

cPa DIXON, WALLER & CO., INC.

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CHEYENNE COUNTY

SCHOOL DISTRICT R-1

KIT CARSON, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2020

# DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS

JUNE 30, 2020

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CHEYENNE COUNTY SCHOOL DISTRICT R-1  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2020

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BOARD OF EDUCATION

|                |                |
|----------------|----------------|
| Douglas Heins  | President      |
| Toby Johnson   | Vice President |
| Dara Randel    | Secretary      |
| Jamie Conaway  | Treasurer      |
| Justin Golding | Member         |

SCHOOL OFFICIALS

|                |                  |
|----------------|------------------|
| Robert Framel  | Superintendent   |
| Sheila McNeely | Business Manager |

## FINANCIAL SECTION

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District R-1, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District R-1, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post employment benefits trend data on pages i through vii and 39 through 45 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.

### *Other Information*

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

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



Trinidad, Colorado  
November 30, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# CHEYENNE COUNTY SCHOOL DISTRICT R-1

Kit Carson, Colorado

Management Discussion and Analysis

For Fiscal Year Ended June 30, 2020

The Management discussion and analysis of Cheyenne County School District R-1 offers its readers an analysis of the financial activities of the District for the fiscal year ended June 30, 2020. The main area of emphasis in this analysis will be on the primary government-general fund.

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

## Financial Highlights

The net position for the fiscal year was negative \$19,009,547 which is an increase of \$18,945,516 from the previous year. At the end of the fiscal year the District's governmental funds reported combined ending fund balances of \$5,153,711 which represents a decrease of \$5,819,985 from the previous year.

## Overview of Financial Statements

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

## Government-Wide Financial Statements

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

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

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

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
Kit Carson, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2020  
(Continued)

The government-wide statements report all governmental activities.

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

As noted previously in this document, net position may serve over time as a useful indicator of a school district's financial health. In the case of Cheyenne County School District R-1, assets and deferred outflows exceeded liabilities and deferred inflows by \$19,009,547.

CHEYENNE COUNTY SCHOOL DISTRICT R-1

Kit Carson, Colorado

Management Discussion and Analysis

For Fiscal Year Ended June 30, 2020

(Continued)

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| <b>Table 1</b>                   |                     |                     |
| <b>NET POSITION</b>              | <b>2020</b>         | <b>2019</b>         |
|                                  | <b>Governmental</b> | <b>Governmental</b> |
|                                  | <b>Activities</b>   | <b>Activities</b>   |
| <b>ASSETS</b>                    |                     |                     |
| Current and Other Assets         | 10,354,714          | 11,159,675          |
| Capital Assets                   | 26,177,543          | 2,333,253           |
| Total Assets                     | 36,532,257          | 13,492,928          |
|                                  |                     |                     |
| DEFERRED OUTFLOW OF RESOURCES    | 598,526             | 1,000,434           |
|                                  |                     |                     |
| <b>LIABILITIES</b>               |                     |                     |
| Current and Other Liabilities    | 5,216,012           | 536,826             |
| Long Term Liabilities            | 7,771,431           | 7,790,332           |
| Net Pension and OPEB Liability   | 2,680,107           | 3,337,738           |
| Total Liabilities                | 15,667,550          | 11,664,896          |
|                                  |                     |                     |
| DEFERRED INFLOW OF RESOURCES     | 2,453,686           | 2,856,831           |
|                                  |                     |                     |
| <b>NET POSITION</b>              |                     |                     |
| Net Investment in Capital Assets | 18,406,113          | 2,333,253           |
| Restricted for:                  |                     |                     |
| Tabor Reserve                    | 630,000             | 68,852              |
| BEST Capital Renewal Reserve     | -                   | -                   |
| Debt Service                     | 496,921             | 471,197             |
| Capital Outlay                   | 1,643,526           | 8,005,683           |
| Food Service                     | 6,434               | 1,154               |
| Unrestricted                     | (2,173,447)         | (10,908,504)        |
|                                  | 19,009,547          | (28,365)            |

Of the District's \$36,532,257 in assets, \$18,406,113 (50%) reflects investment in capital assets (e.g. land, building, infrastructure, machinery, and equipment, net of related debt). The District uses its capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted net position is a negative \$2,173,477.

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1

Kit Carson, Colorado

Management Discussion and Analysis

For Fiscal Year Ended June 30, 2020

(Continued)

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

| Table 2                                 |                                             |                         |                         |
|-----------------------------------------|---------------------------------------------|-------------------------|-------------------------|
| Changes in Net Position                 |                                             | 2020                    | 2019                    |
|                                         |                                             | Governmental Activities | Governmental Activities |
| <b>Revenues</b>                         |                                             |                         |                         |
| Charges for Services                    |                                             | 173,526                 | 62,644                  |
| Operating Grants and Contributions      |                                             | 243,266                 | 273,223                 |
| Capital Grants and Contributions        |                                             | 18,464,490              | 960,579                 |
| Property taxes                          |                                             | 1,280,615               | 1,330,030               |
| Specific Ownership Taxes                |                                             | 153,336                 | 121,410                 |
| Equalization                            |                                             | 1,281,430               | 1,190,259               |
| Earnings on investments                 |                                             | 47,730                  | 41,003                  |
| Other Revenues                          |                                             | 48,919                  | 44,362                  |
|                                         |                                             |                         |                         |
|                                         | <b>TOTAL REVENUES</b>                       | <b>21,693,312</b>       | <b>4,023,510</b>        |
| <b>Expenses</b>                         |                                             |                         |                         |
| Instructional services                  |                                             | 1,441,175               | 1,552,810               |
| Students                                |                                             | 69,851                  | 9,417                   |
| Instructional staff                     |                                             | 61,709                  | 45,347                  |
| District administration                 |                                             | 260,467                 | 181,351                 |
| School administration                   |                                             | 12,862                  | 8,140                   |
| Operation and maintenance of facilities |                                             | 329,119                 | 321,759                 |
| Transportation                          |                                             | 200,628                 | 182,379                 |
| Central                                 |                                             | 10,187                  | 12,964                  |
| Capital outlay                          |                                             | 36,475                  | -                       |
| Loss on Demolition                      |                                             | 551,385                 | -                       |
| Interest                                |                                             | 333,153                 | 152,318                 |
| Pension and OPEB                        |                                             | (658,868)               | (488,794)               |
| Food Service                            |                                             | 99,653                  | 91,847                  |
|                                         |                                             |                         |                         |
|                                         | <b>TOTAL EXPENSES</b>                       | <b>2,747,796</b>        | <b>2,069,538</b>        |
|                                         |                                             |                         |                         |
|                                         | <b>Increase ( Decrease) in Net Position</b> | <b>18,945,516</b>       | <b>1,953,972</b>        |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
Kit Carson, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2020  
(Continued)

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

**Table 3**  
**Governmental Activities by Major Function**

|                                         | 2020                     |                        | 2019                     |                        |
|-----------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                         | Total Cost<br>of Service | Net Cost<br>of Service | Total Cost<br>of Service | Net Cost<br>of Service |
| Instructional services                  | 1,441,175                | 1,308,680              | 1,552,810                | 1,301,179              |
| Students                                | 69,851                   | (43,694)               | 9,417                    | 9,417                  |
| Instructional staff                     | 61,709                   | 61,709                 | 45,347                   | 45,347                 |
| District administration                 | 260,467                  | 260,467                | 181,351                  | 181,351                |
| School administration                   | 12,862                   | 12,862                 | 8,140                    | 8,140                  |
| Operation and maintenance of facilities | 329,119                  | 247,670                | 321,759                  | 321,759                |
| Transportation                          | 200,628                  | 155,584                | 182,379                  | 136,416                |
| Central                                 | 10,187                   | 10,187                 | 12,964                   | 12,964                 |
| Loss on Demolition                      | 551,385                  | 551,385                | -                        | -                      |
| Capital outlay                          | 36,475                   | (18,428,015)           | -                        | (946,070)              |
| Interest                                | 333,153                  | 333,153                | 152,318                  | 152,318                |
| Pension and OPEB                        | (658,868)                | (658,868)              | (488,794)                | (488,794)              |
| Food Service                            | 99,653                   | 55,394                 | 91,847                   | 38,792                 |
| Total                                   | 2,747,796                | (16,133,486)           | 2,069,538                | 772,819                |

### The District Funds

#### Financial Analysis of the District's Funds

Revenues in the governmental funds increased \$17,680,736 from the previous year. This increase was mostly due to an increase in BEST grant revenue of \$17,518,420.

Expenditures in the governmental funds increased during the budget year by \$23,614,794 from the previous budget year. This increase was primarily due to an increase in capital outlay of \$23,046,304.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
Kit Carson, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2020  
(Continued)

General Fund Budget

Amendments were made to the original budget by January revision and supplemental appropriation.

Capital Assets and Debt Administration

As of June 30, 2019, the District had \$26,177,543 classified as net capital assets, which is an increase of \$23,844,290 from the prior year. New construction in progress for the year was 24,407,804. Buildings, site improvements and equipment of \$2,379,398 with related accumulated depreciation of \$1,828,013 were removed to provide area for the new construction.

| <b>Table 4</b>                                |              |              |
|-----------------------------------------------|--------------|--------------|
| <b>Capital Assets ( Net of Depreciation )</b> |              |              |
|                                               | Governmental | Governmental |
|                                               | 2020         | 2019         |
| Assets under construction                     | 25,754,958   | 1,347,154    |
| Sites                                         | 31,230       | 31,230       |
| Buildings and Site Improvements               | 286,393      | 2,086,570    |
| Equipment                                     | 73,491       | 636,735      |
| Transportation                                | 592,428      | 527,664      |
| Total Capital Assets                          | 26,738,500   | 4,629,353    |
| Accumulated depreciation                      | (560,957)    | (2,296,100)  |
| Net Capital Assets                            | 26,177,543   | 2,333,253    |

In November 2018, the voters of the District approved a bond issue in the amount of \$8,048,784 to supplement a BEST grant awarded to build a new school building. As of June 30, 2020, \$25,754,958 had been expended on the project.

Economic Factors and Next Year's Budget and Rates:

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
Kit Carson, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2020  
(Continued)

The district has adequate reserves set aside to prepare for a gradual modification of its business operations to ensure the long-term financial viability of the district. However, the district has not been immune to sustained state equalization cuts (negative factor) and anticipates needing additional property tax override support in the future. The current COVID situation will have a massive effect on the state's ability to fund education and personnel cuts are an option.

The 2020-21 budget was built on an estimated five year average student count of 102 students. Should student count unexpectedly exceed that amount, the district will modify its budget prior to December 31st 2020 and approve at the January 2021 Board of Education meeting. The student count calculation used was conservative in nature and as such a reduction in the average is not anticipated.

Contacting the Financial Management

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

## BASIC FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
STATEMENT OF NET POSITION  
June 30, 2020

|                                      | Governmental<br>Activities | Total             |
|--------------------------------------|----------------------------|-------------------|
| <u>ASSETS</u>                        |                            |                   |
| Cash                                 | 6,620,807                  | 6,620,807         |
| Investments                          | -                          | -                 |
| Accounts Receivable                  | 3,688,377                  | 3,688,377         |
| Accrued Revenue                      | 5,934                      | 5,934             |
| Property Taxes Receivable            | 37,633                     | 37,633            |
| Inventories                          | 1,963                      | 1,963             |
| Capital Assets                       | 26,738,500                 | 26,738,500        |
| Accumulated Depreciation             | (560,957)                  | (560,957)         |
| <u>Total Assets</u>                  | <u>36,532,257</u>          | <u>36,532,257</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> |                            |                   |
| Pension                              | 589,386                    | 589,386           |
| Other Post Employment Benefits       | 9,140                      | 9,140             |
| <u>Total Deferred Outflows</u>       | <u>598,526</u>             | <u>598,526</u>    |
| <u>LIABILITIES</u>                   |                            |                   |
| Accounts Payable                     | 4,914,130                  | 4,914,130         |
| Accrued Salaries and Benefits        | 178,297                    | 178,297           |
| Accrued Interest Payable             | 25,212                     | 25,212            |
| Unearned Grants                      | 98,373                     | 98,373            |
| NonCurrent Liabilities:              |                            |                   |
| Bond Payments Due Within One Year    | 283,799                    | 283,799           |
| Bond Due in More Than One Year       | 7,487,632                  | 7,487,632         |
| Net Pension Liability                | 2,554,467                  | 2,554,467         |
| Net OPEB Liability                   | 125,640                    | 125,640           |
| <u>Total Liabilities</u>             | <u>15,667,550</u>          | <u>15,667,550</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u>  |                            |                   |
| Pension                              | 2,411,742                  | 2,411,742         |
| Other Post Employment Benefits       | 41,944                     | 41,944            |
| <u>Total Deferred Inflows</u>        | <u>2,453,686</u>           | <u>2,453,686</u>  |
| <u>NET POSITION</u>                  |                            |                   |
| Net Investment in Capital Assets     | 18,406,113                 | 18,406,113        |
| Restricted for:                      |                            |                   |
| Debt                                 | 496,921                    | 496,921           |
| TABOR Reserve                        | 630,000                    | 630,000           |
| BEST Capital Renewal Reserve         | -                          | -                 |
| Food Service                         | 6,434                      | 6,434             |
| Capital Outlay                       | 1,643,526                  | 1,643,526         |
| Unrestricted                         | (2,173,447)                | (2,173,447)       |
| <u>TOTAL NET POSITION</u>            | <u>19,009,547</u>          | <u>19,009,547</u> |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

|                                              |                  |                      |                                  | Net (Expenses) Revenue and Changes in Net Position |                         |
|----------------------------------------------|------------------|----------------------|----------------------------------|----------------------------------------------------|-------------------------|
|                                              |                  |                      |                                  | Primary Government                                 |                         |
|                                              | Expenses         | Program Revenues     |                                  |                                                    | Governmental Activities |
|                                              |                  | Charges for Services | Operating Grants & Contributions | Capital Grants and Contributions                   |                         |
| <b>FUNCTIONS</b>                             |                  |                      |                                  |                                                    |                         |
| Instructional Services                       | 1,441,175        | 35,839               | 96,656                           | -                                                  | (1,308,680)             |
| Supporting Services:                         |                  |                      |                                  |                                                    |                         |
| Students                                     | 69,851           | 113,545              | -                                | -                                                  | 43,694                  |
| Instructional Staff                          | 61,709           | -                    | -                                | -                                                  | (61,709)                |
| District Administration                      | 260,467          | -                    | -                                | -                                                  | (260,467)               |
| School Administration                        | 12,862           | -                    | -                                | -                                                  | (12,862)                |
| Operation & Maintenance of Facilities        | 329,119          | 5,825                | 75,624                           | -                                                  | (247,670)               |
| Transportation                               | 200,628          | -                    | 45,044                           | -                                                  | (155,584)               |
| Central                                      | 10,187           | -                    | -                                | -                                                  | (10,187)                |
| Loss on Demolition, Disposition of Assets    | 551,385          | -                    | -                                | -                                                  | (551,385)               |
| Food Service                                 | 99,653           | 18,317               | 25,942                           | -                                                  | (55,394)                |
| Capital Outlay                               | 36,475           | -                    | -                                | 18,464,490                                         | 18,428,015              |
| Interest on Long-Term Debt                   | 333,153          | -                    | -                                | -                                                  | (333,153)               |
| Pension Changes                              | (652,971)        | -                    | -                                | -                                                  | 652,971                 |
| OPEB Changes                                 | (5,897)          | -                    | -                                | -                                                  | 5,897                   |
| <b>Total Governmental Activities</b>         | <b>2,747,796</b> | <b>173,526</b>       | <b>243,266</b>                   | <b>18,464,490</b>                                  | <b>16,133,486</b>       |
| <b>Total School District</b>                 | <b>2,747,796</b> | <b>173,526</b>       | <b>243,266</b>                   | <b>18,464,490</b>                                  | <b>16,133,486</b>       |
| <b>General Revenues</b>                      |                  |                      |                                  |                                                    |                         |
| Property Taxes Levied for General Purposes   |                  |                      |                                  |                                                    |                         |
| Specific Ownership Taxes                     |                  |                      |                                  |                                                    |                         |
| Equalization                                 |                  |                      |                                  |                                                    |                         |
| Earnings on Investments                      |                  |                      |                                  |                                                    |                         |
| Other Revenues                               |                  |                      |                                  |                                                    |                         |
| <b>Total General Revenues and Transfers</b>  |                  |                      |                                  |                                                    |                         |
| <b>Change in Net Position</b>                |                  |                      |                                  |                                                    |                         |
| <b>Net Position, Beginning (as Restated)</b> |                  |                      |                                  |                                                    |                         |
| <b>Net Position, Ending</b>                  |                  |                      |                                  |                                                    |                         |
|                                              |                  |                      |                                  |                                                    | 1,280,615               |
|                                              |                  |                      |                                  |                                                    | 153,336                 |
|                                              |                  |                      |                                  |                                                    | 1,281,430               |
|                                              |                  |                      |                                  |                                                    | 47,730                  |
|                                              |                  |                      |                                  |                                                    | 48,919                  |
|                                              |                  |                      |                                  |                                                    | 2,812,030               |
|                                              |                  |                      |                                  |                                                    | 18,945,516              |
|                                              |                  |                      |                                  |                                                    | 64,031                  |
|                                              |                  |                      |                                  |                                                    | 19,009,547              |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020

|                                                                      | <u>General</u>   | <u>Building</u>  | <u>Capital<br/>Reserve<br/>Capital<br/>Project</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------------------------------------------------|------------------|------------------|----------------------------------------------------|-------------------------|-----------------------------------------|-----------------------------------------|
| <u>ASSETS</u>                                                        |                  |                  |                                                    |                         |                                         |                                         |
| Cash                                                                 | 2,362,785        | 2,863,781        | 749,365                                            | 483,746                 | 161,130                                 | 6,620,807                               |
| Investments                                                          | -                | -                | -                                                  | -                       | -                                       | -                                       |
| Accounts Receivable                                                  | -                | 3,686,281        | 8                                                  | -                       | 2,088                                   | 3,688,377                               |
| Accrued Revenue                                                      | 5,934            | -                | -                                                  | -                       | -                                       | 5,934                                   |
| Inventories                                                          | -                | -                | -                                                  | -                       | 1,963                                   | 1,963                                   |
| Due From Other Funds                                                 | -                | -                | -                                                  | -                       | -                                       | -                                       |
| Property Taxes Receivable                                            | 19,554           | -                | -                                                  | 18,079                  | -                                       | 37,633                                  |
| <u>Total Assets</u>                                                  | <u>2,388,273</u> | <u>6,550,062</u> | <u>749,373</u>                                     | <u>501,825</u>          | <u>165,181</u>                          | <u>10,354,714</u>                       |
| <u>LIABILITIES:</u>                                                  |                  |                  |                                                    |                         |                                         |                                         |
| Accounts Payable                                                     | 4,427            | 4,906,536        | -                                                  | -                       | -                                       | 4,910,963                               |
| Accrued Salaries & Benefits                                          | 169,567          | -                | -                                                  | -                       | 8,730                                   | 178,297                                 |
| Due To Other Funds                                                   | -                | -                | -                                                  | -                       | -                                       | -                                       |
| Unearned Grant Revenue                                               | 98,373           | -                | -                                                  | -                       | -                                       | 98,373                                  |
| Deposits                                                             | -                | -                | -                                                  | -                       | 3,168                                   | 3,168                                   |
| <u>Total Liabilities</u>                                             | <u>272,367</u>   | <u>4,906,536</u> | <u>-</u>                                           | <u>-</u>                | <u>11,898</u>                           | <u>5,190,801</u>                        |
| <u>DEFERRED INFLOW OF<br/>RESOURCES</u>                              |                  |                  |                                                    |                         |                                         |                                         |
| Property Tax                                                         | 5,298            | -                | -                                                  | 4,904                   | -                                       | 10,202                                  |
| <u>FUND BALANCES:</u>                                                |                  |                  |                                                    |                         |                                         |                                         |
| Nonspendable                                                         |                  |                  |                                                    |                         |                                         |                                         |
| Inventories                                                          | -                | -                | -                                                  | -                       | 1,963                                   | 1,963                                   |
| Restricted                                                           |                  |                  |                                                    |                         |                                         |                                         |
| Emergency Reserve                                                    | 630,000          | -                | -                                                  | -                       | -                                       | 630,000                                 |
| BEST Capital Renewal<br>Reserve                                      | -                | -                | -                                                  | -                       | -                                       | -                                       |
| Debt Service                                                         | -                | -                | -                                                  | 496,921                 | -                                       | 496,921                                 |
| Food Service                                                         | -                | -                | -                                                  | -                       | 6,559                                   | 6,559                                   |
| Capital Outlay                                                       | -                | 1,643,526        | -                                                  | -                       | -                                       | 1,643,526                               |
| Assigned                                                             |                  |                  |                                                    |                         |                                         |                                         |
| Student Activities                                                   | -                | -                | -                                                  | -                       | 144,761                                 | 144,761                                 |
| Capital Outlay                                                       | -                | -                | 749,373                                            | -                       | -                                       | 749,373                                 |
| Unassigned                                                           | 1,480,608        | -                | -                                                  | -                       | -                                       | 1,480,608                               |
| <u>Total Fund Balance</u>                                            | <u>2,110,608</u> | <u>1,643,526</u> | <u>749,373</u>                                     | <u>496,921</u>          | <u>153,283</u>                          | <u>5,153,711</u>                        |
| <u>TOTAL LIABILITIES,<br/>DEFERRED INFLOWS<br/>AND FUND BALANCES</u> |                  |                  |                                                    |                         |                                         |                                         |
|                                                                      | <u>2,388,273</u> | <u>6,550,062</u> | <u>749,373</u>                                     | <u>501,825</u>          | <u>165,181</u>                          | <u>10,354,714</u>                       |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2020

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

|                                                                                                                                                                                                                 |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <u>Total Fund Balance – Governmental Funds</u>                                                                                                                                                                  | 5,153,711         |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$26,738,500 and the accumulated depreciation is \$560,957. | 26,177,543        |
| Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available.                                        | 10,202            |
| Interest is recognized when paid in the funds. This is accrued interest payable to year end.                                                                                                                    | (25,212)          |
| Long-term liabilities, including certificates of participation and general obligation bonds are not due and payable in the current period and therefore are not reported in funds.                              | (7,771,430)       |
| Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:                                                                           |                   |
| Net Pension Liability                                                                                                                                                                                           | (2,554,467)       |
| Net Other Post Employment Benefits Liability                                                                                                                                                                    | (125,640)         |
| Deferred Outflows                                                                                                                                                                                               | 598,526           |
| Deferred Inflows                                                                                                                                                                                                | (2,453,686)       |
| <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>                                                                                                                                                             | <u>19,009,547</u> |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

|                                 | <u>General</u>   | <u>Building</u>    | <u>Capital<br/>Reserve<br/>Capital<br/>Project</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------------|------------------|--------------------|----------------------------------------------------|-------------------------|-----------------------------------------|-----------------------------------------|
| <u>REVENUES</u>                 |                  |                    |                                                    |                         |                                         |                                         |
| Property Taxes                  | 660,135          | -                  | -                                                  | 610,278                 | -                                       | 1,270,413                               |
| Specific Ownership taxes        | 153,336          | -                  | -                                                  | -                       | -                                       | 153,336                                 |
| Earnings on Investments         | 36,223           | -                  | 11,456                                             | 51                      | -                                       | 47,730                                  |
| Other Local Sources             | 133,628          | -                  | -                                                  | 689                     | 131,862                                 | 266,179                                 |
| State Aid                       | 1,412,406        | 18,403,630         | -                                                  | -                       | 1,612                                   | 19,817,648                              |
| Federal Aid                     | 103,474          | -                  | -                                                  | -                       | 24,330                                  | 127,804                                 |
| <u>Total Revenues</u>           | <u>2,499,202</u> | <u>18,403,630</u>  | <u>11,456</u>                                      | <u>611,018</u>          | <u>157,804</u>                          | <u>21,683,110</u>                       |
| <u>EXPENDITURES</u>             |                  |                    |                                                    |                         |                                         |                                         |
| <u>Current:</u>                 |                  |                    |                                                    |                         |                                         |                                         |
| Instructional Services          | 1,387,703        | -                  | -                                                  | -                       | -                                       | 1,387,703                               |
| Supporting Services:            |                  |                    |                                                    |                         |                                         |                                         |
| Students                        | 8,671            | -                  | -                                                  | -                       | 61,180                                  | 69,851                                  |
| Instructional Staff             | 61,709           | -                  | -                                                  | -                       | -                                       | 61,709                                  |
| District Administration         | 258,795          | -                  | -                                                  | -                       | -                                       | 258,795                                 |
| School Administration           | 12,862           | -                  | -                                                  | -                       | -                                       | 12,862                                  |
| Operation & Maintenance         |                  |                    |                                                    |                         |                                         |                                         |
| of Facilities                   | 326,696          | -                  | -                                                  | -                       | -                                       | 326,696                                 |
| Transportation                  | 168,066          | -                  | -                                                  | -                       | -                                       | 168,066                                 |
| Central                         | 10,187           | -                  | -                                                  | -                       | -                                       | 10,187                                  |
| Food Service                    | -                | -                  | -                                                  | -                       | 96,910                                  | 96,910                                  |
| Debt Service:                   |                  |                    |                                                    |                         |                                         |                                         |
| Principal                       | -                | -                  | -                                                  | 277,353                 | -                                       | 277,353                                 |
| Interest                        | -                | -                  | -                                                  | 307,941                 | -                                       | 307,941                                 |
| Capital Outlay                  | -                | 24,407,803         | 117,219                                            | -                       | -                                       | 24,525,022                              |
| <u>Total Expenditures</u>       | <u>2,234,689</u> | <u>24,407,803</u>  | <u>117,219</u>                                     | <u>585,294</u>          | <u>158,090</u>                          | <u>27,503,095</u>                       |
| <u>EXCESS (DEFICIENCY)</u>      |                  |                    |                                                    |                         |                                         |                                         |
| <u>OF REVENUES OVER</u>         |                  |                    |                                                    |                         |                                         |                                         |
| <u>(UNDER) EXPENDITURES</u>     | <u>264,513</u>   | <u>(6,004,173)</u> | <u>(105,763)</u>                                   | <u>25,724</u>           | <u>(286)</u>                            | <u>(5,819,985)</u>                      |
| <u>OTHER FINANCING</u>          |                  |                    |                                                    |                         |                                         |                                         |
| <u>SOURCES (USES):</u>          |                  |                    |                                                    |                         |                                         |                                         |
| Transfers                       | (187,074)        | -                  | 130,000                                            | -                       | 57,074                                  | -                                       |
| <u>NET CHANGE IN FUND</u>       |                  |                    |                                                    |                         |                                         |                                         |
| <u>BALANCES</u>                 | 77,439           | (6,004,173)        | 24,237                                             | 25,724                  | 56,788                                  | (5,819,985)                             |
| <u>FUND BALANCE – Beginning</u> |                  |                    |                                                    |                         |                                         |                                         |
| <u>(as Restated)</u>            | <u>2,033,169</u> | <u>7,647,699</u>   | <u>725,136</u>                                     | <u>471,197</u>          | <u>96,495</u>                           | <u>10,973,696</u>                       |
| <u>FUND BALANCES – Ending</u>   | <u>2,110,608</u> | <u>1,643,526</u>   | <u>749,373</u>                                     | <u>496,921</u>          | <u>153,283</u>                          | <u>5,153,711</u>                        |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

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

Net Change in Fund Balances – Total Governmental Funds (5,819,985)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

|                                   |                 |            |
|-----------------------------------|-----------------|------------|
| Capital outlays more than \$5,000 | 24,488,547      |            |
| Loss on disposition of assets     | (551,385)       |            |
| Depreciation expense              | <u>(92,872)</u> | 23,844,290 |

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities.

10,202

The governmental funds report debt proceeds as another financing source, while repayment of debt principal is reported as an expenditure. The effect of discounts and premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

|                             |                 |         |
|-----------------------------|-----------------|---------|
| Repayment of debt principal | 277,353         |         |
| Interest expense            | <u>(25,212)</u> | 252,141 |

The change in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

|                                     |              |                |
|-------------------------------------|--------------|----------------|
| Pension                             | 652,971      |                |
| Other Post Employment Benefits Cost | <u>5,897</u> | <u>658,868</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 18,945,516

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

## NOTES TO BASIC FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cheyenne County School District R-1 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Cheyenne County School District R-1. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A.    Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), *"The Financial Reporting Entity"* (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B.      Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C.      Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C.      Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D.    Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Building Fund – used to account for building and facility construction and improvement funded by debt and grants.
4. Capital Reserve Capital Project Fund – used to accumulate and expand resources for district capital expenditure requirements.

E.    Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F.    Receivables

Property taxes levied in 2019 but uncollected in 2020 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2020 are recorded as deferred revenue. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G.    Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H.    Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (6-50 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I.    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 government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value.

J.    Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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J.      Deferred Outflows / Inflows of Resources (continued)

In addition to liabilities, the statements of financial position and governmental balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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.

K.      Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

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

The voters of the District approved a \$200,000 tax override in 1994 for all subsequent years. In November of 2015, the voters of the District also approved a \$150,000 tax override for all subsequent years and a one-time \$150,000 tax override for the Special Building and Technology Capital Projects Fund.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2020 the District reserved \$630,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

L.      Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2019 property tax calendar for Cheyenne County was as follows:

|                                            |                   |
|--------------------------------------------|-------------------|
| Levy Date                                  | December 15, 2019 |
| Lien Date                                  | January 1, 2020   |
| Tax Bills Mailed                           | January 1, 2020   |
| First Installment Due                      | February 28, 2020 |
| Second Installment Due                     | June 15, 2020     |
| If Paid in Full, Due                       | April 30, 2020    |
| Tax Sale -- 2018 Delinquent Property Taxes | October 25, 2019  |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M.    Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N.    Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

O.    GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O.     GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

|                            | <u>General<br/>Fund</u> | <u>Building<br/>Fund</u> | <u>Bond<br/>Redemption<br/>Fund</u> | <u>Food<br/>Service<br/>Fund</u> | <u>Student<br/>Activity<br/>Fund</u> | <u>Capital<br/>Reserve<br/>Project<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------|-------------------------|--------------------------|-------------------------------------|----------------------------------|--------------------------------------|-------------------------------------------------|-----------------------------------------|
| <u>Nonspendable:</u>       |                         |                          |                                     |                                  |                                      |                                                 |                                         |
| Inventories                | -                       | -                        | -                                   | 2,088                            | -                                    | -                                               | 2,088                                   |
| <u>Restricted:</u>         |                         |                          |                                     |                                  |                                      |                                                 |                                         |
| Emergencies                | 630,000                 | -                        | -                                   | -                                | -                                    | -                                               | 630,000                                 |
| Preschool                  | -                       | -                        | -                                   | -                                | -                                    | -                                               | -                                       |
| Debt Service               | -                       | -                        | 496,921                             | -                                | -                                    | -                                               | 496,921                                 |
| BEST Capital Reserve       | -                       | -                        | -                                   | -                                | -                                    | -                                               | -                                       |
| Food Service               | -                       | -                        | -                                   | 6,434                            | -                                    | -                                               | 6,434                                   |
| Capital Outlay             | -                       | 1,643,526                | -                                   | -                                | -                                    | -                                               | 1,643,526                               |
| <u>Assigned:</u>           |                         |                          |                                     |                                  |                                      |                                                 |                                         |
| Capital Outlay             | -                       | -                        | -                                   | -                                | -                                    | 749,373                                         | 749,373                                 |
| Student Activities         | -                       | -                        | -                                   | -                                | 144,761                              | -                                               | 144,761                                 |
| <u>Unassigned</u>          | <u>1,480,608</u>        | <u>-</u>                 | <u>-</u>                            | <u>-</u>                         | <u>-</u>                             | <u>-</u>                                        | <u>1,480,608</u>                        |
| <u>Total Fund Balances</u> | <u>2,110,608</u>        | <u>1,643,526</u>         | <u>496,921</u>                      | <u>8,522</u>                     | <u>144,761</u>                       | <u>749,373</u>                                  | <u>5,153,711</u>                        |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 2      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

Items Eliminated

|                                 | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------------------|--------------------|---------------------|
| General Fund                    | -                  | 187,074             |
| Food Service                    | 57,074             | -                   |
| Capital Reserve Capital Project | <u>130,000</u>     | <u>-</u>            |
|                                 | <u>187,074</u>     | <u>187,074</u>      |

NOTE 3      BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 3      BUDGETARY INFORMATION (Continued)

4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Debt Service Special Revenue and Capital Project Funds.
6. Budgets for the General, Debt Service, Capital Project and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4      CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

At June 30, 2020, the District's bank balance and corresponding carrying balance were as follows:

|                                                                                                  | <u>Carrying<br/>Balance</u> | <u>Bank<br/>Balance</u> |
|--------------------------------------------------------------------------------------------------|-----------------------------|-------------------------|
| Insured (FDIC)                                                                                   | 250,000                     | 250,000                 |
| Uninsured, Collateralized under the<br>Public Deposit Protection Act<br>of the State of Colorado | 3,023,279                   | 2,914,756               |
| Cash with County Treasurer                                                                       | 483,746                     | -                       |
| Fiscal Agent - BEST                                                                              | <u>2,863,782</u>            | <u>-</u>                |
| <u>Total Cash and Deposits</u>                                                                   | <u>6,620,807</u>            | <u>3,164,756</u>        |

As presented above, deposits with a bank balance of \$2,914,756 and a carrying balance of \$3,023,279 as of June 30, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

|                                       | Balance<br>July 1, 2019 | Additions         | Deletions        | Balance<br>June 30, 2020 |
|---------------------------------------|-------------------------|-------------------|------------------|--------------------------|
| <u>Non-Depreciable Assets:</u>        |                         |                   |                  |                          |
| Land                                  | 31,230                  | -                 | -                | 31,230                   |
| Construction in Progress              | 1,347,155               | 24,407,803        | -                | 25,754,958               |
| <u>Total Non-Depreciable Assets</u>   | <u>1,378,385</u>        | <u>24,407,803</u> | <u>-</u>         | <u>25,786,188</u>        |
| <u>Depreciable Assets:</u>            |                         |                   |                  |                          |
| Buildings & Site Improvements         | 2,086,570               | -                 | 1,800,177        | 286,393                  |
| Equipment                             | 636,733                 | 15,979            | 579,221          | 73,491                   |
| Transportation                        | 527,663                 | 64,765            | -                | 592,428                  |
| <u>Total Depreciable Assets</u>       | <u>3,250,966</u>        | <u>80,744</u>     | <u>2,379,398</u> | <u>952,312</u>           |
| <u>Less Accumulated</u>               |                         |                   |                  |                          |
| <u>Depreciation:</u>                  |                         |                   |                  |                          |
| Building & Site Improvements          | 1,436,739               | 37,298            | 1,329,767        | 144,270                  |
| Equipment                             | 498,620                 | 24,488            | 498,246          | 24,862                   |
| Transportation                        | 360,739                 | 31,086            | -                | 391,825                  |
| <u>Total Accumulated Depreciation</u> | <u>2,296,098</u>        | <u>92,872</u>     | <u>1,828,013</u> | <u>560,957</u>           |
| <u>Total Capital Assets, Net</u>      | <u>2,333,253</u>        | <u>24,395,675</u> | <u>551,385</u>   | <u>26,177,543</u>        |

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

|                                                            |               |
|------------------------------------------------------------|---------------|
| Instruction                                                | 53,472        |
| General Administration                                     | 1,672         |
| Operations and Maintenance                                 | 2,423         |
| Transportation                                             | 32,562        |
| Food Services                                              | 2,743         |
| <u>Total Depreciation Expense –Governmental Activities</u> | <u>92,872</u> |

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 salaries and benefits earned, but unpaid, and June 30, 2020, are estimated to be \$178,297. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 7

PENSION PLAN

**Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

Pensions. Cheyenne County School District R-1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

**General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2019.* 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 7      PENSION PLAN (Continued)

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contribution provisions as of June 30, 2020:* Eligible employees, Cheyenne County School District R-1 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 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 7

PENSION PLAN (Continued)

|                                                                                                                    | July 1, 2019<br>Through<br>June 30, 2020 |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Employer Contribution Rate                                                                                         | 10.40%                                   |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02)%                                  |
| Amount apportioned to the SCHDTF                                                                                   | 9.38%                                    |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411                                    | 4.50%                                    |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411                      | 5.50%                                    |
| <b>Total employer contribution rate to the SCHDTF</b>                                                              | <b>19.38%</b>                            |

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. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Cheyenne County School District R-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Cheyenne County School District R-1 were \$190,707 for the year ended June 30, 2020.

**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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Cheyenne County School District R-1 proportion of the net pension liability was based on Cheyenne County School District R-1 contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 7      PENSION PLAN (Continued)

At June 30, 2020, the Cheyenne County School District R-1 reported a liability of \$2,554,467 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Cheyenne County School District R-1 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Cheyenne County School District R-1 were as follows:

|                                                                                                                                                           |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Cheyenne County School District R-1 proportionate share of the net pension liability                                                                      | \$ 2,554,467 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Cheyenne County School District R-1 | \$ 324,001   |
| Total                                                                                                                                                     | \$ 2,878,468 |

At December 31, 2019, the Cheyenne County School District R-1 proportion was 0.017 percent, which was a decrease of 0.001 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Cheyenne County School District R-1 recognized pension revenue of \$652,971, and revenue of \$24,540 for support from the State as a nonemployer contributing entity. At June 30, 2020, the Cheyenne County School District R-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Difference between expected and actual experience                                                               | 139,220                        | -                             |
| Changes of assumptions or other inputs                                                                          | 72,926                         | (1,158,682)                   |
| Net difference between projected and actual earnings on pension plan investments                                | 272,513                        | (575,115)                     |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 7,503                          | (677,945)                     |
| Contributions subsequent to the measurement date                                                                | 97,224                         | N/A                           |
| Total                                                                                                           | 589,386                        | (2,411,742)                   |

\$97,224 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, 2021. 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, 2020 |             |
|--------------------------|-------------|
| 2021                     | (1,057,344) |
| 2022                     | (736,679)   |
| 2023                     | (22,620)    |
| 2024                     | (102,937)   |
| 2025                     | -           |
| Thereafter               | -           |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 7      PENSION PLAN (Continued)

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

|                                                                                                         |                                         |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Actuarial cost method                                                                                   | Entry age                               |
| Price inflation                                                                                         | 2.40 percent                            |
| Real wage growth                                                                                        | 1.10 percent                            |
| Wage inflation                                                                                          | 3.50 percent                            |
| Salary increases, including wage inflation                                                              | 3.50 – 9.70 percent                     |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent                            |
| Discount rate                                                                                           | 7.25 percent                            |
| Post-retirement benefit increases:                                                                      |                                         |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)*                     | 1.25 percent compounded annually        |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)*                          | Financed by the Annual Increase Reserve |

\*For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions 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 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The actuarial assumptions used in the December 31, 2018, valuation 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7**      **PENSION PLAN (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 | 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%                                          |
| <b>Total</b>                      | <b>100.00%</b>    |                                                |

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 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- 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 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
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NOTE 7

PENSION PLAN (Continued)

- 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 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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 provides an annual direct distribution of \$225 million, which commenced 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7**      **PENSION PLAN (Continued)**

|                                                  | 1% Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|--------------------------------------------------|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | 3,387,770              | 2,554,467                        | 1,854,836              |

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

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the Cheyenne County School District R-1 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 CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Cheyenne County School District R-1 has agreed to match employee contributions up to \$40. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$1,478 and Cheyenne County School District R-1 recognized pension expense of \$880 for the Voluntary Investment Program.

**NOTE 8**      **OTHER POST EMPLOYMENT BENEFITS**

**Defined Benefit Other Post Employment Benefit (OPEB) Plan**

**Summary of Significant Accounting Policies**

*OPEB.* Cheyenne County School District R-1 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8

OTHER POST EMPLOYMENT BENEFITS (Continued)

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the Cheyenne County School District R-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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.

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS

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NOTE 8

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Cheyenne County School District R-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Cheyenne County School District R-1 were \$10,037 for the year ended June 30, 2020.

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

At June 30, 2020, the Cheyenne County School District R-1 reported a liability of \$125,640 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Cheyenne County School District R-1 proportion of the net OPEB liability was based on Cheyenne County School District R-1 contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
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**NOTE 8**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

At December 31, 2019, the Cheyenne County School District R-1 proportion was 0.011 percent, which was a change of 0.000 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Cheyenne County School District R-1 recognized OPEB revenue of \$5,897. At June 30, 2020, the Cheyenne County School District R-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                                                 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                                               | 417                               | (21,112)                         |
| Changes of assumptions or other inputs                                                                          | 1,042                             | -                                |
| Net difference between projected and actual earnings on OPEB plan investments                                   | 2,023                             | (4,120)                          |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 541                               | (16,712)                         |
| Contributions subsequent to the measurement date                                                                | 5,117                             | N/A                              |
| Total                                                                                                           | 9,140                             | (41,944)                         |

\$5,117 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, 2021. 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, 2020 |         |
|--------------------------|---------|
| 2021                     | (8,148) |
| 2022                     | (8,148) |
| 2023                     | (7,541) |
| 2024                     | (8,497) |
| 2025                     | (5,275) |
| Thereafter               | (312)   |

*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

|                                                                                                      |                                                                    |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Actuarial cost method                                                                                | Entry age                                                          |
| Price inflation                                                                                      | 2.40 percent                                                       |
| Real wage growth                                                                                     | 1.10 percent                                                       |
| Wage inflation                                                                                       | 3.50 percent                                                       |
| Salary increases, including wage inflation                                                           | 3.50 percent in aggregate                                          |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25 percent                                                       |
| Discount rate                                                                                        | 7.25 percent                                                       |
| Health care cost trend rates                                                                         |                                                                    |
| PERA benefit structure:                                                                              |                                                                    |
| Service-based premium subsidy                                                                        | 0.00 percent                                                       |
| PERACare Medicare plans                                                                              | 5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029 |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

Medicare Part A premiums 3.50 percent in 2019, gradually increasing to 4.50 percent in 2029  
DPS benefit structure:

|                               |              |
|-------------------------------|--------------|
| Service-based premium subsidy | 0.00 percent |
| 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, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

| <b>Medicare Plan</b>                         | <b>Cost for Members<br/>Without Medicare Part A</b> | <b>Premiums for Members<br/>Without Medicare Part A</b> |
|----------------------------------------------|-----------------------------------------------------|---------------------------------------------------------|
| Medicare Advantage/Self-Insured Prescription | \$601                                               | \$240                                                   |
| Kaiser Permanente Medicare Advantage HMO     | 605                                                 | 237                                                     |

The 2019 Medicare Part A premium is \$437 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:

| <b>Medicare Plan</b>                         | <b>Cost for Members<br/>Without Medicare Part A</b> |
|----------------------------------------------|-----------------------------------------------------|
| Medicare Advantage/Self-Insured Prescription | \$562                                               |
| Kaiser Permanente Medicare Advantage HMO     | 571                                                 |

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
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**NOTE 8**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

| Year  | PERACare<br>Medicare Plans | Medicare Part A<br>Premiums |
|-------|----------------------------|-----------------------------|
| 2019  | 5.60%                      | 3.50%                       |
| 2020  | 8.60%                      | 3.50%                       |
| 2021  | 7.30%                      | 3.50%                       |
| 2022  | 6.00%                      | 3.75%                       |
| 2023  | 5.70%                      | 3.75%                       |
| 2024  | 5.50%                      | 3.75%                       |
| 2025  | 5.30%                      | 4.00%                       |
| 2026  | 5.10%                      | 4.00%                       |
| 2027  | 4.90%                      | 4.25%                       |
| 2028  | 4.70%                      | 4.25%                       |
| 2029+ | 4.50%                      | 4.50%                       |

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

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

Post-retirement non-disabled 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
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**NOTE 8**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Post-retirement non-disabled 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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**NOTE 8**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

| 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%                                          |
| <b>Total</b>                      | <b>100.00%</b>    |                                                |

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 percent.

*Sensitivity of the Cheyenne County School District R-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

|                                       | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---------------------------------------|----------------------------|---------------------|----------------------------|
| Initial PERACare Medicare trend rate  | 4.60%                      | 5.60%               | 6.60%                      |
| Ultimate PERACare Medicare trend rate | 3.50%                      | 4.50%               | 5.50%                      |
| Initial Medicare Part A trend rate    | 2.50%                      | 3.50%               | 4.50%                      |
| Ultimate Medicare Part A trend rate   | 3.50%                      | 4.50%               | 5.50%                      |
| Net OPEB Liability                    | 122,655                    | 125,640             | 129,089                    |

*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, 2019, measurement date.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
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NOTE 8      OTHER POST EMPLOYMENT BENEFITS (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 percent.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

|                                               | 1% Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|-----------------------------------------------|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | 142,061                | 125,640                          | 111,596                |

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

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NOTE 9      COMPENSATED ABSENCES

There is not a material liability for compensated absences at June 30, 2020.

NOTE 10      COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the fund from which they are paid.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2020.

An audited summary of the Colorado School District's Pool financial information for the year ended June 30, 2019 (latest information available) follows:

|                                            |                   |
|--------------------------------------------|-------------------|
| Total Assets                               | <u>48,583,211</u> |
| Total Liabilities                          | <u>26,773,438</u> |
| Total Surplus                              | <u>21,809,773</u> |
| Revenue                                    | 19,817,153        |
| Underwriting Expenses                      | <u>26,652,902</u> |
| Underwriting Gain (Loss)                   | (6,835,749)       |
| Net Investment Income                      | 865,849           |
| Other Income                               | <u>-</u>          |
| Net Income (Loss) Before Dividend          | (5,969,900)       |
| Dividend                                   | <u>-</u>          |
| Net Income                                 | (5,969,900)       |
| Transfer of Capital Contributions          | <u>-</u>          |
| Change in Non Admitted Assets              | <u>156,358</u>    |
| Return of Capital Contributions to Members | <u>-</u>          |
| Unassigned Surplus                         | <u>21,809,773</u> |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11    LONG-TERM DEBT

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

The debt service requirements to maturity are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u>  | <u>Total</u>      |
|-------------|------------------|------------------|-------------------|
| 2021        | 283,799          | 297,017          | 580,816           |
| 2022        | 294,847          | 285,754          | 580,601           |
| 2023        | 306,325          | 274,053          | 580,378           |
| 2024        | 318,251          | 261,895          | 580,146           |
| 2025        | 330,640          | 249,265          | 579,905           |
| 2026-2030   | 1,856,597        | 1,038,965        | 2,895,562         |
| 2031-2035   | 2,247,238        | 640,722          | 2,887,960         |
| 2036-2038   | <u>2,133,734</u> | <u>170,096</u>   | <u>2,303,830</u>  |
|             | <u>7,771,431</u> | <u>3,217,767</u> | <u>10,989,198</u> |

Changes in Long-Term Debt

|                             | <u>Beginning<br/>Balance<br/>7-1-2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance<br/>6-30-2020</u> | <u>Due<br/>Within<br/>One Year</u> |
|-----------------------------|-------------------------------------------|------------------|------------------|-----------------------------------------|------------------------------------|
| BEST Matching<br>Money Bond | <u>8,048,784</u>                          | <u>-</u>         | <u>277,353</u>   | <u>7,771,431</u>                        | <u>283,799</u>                     |

NOTE 12    RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 13    INTERFUND ACTIVITY

Transfers from the general fund to support operational cash requirements and fund capital needs were made in the following amounts:

|                                      |           |
|--------------------------------------|-----------|
| Food Service Fund                    | \$57,074  |
| Capital Reserve Capital Project Fund | \$130,000 |

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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NOTE 14    CHANGE IN ACCOUNTING FOR STUDENT ACTIVITY FUND

In prior years, the Student Activity Fund had been recorded as a Fiduciary Fund. Beginning July 1, 2019, the District accounts for student activities in a Special Revenue Fund. The beginning fund balance for the Student Activity Special Revenue Fund at July 1, 2019, was \$92,396. That amount is the reclassified equity of the Student Activity Agency Fund at June 30, 2019. The beginning net position of governmental activities has been increased by that same amount.

|                                | <u>Net<br/>Position</u> | <u>Fund Balance -<br/>Governmental Funds</u> |
|--------------------------------|-------------------------|----------------------------------------------|
| Balance at June 30, 2019       | (28,365)                | 10,881,300                                   |
| Change for Student Activity    | <u>92,396</u>           | <u>92,396</u>                                |
| Beginning Balance, as Restated | <u>64,031</u>           | <u>10,973,696</u>                            |

## REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund

Pension Trend Data

OPEB Trend Data

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2020

|                                    | <u>Budgeted Amounts</u> |                  |                  | Variance-<br>Favorable |
|------------------------------------|-------------------------|------------------|------------------|------------------------|
| <u>REVENUES</u>                    | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    | <u>(Unfavorable)</u>   |
| <u>Local Sources</u>               |                         |                  |                  |                        |
| Property Taxes                     | 700,000                 | 700,000          | 660,135          | (39,865)               |
| Specific Ownership Taxes           | 65,000                  | 85,000           | 153,336          | 68,336                 |
| Earnings on Investments            | 14,000                  | 18,000           | 36,223           | 18,223                 |
| Delinquent Taxes & Interest        | 1,000                   | 1,314            | 865              | (449)                  |
| Other                              | 47,643                  | 176,151          | 132,763          | (43,388)               |
| <u>State Sources</u>               |                         |                  |                  |                        |
| Equalization                       | 1,241,000               | 1,282,000        | 1,281,430        | (570)                  |
| Transportation                     | 44,000                  | 43,366           | 45,044           | 1,678                  |
| Vocational Education               | 12,000                  | 12,000           | 13,016           | 1,016                  |
| Special Education                  | 7,200                   | 7,200            | 8,400            | 1,200                  |
| Other                              | 33,070                  | 36,569           | 64,516           | 27,947                 |
| <u>Federal Sources</u>             |                         |                  |                  |                        |
| Designated Purpose Grants          | 39,415                  | 34,648           | 103,474          | 68,826                 |
| <u>TOTAL REVENUES</u>              | <u>2,204,328</u>        | <u>2,396,248</u> | <u>2,499,202</u> | <u>102,954</u>         |
| <u>EXPENDITURES</u>                |                         |                  |                  |                        |
| <u>INSTRUCTION</u>                 |                         |                  |                  |                        |
| <u>Regular Programs</u>            |                         |                  |                  |                        |
| Salaries                           | 729,714                 | 754,893          | 755,400          | (507)                  |
| Employee Benefits                  | 303,421                 | 310,483          | 307,041          | 3,442                  |
| Purchased Services - Professional  | 800                     | 800              | 110              | 690                    |
| Purchased Services - Property      | 1,850                   | 1,850            | 2,044            | (194)                  |
| Purchased Services - Other         | 84,400                  | 89,050           | 117,027          | (27,977)               |
| Supplies and Materials             | 55,574                  | 87,524           | 66,868           | 20,656                 |
| Property                           | 44,099                  | 50,099           | 132,651          | (82,552)               |
| Other Objects                      | 7,881                   | 7,881            | 6,562            | 1,319                  |
| <u>Total Instruction</u>           | <u>1,227,739</u>        | <u>1,302,580</u> | <u>1,387,703</u> | <u>(85,123)</u>        |
| <u>SUPPORTING SERVICES</u>         |                         |                  |                  |                        |
| <u>Student Supporting Services</u> |                         |                  |                  |                        |
| Salaries                           | -                       | -                | -                | -                      |
| Employee Benefits                  | -                       | -                | -                | -                      |
| Purchased Services - Professional  | -                       | -                | -                | -                      |
| Purchased Services - Property      | 9,647                   | 9,647            | 5,760            | 3,887                  |
| Purchased Services - Other         | -                       | -                | -                | -                      |
| Supplies and Materials             | 3,150                   | 3,150            | 2,911            | 239                    |
| Property                           | -                       | -                | -                | -                      |
| Other Objects                      | 150                     | 150              | -                | 150                    |
| <u>Total Student Services</u>      | <u>12,947</u>           | <u>12,947</u>    | <u>8,671</u>     | <u>4,276</u>           |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2020

|                                         | <u>Budgeted Amounts</u> |                | <u>Actual</u>  | <u>Variance -<br/>Favorable<br/>(Unfavorable)</u> |
|-----------------------------------------|-------------------------|----------------|----------------|---------------------------------------------------|
|                                         | <u>Original</u>         | <u>Final</u>   |                |                                                   |
| <u>SUPPORTING SERVICES (Continued)</u>  |                         |                |                |                                                   |
| <u>Instructional Staff</u>              |                         |                |                |                                                   |
| Salaries                                | 40,680                  | 43,180         | 36,807         | 6,373                                             |
| Employee Benefits                       | 11,415                  | 11,415         | 11,783         | (368)                                             |
| Purchased Services – Professional       | -                       | -              | -              | -                                                 |
| Purchased Services – Property           | -                       | -              | -              | -                                                 |
| Purchased Services – Other              | 4,500                   | 10,260         | 8,493          | 1,767                                             |
| Supplies and Materials                  | 3,800                   | 3,800          | 4,626          | (826)                                             |
| Property                                | -                       | -              | -              | -                                                 |
| <u>Total Instructional Staff</u>        | <u>60,395</u>           | <u>68,655</u>  | <u>61,709</u>  | <u>6,946</u>                                      |
| <u>General Administration</u>           |                         |                |                |                                                   |
| Salaries                                | 147,342                 | 151,542        | 151,119        | 423                                               |
| Employee Benefits                       | 65,683                  | 65,683         | 68,475         | (2,792)                                           |
| Purchased Services – Professional       | 11,768                  | 11,768         | 10,379         | 1,389                                             |
| Purchased Services – Property           | -                       | -              | -              | -                                                 |
| Purchased Services – Other              | 8,000                   | 8,000          | 7,828          | 172                                               |
| Supplies and Materials                  | 11,000                  | 11,000         | 8,501          | 2,499                                             |
| Property                                | -                       | -              | -              | -                                                 |
| Other Objects                           | 7,400                   | 7,400          | 12,493         | (5,093)                                           |
| <u>Total General Administration</u>     | <u>251,193</u>          | <u>255,393</u> | <u>258,795</u> | <u>(3,402)</u>                                    |
| <u>School Administration</u>            |                         |                |                |                                                   |
| <u>Office of the Principal</u>          |                         |                |                |                                                   |
| Salaries                                | 10,400                  | 10,400         | 10,400         | -                                                 |
| Employee Benefits                       | 2,350                   | 2,350          | 2,462          | (112)                                             |
| Purchased Services – Professional       | -                       | -              | -              | -                                                 |
| Purchased Services – Other              | -                       | -              | -              | -                                                 |
| Supplies and Materials                  | -                       | -              | -              | -                                                 |
| Property                                | -                       | -              | -              | -                                                 |
| Other Objects                           | -                       | -              | -              | -                                                 |
| <u>Total School Administration</u>      | <u>12,750</u>           | <u>12,750</u>  | <u>12,862</u>  | <u>(112)</u>                                      |
| <u>Operations and Maintenance</u>       |                         |                |                |                                                   |
| Salaries                                | 72,425                  | 72,425         | 70,210         | 2,215                                             |
| Employee Benefits                       | 32,205                  | 32,205         | 29,497         | 2,708                                             |
| Purchased Services – Professional       | 1,500                   | 12,500         | 15,945         | (3,445)                                           |
| Purchased Services – Property           | 50,300                  | 50,300         | 25,183         | 25,117                                            |
| Purchased Services – Other              | 133,883                 | 133,883        | 116,333        | 17,550                                            |
| Supplies and Materials                  | 78,200                  | 91,500         | 69,528         | 21,972                                            |
| Property                                | 1,000                   | 1,000          | -              | 1,000                                             |
| Other Objects                           | -                       | -              | -              | -                                                 |
| <u>Total Operations and Maintenance</u> | <u>369,513</u>          | <u>393,813</u> | <u>326,696</u> | <u>67,117</u>                                     |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2020

|                                                                                              | <u>Budgeted Amounts</u> |                        | <u>Actual</u>        | <u>Variance -<br/>Favorable<br/>(Unfavorable)</u> |
|----------------------------------------------------------------------------------------------|-------------------------|------------------------|----------------------|---------------------------------------------------|
|                                                                                              | <u>Original</u>         | <u>Final</u>           |                      |                                                   |
| <u>SUPPORTING SERVICES (Continued)</u>                                                       |                         |                        |                      |                                                   |
| <u>Student Transportation</u>                                                                |                         |                        |                      |                                                   |
| Salaries                                                                                     | 83,100                  | 83,100                 | 84,605               | (1,505)                                           |
| Employee Benefits                                                                            | 48,512                  | 48,512                 | 51,082               | (2,570)                                           |
| Purchased Services – Professional                                                            | -                       | -                      | -                    | -                                                 |
| Purchased Services – Property                                                                | 2,600                   | 2,600                  | 1,377                | 1,223                                             |
| Purchased Services – Other                                                                   | 1,200                   | 1,200                  | 20                   | 1,180                                             |
| Supplies and Materials                                                                       | 31,500                  | 31,500                 | 28,597               | 2,903                                             |
| Property                                                                                     | -                       | -                      | 2,097                | (2,097)                                           |
| Other Objects                                                                                | 1,200                   | 1,200                  | 288                  | 912                                               |
| <u>Total Student Transportation</u>                                                          | <u>168,112</u>          | <u>168,112</u>         | <u>168,066</u>       | <u>46</u>                                         |
| <u>Central Support</u>                                                                       |                         |                        |                      |                                                   |
| Purchased Services - Other                                                                   | 12,000                  | 12,000                 | 10,187               | 1,813                                             |
| <u>Total Central Support</u>                                                                 | <u>12,000</u>           | <u>12,000</u>          | <u>10,187</u>        | <u>1,813</u>                                      |
| <u>Facilities Acquisition and Construction</u>                                               |                         |                        |                      |                                                   |
| Property                                                                                     | -                       | -                      | -                    | -                                                 |
| <u>Total Facilities Acquisition &amp; Construction</u>                                       | <u>-</u>                | <u>-</u>               | <u>-</u>             | <u>-</u>                                          |
| <br><u>TOTAL SUPPORTING SERVICES</u>                                                         | <br><u>886,910</u>      | <br><u>923,670</u>     | <br><u>846,986</u>   | <br><u>76,684</u>                                 |
| <br><u>Appropriated Reserves</u>                                                             | <br><u>1,905,605</u>    | <br><u>1,978,976</u>   | <br><u>-</u>         | <br><u>1,978,976</u>                              |
| <br><u>TOTAL EXPENDITURES</u>                                                                | <br><u>4,020,254</u>    | <br><u>4,205,226</u>   | <br><u>2,234,689</u> | <br><u>1,970,537</u>                              |
| <br><u>Revenues Over (Under) Expenditures</u>                                                | <br><u>(1,815,926)</u>  | <br><u>(1,808,978)</u> | <br><u>264,513</u>   |                                                   |
| <br><u>Other Financing Sources (Uses)</u>                                                    |                         |                        |                      |                                                   |
| Transfers                                                                                    | (87,074)                | (187,074)              | (187,074)            | -                                                 |
| <u>Total Other Financing Sources (Uses)</u>                                                  | <u>(87,074)</u>         | <u>(187,074)</u>       | <u>(187,074)</u>     | <u>-</u>                                          |
| <br><u>Revenues and Other Financing Sources Over<br/>(Under) Expenditures and Other Uses</u> | <br><u>(1,903,000)</u>  | <br><u>(1,996,052)</u> | <br><u>77,439</u>    |                                                   |
| <br><u>FUND BALANCE, July 1</u>                                                              | <br><u>1,903,000</u>    | <br><u>2,051,924</u>   | <br><u>2,033,169</u> |                                                   |
| <br><u>FUND BALANCE, June 30</u>                                                             | <br><u>-</u>            | <br><u>55,872</u>      | <br><u>2,110,608</u> |                                                   |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
For The Last 10 Fiscal Years (As Available)

|                                                                                                            | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability (asset)                                                 | 0.0171%     | 0.1795%     | 0.0228%     | 0.0226%     | 0.0224%     | 0.0225%     | 0.0237%     | -           | -           | -           |
| District's proportionate share of the net pension liability (asset) \$2,554,467                            | \$3,179,068 | \$7,367,605 | \$6,738,055 | \$3,418,499 | \$3,046,840 | \$2,939,646 |             |             |             |             |
| State's proportionate share of the net pension liability associated with the District**                    | \$324,001   | \$382,405   | -           | -           | -           | -           |             |             |             |             |
| District's covered payroll                                                                                 | \$984,043   | \$990,076   | \$1,046,414 | \$1,022,877 | \$991,225   | \$964,737   | \$893,541   |             |             |             |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 259%        | 321%        | 704%        | 658%        | 345%        | 316%        | 329%        |             |             |             |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 64.52%      | 57.01%      | 43.96%      | 43.13%      | 59.16%      | 62.80%      | 64.06%      |             |             |             |

\*\* A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION  
For The Last 10 Fiscal Years (As Available)

|                                                                       | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        | <u>2012</u>        | <u>2011</u>        |
|-----------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contributions                                  | \$ 190,707         | \$ 189,526         | \$ 197,542         | \$ 188,065         | \$ 175,911         | \$ 162,991         | \$ 148,337         | \$ 144,214         | \$ 134,901         | \$ 129,727         |
| Contributions in relation to the contractually required contributions | <u>\$(190,707)</u> | <u>\$(189,526)</u> | <u>\$(197,542)</u> | <u>\$(188,065)</u> | <u>\$(175,911)</u> | <u>\$(162,991)</u> | <u>\$(148,337)</u> | <u>\$(144,214)</u> | <u>\$(134,901)</u> | <u>\$(129,727)</u> |
| Contribution deficiency (excess)                                      | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               |
| District's covered payroll                                            | \$984,043          | \$990,076          | \$1,046,414        | \$1,022,877        | \$991,225          | \$964,737          | \$893,541          | \$955,730          | \$950,728          | \$976,195          |
| Contributions as a percentage of covered payroll                      | 19.38%             | 19.14%             | 18.88%             | 18.39%             | 17.75%             | 16.89%             | 15.09%             | 14.19%             | 13.29%             | 12.38%             |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY  
For The Last 10 Fiscal Years (As Available)

|                                                                                                         | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net OPEB liability (asset)                                                 | 0.0112%     | 0.0117%     | 0.0129%     | 0.0129%     | -           | -           | -           | -           | -           | -           |
| District's proportionate share of the net OPEB liability (asset)                                        | \$125,640   | \$158,670   | \$168,245   | \$166,781   | -           | -           | -           | -           | -           | -           |
| District's covered payroll                                                                              | \$984,043   | \$990,076   | \$1,046,414 | \$1,022,877 | -           | -           | -           | -           | -           | -           |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 12.76%      | 16.03%      | 16.08%      | 16.31%      | -           | -           | -           | -           | -           | -           |
| Plan fiduciary net position as a percentage of the total OPEB liability                                 | 24.49%      | 17.03%      | 17.53%      | 16.71%      | -           | -           | -           | -           | -           | -           |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB  
For The Last 10 Fiscal Years (As Available)

|                                                                       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions                                  | \$ 10,037         | \$ 10,099         | \$ 10,673         | \$ 10,433         | -           | -           | -           | -           | -           | -           |
| Contributions in relation to the contractually required contributions | <u>\$(10,037)</u> | <u>\$(10,099)</u> | <u>\$(10,673)</u> | <u>\$(10,433)</u> | -           | -           | -           | -           | -           | -           |
| Contribution deficiency (excess)                                      | \$ -              | \$ -              | \$ -              | \$ -              | -           | -           | -           | -           | -           | -           |
| District's covered payroll                                            | \$984,043         | \$990,076         | \$1,046,414       | \$1,022,877       | -           | -           | -           | -           | -           | -           |
| Contributions as a percentage of covered payroll                      | 1.02%             | 1.02%             | 1.02%             | 1.02%             | -           | -           | -           | -           | -           | -           |

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

#### Bond Redemption – Debt Service Fund

Bond Redemption Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest and related costs.

#### Building Fund

Capital Project Fund – used to account for the construction of facilities and buildings funded by debt and grants.

#### Capital Reserve Capital Project

Capital Project Fund – used to accumulate and expend resources for capital projects, vehicles and equipment.

### NON MAJOR GOVERNMENTAL FUNDS

#### Special Revenue Funds

Special revenue funds account for revenues that are assigned to expenditures for specified purposes.

#### Food Service Fund

This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

#### Student Activity Fund

This fund accounts for the revenues and expenditures overseen by the District to support clubs, organizations and District activity.

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

|                                              | <u>Special Revenue Funds</u> |                             | Total<br>Non-Major<br>Governmental<br>Funds |
|----------------------------------------------|------------------------------|-----------------------------|---------------------------------------------|
|                                              | <u>Food<br/>Service</u>      | <u>Student<br/>Activity</u> |                                             |
| <u>ASSETS</u>                                |                              |                             |                                             |
| Cash                                         | 16,369                       | 144,761                     | 161,130                                     |
| Inventories                                  | 1,963                        | -                           | 1,963                                       |
| Accounts Receivable                          | 2,088                        | -                           | 2,088                                       |
| <u>Total Assets</u>                          | <u>20,420</u>                | <u>144,761</u>              | <u>165,181</u>                              |
| <u>LIABILITIES AND FUND BALANCES</u>         |                              |                             |                                             |
| <u>Liabilities:</u>                          |                              |                             |                                             |
| Accounts Payable                             | -                            | -                           | -                                           |
| Accrued Salaries                             | 8,730                        | -                           | 8,730                                       |
| Due To Other Funds                           | -                            | -                           | -                                           |
| Deposits                                     | 3,168                        | -                           | 3,168                                       |
| <u>Total Liabilities</u>                     | <u>11,898</u>                | <u>-</u>                    | <u>11,898</u>                               |
| <u>Fund Balances:</u>                        |                              |                             |                                             |
| Nonspendable                                 |                              |                             |                                             |
| Inventories                                  | 1,963                        | -                           | 1,963                                       |
| Restricted:                                  |                              |                             |                                             |
| Food Service                                 | 6,559                        | -                           | 6,559                                       |
| Assigned                                     |                              |                             |                                             |
| Student Activity                             | -                            | 144,761                     | 144,761                                     |
| Unassigned                                   | -                            | -                           | -                                           |
| <u>Total Fund Balances</u>                   | <u>8,522</u>                 | <u>144,761</u>              | <u>153,283</u>                              |
| <u>TOTAL LIABILITIES &amp; FUND BALANCES</u> | <u>20,420</u>                | <u>144,761</u>              | <u>165,181</u>                              |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2020

|                                                                      | <u>Special Revenue Funds</u> |                             | <u>Total<br/>Non-Major<br/>Governmental<br/>Funds</u> |
|----------------------------------------------------------------------|------------------------------|-----------------------------|-------------------------------------------------------|
|                                                                      | <u>Food<br/>Service</u>      | <u>Student<br/>Activity</u> |                                                       |
| <u>REVENUES</u>                                                      |                              |                             |                                                       |
| Earnings on Investments                                              | -                            | -                           | -                                                     |
| Other Local Sources                                                  | 18,317                       | 113,545                     | 131,862                                               |
| State Aid                                                            | 860                          | -                           | 860                                                   |
| Federal Aid                                                          | <u>25,082</u>                | <u>-</u>                    | <u>25,082</u>                                         |
| <u>Total Revenues</u>                                                | <u>44,259</u>                | <u>113,545</u>              | <u>157,804</u>                                        |
| <u>EXPENDITURES</u>                                                  |                              |                             |                                                       |
| Instruction                                                          | -                            | -                           | -                                                     |
| Student Support                                                      | -                            | 61,180                      | 61,180                                                |
| Food Service                                                         | <u>96,910</u>                | <u>-</u>                    | <u>96,910</u>                                         |
| <u>Total Expenditures</u>                                            | <u>96,910</u>                | <u>61,180</u>               | <u>158,090</u>                                        |
| <u>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</u> | (52,651)                     | 52,365                      | (286)                                                 |
| <u>OTHER FINANCING SOURCES (USES)</u>                                |                              |                             |                                                       |
| Transfers                                                            | <u>57,074</u>                | <u>-</u>                    | <u>57,074</u>                                         |
| <u>NET CHANGE IN FUND BALANCES</u>                                   | 4,423                        | 52,365                      | 56,788                                                |
| <u>FUND BALANCES, Beginning (as Restated)</u>                        | <u>4,099</u>                 | <u>92,396</u>               | <u>96,495</u>                                         |
| <u>FUND BALANCES, Ending</u>                                         | <u>8,522</u>                 | <u>144,761</u>              | <u>153,283</u>                                        |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
BOND REDEMPTION - DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2020

|                                                                    | <u>Budget</u>  | <u>Actual</u>  | Variance -<br>Favorable<br>(Unfavorable) |
|--------------------------------------------------------------------|----------------|----------------|------------------------------------------|
| <u>REVENUES</u>                                                    |                |                |                                          |
| Property Taxes                                                     | 586,341        | 610,278        | 23,937                                   |
| Specific Ownership Taxes                                           | -              | -              | -                                        |
| Other Local Sources                                                | -              | 689            | 689                                      |
| Earnings on Investments                                            | -              | 51             | 51                                       |
| <u>Total Revenues</u>                                              | <u>586,341</u> | <u>611,018</u> | <u>24,677</u>                            |
| <u>EXPENDITURES</u>                                                |                |                |                                          |
| Debt Service:                                                      |                |                |                                          |
| Principal                                                          | 277,353        | 277,353        | -                                        |
| Interest                                                           | 307,941        | 307,941        | -                                        |
| Other Fees                                                         | 1,047          | -              | 1,047                                    |
| Appropriated Reserves                                              | -              | -              | -                                        |
| <u>Total Expenditures</u>                                          | <u>586,341</u> | <u>585,294</u> | <u>1,047</u>                             |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u>                          | <u>-</u>       | <u>25,724</u>  |                                          |
| <u>OTHER FINANCING SOURCES (USES)</u>                              |                |                |                                          |
| Transfers                                                          | -              | -              | -                                        |
| <u>Total Other Financing Sources (Uses)</u>                        | <u>-</u>       | <u>-</u>       | <u>-</u>                                 |
| <u>REVENUES AND SOURCES OVER<br/>(UNDER) EXPENDITURES AND USES</u> | <u>-</u>       | <u>25,724</u>  |                                          |
| <u>FUND BALANCES, July 1</u>                                       | <u>-</u>       | <u>471,197</u> |                                          |
| <u>FUND BALANCES, June 30</u>                                      | <u>-</u>       | <u>496,921</u> |                                          |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
BUILDING - CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2020

|                                                                    | <u>Budget</u>     | <u>Actual</u>      | Variance -<br>Favorable<br>(Unfavorable) |
|--------------------------------------------------------------------|-------------------|--------------------|------------------------------------------|
| <u>REVENUES</u>                                                    |                   |                    |                                          |
| Earnings on Investments                                            | -                 | -                  | -                                        |
| Other Local Revenue                                                | -                 | -                  | -                                        |
| State Grant Revenue                                                | <u>32,260,362</u> | <u>18,403,630</u>  | <u>(13,856,732)</u>                      |
| <u>Total Revenues</u>                                              | <u>32,260,362</u> | <u>18,403,630</u>  | <u>(13,856,732)</u>                      |
| <u>EXPENDITURES</u>                                                |                   |                    |                                          |
| Buildings and Site Improvements                                    | 32,260,362        | 24,407,803         | 7,852,559                                |
| Appropriated Reserves                                              | -                 | -                  | -                                        |
| <u>Total Expenditures</u>                                          | <u>32,260,362</u> | <u>24,407,803</u>  | <u>7,852,559</u>                         |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u>                          | <u>-</u>          | <u>(6,004,173)</u> |                                          |
| <u>OTHER FINANCING SOURCES (USES)</u>                              |                   |                    |                                          |
| Transfers                                                          | -                 | -                  | -                                        |
| <u>Total Other Financing Sources (Uses)</u>                        | <u>-</u>          | <u>-</u>           | <u>-</u>                                 |
| <u>REVENUES AND SOURCES OVER<br/>(UNDER) EXPENDITURES AND USES</u> | <u>-</u>          | <u>(6,004,173)</u> |                                          |
| <u>FUND BALANCES, July 1</u>                                       | <u>-</u>          | <u>7,647,699</u>   |                                          |
| <u>FUND BALANCES, June 30</u>                                      | <u>-</u>          | <u>1,643,526</u>   |                                          |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
CAPITAL RESERVE CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2020

|                                                                    | <u>Budget</u>    | <u>Actual</u>    | Variance -<br>Favorable<br>(Unfavorable) |
|--------------------------------------------------------------------|------------------|------------------|------------------------------------------|
| <u>REVENUES</u>                                                    |                  |                  |                                          |
| Earnings on Investments                                            | 5,573            | 11,456           | 5,883                                    |
| Other Local Revenue                                                | -                | -                | -                                        |
| <u>Total Revenues</u>                                              | <u>5,573</u>     | <u>11,456</u>    | <u>5,883</u>                             |
| <u>EXPENDITURES</u>                                                |                  |                  |                                          |
| Land and Sites                                                     | -                | -                | -                                        |
| Building                                                           | -                | -                | -                                        |
| Equipment                                                          | -                | 45,901           | (45,901)                                 |
| Transportation Equipment                                           | 64,765           | 64,765           | -                                        |
| Other                                                              | 3,500            | 6,553            | (3,053)                                  |
| Appropriated Reserves                                              | <u>792,431</u>   | -                | <u>792,431</u>                           |
| <u>Total Expenditures</u>                                          | <u>860,696</u>   | <u>117,219</u>   | <u>743,477</u>                           |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u>                          | <u>(855,123)</u> | <u>(105,763)</u> |                                          |
| <u>OTHER FINANCING SOURCES (USES)</u>                              |                  |                  |                                          |
| Transfers                                                          | <u>130,000</u>   | <u>130,000</u>   | -                                        |
| <u>Total Other Financing Sources (Uses)</u>                        | <u>130,000</u>   | <u>130,000</u>   | -                                        |
| <u>REVENUES AND SOURCES OVER<br/>(UNDER) EXPENDITURES AND USES</u> | <u>(725,123)</u> | <u>24,237</u>    |                                          |
| <u>FUND BALANCES, July 1</u>                                       | <u>725,123</u>   | <u>725,136</u>   |                                          |
| <u>FUND BALANCES, June 30</u>                                      | <u>-</u>         | <u>749,373</u>   |                                          |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
FOOD SERVICE – SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
For the Year Ended June 30, 2020

|                                                                    | <u>Budget</u>   | <u>Actual</u>   | Variance-<br>Favorable<br>(Unfavorable) |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------------------------------|
| <u>REVENUES</u>                                                    |                 |                 |                                         |
| <u>Local Sources</u>                                               |                 |                 |                                         |
| Food Sales                                                         | 24,600          | 18,317          | (6,283)                                 |
| Earnings on Investments                                            | -               | -               | -                                       |
| Other                                                              | 4,140           | -               | (4,140)                                 |
| <u>State Sources</u>                                               |                 |                 |                                         |
| School Lunches                                                     | 750             | 860             | 110                                     |
| Other                                                              | -               | 752             | 752                                     |
| <u>Federal Sources</u>                                             |                 |                 |                                         |
| School Lunches                                                     | 23,049          | 20,390          | (2,659)                                 |
| Commodities                                                        | -               | 3,940           | 3,940                                   |
| <u>Total Revenues</u>                                              | <u>52,539</u>   | <u>44,259</u>   | <u>(8,280)</u>                          |
| <u>EXPENDITURES</u>                                                |                 |                 |                                         |
| Salaries                                                           | 38,096          | 41,255          | (3,159)                                 |
| Employee Benefits                                                  | 14,000          | 18,397          | (4,397)                                 |
| Purchased Services – Professional                                  | 1,000           | -               | 1,000                                   |
| Purchased Services – Property                                      | 2,050           | 2,532           | (482)                                   |
| Purchased Services - Other                                         | 350             | -               | 350                                     |
| Food Purchases                                                     | 37,000          | 27,995          | 9,005                                   |
| Capital Outlay                                                     | -               | -               | -                                       |
| Commodities                                                        | 250             | 3,940           | (3,690)                                 |
| Non-Food Supplies                                                  | 3,400           | 2,791           | 609                                     |
| Appropriated Reserves                                              | 4,140           | -               | 4,140                                   |
| <u>Total Expenditures</u>                                          | <u>100,286</u>  | <u>96,910</u>   | <u>3,376</u>                            |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u>                          | <u>(47,747)</u> | <u>(52,651)</u> |                                         |
| <u>OTHER FINANCING SOURCES (USES)</u>                              |                 |                 |                                         |
| Transfers                                                          | <u>47,747</u>   | <u>57,074</u>   | <u>9,327</u>                            |
| <u>REVENUES AND SOURCES OVER (UNDER)<br/>EXPENDITURES AND USES</u> | <u>-</u>        | <u>4,423</u>    |                                         |
| <u>FUND BALANCE, July 1</u>                                        | <u>-</u>        | <u>4,099</u>    |                                         |
| <u>FUND BALANCE, June 30</u>                                       | <u>-</u>        | <u>8,522</u>    |                                         |

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1  
STUDENT ACTIVITY – SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
For the Year Ended June 30, 2020

|                                                                                  | <u>Budget</u>  | <u>Actual</u>  | Variance-<br>Favorable<br>(Unfavorable) |
|----------------------------------------------------------------------------------|----------------|----------------|-----------------------------------------|
| <u>REVENUES</u>                                                                  |                |                |                                         |
| Local Sources                                                                    | <u>57,000</u>  | <u>113,545</u> | <u>56,545</u>                           |
| <u>Total Revenues</u>                                                            | <u>57,000</u>  | <u>113,545</u> | <u>56,545</u>                           |
| <u>EXPENDITURES</u>                                                              |                |                |                                         |
| Instruction                                                                      | -              | -              | -                                       |
| Student Support                                                                  | <u>127,000</u> | <u>61,180</u>  | <u>65,820</u>                           |
| <u>Total Expenditures</u>                                                        | <u>127,000</u> | <u>61,180</u>  | <u>65,820</u>                           |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u>                                        | (70,000)       | 52,365         |                                         |
| <u>OTHER FINANCING SOURCES (USES)</u>                                            |                |                |                                         |
| Transfers                                                                        | -              | -              | -                                       |
| <u>REVENUES OVER (UNDER) EXPENDITURES<br/>AND OTHER FINANCING SOURCES (USES)</u> | (70,000)       | 52,365         |                                         |
| <u>FUND BALANCE, July 1 (as Restated)</u>                                        | <u>70,000</u>  | <u>92,396</u>  |                                         |
| <u>FUND BALANCE, June 30</u>                                                     | <u>-</u>       | <u>144,761</u> |                                         |

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education  
Auditors Integrity Report  
District: 0510 - Kit Carson R-1  
Fiscal Year 2019-20  
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 |
| <b>Governmental</b>                                     |                                          |                                            |                                           |                                                       |
| 10 General Fund                                         | 2,033,021                                | 2,256,465                                  | 2,178,878                                 | 2,110,608                                             |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 0                                        | 0                                          | 0                                         | 0                                                     |
| 19 Colorado Pre-School Program Fund                     | 148                                      | 55,663                                     | 55,611                                    | 0                                                     |
| Sub-Total                                               | 2,033,169                                | 2,312,128                                  | 2,234,489                                 | 2,110,608                                             |
| 11 Charter School Fund                                  | 0                                        | 0                                          | 0                                         | 0                                                     |
| 20.20-29 Special Revenue Fund                           | 0                                        | 0                                          | 0                                         | 0                                                     |
| 06 Supplemental Cap Const, Tech, Main, Fund             | 0                                        | 0                                          | 0                                         | 0                                                     |
| 07 Total Program Reserve Fund                           | 0                                        | 0                                          | 0                                         | 0                                                     |
| 21 Food Service Spec Revenue Fund                       | 4,050                                    | 101,333                                    | 96,909                                    | 8,522                                                 |
| 22 Gov. Designated-Purpose Grants Fund                  | 0                                        | 0                                          | 0                                         | 0                                                     |
| 23 Pupil Activity Special Revenue Fund                  | 93,397                                   | 113,545                                    | 61,181                                    | 144,761                                               |
| 24 Full Day Kindergarten Mill Levy Override             | 0                                        | 0                                          | 0                                         | 0                                                     |
| 25 Transportation Fund                                  | 0                                        | 0                                          | 0                                         | 0                                                     |
| 31 Bond Redemption Fund                                 | 471,197                                  | 611,018                                    | 585,394                                   | 496,821                                               |
| 39 Certificate of Participation (COP) Debt Service Fund | 0                                        | 0                                          | 0                                         | 0                                                     |
| 41 Building Fund                                        | 7,647,699                                | 18,403,630                                 | 24,407,803                                | 1,843,526                                             |
| 42 Special Building Fund                                | 0                                        | 0                                          | 0                                         | 0                                                     |
| 43 Capital Reserve Capital Projects Fund                | 725,196                                  | 141,456                                    | 117,219                                   | 749,373                                               |
| 46 Supplemental Cap Const, Tech, Main Fund              | 0                                        | 0                                          | 0                                         | 0                                                     |
| Totals                                                  | 16,077,990                               | 21,683,109                                 | 22,503,695                                | 5,153,711                                             |
| <b>Proprietary</b>                                      |                                          |                                            |                                           |                                                       |
| 50 Other Enterprise Funds                               | 0                                        | 0                                          | 0                                         | 0                                                     |
| 61 (63) Risk-Related Activity Fund                      | 0                                        | 0                                          | 0                                         | 0                                                     |
| 60.65-69 Other Internal Service Funds                   | 0                                        | 0                                          | 0                                         | 0                                                     |
| Totals                                                  | 0                                        | 0                                          | 0                                         | 0                                                     |
| <b>Fiduciary</b>                                        |                                          |                                            |                                           |                                                       |
| 70 Other Trust and Agency Funds                         | 0                                        | 0                                          | 0                                         | 0                                                     |
| 72 Private Purpose Trust Fund                           | 0                                        | 0                                          | 0                                         | 0                                                     |
| 73 Agency Fund                                          | 0                                        | 0                                          | 0                                         | 0                                                     |
| 74 Pupil Activity Agency Fund                           | 0                                        | 0                                          | 0                                         | 0                                                     |
| 79 GASB 34-Permanent Fund                               | 0                                        | 0                                          | 0                                         | 0                                                     |
| 85 Foundations                                          | 0                                        | 0                                          | 0                                         | 0                                                     |
| Totals                                                  | 0                                        | 0                                          | 0                                         | 0                                                     |
| FINAL                                                   |                                          |                                            |                                           |                                                       |



**Colorado Department of Education**

**Bolded Balance Sheet Report**

District: 0510 - Kit Carson R-1

Fiscal Year 2019-20

Colorado School District/BOCES

| ASSETS                                   | Governmental              |                           |                   |                                |                                 |                               |                                      | Proprietary              |                                    |                                 |                                 | Fiduciary                         |                                 |                            |                     |
|------------------------------------------|---------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|-------------------------------|--------------------------------------|--------------------------|------------------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|
|                                          | General Funds<br>10:12-18 | Charter School Fund<br>11 | Preschool Fund 19 | Special Revenue Funds 20-22-29 | Supplemental Cap Const. Fund 06 | Total Program Reserve Fund 07 | 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)    | 2,356,124                 | 0                         | 6,662             | 144,761                        | 0                               | 0                             | 16,369                               | 0                        | 749,365                            | 0                               | 0                               | 0                                 | 0                               | 0                          | 3,273,281           |
| Cash with Fiscal Agent (8105)            | 0                         | 0                         | 0                 | 0                              | 0                               | 0                             | 0                                    | 483,746                  | 2,863,781                          | 0                               | 0                               | 0                                 | 0                               | 0                          | 3,347,527           |
| Taxes Receivable (8121,8122)             | 19,554                    | 0                         | 0                 | 0                              | 0                               | 0                             | 0                                    | 18,079                   | 0                                  | 0                               | 0                               | 0                                 | 0                               | 0                          | 37,633              |
| Grants Accounts Receivable (8142)        | 5,934                     | 0                         | 0                 | 0                              | 0                               | 0                             | 0                                    | 0                        | 3,686,281                          | 0                               | 0                               | 0                                 | 0                               | 0                          | 3,692,215           |
| Other Receivables (8151-8154,8161)       | 0                         | 0                         | 0                 | 0                              | 0                               | 0                             | 2,088                                | 0                        | 8                                  | 0                               | 0                               | 0                                 | 0                               | 0                          | 2,096               |
| Inventories (8171,8172,8173)             | 0                         | 0                         | 0                 | 0                              | 0                               | 0                             | 1,963                                | 0                        | 0                                  | 0                               | 0                               | 0                                 | 0                               | 0                          | 1,963               |
| Machinery and Equipment (8241,8242,8251) | 0                         | 0                         | 0                 | 0                              | 0                               | 0                             | 0                                    | 0                        | 0                                  | 0                               | 0                               | 0                                 | 0                               | 0                          | 0                   |
| Total Assets                             | 2,381,612                 | 0                         | 6,662             | 144,761                        | 0                               | 0                             | 20,420                               | 501,825                  | 7,729,436                          | 0                               | 0                               | 0                                 | 0                               | 0                          | 10,354,715          |

|                                            | Governmental           |                        |                   |                                 |                                |                               | Proprietary                  |                          |                                     |                                | Fiduciary                        |                                   |                                 |                            |                     |                  |
|--------------------------------------------|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|------------------|
|                                            | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Total Program Reserve Fund 07 | Food Service 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           |
| <b>LIABILITIES &amp; FUND EQUITY</b>       |                        |                        |                   |                                 |                                |                               |                              |                          |                                     |                                |                                  |                                   |                                 |                            |                     |                  |
| <b>LIABILITIES</b>                         |                        |                        |                   |                                 |                                |                               |                              |                          |                                     |                                |                                  |                                   |                                 |                            |                     |                  |
| Other Payables (7421-7423)                 | 4,427                  | 0                      | 0                 | 0                               | 0                              | 0                             | 0                            | 0                        | 4,906,537                           | 0                              | 0                                | 0                                 | 0                               | 0                          | 0                   | 4,910,964        |
| Accrued Expenses (7461)                    | 162,906                | 0                      | 6,662             | 0                               | 0                              | 0                             | 8,730                        | 0                        | 0                                   | 0                              | 0                                | 0                                 | 0                               | 0                          | 0                   | 178,297          |
| Grants Deferred Revenue (7482)             | 90,373                 | 0                      | 0                 | 0                               | 0                              | 0                             | 0                            | 0                        | 0                                   | 0                              | 0                                | 0                                 | 0                               | 0                          | 0                   | 90,373           |
| Other Current Liabilities (7491,7492,7499) | 0                      | 0                      | 0                 | 0                               | 0                              | 0                             | 3,168                        | 0                        | 0                                   | 0                              | 0                                | 0                                 | 0                               | 0                          | 0                   | 3,168            |
| Deferred Inflow (7800)                     | 5,298                  | 0                      | 0                 | 0                               | 0                              | 0                             | 0                            | 4,904                    | 0                                   | 0                              | 0                                | 0                                 | 0                               | 0                          | 0                   | 10,202           |
| <b>Total Liabilities</b>                   | <b>271,004</b>         | <b>0</b>               | <b>6,662</b>      | <b>0</b>                        | <b>0</b>                       | <b>0</b>                      | <b>11,898</b>                | <b>4,904</b>             | <b>4,906,537</b>                    | <b>0</b>                       | <b>0</b>                         | <b>0</b>                          | <b>0</b>                        | <b>0</b>                   | <b>0</b>            | <b>5,207,004</b> |

**Governmental**      **Proprietary**      **Fiduciary**

| <b>FUND EQUITY</b>                                                | <b>General Funds 10,12-18</b> | <b>Charter School Fund 11</b> | <b>Preschool Fund 19</b> | <b>Special Revenue Funds 20, 22-29</b> | <b>Supplemental Cap Const Fund 06</b> | <b>Total Program Reserve Fund 07</b> | <b>Food Service Special Revenue Fund 21</b> | <b>Debt Service Funds 30-39</b> | <b>Capital Projects Funds 40-45, 47-49</b> | <b>Supplemental Cap Const Fund 46</b> | <b>Other Enterprise Funds 50, 52-59</b> | <b>Risk-Related Activity Funds 63-64</b> | <b>Other Internal Service Funds 60, 70-79</b> | <b>Foundations Fund 85</b> | <b>Totals</b>    |
|-------------------------------------------------------------------|-------------------------------|-------------------------------|--------------------------|----------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|---------------------------------|--------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|-----------------------------------------------|----------------------------|------------------|
| Non-spendable Fund Balance 6710                                   | 0                             | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 1,963                                       | 0                               | 0                                          | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 1,963            |
| Restricted Fund Balance 6720                                      | 0                             | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 6,559                                       | 496,921                         | 1,643,526                                  | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 2,147,006        |
| TABOR 3% Emergency Reserve 6721                                   | 630,000                       | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 0                                           | 0                               | 0                                          | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 630,000          |
| 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                |
| Risk-Related - Restricted Capital Reserve 6726                    | 0                             | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 0                                           | 0                               | 0                                          | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 0                |
| REST Capital Reserve 6727                                         | 0                             | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 0                                           | 0                               | 0                                          | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 0                |
| Committed Fund Balance 6750                                       | 0                             | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 0                                           | 0                               | 749,373                                    | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 749,373          |
| Assigned Fund Balance 6760                                        | 0                             | 0                             | 0                        | 144,761                                | 0                                     | 0                                    | 0                                           | 0                               | 0                                          | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 144,761          |
| Unassigned Fund Balance 6770                                      | 1,480,608                     | 0                             | 0                        | 0                                      | 0                                     | 0                                    | 0                                           | 0                               | 0                                          | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 1,480,608        |
| 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                                     | 0                                       | 0                                        | 0                                             | 0                          | 0                |
| Prior Period Adjustment 6880                                      | 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                |
| <b>Total Fund Equity</b>                                          | <b>2,110,608</b>              | <b>0</b>                      | <b>0</b>                 | <b>144,761</b>                         | <b>0</b>                              | <b>0</b>                             | <b>8,522</b>                                | <b>496,921</b>                  | <b>2,392,899</b>                           | <b>0</b>                              | <b>0</b>                                | <b>0</b>                                 | <b>0</b>                                      | <b>0</b>                   | <b>5,153,711</b> |

| <b>General Funds 10,12-18</b>                          | <b>Charter School Fund 11</b> | <b>Preschool Fund 19</b> | <b>Special Revenue Funds 20, 22-29</b> | <b>Supplemental Cap Const Fund 06</b> | <b>Total Program Reserve Fund 07</b> | <b>Food Service Special Revenue Fund 21</b> | <b>Debt Service Funds 30-39</b> | <b>Capital Projects Funds 40-45, 47-49</b> | <b>Supplemental Cap Const Fund 46</b> | <b>Other Enterprise Funds 50, 52-59</b> | <b>Risk-Related Activity Funds 63-64</b> | <b>Other Internal Service Funds 60, 70-79</b> | <b>Foundations Fund 85</b> | <b>Totals</b> |
|--------------------------------------------------------|-------------------------------|--------------------------|----------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|---------------------------------|--------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|-----------------------------------------------|----------------------------|---------------|
| 2,381,612                                              | 0                             | 6,662                    | 144,761                                | 0                                     | 0                                    | 20,420                                      | 501,825                         | 7,299,436                                  | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 10,354,715    |
| <b>Total Liabilities &amp; Fund Equity : 2,381,612</b> |                               |                          |                                        |                                       |                                      |                                             |                                 |                                            |                                       |                                         |                                          |                                               |                            |               |

| <b>General Funds 10,12-18</b> | <b>Charter School Fund 11</b> | <b>Preschool Fund 19</b> | <b>Special Revenue Funds 20, 22-29</b> | <b>Supplemental Cap Const Fund 06</b> | <b>Total Program Reserve Fund 07</b> | <b>Food Service Special Revenue Fund 21</b> | <b>Debt Service Funds 30-39</b> | <b>Capital Projects Funds 40-45, 47-49</b> | <b>Supplemental Cap Const Fund 46</b> | <b>Other Enterprise Funds 50, 52-59</b> | <b>Risk-Related Activity Funds 63-64</b> | <b>Other Internal Service Funds 60, 70-79</b> | <b>Foundations Fund 85</b> | <b>Totals</b> |
|-------------------------------|-------------------------------|--------------------------|----------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|---------------------------------|--------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|-----------------------------------------------|----------------------------|---------------|
| 2,381,612                     | 0                             | 6,662                    | 144,761                                | 0                                     | 0                                    | 20,420                                      | 501,825                         | 7,299,436                                  | 0                                     | 0                                       | 0                                        | 0                                             | 0                          | 10,354,715    |

For Each Fund Type:  
Do Assets=Liability+Fund Equity