

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

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

**FOR THE YEAR ENDED
JUNE 30, 2020**

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

PRINCIPAL OFFICIALS

JUNE 30, 2020

BOARD OF EDUCATION

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

ADMINISTRATION

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

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FINANCIAL SECTION

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

As management of Cheyenne Mountain School District 12 (the District) in Colorado Springs, Colorado, we offer readers of the District's report of independent certified public accountants this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Financial Highlights

The District's liabilities for governmental activities, including long term debt and net pension liability, exceeded total assets, including capital assets (land, buildings and equipment), in fiscal year 2019-2020 by \$49,439,794 (deficit net position). The deficit is a result of the implementation of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net pension liability on the Statement of Net Position beginning in the 2014-2015 fiscal year. More information on the GASB Statement 68 can be found in the notes to the financial statements.

The overall ending fund balance for the District's governmental funds is \$29,881,267, which is an increase of \$3,805,591 from the previous year.

Outstanding long term debt decreased to \$119,567,970 from \$141,304,386 including \$2,620,000 due within one year. The PERA net pension liability decreased by \$60,629,463 in FY 20, a decrease of \$11,349,686 from the previous year.

Overview of the Financial Statements

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

Government-wide Statements

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

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

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

For the fiscal year 2019-2020, all of the district's activities are reported under the Governmental Activities on the Statement of Net Position.

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

Financial Analysis of the District as a Whole

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

The following table provides a summary of the District's net position as of June 30, 2020 (in millions):

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2020	2019
Current Assets	\$ 36,950,352	\$ 31,492,787
Capital Assets - Net	<u>76,092,686</u>	<u>78,578,792</u>
Total Assets	<u>113,043,038</u>	<u>110,071,579</u>
Deferred Outflows	<u>15,338,232</u>	<u>30,535,652</u>
Current Liabilities	6,629,838	4,602,731
Long-Term Liabilities	<u>112,938,132</u>	<u>136,701,655</u>
Total Liabilities	<u>119,567,970</u>	<u>141,304,386</u>
Deferred Inflows	<u>58,253,094</u>	<u>62,755,711</u>
Net Investment in Capital Assets	30,217,686	28,389,312
Restricted Net Position	6,364,986	5,416,669
Unrestricted Net Position	<u>(86,022,466)</u>	<u>(97,258,847)</u>
Total Net Position (Deficit)	<u>\$ (49,439,794)</u>	<u>\$ (63,452,866)</u>

Condensed Statement of Activities:

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2020	2019
Program Revenues:		
Charges for Services	\$ 2,843,345	\$ 2,340,638
Operating Grants	4,501,326	3,628,482
Capital Grants	662,474	582,656
Total Program Revenues	8,007,145	6,551,776
General Revenues:		
Taxes	25,410,665	23,742,034
State Equalization	17,091,634	16,385,264
Investment Income	119,563	169,696
Gain (Loss) on Disposal	10,626	2,545
Miscellaneous	434,217	645,180
Total General Revenues	43,066,705	40,944,719
Total Revenues	51,073,850	47,496,495
Expenses		
Instruction	22,508,617	19,925,961
Supporting Services	14,238,032	13,094,790
Interest on Long Term Debt	-	2,301,234
Total Expenses	36,746,649	35,321,985
Transfers	(314,129)	(359,563)
Change in Net Position	14,013,072	11,814,947
Net Position - Beginning	(63,452,866)	(75,267,813)
Net Position - Ending	\$ (49,439,794)	\$ (63,452,866)

Governmental Activities

Total assets for FY 19-20 are \$113,043,038, which is an increase of \$2,971,459 from the previous fiscal year.

Total liabilities decreased by approximately \$21.7 million over the previous year primarily due to the district's net pension liability. In FY 2015 GASB 68 was implemented which requires school districts to record net pension liability. As of June 30, 2019, the net pension liability was \$71,979,149 and as of June 30, 2020, the net pension liability decreased to \$60,629,463.

The primary source of operating revenue for school districts in Colorado comes from the School Finance Act of 1994, as amended (the Act). Under the Act the District received \$8,061 per funded pupil in fiscal year 2020, a 4.4% increase from fiscal year 2019.

In fiscal year 2020 the funded pupil count was 5,175.3, a 3.6% increase from the previous year. Funding for the Act comes from property taxes, specific ownership tax, and state equalization. The District received approximately 70% of this funding from state equalization. The remaining amount came from property taxes and specific ownership tax. The District's 2019 assessed valuation of \$416.8 million represented a 8.4% increase from 2018, and it generated approximately \$22.9 million in fiscal year 2020 (virtually unchanged from the previous year) to include a share of funding determined by the Act plus budget overrides and bond redemption payments authorized by local voters.

Financial Analysis of the District's Funds

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

At the end of fiscal year 2020, the District's governmental funds reported combined ending fund balances of \$29.8 million, an increase of \$3,805,591 in comparison with the prior fiscal year. The General Fund (which includes the Risk Management Fund) had an increase in fund balance of \$2,584,016; the Capital Reserve Project Fund increased by \$359,350; the Bond Redemption Fund had an increase in fund balance of \$780,877; and the other funds had a combined increase of \$81,348.

The district added a new fund, Designated Grants, in FY 19-20. This fund was created to track all financial activity related to the Coronavirus funds that the district received in May of 2020. These funds can only be used for supplies and activities related to the Coronavirus. The district received a total of \$2,090,333.33. Of that amount, \$604,743.82 was transferred to the Vanguard School (the district's charter school). The district only spent a total of \$21,306.62 in FY 19-20. The remaining \$1,464,282.89 must be spent by December 31, 2020.

The general fund is the primary operating fund of the District. At year-end, the General Fund (which includes the Risk Management Fund) maintained a balance of \$21 million, equal to 50.8% of the District's fiscal year expenditures and allocations to other funds. In 2019 the general fund maintained a balance of \$18.4 million, or 49% of fiscal year expenditures and allocations.

General Fund Budget Variance

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

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

Proprietary Funds

The proprietary funds consist of the District's two Insurance Reserve Funds (self-insured dental plan and the partially self-funded health insurance plan). These funds have a combined ending fund balance of \$766,270, a decrease of \$48,110 from the previous year.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$76 million (net of accumulated depreciation), which is a decrease of \$2,201,626 from the previous year. This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and capital leases all with an original cost of greater than \$5,000.

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

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Site Improvements	208,500	-	-	208,500
Art Collection	237,000	-	-	237,000
Total Capital Assets Not Being Depreciated	<u>1,884,558</u>	<u>-</u>	<u>-</u>	<u>1,884,558</u>
Capital Assets Being Depreciated				
Land Improvements	8,779,638	-	-	8,779,638
Buildings and Improvements	96,072,002	-	-	96,072,002
Food Service Equipment	333,902	11,228	-	345,130
Equipment	3,232,742	48,183	-	3,280,925
Total Capital Assets Being Depreciated	<u>108,418,284</u>	<u>59,411</u>	<u>-</u>	<u>108,477,695</u>
Less: Accumulated Depreciation:				
Land Improvements	(4,111,460)	(282,893)	-	(4,394,353)
Buildings and Improvements	(25,308,414)	(1,888,150)	-	(27,196,564)
Food Service Equipment	(144,452)	(16,683)	-	(161,135)
Equipment	(2,444,204)	(73,311)	-	(2,517,515)
Total Accumulated Depreciation	<u>(32,008,530)</u>	<u>(2,261,037)</u>	<u>-</u>	<u>(34,269,567)</u>
Total Capital Assets Being Depreciated, Net	76,409,754	(2,201,626)	-	74,208,128
Governmental Activities Capital Assets, Net	<u>\$ 78,294,312</u>	<u>\$ (2,201,626)</u>	<u>\$ -</u>	<u>\$ 76,092,686</u>

Long-term Debt

At year-end, the District's long-term debt of \$112.9 million is a decrease of \$13,202,466 from the previous year, consisted of the following:

	Balance July 1, 2019	Additions	Payments	Refundings	Balance June 30, 2020	Due Within One Year	Interest Expense
Governmental Activities							
Bonds:							
Gen. Oblig. Refunding, Series 2011	\$ 4,305,000	\$ -	\$ 800,000	\$ -	\$ 3,505,000	\$ 830,000	\$ 149,533
Gen. Oblig. Refunding, Series 2012	730,000	-	730,000	-	-	-	6,387
Gen. Oblig. Series 2015	44,870,000	-	55,000	39,455,000	5,360,000	810,000	814,921
Gen Oblig. Refunding, Series 2019	-	39,255,000	-	-	39,255,000	980,000	498,150
Gen Oblig. Ref., Ser 2019 Cap Apprec	-	375,000	-	-	375,000	-	-
Accretion on 2019 Cap Apprec Bonds	-	-	-	-	-	-	-
PERA Net Pension Liability	71,979,149	-	11,349,686	-	60,629,463	-	-
Net OPEB Liability	3,594,921	-	613,910	-	2,981,011	-	-
Compensated Absences	661,528	171,130	-	-	832,658	-	-
Total Noncurrent Liabilities	\$ 126,140,598	\$ 39,801,130	\$ 13,548,596	\$ 39,455,000	\$ 112,938,132	\$ 2,620,000	\$ 1,468,991

Section 22-42-104 of the Colorado Revised Statutes limits the amount of bonded indebtedness to 20% of the latest valuation for assessment of the taxable property in the District, or 6% of the most recent determination of the actual value of the taxable property in the District as certified by the County Assessor to the Board of County Commissioners. The District's legal bonded debt limit as of June 30, 2020 was \$83.3 million.

Economic Factors: School Finance Act Funding

The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April, 1994, the Colorado Legislature enacted the Public School Finance Act of 1994 (the Act) which continued the goals of (1) establishing a financial base of support for public education, (2) moving toward a uniform mill tax levy for all school districts, and (3) limiting the future growth of and reliance on the property tax to support public education. It establishes a statewide base per pupil funding and adjusts that amount for individual school districts by recognizing differences in (1) personnel costs, (2) cost of living, and (3) school district size. Additional funding is also provided to school districts based upon the presence of at-risk pupils. The sources of funding the Act formula amount include (1) a portion of the specific ownership taxes traditionally flowing to school districts in addition to (2) local property taxes, and (3) state equalization payments. The District's funding, based on this formula, increased by 3.3%, 6% and 4.4% for fiscal years 2018, 2019 and 2020 respectively. The District's funded pupil count increased .07% in 2017-2018, increased by 1% in 2018-2019 and increased 3.6% in 19-20. The increase in funded pupil count is attributed to the growth at the Vanguard School (the district charter school).

In November, 2000, Colorado voters approved Amendment 23, “Funding for Public Schools”, which required that the statewide base per pupil funding and the total State funding for categorical programs increase by at least the rate of inflation plus one percent for the ten-year period beginning in fiscal year 2002, and by at least the rate of inflation thereafter. In addition, State revenues collected from a tax of one-third of one percent on federal taxable income shall be deposited into the State Education Fund. The State Education Fund monies can be used to fund what additional amounts are needed as required by Amendment 23 and any remaining funds can be used to support certain educational programs, as appropriated by the State General Assembly.

As stated above, the local share of the aggregate Act funding is to be paid from (1) school district property taxes levied at a rate defined by the Act in accordance with Article X, Section 20 of the State constitution (and certified no later than December 15) and (2) specific ownership taxes. Specific ownership tax revenue is defined as the amount of such revenue received by the District in the prior fiscal year excluding any such revenue attributable to a bond redemption levy or override levy. Because of the impact of Article X, Section 20 of the State constitution (“TABOR”) passed by the voters of Colorado in November 1992, the State’s goal of achieving a uniform mill levy across all school districts has not been achievable. If a school district’s assessed valuation grows at a rate greater than the combined change in the prior year Boulder-Denver consumer price index and the school district’s enrollment, then the school district is required to reduce its mill levy. The District’s assessed valuation increased 8.4% for the 2019 tax year (property tax collections due in calendar year 2020).

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

Economic Factors: Override Election Property Taxes

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

According to calculations by the Colorado Department of Education, the District presently collects 55% of its maximum override amount of \$13,833,192.

Contacting the District's Financial Management

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

Mayberry & Company, LLC

Certified Public Accountants

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

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

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the related notes to the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2020, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cheyenne Mountain School District 12's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1–M10 and pension schedules on 53-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

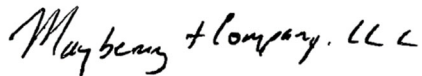
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 57-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining and individual fund financial statements on pages 63-73 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 82-85 are presented for state regulatory compliance and are not a required part of the financial statements. The statistical tables presented on pages 86-92 are presented debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of the Cheyenne Mountain School District 12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters pages 74-81. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cheyenne Mountain School District 12's internal control over financial reporting and compliance.



Englewood, CO
November 25, 2020

BASIC FINANCIAL STATEMENTS

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

Statement of Net Position
June 30, 2020

	Governmental	
	Activities	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Assets		
Current Assets		
Cash and Investments	\$ 34,367,139	\$ 6,382,390
Cash with Fiscal Agent	332,718	-
Taxes Receivable	1,682,060	-
Grants Receivable	491,738	-
Inventory	76,497	13,894
Deposits	200	-
Capital and Other Assets		
Capital Assets not Being Depreciated	1,647,558	530,474
Capital Assets Being Depreciated	74,445,128	763,950
Total Assets	113,043,038	7,824,241
Deferred Outflows of Financial Resources		
Net Pension Deferred Outflows	14,183,881	4,285,686
Net OPEB Deferred Outflows	217,520	124,330
Deferred Charge on Refunding	936,831	-
Total Deferred Outflows of Financial Resources	15,338,232	4,410,016
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	\$ 128,381,270	\$ 12,234,257
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 341,577	\$ 241,828
Accrued Interest	327,023	-
Accrued Salaries & Benefits	4,428,059	594,473
Unearned Revenue	52,926	28,700
Unearned Revenue Grants	1,480,253	579,142
Noncurrent Liabilities		
Due Within One Year	2,620,000	-
Due In More Than One Year	110,318,132	19,142,783
Total Liabilities	119,567,970	20,589,918
Deferred Inflows of Financial Resources		
Net Pension Deferred Inflows	48,698,805	12,061,814
Net OPEB Deferred Inflows	624,114	160,827
Bond Premiums	8,930,175	-
Total Deferred Inflows of Financial Resources	58,253,094	12,222,641
Net Position		
Net Investment in Capital Assets	30,217,686	1,294,424
Restricted Net Position	6,364,986	395,000
Unrestricted Net Position	(86,022,466)	(22,267,726)
Total Net Position	(49,439,794)	(20,578,302)
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	\$ 128,381,270	\$ 12,234,257

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit	Total
Primary Government							
Governmental Activities							
Instruction	\$ 22,508,617	\$ 1,401,966	\$ 2,161,235	\$ 90,321	\$ (18,855,095)	\$ -	\$ (18,855,095)
Supporting Services	14,238,032	1,441,379	2,340,091	572,153	(9,884,409)	-	(9,884,409)
Total Primary Government	<u>\$ 36,746,649</u>	<u>\$ 2,843,345</u>	<u>\$ 4,501,326</u>	<u>\$ 662,474</u>	<u>(28,739,504)</u>	<u>-</u>	<u>(28,739,504)</u>
Component Unit - The Vanguard School	<u>\$ 11,194,069</u>	<u>\$ 353,896</u>	<u>\$ 408,001</u>	<u>\$ 466,811</u>	<u>-</u>	<u>(9,965,361)</u>	<u>-</u>
General Revenues							
Property Taxes					22,905,657	12,069,791	34,975,448
Specific Ownership Taxes					2,505,008	-	2,505,008
State Equalization					17,091,634	-	17,091,634
Investment Earnings					119,563	34,593	154,156
Gain (Loss) on Capital Asset Disposals					10,626	-	10,626
Insurance Proceeds					309,436	9,255	318,691
Other Revenues					124,781	2,202	126,983
Total General Revenues					43,066,705	12,115,841	55,182,546
Transfers					-	15,667	15,667
Transfers to Component Unit/From Primary Government					(314,129)	314,129	-
Total General Revenues and Transfers					42,752,576	12,445,637	55,198,213
Change in Net Position					14,013,072	2,480,276	26,458,709
Beginning Net Position					(63,452,866)	(23,058,578)	(86,511,444)
Ending Net Position					<u>\$ (49,439,794)</u>	<u>\$ (20,578,302)</u>	<u>\$ (60,052,735)</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Balance Sheet
 Governmental Funds
 June 30, 2020

	Special Revenue			
	General Fund	Food Service Fund	Designated Grants Fund	Pupil Activity Fund
ASSETS				
Cash and Investments	\$ 23,380,292	\$ 331,304	\$ 1,485,172	\$ 527,986
Cash with Fiscal Agent	311,020	-	-	-
Taxes Receivable	1,389,757	-	-	-
Grants Receivable	491,738	-	-	-
Inventory	72,116	4,381	-	-
Deposits	200	-	-	-
TOTAL ASSETS	<u>\$ 25,645,123</u>	<u>\$ 335,685</u>	<u>\$ 1,485,172</u>	<u>\$ 527,986</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 217,736	\$ 128	\$ 20,889	\$ -
Accrued Salaries & Benefits	4,415,631	12,428	-	-
Unearned Revenue	-	52,926	-	-
Unearned Revenue Grants	-	-	1,464,283	-
Total Liabilities	<u>4,633,367</u>	<u>65,482</u>	<u>1,485,172</u>	<u>-</u>
Fund Balance				
Nonspendable Fund Balance	72,316	4,381	-	-
Restricted Fund Balance				
Restricted for Debt Service/Impact	-	-	-	-
Restricted for TABOR Emergencies	1,430,000	-	-	-
Committed Fund Balance	779,934	265,822	-	527,986
Unassigned Fund Balance	18,729,506	-	-	-
Total Fund Balance	<u>21,011,756</u>	<u>270,203</u>	<u>-</u>	<u>527,986</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 25,645,123</u>	<u>\$ 335,685</u>	<u>\$ 1,485,172</u>	<u>\$ 527,986</u>

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

Land Fund	Debt Service	Capital Projects	Totals	
	Bond Redemption Fund	Capital Reserve Project Fund	2020	2019
\$ 184,339	\$ 4,436,646	\$ 3,174,584	\$ 33,520,323	\$ 29,220,904
-	21,698	-	332,718	251,606
-	292,303	-	1,682,060	707,845
-	-	-	491,738	342,137
-	-	-	76,497	69,578
-	-	-	200	200
<u>\$ 184,339</u>	<u>\$ 4,750,647</u>	<u>\$ 3,174,584</u>	<u>\$ 36,103,536</u>	<u>\$ 30,592,270</u>
\$ -	\$ -	\$ 22,278	\$ 261,031	\$ 243,799
-	-	-	4,428,059	4,227,346
-	-	-	52,926	45,449
-	-	15,970	1,480,253	-
-	-	38,248	6,222,269	4,516,594
-	-	-	76,697	69,978
184,339	4,750,647	-	4,934,986	4,116,891
-	-	-	1,430,000	1,230,000
-	-	3,136,336	4,710,078	4,678,503
-	-	-	18,729,506	15,980,304
<u>184,339</u>	<u>4,750,647</u>	<u>3,136,336</u>	<u>29,881,267</u>	<u>26,075,676</u>
<u>\$ 184,339</u>	<u>\$ 4,750,647</u>	<u>\$ 3,174,584</u>	<u>\$ 36,103,536</u>	<u>\$ 30,592,270</u>

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CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

**Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2020**

Fund Balance - Governmental Funds		\$ 29,881,267	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 1,647,558		
Capital assets, being depreciated	108,714,695		
Accumulated depreciation	<u>(34,269,567)</u>	76,092,686	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
Pension Liability			
Net pension deferred outflows	14,183,881		
Net pension liability	(60,629,463)		
Net pension deferred inflows	<u>(48,698,805)</u>	(95,144,387)	
OPEB Liability			
Net OPEB deferred outflows	217,520		
Net OPEB liability	(2,981,011)		
Net OPEB deferred inflows	<u>(624,114)</u>	(3,387,605)	
Certain assets are not available to pay for current year expenditures and are therefore deferred in the funds			
Internal Service operations primarily benefit Governmental Activities			
Internal Service Funds Net Position		766,270	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable	(48,495,000)		
Accrued interest payable	(327,023)		
Deferred charge (gain) on refunding	936,831		
Bond premiums	(8,930,175)		
Accrued compensated absences	<u>(832,658)</u>	<u>(57,648,025)</u>	
Total Net Position - Governmental Activities		<u>\$ (49,439,794)</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Special Revenue</u>			
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Designated Grants Fund</u>	<u>Pupil Activity Fund</u>
REVENUES				
Local Sources	\$ 22,856,585	\$ 390,204	\$ -	\$ 1,226,027
Intermediate Sources	315	-	-	-
State Sources	19,480,104	10,898	-	-
Federal Sources	<u>1,591,263</u>	<u>272,071</u>	<u>626,050</u>	<u>-</u>
TOTAL REVENUES	<u>43,928,267</u>	<u>673,173</u>	<u>626,050</u>	<u>1,226,027</u>
EXPENDITURES				
Current:				
Instruction	24,833,828	-	625,705	1,232,115
Pupil Support	3,212,884	-	-	-
Staff Support	2,539,693	-	-	-
General Administration	668,521	-	-	-
School Administration	2,097,226	-	-	-
Business Services	601,209	-	-	-
Operations and Maintenance	4,277,845	-	-	-
Transportation	400,826	-	-	-
Other Central Support	397,960	-	-	-
Risk Management	694,366	-	-	-
Other Supporting Services	93,507	-	-	-
Food Service	-	646,095	-	-
Community Support	99,117	-	-	-
Capital Outlay	-	-	345	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>39,916,982</u>	<u>646,095</u>	<u>626,050</u>	<u>1,232,115</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	4,011,285	27,078	-	(6,088)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	-
Escrow Payment	-	-	-	-
Transfers	<u>(1,427,269)</u>	<u>-</u>	<u>-</u>	<u>23,140</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,427,269)</u>	<u>-</u>	<u>-</u>	<u>23,140</u>
CHANGE IN FUND BALANCE	2,584,016	27,078	-	17,052
BEGINNING FUND BALANCE	<u>18,427,740</u>	<u>243,125</u>	<u>-</u>	<u>510,934</u>
ENDING FUND BALANCE	<u>\$ 21,011,756</u>	<u>\$ 270,203</u>	<u>\$ -</u>	<u>\$ 527,986</u>

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

	Debt Service	Capital Projects	Totals	
	Bond			
	Redemption	Capital Reserve		
Land Fund	Fund	Project Fund	2020	2019
\$ 642	\$ 4,015,502	\$ 13,535	\$ 28,502,495	\$ 27,032,600
38,976	-	-	39,291	63,409
-	-	90,321	19,581,323	18,691,744
-	-	-	2,489,384	1,709,179
<u>39,618</u>	<u>4,015,502</u>	<u>103,856</u>	<u>50,612,493</u>	<u>47,496,932</u>
-	-	90,321	26,781,969	25,376,510
-	-	-	3,212,884	2,908,540
-	-	-	2,539,693	2,406,615
-	312,796	-	981,317	583,453
-	-	-	2,097,226	1,988,776
-	-	-	601,209	558,957
-	-	331,451	4,609,296	4,751,079
-	-	-	400,826	484,032
-	-	-	397,960	427,701
-	-	-	694,366	408,263
-	-	-	93,507	52,816
-	-	-	646,095	741,102
-	-	-	99,117	112,517
2,400	-	412,734	415,479	1,228,106
-	3,231,125	-	3,231,125	3,976,550
<u>2,400</u>	<u>3,543,921</u>	<u>834,506</u>	<u>46,802,069</u>	<u>46,005,017</u>
37,218	471,581	(730,650)	3,810,424	1,491,915
-	46,161,643	-	46,161,643	-
-	(45,852,347)	-	(45,852,347)	-
-	-	1,090,000	(314,129)	(359,563)
-	309,296	1,090,000	(4,833)	(359,563)
<u>37,218</u>	<u>780,877</u>	<u>359,350</u>	<u>3,805,591</u>	<u>1,132,352</u>
<u>147,121</u>	<u>3,969,770</u>	<u>2,776,986</u>	<u>26,075,676</u>	<u>24,943,324</u>
<u>\$ 184,339</u>	<u>\$ 4,750,647</u>	<u>\$ 3,136,336</u>	<u>\$ 29,881,267</u>	<u>\$ 26,075,676</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

**Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2020**

Change in Fund Balance - Governmental Funds	\$	3,805,591	
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	59,411	
Depreciation Expense		<u>(2,261,037)</u>	(2,201,626)
Internal Service operations primarily benefit Governmental Activities			
Change in net assets - Internal Service Funds			(48,110)
Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Pension Liability			
Current year change and amortization of deferred outflows - net		(16,129,670)	
Change in net pension liability		11,349,686	
Current year change and amortization of deferred inflows - net		<u>13,975,956</u>	9,195,972
OPEB Liability			
Current year change and amortization of deferred outflows - net		(4,581)	
Change in OPEB liability		613,910	
Current year change and amortization of deferred inflows - net		<u>(543,164)</u>	66,165
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.			
Proceeds from debt issuances		(299,294)	
Principal payments on bonds payable		1,585,000	
Amortization of bond premiums/deferred charge (gain)		1,903,370	
Change in accrued interest payable		177,134	
Change in accrued compensated absences		<u>(171,130)</u>	<u>3,195,080</u>
Total Net Position - Governmental Activities	\$		<u><u>14,013,072</u></u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Totals</u>		
	<u>Internal Service</u>		
	<u>Funds</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash and Investments	\$ 846,816	\$ 846,816	\$ 900,518
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Liabilities			
Accounts Payable	\$ 80,546	\$ 80,546	\$ 86,138
Net Position			
Unrestricted Net Position	766,270	766,270	814,380
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 846,816</u>	<u>\$ 846,816</u>	<u>\$ 900,518</u>
Reconciliation of Fund Net Position to Business-Type Activity Net Position			
Proprietary Fund Net Position		\$ 766,270	
Internal Service Fund operations primarily benefit Governmental Activities			
Net Position of the Internal Service Funds		<u>(766,270)</u>	
Business-Type Activities Net Position		<u>\$ -</u>	

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Totals</u>		
	<u>Internal Service Funds</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES			
Employer & Employee Premiums	\$ 458,028	\$ 458,028	\$ 428,265
Insurance Proceeds	-	-	50,000
Other Local	(90)	(90)	1,648
TOTAL OPERATING REVENUES	<u>457,938</u>	<u>457,938</u>	<u>479,913</u>
OPERATING EXPENSES			
PS- Professional	20,300	20,300	16,134
PS-Other	489,167	489,167	523,960
TOTAL OPERATING EXPENSES	<u>509,467</u>	<u>509,467</u>	<u>540,094</u>
OPERATING INCOME (LOSS)	(51,529)	(51,529)	(60,181)
OTHER REVENUES (EXPENSES)			
Investment Earnings	3,419	3,419	5,016
CHANGE IN NET POSITION	(48,110)	(48,110)	(55,165)
BEGINNING NET POSITION	814,380	814,380	869,545
ENDING NET POSITION	<u>\$ 766,270</u>	<u>\$ 766,270</u>	<u>\$ 814,380</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Totals</u>		
	<u>Internal Service Funds</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities			
Cash Received from Local Sources	\$ 457,938	\$ 457,938	\$ 479,913
Cash Paid to Vendors	<u>(515,059)</u>	<u>(515,059)</u>	<u>(559,301)</u>
Net Cash Provided (Used) by Operating Activities	<u>(57,121)</u>	<u>(57,121)</u>	<u>(79,388)</u>
Cash Flows from Investment Activities			
Investment Earnings	<u>3,419</u>	<u>3,419</u>	<u>5,016</u>
Net Increase (Decrease) in Cash	(53,702)	(53,702)	(74,372)
Cash, Beginning	<u>900,518</u>	<u>900,518</u>	<u>974,890</u>
Cash, Ending	<u>\$ 846,816</u>	<u>\$ 846,816</u>	<u>\$ 900,518</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Operating Income (Loss)	<u>(51,529)</u>	<u>(51,529)</u>	<u>(60,181)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes in Assets and Liabilities Related to Operations:			
Increase (Decrease) in:			
Accounts Payable	<u>(5,592)</u>	<u>(5,592)</u>	<u>(19,207)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (57,121)</u>	<u>\$ (57,121)</u>	<u>\$ (79,388)</u>

See accompanying Independent Auditors' Report.

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COMPONENT UNIT

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Balance Sheet - Governmental Funds
 Discretely Presented Component Unit
 June 30, 2020

	Special Revenue		Totals - The Vanguard School	
	General Fund	Pupil Activity	2020	2019
		Fund		
ASSETS				
Cash and Investments	\$ 6,354,293	\$ 28,097	\$ 6,382,390	\$ 3,597,254
Other Accounts Receivable	100,752	-	100,752	176,142
Inventory	13,894	-	13,894	17,531
Prepaid Expenses	32,781	-	32,781	-
TOTAL ASSETS	\$ 6,501,720	\$ 28,097	\$ 6,529,817	\$ 3,790,927
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 241,828	\$ -	\$ 241,828	\$ 40,992
Accrued Salaries & Benefits	594,473	-	594,473	862,757
Payroll Taxes & Deductions Payable	2,992	-	2,992	-
Unearned Revenue	28,700	-	28,700	53,340
Unearned Revenue Grants	579,142	-	579,142	-
Total Liabilities	1,447,135	-	1,447,135	957,089
Fund Balance				
Nonspendable Fund Balance	46,675	-	46,675	17,531
Restricted Fund Balance				
Restricted for TABOR Emergencies	395,000	-	395,000	318,000
Committed Fund Balance	-	28,097	28,097	15,773
Unassigned Fund Balance	4,612,910	-	4,612,910	2,482,534
Total Fund Balance	5,054,585	28,097	5,082,682	2,833,838
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 6,501,720	\$ 28,097	\$ 6,529,817	\$ 3,790,927

Reconciliation of Governmental Fund Balance to Governmental Activities Net Position

Fund Balance - Governmental Funds	\$ 5,082,682
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	
Net capital assets	1,294,424
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds	
Net PERA and OPEB liabilities and deferrals	(24,967,633)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds	
Notes Payable	(1,848,800)
Accrued compensated absences	(138,975)
Net Position - Governmental Activities	\$ (20,578,302)

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Discretely Presented Component Unit
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Special Revenue</u>		<u>Totals - The Vanguard School</u>	
	<u>General Fund</u>	<u>Pupil Activity</u>	<u>2020</u>	<u>2019</u>
		<u>Fund</u>		
REVENUES				
Local Sources	\$ 12,422,559	\$ 88,024	\$ 12,510,583	\$ 11,874,630
State Sources	687,178	-	687,178	705,560
Federal Sources	146,788	-	146,788	107,822
TOTAL REVENUES	<u>13,256,525</u>	<u>88,024</u>	<u>13,344,549</u>	<u>12,688,012</u>
EXPENDITURES				
Instruction	7,461,610	145,933	7,607,543	7,228,758
Pupil Support	212,932	-	212,932	210,465
Staff Support	181,138	-	181,138	227,473
General Administration	453,623	-	453,623	375,671
School Administration	968,121	-	968,121	1,084,119
Business Services	557,038	-	557,038	343,243
Operations and Maintenance	1,043,109	3,919	1,047,028	1,636,991
Transportation	1,474	-	1,474	25,800
Other Central Support	389,365	-	389,365	413,223
Risk Management	87,444	-	87,444	112,946
Other Supporting Services	-	-	-	865
Food Service	10,704	-	10,704	12,307
Facilities	311,694	-	311,694	217,686
Debt Service	1,446,197	-	1,446,197	1,387,435
TOTAL EXPENDITURES	<u>13,124,449</u>	<u>149,852</u>	<u>13,274,301</u>	<u>13,276,982</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	132,076	(61,828)	70,248	(588,970)
OTHER FINANCING SOURCES (USES)				
Transfers	255,644	74,152	329,796	359,563
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	387,720	12,324	400,044	(229,407)
SPECIAL ITEM - PPP Loan Proceeds	1,848,800	-	1,848,800	-
CHANGE IN FUND BALANCE	2,236,520	12,324	2,248,844	(229,407)
BEGINNING FUND BALANCE	2,818,065	15,773	2,833,838	3,063,245
ENDING FUND BALANCE	<u>\$ 5,054,585</u>	<u>\$ 28,097</u>	<u>\$ 5,082,682</u>	<u>\$ 2,833,838</u>

Reconciliation of Change in Fund Balance to Change in Net Position

Change in Fund Balance - Governmental Funds	\$ 2,248,844
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated and capitalized and depreciated at the activity level	
Capitalized asset purchases	284,761
Depreciation expense	(128,852)
Pension and OPEB expense at the fund level represents cash contributions. For the activity level, the amount represents actuarial cost of the benefits for the fiscal year	
Net change in pension and OPEB liabilities and deferrals	1,971,423
Repayments of long-term liabilities are expensed at the fund level and reduce the liability at the fund level. In addition, proceeds from long-term debt are reported as revenue at the fund level and increase liabilities at the activity level	
Proceeds from debt issuances	(1,848,800)
Change in accrued compensated absences	(47,100)
Change in Net Position - Governmental Activities	<u>\$ 2,480,276</u>

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Fiduciary Net Position
Discretely Presented Component Unit
June 30, 2020

	Agency Funds		Totals - The Vanguard School	
	CMCA		2020	2019
	Foundation Fund	Pupil Actiivty Agency Fund		
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Cash and Investments	\$ 1,552,972	\$ 63,293	\$ 1,616,265	\$ 2,511,729
Capital Assets not Being Depreciated	3,475,000	-	3,475,000	3,475,000
Capital Assets Being Depreciated	24,117,960	-	24,117,960	24,117,960
Accumulated Depreciation	(7,789,581)	-	(7,789,581)	(7,148,517)
TOTAL ASSETS	21,356,351	63,293	21,419,644	22,956,172
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Deferred Charges on Refunding	654,383	-	654,383	696,689
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 22,010,734	\$ 63,293	\$ 22,074,027	\$ 23,652,861
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Liabilities				
Accrued Interest	38,871	-	38,871	39,654
Notes Payable	23,755,000	-	23,755,000	24,225,000
Total Liabilities	23,793,871	-	23,793,871	24,264,654
Deferred Inflows of Financial Resources				
Deferred Inflows	706,563	-	706,563	752,243
Net Position				
Restricted for Student Activity	-	63,293	63,293	69,738
Unrestricted Net Position (Deficit)	(2,489,700)	-	(2,489,700)	(1,433,774)
Total Net Position	(2,489,700)	63,293	(2,426,407)	(1,364,036)
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 22,010,734	\$ 63,293	\$ 22,074,027	\$ 23,652,861

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Agency Funds		Totals - The Vanguard School	
	CMCA		2020	2019
	Foundation Fund	Pupil Activity Agency Fund		
ADDITIONS				
Local Sources	\$ 1,444,320	\$ 76,755	\$ 1,521,075	\$ 2,402,287
DEDUCTIONS				
Instruction	-	83,200	83,200	69,131
Operations and Maintenance	1,537,036	-	1,537,036	738,791
Debt Service	947,543	-	947,543	959,519
TOTAL DEDUCTIONS	<u>2,484,579</u>	<u>83,200</u>	<u>2,567,779</u>	<u>1,767,441</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,040,259)</u>	<u>(6,445)</u>	<u>(1,046,704)</u>	<u>634,846</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(15,667)	-	(15,667)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,667)</u>	<u>-</u>	<u>(15,667)</u>	<u>-</u>
CHANGE IN FIDUCIARY NET POSITION	(1,055,926)	(6,445)	(1,062,371)	634,846
BEGINNING NET POSITION	<u>(1,433,774)</u>	<u>69,738</u>	<u>(1,364,036)</u>	<u>(1,998,882)</u>
ENDING NET POSITION	<u>\$ (2,489,700)</u>	<u>\$ 63,293</u>	<u>\$ (2,426,407)</u>	<u>\$ (1,364,036)</u>

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Discretely Presented Component Unit

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

Basis of Presentation

Government-wide Financial Statements

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

The District reports the following major governmental funds:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Tax Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2019 property taxes were both measurable and available at June 30, 2020, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2020 but not collected by June 30, 2020.

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumptions

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

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

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

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

Comparative Data

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: CASH AND INVESTMENTS

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

Cash in Bank	\$ 29,041,241
Petty Cash	6,730
Investments	<u>5,318,964</u>
Total Cash and Investments	<u>\$ 34,366,935</u>
 Government Activities - Unrestricted	 <u>\$ 34,366,935</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2020, all the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At June 30, 2020, the District’s deposits had bank and carrying balances as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 693,882	\$ 693,882
PDPA Collateralized (Not in District's name)	<u>28,802,185</u>	<u>28,347,359</u>
Total Deposits	<u>\$ 29,496,067</u>	<u>\$ 29,041,241</u>

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

During the year ended June 30, 2020, the District invested funds in Colotrust and CSAFE. As investment pools, these entities operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation. As of June 30, 2020, the District held \$884,071 and \$4,430,247, in Colotrust for general purposes and bond repayment, respectively, and \$4,646 in CSAFE for capital projects. The investment pools are valued at the amortized cost (CSFAFE) or net asset value (Colotrust) pursuant to Rule 2A-7 under the Investment Company Act of 1940, which approximates the fair value.

Credit Risk

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

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. For the fiscal year ended June 30, 2020, the District did not have any investments requiring disclosure.

Concentration of Credit Risk

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

Interest Rate Risk

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, the District did not have any investments requiring safekeeping.

NOTE 4: INTERNAL BALANCES AND ACTIVITY

The following is a summary of the routine internal transfers for the year ended June 30, 2020:

General Fund Transfer To:	
Capital Reserve Projects Fund	1,090,000.00
Pupil Activity Special Revenue	<u>23,140</u>
Total General Fund Internal Transfers	<u>\$ 1,588,153</u>
 Primary Government Transfer To Component Unit:	
General Fund to Component Unit General Fund	<u>\$ 314,129</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 5: CAPITAL ASSETS

The following tables present summaries of the District's capital asset activity for the year ended June 30, 2020.

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Site Improvements	208,500	-	-	208,500
Art Collection	<u>237,000</u>	-	-	<u>237,000</u>
Total Capital Assets Not Being Depreciated	<u>1,884,558</u>	-	-	<u>1,884,558</u>
Capital Assets Being Depreciated				
Land Improvements	8,779,638	-	-	8,779,638
Buildings and Improvements	96,072,002	-	-	96,072,002
Food Service Equipment	333,902	11,228	-	345,130
Equipment	<u>3,232,742</u>	<u>48,183</u>	-	<u>3,280,925</u>
Total Capital Assets Being Depreciated	<u>108,418,284</u>	<u>59,411</u>	-	<u>108,477,695</u>
Less: Accumulated Depreciation:				
Land Improvements	(4,111,460)	(282,893)	-	(4,394,353)
Buildings and Improvements	(25,308,414)	(1,888,150)	-	(27,196,564)
Food Service Equipment	(144,452)	(16,683)	-	(161,135)
Equipment	<u>(2,444,204)</u>	<u>(73,311)</u>	-	<u>(2,517,515)</u>
Total Accumulated Depreciation	<u>(32,008,530)</u>	<u>(2,261,037)</u>	-	<u>(34,269,567)</u>
Total Capital Assets Being Depreciated, Net	<u>76,409,754</u>	<u>(2,201,626)</u>	-	<u>74,208,128</u>
Governmental Activities Capital Assets, Net	<u>\$ 78,294,312</u>	<u>\$ (2,201,626)</u>	<u>\$ -</u>	<u>\$ 76,092,686</u>

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

Governmental Activities	
Instruction	\$ 1,389,803
Supporting Services	<u>871,234</u>
Total Governmental Activities	<u>\$ 2,261,037</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 accrued compensation amount for the District as of June 30, 2020 is \$4,428,059, which is reflected as a liability in the accompanying financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Refundings</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>	<u>Interest Expense</u>
Governmental Activities							
Bonds:							
Gen. Oblig. Refunding, Series 2011	\$ 4,305,000	\$ -	\$ 800,000	\$ -	\$ 3,505,000	\$ 830,000	\$ 149,533
Gen. Oblig. Refunding, Series 2012	730,000	-	730,000	-	-	-	6,387
Gen. Oblig. Series 2015	44,870,000	-	55,000	39,455,000	5,360,000	810,000	814,921
Gen Oblig. Refunding, Series 2019	-	39,255,000	-	-	39,255,000	980,000	498,150
Gen Oblig. Ref., Ser 2019 Cap Apprec	-	375,000	-	-	375,000	-	-
Accretion on 2019 Cap Apprec Bonds	-	-	-	-	-	-	-
PERA Net Pension Liability	71,979,149	-	11,349,686	-	60,629,463	-	-
Net OPEB Liability	3,594,921	-	613,910	-	2,981,011	-	-
Compensated Absences	661,528	171,130	-	-	832,658	-	-
Total Noncurrent Liabilities	<u>\$ 126,140,598</u>	<u>\$ 39,801,130</u>	<u>\$ 13,548,596</u>	<u>\$ 39,455,000</u>	<u>\$ 112,938,132</u>	<u>\$ 2,620,000</u>	<u>\$ 1,468,991</u>

General Obligation Bonds

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

The following is a summary of the terms of the outstanding bonds as of June 30, 2020:

Governmental Activities	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Principal Due</u>	<u>Interest Due</u>
Bonds:				
Gen. Oblig. Refunding, Series 2011	2% - 4%	Sept 2023	9/15	3/15 & 9/15
Gen. Oblig. Refunding, Series 2012	2% - 3%	Sept 2019	9/15	3/15 & 9/15
General Obligation, Series 2015	2% - 5.25%	Sept 2038	9/15	3/15 & 9/15
Gen. Oblig. Refunding, Series 2019	2.672% - 3.252%	Sept 2038	9/15	3/15 & 9/15
Gen Oblig. Ref., Ser 2019 Cap Apprec	3.342% - 3.442% Yld	Sept 2034	9/15	N/A

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: LONG-TERM OBLIGATIONS(Continued)

General Obligation Bonds (Continued)

Debt service requirements for all general obligation bonds as of June 30, 2020:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,620,000	\$ 2,080,833	\$ 4,700,833
2022	2,365,000	2,008,416	4,373,416
2023	2,450,000	1,938,550	4,388,550
2024	2,545,000	1,867,666	4,412,666
2025	2,635,000	1,781,048	4,416,048
2026-2030	14,620,000	7,886,292	22,506,292
2031-2035	6,720,000	5,441,814	12,161,814
2036-2039	14,175,000	1,613,399	15,788,399
Totals	<u>\$ 48,130,000</u>	<u>\$ 24,618,018</u>	<u>\$ 72,748,018</u>

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>Refundings</u>	<u>Balance June 30, 2020</u>
Deferred Outflows of Financial Resources					
Deferred Charge on Refunding - 2011	\$ 284,480	\$ -	\$ 100,330	\$ -	\$ 184,150
Deferred Charge on Refunding - 2019	-	765,850	13,169	-	752,681
Total Deferred Charges	<u>\$ 284,480</u>	<u>\$ 765,850</u>	<u>\$ 113,499</u>	<u>\$ -</u>	<u>\$ 936,831</u>
Deferred Inflows of Financial Resources					
Deferred Gain on Refunding - 2012	\$ 6,942	\$ -	\$ 6,942	\$ -	\$ -
Deferred Inflow - Bond Premiums - 2011	287,564	-	101,417	-	186,147
Deferred Inflow - Bond Premiums - 2012	76,332	-	76,332	-	-
Deferred Inflow - Bond Premiums - 2015	9,686,063	-	1,749,697	(5,641,498)	2,294,868
Deferred Inflow - Bond Premiums - 2019	-	688,007	11,830	-	676,177
Deferred Inflow - Bond Prem - 2019 CAB	-	5,843,635	70,652	-	5,772,983
Total Deferred Inflows	<u>\$ 10,056,901</u>	<u>\$ 6,531,642</u>	<u>\$ 2,016,870</u>	<u>\$ (5,641,498)</u>	<u>\$ 8,930,175</u>

During the fiscal year, the District entered into a separate advance refunding. The October 2019 issuance refunded the Series 2015 General Obligation bonds due on or after September 15, 2038. The refunding resulted in net present value savings of \$2,470,617.

Legal Debt Margin

The district's bonded indebtedness is limited by law to the greater of twenty percent of its assessed valuation or six percent of its market value. As of June 30, 2020, the limit was \$83,365,534 providing a debt margin of \$34,870,534 after deducting \$48,495,000 of outstanding general obligation bonds.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: RISK MANAGEMENT

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

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension 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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.
-
- The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:
 -
 - Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
 -
 - \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	1/1/19 through 6/30/19	7/1/19 through 6/30/20
Employer contribution rate	10.15%	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%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.38%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.38%

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

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

Pursuant to C.R.S. § 24-51-414, PERA is to receive an annual direct distribution from the State of Colorado in the amount of \$225 million (in actual dollars). Beginning in 2018, the distribution will occur each July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.

House Bill (HB) 20-1379, signed by Governor Polis on June 29, 2020, suspends the July 1, 2020, direct distribution. Please see Note 21 for more information.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$4,592,100 for the year ended June 30, 2019.

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 District proportion of the net pension liability was based on the District's 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 MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2020, the District reported a liability of \$60,629,463 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 District 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 the District were as follows:

District's proportionate share of the net pension liability	\$	(60,629,463)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$	(6,824,478)
Total	\$	(67,453,941)

At December 31, 2019, the District proportion was 0.40583 percent, which was a decrease of 0.00067 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$4,500,924 and revenue of \$6,824,478 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 3,347,486	\$ -
Changes of assumptions or other inputs	\$ 1,993,811	\$ (27,546,505)
Net difference between projected and actual earnings on pension plan investments	\$ 6,485,147	\$ (14,239,204)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (6,913,096)
Contributions subsequent to the measurement date	\$ 2,357,437	\$ -
Total	\$ 14,183,881	\$ (48,698,805)

\$2,357,437 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2021	\$ (20,312,990)
2022	(14,228,397)
2023	112,186
2024	(2,443,160)
Total	\$ (36,872,361)

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) ¹	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

¹ For 2019, the AI was 0.0%

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 PERA's Board during the November 18, 2016, Board meeting.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to 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, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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 November 18, 2016, adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions 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%.
- 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 an additional .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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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 .50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include 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 .50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State of Colorado, as a nonemployer contributing entity, provides an annual direct distribution of \$225 million (actual dollars), 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 AI 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 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the District' 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (80,407,649)	\$ (60,629,463)	\$ (44,023,952)

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2020 program members contributed \$395,984.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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 District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$243,240 for the year ended June 30, 2019.

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

At June 30, 2020, the District reported a liability of \$2,981,011 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 District' proportion of the net OPEB liability was based on the District' contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District' proportion was 0.26521 percent, which was an increase of 0.00099 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$181,325. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
(El Paso County)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 9,912	\$ (500,904)
Net difference between projected and actual earnings on pension plan investments	\$ 47,819	\$ (97,801)
Changes of assumptions or other inputs	\$ 24,657	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 11,056	\$ (25,409)
Contributions subsequent to the measurement date	\$ 124,076	\$ -
Total	\$ 217,520	\$ (624,114)

\$124,076 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2021	\$ (110,923)
2022	(110,923)
2023	(96,485)
2024	(111,523)
2025	(95,112)
2026	(5,704)
Total	\$ (530,670)

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:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% for 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2019, gradually rising to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 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 PERA's 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 Board'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:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The 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:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self Insured Prescription	\$289
Kaiser Permanente Medicare Advantage HMO	300

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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.

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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 Trust Fund, 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
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%
Proportionate share of the net OPEB asset (liability)	\$ (2,910,199)	\$ (2,981,011)	\$ (3,062,841)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's 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:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (3,370,633)	\$ (2,981,011)	\$ (2,647,803)

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.

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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

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

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

The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2020, the District's reserve of \$1,430,000 was recorded as a restriction of the Government Activities net position and the General Fund restricted fund balance.

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

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.480061%	\$ (61,231,646)	\$ -	\$ (61,231,646)	\$ 19,352,785	316.40%	64.07%
June 30, 2015	0.476421%	\$ (64,571,024)	\$ -	\$ (64,571,024)	\$ 19,958,616	323.52%	62.84%
June 30, 2016	0.472262%	\$ (72,229,092)	\$ -	\$ (72,229,092)	\$ 20,581,063	350.95%	59.16%
June 30, 2017	0.470791%	\$ (140,172,690)	\$ -	\$ (140,172,690)	\$ 21,129,937	663.38%	43.13%
June 30, 2018	0.467474%	\$ (151,161,473)	\$ -	\$ (151,161,473)	\$ 21,564,014	701.00%	43.96%
June 30, 2019	0.081652%	\$ (71,979,149)	\$ (8,658,253)	\$ (80,637,402)	\$ 22,947,260	313.67%	57.01%
June 30, 2020	0.405826%	\$ (60,629,463)	\$ (6,824,478)	\$ (67,453,941)	\$ 23,695,046	255.87%	64.52%

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

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

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

**PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 3,005,488	\$ (3,005,488)	\$ -	\$ 19,352,785	15.53%
June 30, 2015	\$ 3,279,200	\$ (3,279,200)	\$ -	\$ 19,958,616	16.43%
June 30, 2016	\$ 3,566,697	\$ (3,566,697)	\$ -	\$ 20,581,063	17.33%
June 30, 2017	\$ 3,830,859	\$ (3,830,859)	\$ -	\$ 21,129,937	18.13%
June 30, 2018	\$ 4,017,377	\$ (4,017,377)	\$ -	\$ 21,564,014	18.63%
June 30, 2019	\$ 4,275,073	\$ (4,275,073)	\$ -	\$ 22,947,260	18.63%
June 30, 2020	\$ 4,592,100	\$ (4,592,100)	\$ -	\$ 23,695,046	19.38%

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

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

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

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

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.267603%	\$ (3,469,567)	\$ 21,129,937	16.420%	16.70%
June 30, 2018	0.265631%	\$ (3,452,147)	\$ 21,564,014	16.009%	17.53%
June 30, 2019	0.264227%	\$ (3,594,921)	\$ 22,947,260	15.666%	17.03%
June 30, 2020	0.265215%	\$ (2,981,011)	\$ 23,695,046	12.581%	24.49%

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

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

See the accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 215,525	\$ (215,525)	\$ -	\$ 21,129,937	1.02%
June 30, 2018	\$ 219,953	\$ (219,953)	\$ -	\$ 21,564,014	1.02%
June 30, 2019	\$ 234,062	\$ (234,062)	\$ -	\$ 22,947,260	1.02%
June 30, 2020	\$ 241,689	\$ (241,689)	\$ -	\$ 23,695,046	1.02%

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

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

See the accompanying Independent Auditors' Report.

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				
	Original	Final		Variance	2019
	Budget	Budget	Actual	with Final	Actual
REVENUES					
Local Sources					
Property Taxes	\$ 18,097,979	\$ 18,894,301	\$ 18,908,957	\$ 14,656	\$ 17,107,553
Specific Ownershp Taxes	2,751,852	2,682,702	2,505,008	(177,694)	2,638,823
Delinquent Taxes	20,000	20,000	23,363	3,363	24,737
Tuition From Individuals	246,000	246,000	175,939	(70,061)	252,864
Transportation Fees	15,000	15,000	4,214	(10,786)	7,590
Investment Earnings	39,000	39,000	58,582	19,582	102,541
Community Service Revenue	30,000	30,000	12,009	(17,991)	19,557
Rent Revenue	117,500	117,500	95,934	(21,566)	104,458
Donations	35,000	35,000	145,434	110,434	132,069
Sale of Fixed Assets	2,300	2,300	10,626	8,326	2,980
Local BOCES Passthrough	245,825	484,484	445,648	(38,836)	235,780
Overhead Cost Revenue	-	-	38,560	38,560	29,217
Insurance Proceeds	-	229,728	309,436	79,708	265,970
Other Local	100,000	100,000	122,875	22,875	141,679
Total Local Sources	<u>21,700,456</u>	<u>22,896,015</u>	<u>22,856,585</u>	<u>(39,430)</u>	<u>21,065,818</u>
Intermediate Sources					
Mineral Leases	-	-	315	315	289
State Sources					
State Share (Equalization)	17,285,171	17,091,650	17,091,634	(16)	16,366,324
State Transportation	62,482	58,924	61,200	2,276	65,293
State Grants from CDE					
Capital Construction- Charter Schools	209,000	403,000	416,881	13,881	405,814
State ECEA (Special Education)	916,620	916,620	930,127	13,507	769,609
State ELPA- Excellence award	-	-	-	-	33,121
State ELPA Prof Dev and Student Support	52,449	39,505	39,505	-	52,449
State ELPA	35,197	33,645	33,645	-	35,197
State Share - Colorado Preschool Program (CPP)	-	-	638	638	-
State Gifted and Talented	49,020	49,861	49,861	-	120,759
READ Act	68,453	60,725	-	(60,725)	68,453
State Grants to Libraries	4,500	5,500	5,500	-	4,500
National Board of Certified Teachers	-	-	38,400	38,400	24,000
Gifted Ed - Univ Screening and Qualified Persnl	19,540	25,394	25,394	-	19,540
Additional As- Risk Funding	-	-	9,814	9,814	9,914
Computer Science Education	-	-	-	-	47,190
Kindergarten Facility Grant	-	83,456	-	(83,456)	-
READ Act	-	-	60,725	60,725	-
AP Exam Fee Grant	-	-	1,484	1,484	1,736
State Grants from Other Agencies					
State Vocational Education	13,690	48,433	96,866	48,433	40,335
State PERA Contribution	-	-	582,450	582,450	584,557
School to Work Alliance Program (SWAP)	21,140	21,140	35,980	14,840	33,192
Total State Sources	<u>18,737,262</u>	<u>18,837,853</u>	<u>19,480,104</u>	<u>642,251</u>	<u>18,681,983</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A- Imp Basic Prgrms Oper by Sch	265,009	264,621	228,415	(36,206)	288,078
Special Education: Grnts to States - IDEA Part B	739,645	739,645	739,697	52	728,887
IDEA Part B- Special Education Preschool	9,800	9,800	9,862	62	9,357
NCLB Title III, Part A- Eng Lang Acq	14,170	14,134	14,134	-	16,812
NCLB Title II, Part A- Teacher & Principal Trng	65,277	65,149	49,508	(15,641)	73,469
ESSA, Title IV-A: Stud Supp and Acad Enrich Grants	21,008	21,008	21,008	-	13,418
Ed Stab Fd - Elem Sec Emer Relief Formula	-	-	148,269	148,269	-
Federal Child Find	-	-	1,494	1,494	-
Federal Grants from Other State Agencies					
Carl Perkins Voc & App Tech Ed Act, Title I Voc Ed	-	-	12,906	12,906	-
Medicaid Reimbursement	85,000	110,000	210,700	100,700	130,366
Direct Federal Revenue					
Impact Aid Revenue	115,000	140,000	155,270	15,270	176,842
Total Federal Sources	<u>1,314,909</u>	<u>1,364,357</u>	<u>1,591,263</u>	<u>226,906</u>	<u>1,437,229</u>
TOTAL REVENUES	<u>41,752,627</u>	<u>43,098,225</u>	<u>43,928,267</u>	<u>830,042</u>	<u>41,185,319</u>

(Continued)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
(Continued)					
EXPENDITURES					
Current:					
Instruction					
Salaries	17,517,187	17,494,493	16,983,038	511,455	16,456,533
Benefits	4,846,371	4,793,828	5,079,759	(285,931)	5,065,550
PS-Professional	233,881	234,981	292,552	(57,571)	452,318
PS-Property	36,200	36,800	37,719	(919)	19,226
PS-Other	803,856	999,483	976,512	22,971	922,005
Supplies	1,598,512	1,569,351	1,032,811	536,540	888,198
Property	34,000	33,950	236,585	(202,635)	101,542
Other Expenses	700	22,100	194,852	(172,752)	33,197
Total Instruction	<u>25,070,707</u>	<u>25,184,986</u>	<u>24,833,828</u>	<u>351,158</u>	<u>23,938,569</u>
Supporting Services					
Pupil Support					
Salaries	2,387,192	2,389,363	2,366,745	22,618	2,120,239
Benefits	639,511	665,810	661,421	4,389	585,539
PS- Professional	75,175	94,500	50,083	44,417	52,644
PS-Other	26,420	27,400	20,320	7,080	22,762
Supplies	96,555	94,950	75,723	19,227	88,558
Property	41,000	41,000	37,233	3,767	37,104
Other Expenses	1,505	1,505	1,359	146	1,694
Total Pupil Support	<u>3,267,358</u>	<u>3,314,528</u>	<u>3,212,884</u>	<u>101,644</u>	<u>2,908,540</u>
Staff Support					
Salaries	1,724,509	1,723,686	1,694,153	29,533	1,574,867
Benefits	467,262	467,372	462,238	5,134	432,626
PS- Professional	134,625	144,497	102,911	41,586	93,202
PS- Property	9,000	9,000	6,765	2,235	1,221
PS-Other	53,850	59,555	31,416	28,139	52,890
Supplies	93,357	98,552	72,851	25,701	80,030
Property	166,600	166,600	168,680	(2,080)	171,682
Other Expenses	1,100	1,100	679	421	97
Total Staff Support	<u>2,650,303</u>	<u>2,670,362</u>	<u>2,539,693</u>	<u>130,669</u>	<u>2,406,615</u>
General Administration					
Salaries	309,900	309,900	308,279	1,621	304,053
Benefits	74,649	72,411	72,971	(560)	69,607
PS- Professional	138,500	126,500	176,088	(49,588)	106,117
PS-Other	67,500	68,500	45,139	23,361	43,537
Supplies	6,150	6,150	7,060	(910)	9,022
Property	2,000	2,000	-	2,000	-
Other Expenses	23,000	23,000	58,984	(35,984)	47,617
Total General Administration	<u>621,699</u>	<u>608,461</u>	<u>668,521</u>	<u>(60,060)</u>	<u>579,953</u>
School Administration					
Salaries	1,646,981	1,648,266	1,645,590	2,676	1,542,380
Benefits	414,438	426,455	427,074	(619)	396,403
PS- Professional	2,300	2,300	382	1,918	1,084
PS- Property	20,000	20,000	5,000	15,000	20,027
PS-Other	18,750	17,227	8,170	9,057	9,511
Supplies	14,838	15,038	16,824	(1,786)	14,833
Property	1,480	1,480	1,112	368	648
Other Expenses	4,250	4,250	(6,926)	11,176	3,890
Total School Administration	<u>2,123,037</u>	<u>2,135,016</u>	<u>2,097,226</u>	<u>37,790</u>	<u>1,988,776</u>

See the accompanying Independent Auditors' Report

(Continued)

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	389,395	389,337	389,264	73	368,887
Benefits	100,951	113,223	110,990	2,233	97,964
PS- Professional	84,750	84,750	71,175	13,575	67,750
PS-Other	2,500	2,500	1,927	573	1,509
Supplies	22,609	22,609	25,179	(2,570)	21,757
Property	9,000	9,000	1,899	7,101	-
Other Expenses	1,000	1,000	775	225	1,090
Total Business Services	610,205	622,419	601,209	21,210	558,957
Operations and Maintenance					
Salaries	1,769,690	1,723,111	1,671,171	51,940	1,538,995
Benefits	540,031	511,440	483,985	27,455	463,445
PS- Professional	254,770	254,770	189,706	65,064	251,669
PS- Property	680,897	695,843	620,227	75,616	664,034
PS-Other	414,516	493,070	465,106	27,964	280,086
Supplies	1,016,957	1,003,853	846,339	157,514	939,191
Property	7,000	7,000	1,311	5,689	-
Total Operations and Maintenance	4,683,861	4,689,087	4,277,845	411,242	4,137,420
Transportation					
Salaries	308,600	308,600	245,264	63,336	260,571
Benefits	73,563	78,463	66,698	11,765	65,535
PS- Professional	400	400	933	(533)	900
PS- Property	58,000	58,000	62,077	(4,077)	118,506
PS-Other	1,200	1,200	834	366	281
Supplies	41,500	41,500	25,020	16,480	38,239
Total Transportation	483,263	488,163	400,826	87,337	484,032
Other Central Support					
Salaries	44,405	44,387	44,387	-	41,891
Benefits	14,315	14,529	14,902	(373)	12,807
PS- Professional	55,500	55,500	56,499	(999)	62,138
PS- Property	-	-	-	-	12,621
PS-Other	344,000	349,000	272,475	76,525	286,597
Supplies	10,050	10,050	9,697	353	11,647
Property	2,500	2,500	-	2,500	-
Total Other Central Support	470,770	475,966	397,960	78,006	427,701
Risk Management					
PS- Professional	8,000	8,000	6,957	1,043	9,597
PS- Property	4,000	4,000	-	4,000	2,250
PS-Other	426,784	945,295	687,409	257,886	396,416
Total Risk Management	438,784	957,295	694,366	262,929	408,263
Other Supporting Services					
Salaries	73,872	73,872	73,872	-	41,876
Benefits	18,831	19,410	19,635	(225)	10,940
Total Other Supporting Services	92,703	93,282	93,507	(225)	52,816
Community Support					
Salaries	130,680	115,000	81,344	33,656	92,531
Benefits	27,051	24,092	17,773	6,319	19,986
Total Community Support	157,731	139,092	99,117	39,975	112,517
Total Supporting Services	15,599,714	16,193,671	15,083,154	1,110,517	14,065,590
Other Uses					
Up-Front Grant Match	21,400	-	-	-	-
Contingency	17,347,716	18,133,745	-	18,133,745	-
TOTAL EXPENDITURES	58,039,537	59,512,402	39,916,982	19,595,420	38,004,159
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(16,286,910)	(16,414,177)	4,011,285	20,425,462	3,181,160
OTHER FINANCING SOURCES (USES)					
Transfers	(1,477,109)	(2,013,563)	(1,427,269)	586,294	(1,947,716)
CHANGE IN FUND BALANCE	(17,764,019)	(18,427,740)	2,584,016	21,011,756	1,233,444
BEGINNING FUND BALANCE	17,764,019	18,427,740	18,427,740	-	17,194,296
ENDING FUND BALANCE	\$ -	\$ -	\$ 21,011,756	\$ 21,011,756	\$ 18,427,740

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

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SPECIAL REVENUE FUNDS

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

The District has the following Special Revenue Funds:

Food Service Fund

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

Designated Grants Fund

This fund accounts for all financial activities related to the Coronavirus grant.

Pupil Activity Fund

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

Land Fund

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Investment Earnings	\$ 300	\$ 1,500	\$ 1,219	\$ (281)	\$ 1,678
Food Service Revenue	428,115	466,000	386,987	(79,013)	467,228
Other Local	-	-	1,998	1,998	1,754
Total Local Sources	<u>428,415</u>	<u>467,500</u>	<u>390,204</u>	<u>(77,296)</u>	<u>470,660</u>
State Sources					
State Grants from CDE					
State Matching Child Nutrition	7,000	7,000	6,995	(5)	6,969
Start Smart Nutrition	500	500	558	58	538
School Lunch Protection	2,200	2,200	3,345	1,145	2,254
Total State Sources	<u>9,700</u>	<u>9,700</u>	<u>10,898</u>	<u>1,198</u>	<u>9,761</u>
Federal Sources					
Federal Grants from CDE					
School Breakfast Program	20,545	20,545	13,590	(6,955)	20,640
National School Lunch Program	212,000	210,000	216,528	6,528	210,809
Federal Grants from Other State Agencies					
National School Lunch Program- Commodities	48,000	40,501	41,953	1,452	40,501
Total Federal Sources	<u>280,545</u>	<u>271,046</u>	<u>272,071</u>	<u>1,025</u>	<u>271,950</u>
TOTAL REVENUES	<u>718,660</u>	<u>748,246</u>	<u>673,173</u>	<u>(75,073)</u>	<u>752,371</u>
EXPENDITURES					
Supporting Services					
Food Service					
Salaries	243,000	239,000	231,773	7,227	242,698
Benefits	60,572	57,070	56,549	521	59,046
PS- Professional	20,000	29,800	10,929	18,871	29,553
PS- Property	15,000	14,000	10,004	3,996	11,237
Supplies	28,088	26,500	19,885	6,615	22,681
Food	287,000	329,375	267,288	62,087	329,992
Commodities	65,000	52,501	49,667	2,834	45,895
Total Food Service	<u>718,660</u>	<u>748,246</u>	<u>646,095</u>	<u>102,151</u>	<u>741,102</u>
Contingency	<u>231,856</u>	<u>243,125</u>	<u>-</u>	<u>243,125</u>	<u>-</u>
TOTAL EXPENDITURES	<u>950,516</u>	<u>991,371</u>	<u>646,095</u>	<u>345,276</u>	<u>741,102</u>
CHANGE IN FUND BALANCE	<u>(231,856)</u>	<u>(243,125)</u>	<u>27,078</u>	<u>270,203</u>	<u>11,269</u>
BEGINNING FUND BALANCE	<u>231,856</u>	<u>243,125</u>	<u>243,125</u>	<u>-</u>	<u>231,856</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,203</u>	<u>\$ 270,203</u>	<u>\$ 243,125</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Federal Sources					
Federal Grants from CDE					
Coronavirus Relief Fund	\$ -	\$ -	\$ 626,050	\$ 626,050	\$ -
EXPENDITURES					
Instruction					
PS-Other	-	-	604,744	(604,744)	-
Supplies	-	-	15,221	(15,221)	-
Property	-	-	5,740	(5,740)	-
Total Instruction	-	-	625,705	(625,705)	-
Facilities/Capital Outlay					
Buildings	-	-	345	(345)	-
TOTAL EXPENDITURES	-	-	626,050	(626,050)	-
CHANGE IN FUND BALANCE	-	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Pupil Activity Revenues	\$ 1,396,839	\$ 1,226,027	\$ (170,812)	\$ 1,459,724
EXPENDITURES				
Instruction				
PS-Other	1,907,773	1,017,611	890,162	1,143,991
Supplies	-	214,504	(214,504)	293,949
TOTAL EXPENDITURES	1,907,773	1,232,115	675,658	1,437,940
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(510,934)	(6,088)	504,846	21,784
OTHER FINANCING SOURCES (USES)				
Transfers	-	23,140	23,140	23,153
CHANGE IN FUND BALANCE	(510,934)	17,052	527,986	44,937
BEGINNING FUND BALANCE	510,934	510,934	-	465,997
ENDING FUND BALANCE	\$ -	\$ 527,986	\$ 527,986	\$ 510,934

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Land Fund
 For the Year Ended June 30, 2020
 (With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Investment Earnings	\$ 200	\$ 200	\$ 642	\$ 442	\$ 639
Intermediate Sources					
Other Intermediate Source Revenue	36,000	36,000	38,976	2,976	63,120
TOTAL REVENUES	<u>36,200</u>	<u>36,200</u>	<u>39,618</u>	<u>3,418</u>	<u>63,759</u>
EXPENDITURES					
Facilities/Capital Outlay					
Land and Improvements	45,000	45,000	2,400	42,600	-
Contingency	<u>137,682</u>	<u>138,321</u>	<u>-</u>	<u>138,321</u>	<u>-</u>
TOTAL EXPENDITURES	<u>182,682</u>	<u>183,321</u>	<u>2,400</u>	<u>180,921</u>	<u>-</u>
CHANGE IN FUND BALANCE	(146,482)	(147,121)	37,218	184,339	63,759
BEGINNING FUND BALANCE	<u>146,482</u>	<u>147,121</u>	<u>147,121</u>	<u>-</u>	<u>83,362</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,339</u>	<u>\$ 184,339</u>	<u>\$ 147,121</u>

See accompanying Independent Auditors' Report.

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DEBT SERVICE FUND

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

The District has one debt service fund as follows:

Bond Redemption Fund

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Property Taxes	\$ 3,976,530	\$ 3,977,450	\$ 3,967,805	\$ (9,645)	\$ 3,964,145
Delinquent Taxes	-	-	5,531	5,531	6,776
Investment Earnings	15,000	30,000	42,166	12,166	48,389
TOTAL REVENUES	<u>3,991,530</u>	<u>4,007,450</u>	<u>4,015,502</u>	<u>8,052</u>	<u>4,019,310</u>
EXPENDITURES					
Current:					
Supporting Services					
General Administration					
PS- Professional	9,500	9,500	3,500	6,000	3,500
Debt Service					
Interest	2,392,450	2,392,450	1,646,125	746,325	2,446,550
Principal	1,585,000	1,585,000	1,585,000	-	1,530,000
Total Debt Service	3,977,450	3,977,450	3,231,125	746,325	3,976,550
Contingency	3,940,686	3,990,270	-	3,990,270	-
TOTAL EXPENDITURES	<u>7,927,636</u>	<u>7,977,220</u>	<u>3,234,625</u>	<u>4,742,595</u>	<u>3,980,050</u>
CHANGE IN FUND BALANCE - BUDGET BASIS	(3,936,106)	(3,969,770)	780,877	4,750,647	39,260
BUDGET TO GAAP RECONCILING ITEMS					
Debt Proceeds	-	-	46,161,643	46,161,643	-
Escrow Payment	-	-	(45,852,347)	(45,852,347)	-
Issuance Costs	-	-	(309,296)	(309,296)	-
CHANGE IN FUND BALANCE - GAAP BASIS	(3,936,106)	(3,969,770)	780,877	4,750,647	39,260
BEGINNING FUND BALANCE	3,936,106	3,969,770	3,969,770	-	3,930,510
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,750,647</u>	<u>\$ 4,750,647</u>	<u>\$ 3,969,770</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

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

Capital Reserve Projects Fund

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
REVENUES					
Local Sources					
Investment Earnings	\$ 4,000	\$ 4,000	\$ 13,535	\$ 9,535	\$ 16,448
State Sources					
Kindergarten Facility Grant	-	-	90,321	90,321	-
TOTAL REVENUES	<u>4,000</u>	<u>4,000</u>	<u>103,856</u>	<u>99,856</u>	<u>16,448</u>
EXPENDITURES					
Instruction					
PS-Other	-	-	39,966	(39,966)	-
Property	-	-	50,355	(50,355)	-
Total Instruction	-	-	90,321	(90,321)	-
Supporting Services					
Operations and Maintenance					
Property	941,791	964,740	331,451	633,289	613,659
Facilities/Capital Outlay					
Land and Improvements	390,399	490,339	180,134	310,205	488,347
Buildings	454,819	506,930	189,153	317,777	735,443
Other	58,446	108,446	43,447	64,999	4,316
Total Facilities/Capital Outlay	903,664	1,105,715	412,734	692,981	1,228,106
Contingency	1,087,770	2,283,986	-	2,283,986	-
TOTAL EXPENDITURES	<u>2,933,225</u>	<u>4,354,441</u>	<u>834,506</u>	<u>3,519,935</u>	<u>1,841,765</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(2,929,225)	(4,350,441)	(730,650)	3,619,791	(1,825,317)
OTHER FINANCING SOURCES (USES)					
Transfers	1,090,000	1,573,456	1,090,000	(483,456)	1,565,000
CHANGE IN FUND BALANCE	(1,839,225)	(2,776,985)	359,350	3,136,335	(260,317)
BEGINNING FUND BALANCE	1,839,225	2,776,985	2,776,986	1	3,037,303
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,136,336</u>	<u>\$ 3,136,336</u>	<u>\$ 2,776,986</u>

See accompanying Independent Auditors' Report.

INTERNAL SERVICE FUND

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

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

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
 Combining Statement of Net Position
 Internal Service Funds
 June 30, 2020

	Health Insurance Reserve Fund	Dental Insurance Reserve Fund	Totals	
			2020	2019
ASSETS				
Cash and Investments	\$ 500,719	\$ 346,097	\$ 846,816	\$ 900,518
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Liabilities				
Accounts Payable	\$ 42,233	\$ 38,313	\$ 80,546	\$ 86,138
Net Position				
Unrestricted Net Position	458,486	307,784	766,270	814,380
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 500,719	\$ 346,097	\$ 846,816	\$ 900,518

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Combining Statement of Revenues, Expenses and Change in Net Position
Internal Service Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Health Insurance Reserve Fund	Dental Insurance Reserve Fund	Totals	
			2020	2019
OPERATING REVENUES				
Employer & Employee Premiums	\$ 183,303	\$ 274,725	\$ 458,028	\$ 428,265
Insurance Proceeds	-	-	-	50,000
Other Local	-	(90)	(90)	1,648
TOTAL OPERATING REVENUES	<u>183,303</u>	<u>274,635</u>	<u>457,938</u>	<u>479,913</u>
OPERATING EXPENSES				
PS- Professional	20,300	-	20,300	16,134
PS-Other	224,558	264,609	489,167	523,960
TOTAL OPERATING EXPENSES	<u>244,858</u>	<u>264,609</u>	<u>509,467</u>	<u>540,094</u>
OPERATING INCOME (LOSS)	(61,555)	10,026	(51,529)	(60,181)
OTHER REVENUES (EXPENSES)				
Investment Earnings	2,093	1,326	3,419	5,016
CHANGE IN NET POSITION	(59,462)	11,352	(48,110)	(55,165)
BEGINNING NET POSITION	<u>517,948</u>	<u>296,432</u>	<u>814,380</u>	<u>869,545</u>
ENDING NET POSITION	<u>\$ 458,486</u>	<u>\$ 307,784</u>	<u>\$ 766,270</u>	<u>\$ 814,380</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Health Insurance Reserve Fund	Dental Insurance Reserve Fund	Totals	
			2020	2019
Cash Flows from Operating Activities				
Cash Received from Local Sources	\$ 183,303	\$ 274,635	\$ 457,938	\$ 479,913
Cash Paid to Vendors	(252,132)	(262,927)	(515,059)	(559,301)
Net Cash Provided (Used) by Operating Activities	<u>(68,829)</u>	<u>11,708</u>	<u>(57,121)</u>	<u>(79,388)</u>
Cash Flows from Investment Activities				
Investment Earnings	2,093	1,326	3,419	5,016
Net Increase (Decrease) in Cash	(66,736)	13,034	(53,702)	(74,372)
Cash, Beginning	<u>567,455</u>	<u>333,063</u>	<u>900,518</u>	<u>974,890</u>
Cash, Ending	<u>\$ 500,719</u>	<u>\$ 346,097</u>	<u>\$ 846,816</u>	<u>\$ 900,518</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Operating Income (Loss)	(61,555)	10,026	(51,529)	(60,181)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Changes in Assets and Liabilities Related to Operations:				
Increase (Decrease) in:				
Accounts Payable	(7,274)	1,682	(5,592)	(19,207)
Net Cash Provided (Used) by Operating Activities	<u>\$ (68,829)</u>	<u>\$ 11,708</u>	<u>\$ (57,121)</u>	<u>\$ (79,388)</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Health Insurance Reserve Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES					
Employer & Employee Premiums	\$ 181,000	\$ 181,000	\$ 183,303	\$ 2,303	\$ 160,954
Insurance Proceeds	-	-	-	-	50,000
TOTAL OPERATING REVENUES	<u>181,000</u>	<u>181,000</u>	<u>183,303</u>	<u>2,303</u>	<u>210,954</u>
OPERATING EXPENSES					
PS- Professional	16,000	16,000	20,300	(4,300)	16,134
PS-Other	240,000	240,000	224,558	15,442	248,574
Contingency	454,484	493,455	-	493,455	-
TOTAL OPERATING EXPENSES	<u>710,484</u>	<u>749,455</u>	<u>244,858</u>	<u>504,597</u>	<u>264,708</u>
OPERATING INCOME (LOSS)	(529,484)	(568,455)	(61,555)	506,900	(53,754)
OTHER REVENUES (EXPENSES)					
Investment Earnings	<u>500</u>	<u>1,000</u>	<u>2,093</u>	<u>1,093</u>	<u>3,218</u>
CHANGE IN NET POSITION (GAAP BASIS)	(528,984)	(567,455)	(59,462)	507,993	(50,536)
BEGINNING NET POSITION	<u>528,984</u>	<u>567,455</u>	<u>517,948</u>	<u>(49,507)</u>	<u>568,484</u>
ENDING NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,486</u>	<u>\$ 458,486</u>	<u>\$ 517,948</u>

See accompanying Independent Auditors' Report.

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Dental Insurance Reserve Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES					
Employer & Employee Premiums	\$ -	\$ -	\$ 274,725	\$ 274,725	\$ 267,311
Other Local	268,000	268,000	(90)	(268,090)	1,648
TOTAL OPERATING REVENUES	<u>268,000</u>	<u>268,000</u>	<u>274,635</u>	<u>6,635</u>	<u>268,959</u>
OPERATING EXPENSES					
PS-Other	280,000	280,000	264,609	15,391	275,386
Contingency	280,061	285,432	-	285,432	-
TOTAL OPERATING EXPENSES	<u>560,061</u>	<u>565,432</u>	<u>264,609</u>	<u>300,823</u>	<u>275,386</u>
OPERATING INCOME (LOSS)	(292,061)	(297,432)	10,026	307,458	(6,427)
OTHER REVENUES (EXPENSES)					
Investment Earnings	500	1,000	1,326	326	1,798
CHANGE IN NET POSITION (GAAP BASIS)	(291,561)	(296,432)	11,352	307,784	(4,629)
BEGINNING NET POSITION	291,561	296,432	296,432	-	301,061
ENDING NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,784</u>	<u>\$ 307,784</u>	<u>\$ 296,432</u>

See accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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FEDERAL FINANCIAL ASSISTANCE REPORTS

Mayberry & Company, LLC

Certified Public Accountants

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

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

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

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Cheyenne Mountain School District 12 (the District) as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mayberry + Company, LLC

Englewood, Colorado
November 25, 2020

Mayberry & Company, LLC

Certified Public Accountants

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

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

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

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the Cheyenne Mountain School District 12 (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 25, 2020 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Mayberry + Company, LLC

Englewood, Colorado
November 25, 2020

Cheyenne Mountain School District 12
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program	10.553	Colo Dept of Education,4553	\$ 13,590
National School Lunch Program	10.555	Colo Dept of Human Services,4555	41,953
National School Lunch Program	10.555	Colo Dept of Education,4555	216,528
Total National School Lunch Program			258,481
Total Child Nutrition Cluster-Cluster			272,071
Special Education Cluster (IDEA)-Cluster			
Department of Education			
Special Education_Grants to States	84.027	Colo Dept of Education,4027	739,697
Special Education_Preschool Grants	84.173	Colo Dept of Education,4173	9,862
Total Special Education Cluster (IDEA)-Cluster			749,559
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colo Dept of Education,4010	228,415
Coronavirus Relief Fund	84.012	Colo Dept of Education,4012	46,907
Impact Aid	84.041		155,270
Career and Technical Education -- Basic Grants to States	84.048	Colo Comm College System,4048	12,906
Special Education-Grants for Infants and Families	84.181	Colo Dept of Education,5181	1,494
English Language Acquisition State Grants	84.365	Colo Dept of Education,4365	14,134
Improving Teacher Quality State Grants	84.367	Colo Dept of Education,4367	49,508
Student Support and Academic Enrichment Program	84.424	Colo Dept of Education,4424	21,008
Education Stabilization Fund	84.425	Colo Dept of Education,4425	148,269
Total Other Programs			677,911
Total Expenditures of Federal Awards			\$ 1,699,541

The accompanying notes are an integral part of this schedule

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Food Service inventory consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 3: 10% DE MINIMIS INDIRECT COST RATE

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

NOTE 4: SUBRECIPIENTS

The District reported \$98,687 of Title I (84.010), \$12,500 of Title II A (84.367), and \$604,744 of Coronavirus Relief Program (84.012) passthrough to The Vanguard School, a discretely presented component unit. Of those amounts, The Vanguard School reported full expenditure of the Title I and Title II, A passthrough and expended \$25,601 of the Coronavirus Relief Program Funds (CRF) and reported unearned revenue for the remaining unspent \$579,143. The unspent flowthrough of CRF has not been included as an expenditure for the Schedule of Expenditures of Federal Awards and will be reported if spent in the subsequent fiscal year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2020

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

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2020, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2020, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2020, did not disclose any material weaknesses or significant deficiencies in internal controls over federal grant management.

B. Compliance Findings

The audit of the financial statements of the Cheyenne Mountain School District 12, as of and for the year ended June 30, 2020, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

C. Questioned Costs

None noted.

IV Prior Year Audit Findings

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

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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1020 - Cheyenne Mountain 12
 Fiscal Year 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
Governmental						
10 General Fund	17,716,277		41,588,299	38,859,494		20,445,082
18 Risk Mgmt Sub-Fund of General Fund	711,463		912,699	1,057,488		566,674
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	18,427,740		42,500,998	39,916,982		21,011,756
11 Charter School Fund	2,818,065		15,360,969	13,124,449		5,054,585
20-26-29 Special Revenue Fund	147,121		39,618	2,400		184,339
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	243,125		673,173	646,095		270,203
22 Govt Designated-Purpose Grants Fund	0		626,050	626,050		0
23 Pupil Activity Special Revenue Fund	526,708		1,411,343	1,381,967		556,083
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	3,969,770		50,177,145	49,396,268		4,750,647
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	2,776,986		1,193,856	834,506		3,136,336
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	28,909,514		111,963,154	105,928,718		34,963,949
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	814,380		186,633	234,743		766,270
60-65-69 Other Internal Service Funds	0		0	0		0
Totals	814,380		186,633	234,743		766,270
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	69,738		76,755	83,200		63,293
79 GASB 34-Permanent Fund	0		0	0		0
85 Foundations	-1,433,774		6,854	1,062,779		-2,489,700
Totals	-1,364,036		83,609	1,145,979		-2,426,407

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1020 - Cheyenne Mountain 12
 Fiscal Year 2019-20
 Colorado School District/BOCES



Governmental **Proprietary** **Fiduciary**

ASSETS	Governmental					Proprietary					Fiduciary			Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	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
Cash and Investments (8100-8104,8111)	23,380,292	6,344,229	0	2,225,594	0	0	331,304	4,436,646	3,174,583	0	846,816	0	63,293	1,552,972	42,355,727
Cash with Fiscal Agent (8105)	311,020	10,064	0	0	0	0	0	21,698	0	0	0	0	0	0	342,782
Taxes Receivable (8121,8122)	1,389,756	0	0	0	0	0	0	292,303	0	0	0	0	0	0	1,682,059
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	491,738	0	0	0	0	0	0	0	0	0	0	0	0	0	491,738
Other Receivables (8151-8154,8161)	0	100,752	0	0	0	0	0	0	0	0	0	0	0	0	100,752
Inventories (8171,8172,8173)	72,116	13,894	0	0	0	0	4,381	0	0	0	0	0	0	0	90,391
Prepaid Expenses 8181,8182)	0	32,780	0	0	0	0	0	0	0	0	0	0	0	0	32,780
Other Current Assets (8191-8194,8199)	200	0	0	0	0	0	0	0	0	0	0	0	0	0	200
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	0	0	3,475,000	3,475,000
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0	16,328,380	16,328,380
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Outflow (8800)	0	0	0	0	0	0	0	0	0	0	0	0	0	654,383	654,383
Total Assets	25,645,122	6,501,719	0	2,225,594	0	0	335,685	4,750,647	3,174,583	0	846,816	0	63,293	22,010,734	65,654,193

LIABILITIES & FUND EQUITY	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 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
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	217,735	241,828	0	20,889	0	0	128	0	22,277	0	80,546	0	0	0	583,402
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	38,871	38,871
Accrued Expenses (7461)	4,415,631	594,472	0	0	0	0	12,428	0	0	0	0	0	0	0	5,022,532
Payroll Ded. and Withholdings (7471-7473)	0	2,992	0	0	0	0	0	0	0	0	0	0	0	0	2,992
Unearned Revenue (7481)	0	607,842	0	0	0	0	52,926	0	0	0	0	0	0	0	660,768
Grants Deferred Revenue (7482)	0	0	0	1,464,283	0	0	0	0	15,970	0	0	0	0	0	1,480,253
Long-Term Liabilities (7521,7531,7561,7590)	0	0	0	0	0	0	0	0	0	0	0	0	0	23,755,000	23,755,000
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	706,563	706,563
Total Liabilities	4,633,366	1,447,135	0	1,485,172	0	0	65,482	0	38,247	0	80,546	0	0	24,500,434	32,250,381

Fiduciary

Proprietary

Governmental

FUND EQUITY	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 Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Non-spendable Fund Balance 6710	72,316	46,675	0	0	0	0	4,381	0	0	0	0	0	0	0	0	123,372		
Restricted Fund Balance 6720	0	0	0	184,339	0	0	4,750,647	0	0	0	0	0	0	0	0	4,934,986		
TABOR 3% Emergency Reserve 6721	1,430,000	395,000	0	0	0	0	0	0	0	0	0	0	0	0	0	1,825,000		
TABOR Multi-Year 6722	0	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	0		
Colorado Preschool Program (CPP) Reserve 6724	0	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	0		
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Committed Fund Balance 6750	779,934	0	0	556,083	0	0	265,822	3,136,336	0	0	0	0	0	0	0	4,738,175		
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Unassigned Fund Balance 6770	18,729,506	4,612,910	0	0	0	0	0	0	0	0	0	0	63,293	-2,489,700	20,916,009			
Invested in Capital Assets, Net of Related Debt 6790	0	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	0		
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	766,270	0	0	0	766,270			
Prior Period Adjustment 6880	0	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	0		
Total Fund Equity	21,011,756	5,054,585	0	740,422	0	0	270,203	3,136,336	0	0	766,270	0	63,293	-2,489,700	33,303,812			
Total Liabilities & Fund Equity																		
General Funds 10,12-18	25,645,122	6,501,719	0	2,225,594	0	0	335,685	4,750,647	3,174,583	0	846,816	0	63,293	22,010,734	65,554,193			
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 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																		

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

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DEBT COMPLIANCE

Cheyenne Mountain School District 12

General Fund Budget Summary and Comparison

	6/30/2019		6/30/2020	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
REVENUES:				
Local Sources	\$ 20,905,409	\$ 21,036,600	\$ 22,896,015	\$ 22,856,585
Intermediate Sources	-	289	-	315
State Sources	17,800,494	18,097,427	18,837,853	19,480,105
Federal Sources	1,348,694	1,437,229	1,364,357	1,591,263
Total Revenues	<u>40,054,597</u>	<u>40,571,545</u>	<u>43,098,225</u>	<u>43,928,267</u>
EXPENDITURES:				
Instruction	23,683,875	23,354,013	25,184,986	24,833,828
Pupil Support	2,938,364	2,908,540	3,314,528	3,212,884
Staff Support	2,455,601	2,406,615	2,670,362	2,539,693
General Administration	596,921	550,736	608,461	668,521
School Administration	1,994,012	1,988,776	2,135,016	2,097,226
Business Services	582,585	558,956	622,419	601,209
Operations and Maintenance	4,283,660	4,137,420	4,689,087	4,277,845
Transportation	450,804	484,032	488,163	400,826
Other Central Support	485,230	427,701	475,966	397,960
Risk Management	687,784	408,263	957,295	694,366
Other Supporting Services	87,606	52,816	93,282	93,507
Community Support	145,744	112,517	139,092	99,117
Contingency	-	-	18,133,745	-
Total Expenditures	<u>38,392,186</u>	<u>37,390,385</u>	<u>59,512,402</u>	<u>39,916,982</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,662,411	3,181,160	(16,414,177)	4,011,285
OTHER FINANCING SOURCES (USES)				
Transfers In (Out) - Net	(1,452,122)	(1,947,716)	(2,013,563)	(1,427,269)
	<u>\$ 210,289</u>	<u>\$ 1,233,444</u>	<u>\$ (18,427,740)</u>	<u>\$ 2,584,016</u>

Source: District audited financial statements

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

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

	Fiscal Year Ended June 30,					
	2015	2016	2017	2018	2019	2020
REVENUES:						
Local Sources	\$ 18,091,849	\$ 19,436,580	\$ 19,837,458	\$ 19,847,171	\$21,036,600	\$ 22,856,585
Intermediate Sources	398	392	252	286	289	315
State Sources	14,644,541	14,931,512	15,731,845	16,470,765	18,097,427	19,480,104
Federal Sources	1,047,597	1,106,041	1,215,866	1,199,658	1,437,229	1,591,263
Total Revenues	<u>33,784,385</u>	<u>35,474,525</u>	<u>36,785,421</u>	<u>37,517,880</u>	<u>40,571,545</u>	<u>43,928,267</u>
EXPENDITURES:						
Instruction	20,131,347	20,708,320	21,680,410	21,776,603	23,354,013	24,833,828
Pupil Support	2,517,403	2,493,648	2,530,160	2,738,205	2,908,540	3,212,884
Staff Support	1,901,734	1,969,913	2,063,006	2,109,342	2,406,615	2,539,693
General Administration	535,987	492,683	518,140	545,719	550,736	668,521
School Administration	1,722,226	1,874,175	1,874,622	1,907,497	1,988,776	2,097,226
Business Services	481,590	505,375	516,146	552,254	558,956	601,209
Operations and Maintenance	3,599,491	3,535,037	3,732,703	3,848,285	4,137,420	4,277,845
Transportation	393,150	380,855	381,898	445,993	484,032	400,826
Other Central Support	400,061	410,431	424,965	453,992	427,701	3,967,960
Risk Management	305,318	249,877	211,526	291,348	408,263	694,366
Other Supporting Services	-	79,761	80,137	41,569	52,816	93,507
Community Support	114,357	89,554	105,341	92,135	112,517	99,117
Other Uses	21,649	21,478	32,836	-	-	-
Total Expenditures	<u>32,124,313</u>	<u>32,811,107</u>	<u>34,151,890</u>	<u>34,802,942</u>	<u>37,390,385</u>	<u>43,486,982</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,660,072	2,663,418	2,633,531	2,714,938	3,181,160	441,285
OTHER FINANCING SOURCES (USES)						
Transfers In (Out) - Net	<u>(1,816,661)</u>	<u>(1,442,089)</u>	<u>(1,512,841)</u>	<u>(2,025,753)</u>	<u>(1,947,716)</u>	<u>(1,427,269)</u>
NET CHANGE IN FUND BALANCE	(156,589)	1,221,329	1,120,690	689,185	1,233,444	2,584,016
	<u>14,319,683</u>	<u>14,163,093</u>	<u>15,384,421</u>	<u>16,505,111</u>	<u>17,194,296</u>	<u>18,427,740</u>
FUND BALANCE, Ending	<u>\$ 14,163,094</u>	<u>\$ 15,384,422</u>	<u>\$ 16,505,111</u>	<u>\$ 17,194,296</u>	<u>\$ 18,427,740</u>	<u>\$ 21,011,756</u>

Source: District audited financial statements

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

History of Assessed Valuations and Mill Levies for the District

Levy/ Collection Year	Assessed Valutaion		Mill Levies				Total Mill Levy
	Assessed Valuation	Percent Change	General Operating	Debt Service	Overrides	Special Abate- ment	
2010/2011	\$ 391,594,490	0.00%	27.000	8.793	7.916	0.0560	43.765
2011/2012	371,992,500	-5.01%	27.000	9.692	12.903	0.1690	49.764
2012/2013	370,267,800	-0.46%	27.000	9.024	13.929	0.0470	50.000
2013/2014	362,769,570	-2.03%	27.000	8.666	14.204	0.1300	50.000
2014/2015	364,468,990	0.47%	27.000	10.910	14.962	0.1280	53.000
2015/2016	387,164,780	6.23%	27.000	10.614	15.246	0.1400	53.000
2016/2017	383,631,490	-0.91%	27.000	10.614	15.246	0.1400	53.000
2017/2018	384,201,380	0.15%	27.000	12.207	15.626	0.1670	55.000
2018/2019	384,317,170	0.03%	27.000	10.347	17.471	0.1820	55.000
2019/2020	416,827,670	8.46%	27.000	9.542	18.329	0.1290	55.000

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

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

Property Tax Collections for the District

Levy/ Collection <u>Year</u>	Taxes <u>Levied (1)</u>	Current <u>Collections (2)</u>	Collection <u>Rate</u>
2009/2010	\$ 17,115,901	\$ 17,098,289	99.90%
2010/2011	17,138,133	17,130,243	99.95%
2011/2012	18,511,835	18,499,572	99.93%
2012/2013	18,513,390	18,502,207	99.94%
2013/2014	18,138,479	18,124,943	99.93%
2014/2015	19,316,856	19,287,451	99.85%
2015/2016	20,519,733	20,472,364	99.77%
2016/2017	20,332,469	20,313,573	99.91%
2017/2018	21,131,076	21,080,192	99.76%
2018/2019	21,137,574	20,424,047 ⁽³⁾	96.62%
2019/2020	22,925,522	22,876,762	99.79%

⁽¹⁾ Levies do not include abatements or other adjustments

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

⁽³⁾ Through June 30

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

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

Enrollment

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

<u>School Year</u>	<u>Elementary</u>	<u>Junior High</u>	<u>Senior High</u>	<u>Total</u>	<u>Percent Increase</u>
2013-2014	2,727	834	1,562	5,123	10.15*
2014-2015	2,770	808	1,570	5,148	0.49
2015-2016	2,785	782	1,537	5,104	(0.85)
2016-2017	2,785	866	1,573	5,224	2.29
2017-2018	2,807	844	1,569	5,220	(0.08)
2018-2019	2,840	842	1,584	5,266	0.88
2019-2020	2,924	823	1,555	5,302	0.68

Source: The District.

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

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

	<u>Historical Base Per Pupil Funding Amount</u>			
2013-2014	5,843	111	5,954	Inflation 1.9%
2014-2015	5,954	167	6,121	Inflation 2.8%
2015-2016	6,121	171	6,292	Inflation 2.8%
2016-2017	6,292	76	6,368	Inflation 1.2%
2017-2018	6,368	178	6,546	Inflation 2.8%
2018-2019	6,546	223	6,769	Inflation 3.4%
2019-2020	6,769	183	6,952	Inflation 2.7%

State Equalization Payments

<u>Fiscal Year Ended June 30</u>	<u>Equalization Payment</u>
2014	12,235,438
2015	13,501,200
2016	13,605,973
2017	14,265,504
2018	14,944,465
2019	16,385,264
2020	17,091,634

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

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

Historical Actual Valuations of Property Within the District

Class	Statutory "Actual" Valuation ⁽¹⁾				
	2015	2016	2017	2018	2019
Residential	\$ 3,781,485,972	\$ 3,782,411,466	\$ 4,091,497,315	\$ 4,102,158,985	\$ 4,558,005,834
Commercial	230,535,508	216,013,903	238,221,130	242,722,323	251,014,872
Vacant	54,670,265	52,876,591	57,436,100	51,631,443	49,165,285
State Assessed	9,569,310	10,446,620	10,688,689	9,704,275	10,464,586
Industrial	1,759,932	1,759,932	1,937,647	1,937,647	1,922,449
Agricultural	463,730	463,730	632,069	671,471	650,874
Natural Resources	<u>98,874</u>	<u>98,872</u>	<u>98,874</u>	<u>98,803</u>	<u>98,803</u>
Total	\$ 4,078,583,591	\$ 4,064,071,114	\$ 4,400,511,824	\$ 4,408,924,947	\$ 4,871,322,703

(1) These figures have been provided by the County Assessor and are calculated using a statutory formula under which assessed valuation is calculated as 7.19% (effective 2017) of the statutory "actual" value of residential property and 29% of the statutory "actual" value of all other classes of property. Statutory "actual" value is not intended to represent market value.

Source: El Paso County Assessor's Office.

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

Ten Largest Taxpayers within the District for 2020

Taxpayer Name	2020 Assessed Valuation	Percentage of Total Assessed Valuation (1)
Broadmoor Hotel Inc.	\$ 37,246,550	8.94%
Cheyenne Mountain Resort LLC	10,524,890	2.52%
Retreat at Cheyenne	4,260,110	1.02%
GC Cheyenne LLC	2,369,920	0.57%
Extra Space Properties Eighty Six LLC	2,016,770	0.48%
GB Pines at Broadmoor	1,802,170	0.43%
CC Corners LLC	1,789,720	0.43%
Addison Cheyenne LLC	1,787,300	0.43%
Cheyenne Propagation Co.	1,553,120	0.37%
COG Land & Development CO	1,214,980	0.29%
TOTAL	\$ 64,565,530	15.49%

(1) Based on a 2019 assessed valuation of \$416,827,670

Source: El Paso County Treasurer's Office.

See the accompanying Independent Auditor's Report.

Cheyenne Mountain School District 12

The following table sets forth the assessed valuation of specific classes of real and personal property within the District based upon the District's 2019 assessed valuation. As shown below, residential property accounts for the largest percentage of the District's assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the District.

2019 Assessed Valuation of Classes of Property in the District

Class	2019 Assessed Valuation	Percentage of Total Assessed Valuation
Residential	\$ 325,901,400	78.20%
Commercial	72,794,270	17.47%
Vacant	14,257,860	3.42%
State Assessed	3,034,730	0.73%
Industrial	557,510	0.13%
Agricultural	188,760	0.05%
Natural Resources	28,650	--
TOTAL	\$ 416,763,180	100.00%

Source: El Paso County Assessor's Office.

See the accompanying Independent Auditor's Report.