	50,229
State ELPA	36,474	35,197	35,197	-	36,474
State Gifted and Talented	48,508	120,759	120,759	-	48,508
Additional At-Risk Funding	-	-	9,914	9,914	10,637
READ Act	56,978	68,453	68,453	-	56,978
State Grants to Libraries	-	4,500	4,500	-	4,500
National Board of Certified Teachers	-	-	24,000	24,000	22,400
Gifted Education Universal Screening and Qualified Personnel	21,061	19,540	19,540	-	21,061
Computer Science Education	-	22,036	47,190	25,154	-
AP Exam Fee	-	-	1,736	1,736	-
State Grants from Other Agencies					
State Vocational Education	13,690	13,690	40,335	26,645	16,004
St. of CO Direct PERA Distribution	-	-	584,557	584,557	-
School to Work Alliance Program (SWAP)	21,140	21,140	33,193	12,053	33,380
Total State Sources	<u>17,765,410</u>	<u>17,800,494</u>	<u>18,681,983</u>	<u>881,489</u>	<u>16,470,765</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs Operated by Schools	300,270	307,008	288,078	(18,930)	181,351
Special Education: Grants to States IDEA Part B	755,775	728,599	728,887	288	684,915
IDEA Part B - Special Education Preschool	8,686	9,314	9,357	43	8,707
NCLB Title III, Part A - English Language Acquisition	16,812	30,228	16,812	(13,416)	23,062
NCLB Title II, Part A - Teacher & Principal Training	73,151	73,545	73,469	(76)	54,842
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	-	-	13,418	13,418	10,000
Medicaid Reimbursement	85,000	85,000	130,366	45,366	101,064
Direct Federal Revenue					
Impact Aid	115,000	115,000	176,842	61,842	135,717
Total Federal Sources	<u>1,354,694</u>	<u>1,348,694</u>	<u>1,437,229</u>	<u>88,535</u>	<u>1,199,658</u>
TOTAL REVENUES	<u>39,645,245</u>	<u>40,054,597</u>	<u>41,185,318</u>	<u>1,130,721</u>	<u>37,517,880</u>

(Continued)

See the accompanying Independent Auditors' Report

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				
	Original	Final		Variance	2018
	Budget	Budget	Actual	with Final	Actual
(Continued)					
EXPENDITURES					
Instruction					
Salaries	16,647,285	16,630,705	16,456,533	174,172	15,435,443
Benefits	4,588,674	4,523,387	5,065,550	(542,163)	4,259,501
PS - Professional	330,379	371,236	452,318	(81,082)	329,860
PS - Property	36,200	36,200	19,226	16,974	23,544
PS - Other	772,552	812,056	922,005	(109,949)	821,963
Supplies	1,179,347	1,251,138	888,198	362,940	797,811
Property	50,600	37,003	101,542	(64,539)	74,772
Other Expenses	21,900	22,150	33,197	(11,047)	33,709
Total Instruction	<u>23,626,937</u>	<u>23,683,875</u>	<u>23,938,569</u>	<u>(254,694)</u>	<u>21,776,603</u>
Supporting Services					
Pupil Support					
Salaries	2,164,257	2,118,054	2,120,239	(2,185)	1,966,238
Benefits	593,264	579,710	585,539	(5,829)	549,707
PS - Professional	54,650	74,980	52,644	22,336	93,534
PS - Property	100	-	-	-	-
PS - Other	24,610	26,620	22,762	3,858	22,696
Supplies	99,035	96,095	88,558	7,537	64,981
Property	41,000	41,000	37,104	3,896	38,931
Other Expenses	1,905	1,905	1,694	211	2,118
Total Pupil Support	<u>2,978,821</u>	<u>2,938,364</u>	<u>2,908,540</u>	<u>29,824</u>	<u>2,738,205</u>
Staff Support					
Salaries	1,596,879	1,581,995	1,574,867	7,128	1,440,847
Benefits	425,721	433,924	432,626	1,298	391,970
PS - Professional	108,869	128,000	93,202	34,798	55,624
PS - Property	8,500	9,000	1,221	7,779	-
PS - Other	37,800	52,304	52,890	(586)	28,076
Supplies	87,314	83,178	80,030	3,148	87,269
Property	169,200	166,100	171,682	(5,582)	104,426
Other Expenses	1,100	1,100	97	1,003	1,130
Total Staff Support	<u>2,435,383</u>	<u>2,455,601</u>	<u>2,406,615</u>	<u>48,986</u>	<u>2,109,342</u>
General Administration					
Salaries	311,399	305,315	304,053	1,262	286,847
Benefits	72,244	70,456	69,607	849	67,815
PS - Professional	131,578	122,500	106,117	16,383	106,474
PS - Other	67,500	67,500	43,537	23,963	57,255
Supplies	6,150	6,150	9,022	(2,872)	7,836
Property	2,000	2,000	-	2,000	-
Other Expenses	23,000	23,000	47,617	(24,617)	19,492
Total General Administration	<u>613,871</u>	<u>596,921</u>	<u>579,953</u>	<u>16,968</u>	<u>545,719</u>
School Administration					
Salaries	1,544,411	1,544,452	1,542,380	2,072	1,470,260
Benefits	395,532	389,502	396,403	(6,901)	381,720
PS - Professional	2,300	2,300	1,084	1,216	1,212
PS - Property	20,000	20,000	20,027	(27)	17,840
PS - Other	22,550	18,220	9,511	8,709	17,527
Supplies	15,138	14,538	14,833	(295)	14,593
Property	1,200	750	648	102	226
Other Expenses	4,250	4,250	3,890	360	4,119
Total School Administration	<u>2,005,381</u>	<u>1,994,012</u>	<u>1,988,776</u>	<u>5,236</u>	<u>1,907,497</u>

(Continued)
See the accompanying Independent Auditors' Report

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	366,092	367,273	368,887	(1,614)	375,992
Benefits	94,430	95,453	97,964	(2,511)	99,645
PS - Professional	84,000	84,750	67,750	17,000	44,815
PS - Other	2,500	2,500	1,509	991	2,144
Supplies	22,609	22,609	21,756	853	24,381
Property	9,000	9,000	-	9,000	4,137
Other Expenses	1,000	1,000	1,090	(90)	1,140
Total Business Services	<u>579,631</u>	<u>582,585</u>	<u>558,956</u>	<u>23,629</u>	<u>552,254</u>
Operations and Maintenance					
Salaries	1,637,647	1,638,867	1,538,995	99,872	1,416,941
Benefits	499,658	507,653	463,445	44,208	431,048
PS - Professional	228,770	228,770	251,669	(22,899)	197,918
PS - Property	566,437	630,397	664,034	(33,637)	625,453
PS - Other	291,693	289,516	280,087	9,429	274,463
Supplies	1,040,755	988,457	939,190	49,267	898,693
Property	-	-	-	-	3,768
Total Operations and Maintenance	<u>4,264,960</u>	<u>4,283,660</u>	<u>4,137,420</u>	<u>146,240</u>	<u>3,848,284</u>
Transportation					
Salaries	282,294	282,294	260,571	21,723	245,869
Benefits	74,857	67,410	65,535	1,875	62,841
PS - Professional	400	400	900	(500)	-
PS - Property	58,000	58,000	118,506	(60,506)	97,245
PS - Other	1,200	1,200	281	919	5,924
Supplies	41,500	41,500	38,239	3,261	34,114
Total Transportation	<u>458,251</u>	<u>450,804</u>	<u>484,032</u>	<u>(33,228)</u>	<u>445,993</u>
Other Central Support					
Salaries	41,891	41,891	41,891	-	42,461
Benefits	13,072	13,689	12,807	882	12,119
PS - Professional	55,500	61,500	62,138	(638)	46,157
PS - Property	10,000	12,600	12,621	(21)	14,609
PS - Other	339,000	343,000	286,597	56,403	327,938
Supplies	10,050	10,050	11,647	(1,597)	10,708
Property	2,500	2,500	-	2,500	-
Total Other Central Support	<u>472,013</u>	<u>485,230</u>	<u>427,701</u>	<u>57,529</u>	<u>453,992</u>
Risk Management					
PS - Professional	6,000	6,000	9,597	(3,597)	4,556
PS - Property	4,000	4,000	2,250	1,750	1,537
PS - Other	420,970	677,784	396,416	281,368	285,256
Total Risk Management	<u>430,970</u>	<u>687,784</u>	<u>408,263</u>	<u>279,521</u>	<u>291,349</u>
Other Supporting Services					
Salaries	69,793	69,793	41,876	27,917	32,897
Benefits	17,809	17,813	10,940	6,873	8,672
Total Other Supporting Services	<u>87,602</u>	<u>87,606</u>	<u>52,816</u>	<u>34,790</u>	<u>41,569</u>
Community Support					
Salaries	120,999	120,999	92,531	28,468	75,902
Benefits	24,745	24,745	19,986	4,759	16,233
Total Community Support	<u>145,744</u>	<u>145,744</u>	<u>112,517</u>	<u>33,227</u>	<u>92,135</u>
Contingency	<u>16,674,597</u>	<u>17,404,586</u>	-	<u>17,404,586</u>	-
TOTAL EXPENDITURES	<u>54,774,161</u>	<u>55,796,772</u>	<u>38,004,158</u>	<u>17,792,614</u>	<u>34,802,942</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019				2018 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(15,128,916)	(15,742,175)	3,181,160	18,923,335	2,714,938
OTHER FINANCING SOURCES (USES)					
Transfers	(1,088,153)	(1,088,153)	(1,588,153)	(500,000)	(1,703,853)
Transfer to Component Unit	(363,969)	(363,969)	(359,563)	4,406	(321,900)
CHANGE IN FUND BALANCE	(16,581,038)	(17,194,297)	1,233,444	18,427,741	689,185
BEGINNING FUND BALANCE	16,581,038	17,194,297	17,194,296	(1)	16,505,111
ENDING FUND BALANCE	\$ -	\$ -	\$ 18,427,740	\$ 18,427,740	\$ 17,194,296

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	Special Revenue			Totals	
	Food Service	Pupil Activity		2019	2018
	Fund	Fund	Land Fund		
ASSETS					
Cash and Investments	\$ 297,528	\$ 510,934	\$ 147,121	\$ 955,583	\$ 836,307
Inventory	2,965	-	-	2,965	3,762
TOTAL ASSETS	<u>\$ 300,493</u>	<u>\$ 510,934</u>	<u>\$ 147,121</u>	<u>\$ 958,548</u>	<u>\$ 840,069</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 2,872
Accrued Salaries & Benefits	11,919	-	-	11,919	11,255
Deferred Revenue	45,449	-	-	45,449	44,727
Total Liabilities	<u>57,368</u>	<u>-</u>	<u>-</u>	<u>57,368</u>	<u>58,854</u>
Fund Balance					
Nonspendable Fund Balance	2,965	-	-	2,965	3,762
Restricted Fund Balance					
Restricted for Capital Expenditures	-	-	147,121	147,121	83,362
Committed Fund Balance					
Committed for Pupil Activities	-	510,934	-	510,934	465,997
Committed for Food Service	240,160	-	-	240,160	228,094
Total Fund Balance	<u>243,125</u>	<u>510,934</u>	<u>147,121</u>	<u>901,180</u>	<u>781,215</u>
TOTAL LIABILITIES, DEFERRED INLFOWS AND FUND BALANCE	<u>\$ 300,493</u>	<u>\$ 510,934</u>	<u>\$ 147,121</u>	<u>\$ 958,548</u>	<u>\$ 840,069</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Special Revenue			Totals	
	Food Service	Pupil Activity	Land Fund	2019	2018
	Fund	Fund			
REVENUES					
Local Sources	\$ 470,660	\$ 1,459,724	\$ 639	\$ 1,931,023	\$ 1,532,470
Intermediate Sources	-	-	63,120	63,120	15,140
State Sources	9,761	-	-	9,761	9,643
Federal Sources	271,950	-	-	271,950	301,814
TOTAL REVENUES	<u>752,371</u>	<u>1,459,724</u>	<u>63,759</u>	<u>2,275,854</u>	<u>1,859,067</u>
EXPENDITURES					
Instruction	-	1,437,940	-	1,437,940	1,161,877
Food Service	741,102	-	-	741,102	706,146
TOTAL EXPENDITURES	<u>741,102</u>	<u>1,437,940</u>	<u>-</u>	<u>2,179,042</u>	<u>1,868,023</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	11,269	21,784	63,759	96,812	(8,956)
OTHER FINANCING SOURCES (USES)					
Transfer In (Out) - net	-	23,153	-	23,153	23,853
CHANGE IN FUND BALANCE	11,269	44,937	63,759	119,965	14,897
BEGINNING FUND BALANCE	231,856	465,997	83,362	781,215	766,318
ENDING FUND BALANCE	<u>\$ 243,125</u>	<u>\$ 510,934</u>	<u>\$ 147,121</u>	<u>\$ 901,180</u>	<u>\$ 781,215</u>

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUNDS

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

The District has the following Special Revenue Funds:

Food Service Fund

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

Pupil Activity Fund

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

Land Fund

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Food Service Fund
 For the Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ 300	\$ 1,678	\$ 1,378	\$ 988
Food Service Revenue	428,115	467,228	39,113	432,559
Other Local	-	1,754	1,754	1,403
Total Local Sources	428,415	470,660	42,245	434,950
State Sources				
State Grants from CDE				
State Matching Child Nutrition	7,000	6,969	(31)	6,719
Start Smart Nutrition	500	538	38	690
School Lunch Protection Program: Free and Reduced for Pre-K th 2	2,200	2,254	54	2,234
Total State Sources	9,700	9,761	61	9,643
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	20,545	20,640	95	23,798
National School Lunch Program	212,000	210,809	(1,191)	230,110
Federal Grants from Other State Agencies				
National School Lunch Program - Commodities	48,000	40,501	(7,499)	47,906
Total Federal Sources	280,545	271,950	(8,595)	301,814
TOTAL REVENUES	718,660	752,371	33,711	746,407
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	243,000	242,698	302	231,546
Benefits	60,572	59,046	1,526	56,460
PS - Professional	20,000	29,553	(9,553)	27,158
PS - Property	15,000	11,237	3,763	16,664
Supplies	45,088	28,074	17,014	40,710
Food	287,000	329,993	(42,993)	285,702
Commodities	48,000	40,501	7,499	47,906
Total Food Service	718,660	741,102	(22,442)	706,146
Contingency	231,856	-	231,856	-
TOTAL EXPENDITURES	950,516	741,102	209,414	706,146
CHANGE IN FUND BALANCE	(231,856)	11,269	243,125	40,261
BEGINNING FUND BALANCE	231,856	231,856	-	191,595
ENDING FUND BALANCE	\$ -	\$ 243,125	\$ 243,125	\$ 231,856

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Pupil Activity Revenues	\$ 1,377,859	\$ 1,459,724	\$ 81,865	\$ 1,097,260
EXPENDITURES				
Instruction				
PS - Other	-	1,143,991	(1,143,991)	833,049
Supplies	1,907,773	293,949	1,613,824	328,828
TOTAL EXPENDITURES	<u>1,907,773</u>	<u>1,437,940</u>	<u>469,833</u>	<u>1,161,877</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(529,914)	21,784	551,698	(64,617)
OTHER FINANCING SOURCES (USES)				
Transfers	23,153	23,153	-	23,853
CHANGE IN FUND BALANCE	(506,761)	44,937	551,698	(40,764)
BEGINNING FUND BALANCE	506,761	465,997	(40,764)	506,761
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 510,934</u>	<u>\$ 510,934</u>	<u>\$ 465,997</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Land Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 200	\$ 639	\$ 439	\$ 260
Intermediate Sources				
Other Intermediate Source Revenue	36,000	63,120	27,120	15,140
TOTAL REVENUES	<u>36,200</u>	<u>63,759</u>	<u>27,559</u>	<u>15,400</u>
EXPENDITURES				
Facilities/Capital Outlay				
Land and Improvements	36,200	-	36,200	-
Contingency	<u>83,362</u>	<u>-</u>	<u>83,362</u>	<u>-</u>
TOTAL EXPENDITURES	<u>119,562</u>	<u>-</u>	<u>119,562</u>	<u>-</u>
CHANGE IN FUND BALANCE	(83,362)	63,759	147,121	15,400
BEGINNING FUND BALANCE	<u>83,362</u>	<u>83,362</u>	<u>-</u>	<u>67,962</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 147,121</u>	<u>\$ 147,121</u>	<u>\$ 83,362</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

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

The District has one debt service fund as follows:

Bond Redemption Fund

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Property Taxes	\$ 3,976,530	\$ 3,964,144	\$ (12,386)	\$ 4,671,953
Delinquent Taxes	-	6,776	6,776	4,975
Investment Earnings	15,000	48,390	33,390	21,902
TOTAL REVENUES	<u>3,991,530</u>	<u>4,019,310</u>	<u>27,780</u>	<u>4,698,830</u>
EXPENDITURES				
Supporting Services				
General Administration				
Supplies	3,500	-	3,500	-
Other Expenses	6,000	3,500	2,500	3,500
Total General Administration	<u>9,500</u>	<u>3,500</u>	<u>6,000</u>	<u>3,500</u>
Debt Service				
Principal	1,530,000	1,530,000	-	1,480,000
Interest	2,446,550	2,446,550	-	2,498,900
Total Debt Service	<u>3,976,550</u>	<u>3,976,550</u>	<u>-</u>	<u>3,978,900</u>
Contingency	3,935,990	-	3,935,990	-
TOTAL EXPENDITURES	<u>7,922,040</u>	<u>3,980,050</u>	<u>3,941,990</u>	<u>3,982,400</u>
CHANGE IN FUND BALANCE	(3,930,510)	39,260	3,969,770	716,430
BEGINNING FUND BALANCE	<u>3,930,510</u>	<u>3,930,510</u>	<u>-</u>	<u>3,214,080</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 3,969,770</u>	<u>\$ 3,969,770</u>	<u>\$ 3,930,510</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

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

Capital Construction Fund

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

Capital Reserve Projects Fund

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Construction Fund
 For the Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ -	\$ -	\$ 15,678
EXPENDITURES				
Facilities/Capital Outlay				
PS - Professional	-	-	-	43,430
Buildings	-	-	-	989,524
Equipment	-	-	-	17,730
TOTAL EXPENDITURES	-	-	-	1,050,684
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	-	-	(1,035,006)
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	(1,144,615)
CHANGE IN FUND BALANCE	-	-	-	(2,179,621)
BEGINNING FUND BALANCE	-	-	-	2,179,621
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 4,000	\$ 16,448	\$ 12,448	\$ 6,188
EXPENDITURES				
Supporting Services				
Operations and Maintenance				
Property	884,342	613,659	270,683	1,072,364
Facilities/Capital Outlay				
Land and Improvements	724,793	488,347	236,446	-
Buildings	1,032,981	735,443	297,538	55,036
Other Capital Outlay	30,000	4,316	25,684	-
Total Facilities/Capital Outlay	1,787,774	1,228,106	559,668	55,036
Contingency	1,434,187	-	1,434,187	-
TOTAL EXPENDITURES	4,106,303	1,841,765	2,264,538	1,127,400
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(4,102,303)	(1,825,317)	2,276,986	(1,121,212)
OTHER FINANCING SOURCES (USES)				
Transfers	1,065,000	1,565,000	500,000	2,824,615
CHANGE IN FUND BALANCE	(3,037,303)	(260,317)	2,776,986	1,703,403
BEGINNING FUND BALANCE	3,037,303	3,037,303	-	1,333,900
ENDING FUND BALANCE	\$ -	\$ 2,776,986	\$ 2,776,986	\$ 3,037,303

See accompanying Independent Auditors' Report.

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INTERNAL SERVICE FUND

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

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
Internal Service Funds
June 30, 2019
(With Comparative Totals for June 30, 2018)

	<u>Internal Service Funds</u>			
	<u>Health Insurance</u>	<u>Dental Insurance</u>		
	<u>Reserve Fund</u>	<u>Reserve Fund</u>	<u>2019</u>	<u>2018</u>
ASSETS				
Cash and Investments	\$ 567,455	\$ 333,063	\$ 900,518	\$ 974,890
LIABILITIES				
Accounts Payable	49,507	36,631	86,138	105,345
NET POSITION				
Unrestricted Net Position	<u>\$ 517,948</u>	<u>\$ 296,432</u>	<u>\$ 814,380</u>	<u>\$ 869,545</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Internal Service Funds</u>			
	<u>Health Insurance</u>		<u>Dental Insurance</u>	
	<u>Reserve Fund</u>	<u>Reserve Fund</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES				
Employee Premiums	\$ 160,954	\$ 168,896	\$ 329,850	\$ 333,386
Employer Premiums	-	100,063	100,063	102,780
Insurance Proceeds	50,000	-	50,000	-
TOTAL OPERATING REVENUES	<u>210,954</u>	<u>268,959</u>	<u>479,913</u>	<u>436,166</u>
OPERATING EXPENSES				
Risk Management				
PS - Professional	16,134	-	16,134	10,418
PS - Other	248,574	275,386	523,960	493,745
TOTAL OPERATING EXPENSES	<u>264,708</u>	<u>275,386</u>	<u>540,094</u>	<u>504,163</u>
OPERATING INCOME	<u>(53,754)</u>	<u>(6,427)</u>	<u>(60,181)</u>	<u>(67,997)</u>
OTHER REVENUES (EXPENSES)				
Investment Earnings	3,218	1,798	5,016	(996)
CHANGE IN NET POSITION	(50,536)	(4,629)	(55,165)	(68,993)
BEGINNING NET POSITION	568,484	301,061	869,545	938,538
ENDING NET POSITION	<u>\$ 517,948</u>	<u>\$ 296,432</u>	<u>\$ 814,380</u>	<u>\$ 869,545</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Internal Service</u>		<u>2019</u>	<u>2018</u>
	<u>Health Insurance Reserve Fund</u>	<u>Dental Insurance Reserve Fund</u>		
Cash Flows from Operating Activities:				
Cash Received from Local Sources	\$ 210,954	\$ 268,959	\$ 479,913	\$ 436,166
Cash Paid to Suppliers	<u>(282,189)</u>	<u>(277,112)</u>	<u>(559,301)</u>	<u>(553,349)</u>
Net Cash Provided (Used) for Operating Activities	(71,235)	(8,153)	(79,388)	(117,183)
Cash Flows from Investing Activities:				
Interest Received	<u>3,218</u>	<u>1,798</u>	<u>5,016</u>	<u>(996)</u>
Net Increase(Decrease) in Cash	(68,017)	(6,355)	(74,372)	(118,179)
Cash, Beginning	<u>635,472</u>	<u>339,418</u>	<u>974,890</u>	<u>1,093,069</u>
Cash, Ending	<u>\$ 567,455</u>	<u>\$ 333,063</u>	<u>\$ 900,518</u>	<u>\$ 974,890</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Operating Income (Loss)	\$ (53,754)	\$ (6,427)	\$ (60,181)	\$ (67,997)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Changes in Assets and Liabilities Related to Operations:				
Increase (Decrease) in:				
Accounts Payable	<u>(17,481)</u>	<u>(1,726)</u>	<u>(19,207)</u>	<u>(49,186)</u>
Net Cash Provided (Used) for Operating Activities	<u>\$ (71,235)</u>	<u>\$ (8,153)</u>	<u>\$ (79,388)</u>	<u>\$ (117,183)</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Health Insurance Reserve Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Employee Premiums	\$ 149,292	\$ 160,954	\$ 11,662	\$ 165,812
Insurance Proceeds	50,000	50,000	-	-
TOTAL OPERATING REVENUES	<u>199,292</u>	<u>210,954</u>	<u>11,662</u>	<u>165,812</u>
OPERATING EXPENSES				
Risk Management				
PS - Professional	16,000	16,134	(134)	10,418
PS - Other	254,589	248,574	6,015	212,014
Total Risk Management	270,589	264,708	5,881	222,432
Contingency	438,806	-	438,806	-
TOTAL OPERATING EXPENSES	<u>709,395</u>	<u>264,708</u>	<u>444,687</u>	<u>222,432</u>
OPERATING INCOME	(510,103)	(53,754)	456,349	(56,620)
OTHER REVENUES (EXPENSES)				
Investment Earnings	100	3,218	3,118	(2,097)
CHANGE IN NET POSITION	(510,003)	(50,536)	459,467	(58,717)
BEGINNING NET POSITION	510,003	568,484	58,481	627,201
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 517,948</u>	<u>\$ 517,948</u>	<u>\$ 568,484</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Dental Insurance Reserve Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Employee Premiums	\$ 276,000	\$ 168,896	\$ (107,104)	\$ 167,575
Employer Premiums	-	100,063	100,063	102,780
TOTAL OPERATING REVENUES	<u>276,000</u>	<u>268,959</u>	<u>(7,041)</u>	<u>270,355</u>
OPERATING EXPENSES				
Risk Management				
PS - Other	280,000	275,386	4,614	281,732
Contingency	<u>303,536</u>	<u>-</u>	<u>303,536</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>583,536</u>	<u>275,386</u>	<u>308,150</u>	<u>281,732</u>
OPERATING INCOME	(307,536)	(6,427)	301,109	(11,377)
OTHER REVENUES (EXPENSES)				
Investment Earnings	<u>100</u>	<u>1,798</u>	<u>1,698</u>	<u>1,101</u>
CHANGE IN NET POSITION	(307,436)	(4,629)	302,807	(10,276)
BEGINNING NET POSITION	<u>307,436</u>	<u>301,061</u>	<u>(6,375)</u>	<u>311,337</u>
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 296,432</u>	<u>\$ 296,432</u>	<u>\$ 301,061</u>

See accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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FEDERAL FINANCIAL ASSISTANCE REPORTS

Mayberry & Company, LLC

Certified Public Accountants

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

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

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

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Cheyenne Mountain School District 12 (the District) as of and for the year ended June 30, 2019, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mayberry + Company, LLC

Englewood, Colorado
November 20, 2019

Mayberry & Company, LLC

Certified Public Accountants

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

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

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

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the Cheyenne Mountain School District 12 (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

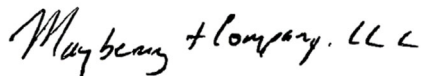
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 20, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
November 20, 2019

Cheyenne Mountain School District 12
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program	10.553	Colo Dept of Education,4553	\$ 20,640
National School Lunch Program	10.555	Colo Dept of Human Services,4555	40,501
Total Child Nutrition Cluster-Cluster			271,950
Special Education Cluster (IDEA)-Cluster			
Department of Education			
Special Education_Grants to States	84.027	Colo Dept of Education,4027	728,887
Special Education_Preschool Grants	84.173	Colo Dept of Education,4173	9,357
Total Special Education Cluster (IDEA)-Cluster			738,244
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colo Dept of Education,4010	288,078
Impact Aid	84.041		176,842
English Language Acquisition State Grants	84.365	Colo Dept of Education,4365	15,247
English Language Acquisition State Grants	84.365	Colo Dept of Education,7365	1,565
Improving Teacher Quality State Grants	84.367	Colo Dept of Education,4367	73,469
Student Support and Academic Enrichment Program	84.424	Colo Dept of Education,4424	13,418
Total Other Programs			568,619
Total Expenditures of Federal Awards			\$ 1,578,813

The accompanying notes are an integral part of this schedule

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: 10% DE MINIMIS INDIRECT COST RATE

The District did not utilize the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes no

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

Noncompliance material to financial statements noted?

_____ yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes no

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

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

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

_____ yes no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?

yes _____ no

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2019

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

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2019, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2019, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2019, did not disclose any material weaknesses or significant deficiencies in internal controls over federal grant management.

B. Compliance Findings

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2019, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

C. Questioned Costs

None noted.

IV Prior Year Audit Findings

There were no audit findings reported for the prior fiscal year.

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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1020 - Cheyenne Mountain 12
 Fiscal Year 2018-19
 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	16,827,342	38,318,862	37,429,927	17,716,277
18 Risk Mgmt Sub-Fund of General Fund	366,955	918,740	574,232	711,463
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	17,194,296	39,237,603	38,004,159	18,427,740
11 Charter School Fund	3,063,245	12,891,158	13,136,339	2,818,065
20,26-29 Special Revenue Fund	83,362	63,759	0	147,121
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	231,856	752,372	741,102	243,125
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	465,997	1,639,294	1,578,583	526,708
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,930,510	4,019,310	3,980,050	3,969,770
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	3,037,303	1,581,448	1,841,765	2,776,986
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	28,006,569	60,184,943	59,281,998	28,909,514
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	869,545	217,618	272,783	814,380
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	869,545	217,618	272,783	814,380
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	56,750	18,569	5,581	69,738
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	-2,055,632	932,733	310,875	-1,433,774
Totals	-1,998,882	951,302	316,456	-1,364,036

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 1020 - Cheyenne Mountain 12

Fiscal Year 2018-19

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary			Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85		
Cash and Investments (8100-8104,8111)	21,598,226	3,576,412	0	673,828	0	297,528	3,827,599	2,839,496	0	0	900,518	0	69,738	2,441,990	36,225,335	
Cash with Fiscal Agent (8105)	243,001	5,069	0	0	0	0	8,605	0	0	0	0	0	0	0	256,675	
Taxes Receivable (8121,8122)	574,278	0	0	0	0	0	133,566	0	0	0	0	0	0	0	707,844	
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	342,137	0	0	0	0	0	0	0	0	0	0	0	0	0	342,137	
Other Receivables (8151-8154,8161)	0	176,142	0	0	0	0	0	0	0	0	0	0	0	0	176,142	
Inventories (8171,8172,8173)	66,613	17,531	0	0	0	2,965	0	0	0	0	0	0	0	0	87,109	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Current Assets (8191-8194,8199)	200	0	0	0	0	0	0	0	0	0	0	0	0	0	200	
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	0	0	3,475,000	3,475,000	
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0	16,969,443	16,969,443	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Outflow (8800)	0	0	0	0	0	0	0	0	0	0	0	0	0	696,689	696,689	
Total Assets	22,824,455	3,775,154	0	673,828	0	300,493	3,969,770	2,839,496	0	900,518	0	69,738	23,583,123	58,936,574		

See accompanying Independent Auditors' Report.

Proprietary

Governmental

Fiduciary

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	181,288	40,992	0	0	0	0	0	62,510	0	0	86,138	0	0	0	370,928
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	39,654	39,654
Accrued Expenses (7461)	4,215,427	862,757	0	0	0	11,918	0	0	0	0	0	0	0	0	5,090,103
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	53,340	0	0	0	45,449	0	0	0	0	0	0	0	0	98,789
Long-Term Liabilities (7521,7531,7561,7590)	0	0	0	0	0	0	0	0	0	0	0	0	0	24,977,243	24,977,243
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	4,396,715	957,089	0	0	0	57,367	0	62,510	0	0	86,138	0	0	25,016,897	30,576,716

See accompanying Independent Auditors' Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	66,813	0	0	0	0	2,965	0	0	0	0	0	0	0	0	69,778
Restricted Fund Balance 6720	0	0	0	147,121	0	0	3,969,770	0	0	0	0	0	69,738	0	4,186,628
TABOR 3% Emergency Reserve 6721	1,230,000	318,000	0	0	0	0	0	0	0	0	0	0	0	0	1,548,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	1,150,423	0	0	526,708	0	240,161	0	2,776,986	0	0	0	0	0	0	4,694,277
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	15,980,504	2,500,065	0	0	0	0	0	0	0	0	0	0	0	-1,433,774	17,046,795
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	814,380	0	0	0	814,380
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	18,427,740	2,818,065	0	673,828	0	243,125	3,969,770	2,776,986	0	0	814,380	0	69,738	-1,433,774	28,359,858

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	22,824,455	3,775,154	0	673,828	0	300,493	3,969,770	2,839,496	0	0	900,518	0	69,738	23,583,123	58,936,574
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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DEBT COMPLIANCE

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

General Fund Budget Summary and Comparison

	FYE 6/30/18		6/30/2019	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
REVENUES:				
Local Sources	\$ 19,707,537	\$ 19,847,171	\$ 20,905,409	\$ 21,036,600
Intermediate Sources	-	286	-	289
State Sources	16,254,274	16,470,765	17,800,494	18,097,427
Federal Sources	1,158,313	1,199,658	1,348,694	1,437,229
Total Revenues	<u>37,120,124</u>	<u>37,517,880</u>	<u>40,054,597</u>	<u>40,571,545</u>
EXPENDITURES:				
Instruction	22,226,138	21,743,223	23,683,875	23,354,013
Pupil Support	2,837,735	2,738,205	2,938,364	2,908,540
Staff Support	2,172,519	2,109,342	2,455,601	2,406,615
General Administration	593,756	545,719	596,921	550,736
School Administration	1,909,454	1,907,497	1,994,012	1,988,776
Business Services	545,915	552,254	582,585	558,956
Operations and Maintenance	4,042,984	3,848,285	4,283,660	4,137,420
Transportation	428,484	445,993	450,804	484,032
Other Central Support	478,327	453,992	485,230	427,701
Risk Management	391,619	291,348	687,784	408,263
Other Supporting Services	82,784	41,569	87,606	52,816
Community Support	133,711	92,135	145,744	112,517
Other Uses	21,400	33,380	-	-
Total Expenditures	<u>35,864,826</u>	<u>34,802,942</u>	<u>38,392,186</u>	<u>37,390,385</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,255,298	2,714,938	1,662,411	3,181,160
OTHER FINANCING SOURCES (USES)				
Transfers In (Out) - Net	<u>(1,495,853)</u>	<u>(2,025,753)</u>	<u>(1,452,122)</u>	<u>(1,947,716)</u>
	<u>\$ (240,555)</u>	<u>\$ 689,185</u>	<u>\$ 210,289</u>	<u>\$ 1,233,444</u>

Source: District audited financial statements

See the accompanying Independent Auditor's Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

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

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
REVENUES:					
Local Sources	\$ 18,091,849	\$ 19,436,580	\$ 19,837,458	\$ 19,847,171	\$ 21,036,600
Intermediate Sources	398	392	252	286	289
State Sources	14,644,541	14,931,512	15,731,845	16,470,765	18,097,427
Federal Sources	1,047,597	1,106,041	1,215,866	1,199,658	1,437,229
Total Revenues	<u>33,784,385</u>	<u>35,474,525</u>	<u>36,785,421</u>	<u>37,517,880</u>	<u>40,571,545</u>
EXPENDITURES:					
Instruction	20,131,347	20,708,320	21,680,410	21,776,603	23,354,013
Pupil Support	2,517,403	2,493,648	2,530,160	2,738,205	2,908,540
Staff Support	1,901,734	1,969,913	2,063,006	2,109,342	2,406,615
General Administration	535,987	492,683	518,140	545,719	550,736
School Administration	1,722,226	1,874,175	1,874,622	1,907,497	1,988,776
Business Services	481,590	505,375	516,146	552,254	558,956
Operations and Maintenance	3,599,491	3,535,037	3,732,703	3,848,285	4,137,420
Transportation	393,150	380,855	381,898	445,993	484,032
Other Central Support	400,061	410,431	424,965	453,992	427,701
Risk Management	305,318	249,877	211,526	291,348	408,263
Other Supporting Services	-	79,761	80,137	41,569	52,816
Food Service	-	-	-	-	-
Enterprise Operations	-	-	-	-	-
Community Support	114,357	89,554	105,341	92,135	112,517
Other Uses	21,649	21,478	32,836	-	-
Total Expenditures	<u>32,124,313</u>	<u>32,811,107</u>	<u>34,151,890</u>	<u>34,802,942</u>	<u>37,390,385</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,660,072	2,663,418	2,633,531	2,714,938	3,181,160
OTHER FINANCING SOURCES (USES)					
Transfers In (Out) - Net	<u>(1,816,661)</u>	<u>(1,442,089)</u>	<u>(1,512,841)</u>	<u>(2,025,753)</u>	<u>(1,947,716)</u>
NET CHANGE IN FUND BALANCE	(156,589)	1,221,329	1,120,690	689,185	1,233,444
	<u>14,319,683</u>	<u>14,163,093</u>	<u>15,384,421</u>	<u>16,505,111</u>	<u>17,194,296</u>
FUND BALANCE, Ending	<u>\$ 14,163,094</u>	<u>\$ 15,384,422</u>	<u>\$ 16,505,111</u>	<u>\$ 17,194,296</u>	<u>\$ 18,427,740</u>

Source: District audited financial statements

See the accompanying Independent Auditor's Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

History of Assessed Valuations and Mill Levies for the District

Levy/ Collection Year	Assessed Valutaion		Mill Levies				Total Mill Levy
	Assessed Valuation	Percent Change	General Operating	Debt Service	Overrides	Special Abate- ment	
2010/2011	\$ 391,594,490	0.00%	27.000	8.793	7.916	0.0560	43.765
2011/2012	371,992,500	-5.01%	27.000	9.692	12.903	0.1690	49.764
2012/2013	370,267,800	-0.46%	27.000	9.024	13.929	0.0470	50.000
2013/2014	362,769,570	-2.03%	27.000	8.666	14.204	0.1300	50.000
2014/2015	364,468,990	0.47%	27.000	10.910	14.962	0.1280	53.000
2015/2016	387,164,780	6.23%	27.000	10.614	15.246	0.1400	53.000
2016/2017	383,631,490	-0.91%	27.000	10.614	15.246	0.1400	53.000
2017/2018	384,201,380	0.15%	27.000	12.207	15.626	0.1670	55.000
2018/2019	384,317,170	0.03%	27.000	10.347	17.471	0.1820	55.000

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

See the accompanying Independent Auditor's Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

Property Tax Collections for the District

Levy/ Collection Year	Taxes Levied (1)	Current Collections (2)	Collection Rate
2009/2010	\$ 17,115,901	\$ 17,098,289	99.90%
2010/2011	17,138,133	17,130,243	99.95%
2011/2012	18,511,835	18,499,572	99.93%
2012/2013	18,513,390	18,502,207	99.94%
2013/2014	18,138,479	18,124,943	99.93%
2014/2015	19,316,856	19,287,451	99.85%
2015/2016	20,519,733	20,472,364	99.77%
2016/2017	20,332,469	20,313,573	99.91%
2017/2018	21,131,076	21,080,192	99.76%
2018/2019	21,137,574	20,424,047 ⁽³⁾	96.62%

⁽¹⁾ Levies do not include abatements or other adjustments

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

⁽³⁾ Through June 30

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

See the accompanying Independent Auditor's Report.

Enrollment

The District’s fall enrollment (October headcount) for the past five years is shown in the following table:

<u>School Year</u>	<u>Elementary</u>	<u>Junior High</u>	<u>Senior High</u>	<u>Total</u>	<u>Percent Increase</u>
2013-2014	2,727	834	1,562	5,123	10.15*
2014-2015	2,770	808	1,570	5,148	0.49
2015-2016	2,785	782	1,537	5,104	(0.85)
2016-2017	2,785	866	1,573	5,224	2.29
2017-2018	2,807	844	1,569	5,220	(0.08)
2018-2019	2,840	842	1,584	5,266	0.88

Source: The District.

* Increase is a result of Cheyenne Mountain Charter Academy bringing the Vanguard School (grades 7-12) under the umbrella of Cheyenne Mountain School District #12. The Vanguard School was chartered under the Charter School Institute previously.

For the past five years, the School Finance Act provided for the following “base” amounts per pupil:

	<u>Historical Base Per Pupil Funding Amount</u>			
2013-2014	5,843	111	5,954	Inflation 1.9%
2014-2015	5,954	167	6,121	Inflation 2.8%
2015-2016	6,121	171	6,292	Inflation 2.8%
2016-2017	6,292	76	6,368	Inflation 1.2%
2017-2018	6,368	178	6,546	Inflation 2.8%
2018-2019	6,546	223	6,769	Inflation 3.4%

State Equalization Payments

<u>Fiscal Year Ended June 30</u>	<u>Equalization Payment</u>
2014	12,235,438
2015	13,501,200
2016	13,605,973
2017	14,265,504
2018	14,944,465
2019	16,385,264

Note: Equalization payments are net of funding provided to the District's Charter School

See the accompanying Independent Auditor's Report.

Historical Actual Valuations of Property Within the District

Class	Statutory "Actual" Valuation ⁽¹⁾				
	2013	2014	2015	2016	2017
Residential	\$ 3,565,168,501	\$ 3,572,819,545	\$ 3,781,485,972	\$ 3,782,411,466	\$ 4,091,497,315
Commercial	206,469,020	212,946,780	230,535,508	216,013,903	238,221,130
Vacant	54,583,697	51,694,101	54,670,265	52,876,591	57,436,100
State Assessed	9,298,828	9,470,172	9,569,310	10,446,620	10,688,689
Industrial	1,395,173	1,395,173	1,759,932	1,759,932	1,937,647
Agricultural	492,117	492,117	463,730	463,730	632,069
Natural Resources	98,874	98,874	98,874	98,872	98,874
Total	\$ 3,837,506,210	\$ 3,848,916,762	\$ 4,078,583,591	\$ 4,064,071,114	\$ 4,400,511,824

(1) These figures have been provided by the County Assessor and are calculated using a statutory formula under which assessed valuation is calculated as 7.19% of the statutory "actual" value of residential property and 29% of the statutory "actual" value of all other classes of property. Statutory "actual" value is not intended to represent market value.

Source: El Paso County Assessor's Office.

Based upon the most recent information available from El Paso County, the following table sets forth the largest taxpayers within the District as measured by assessed value. No independent investigation has been made of and, consequently, there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District.

Ten Largest Taxpayers within the District for 2017

Taxpayer Name	2017 Assessed Valuation	Percentage of Total Assessed Valuation (1)
Broadmoor Hotel Inc.	\$ 33,523,600	8.72%
Cheyenne Mountain Resort LLC	9,835,480	2.56
GS Retreat LLC	3,547,150	0.092
Addison Cheyenne LLC	1,897,440	0.5
Cheyenne Propagation Co.	1,539,600	0.4
GC Cheyenne LLC	1,863,390	0.48
Extra Space Properties Eighty Six LLC	1,670,530	0.43
CC Corners LLC	1,599,130	0.41
COG Land & Development CO	1,126,630	0.29
Qwest Corporation	1,122,600	0.29
TOTAL	\$ 577,265,550	15.00%

(1) Based on a 2017 assessed valuation of \$384,323,180.

Source: El Paso County Treasurer's Office.

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

The following table sets forth the assessed valuation of specific classes of real and personal property within the District based upon the District's 2018 assessed valuation. As shown below, residential property accounts for the largest percentage of the District's assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the District.

2017 Assessed Valuation of Classes of Property in the District

Class	2018 Assessed Valuation	Percentage of Total Assessed Valuation
Residential	\$ 295,354,620	76.68%
Commercial	70,389,510	17.98
Vacant	14,973,520	4.34
State Assessed	2,814,240	0.81
Industrial	561,920	0.15
Agricultural	194,710	0.04
Natural Resources	28,650	--
TOTAL	\$ 384,201,380	100.00%

Source: El Paso County Assessor's Office.

See the accompanying Independent Auditor's Report.