

**CHEYENNE MOUNTAIN SCHOOL  
DISTRICT 12**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

Year Ended June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Cheyenne Mountain School District 12

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, 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, 2023 and the related notes to the financial statements, which collectively comprise the Cheyenne Mountain School District 12's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne Mountain School District 12, as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cheyenne Mountain School District 12 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cheyenne Mountain School District 12's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cheyenne Mountain School District 12's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cheyenne Mountain School District 12's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cheyenne Mountain School District 12's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 21, 2023 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. The purpose of that report is solely 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 the effectiveness of the Cheyenne Mountain School District 12's 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.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
November 21, 2023

CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023

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, 2023.

**Financial Highlights**

The District's total assets for governmental activities, including capital assets (land, buildings and equipment) exceeded liabilities, including long term debt and net pension liability, in fiscal year 2022-2023 by \$113,157 (net position). This is an increase of \$3,578,191 over last year's deficit net position of \$3,465,034. The net position 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 \$34,735,446, which is a decrease of \$159,516 from the previous year.

Outstanding long-term debt increased to \$115,278,324 from \$100,370,623 including \$2,799,184 due within one year. The PERA net pension liability increased to \$64,573,005 in FY 23, an increase of \$18,110,865 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 2022-2023, 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.

### ***Fund Financial Statements***

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

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

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

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

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

### *Notes to the Financial Statements*

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

### *Other Information*

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

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

### *Financial Analysis of the District as a Whole*

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. Sixty-four 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, 2023 (in millions):

**TABLE 1 – CONDENSED STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current Assets	\$ 41,931,870	\$ 41,514,561
Capital Assets – Net	<u>73,335,624</u>	<u>73,094,363</u>
Total Assets	<u>115,267,494</u>	<u>114,608,924</u>
Deferred Outflows	<u>15,518,418</u>	<u>13,021,605</u>
Current Liabilities	6,081,528	5,545,815
Long-Term Liabilities	<u>115,278,324</u>	<u>100,370,623</u>
Total Liabilities	<u>121,359,852</u>	<u>105,916,438</u>
Deferred Inflows	<u>9,312,903</u>	<u>25,179,125</u>
Net Investment in Capital Assets	25,938,681	22,742,593
Restricted Net Position	6,659,256	6,432,539
Unrestricted Net Position	<u>(32,484,780)</u>	<u>(32,640,166)</u>
<b>Total Net Position (Deficit)</b>	<b><u>\$ 113,157</u></b>	<b><u>\$ (3,465,034)</u></b>

Condensed Statement of Activities:

**TABLE 2 – CONDENSED STATEMENT OF ACTIVITIES**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Program Revenues:</b>		
Charges for Services	\$ 3,274,480	\$ 2,169,895
Operating Grants	4,128,020	6,229,571
Capital Grants	-	553,262
Total Program Revenues	7,402,500	8,952,728
<b>General Revenues:</b>		
Taxes	28,317,150	28,765,832
State Equalization	19,224,629	17,282,166
Gains and Contr. (not restricted)	456,524	184,273
Investment Income	519,964	18,291
Gain (Loss) on Disposal	11,650	31,661
Miscellaneous	167,312	205,421
Total General Revenues	48,697,229	46,487,644
<b>Total Revenues</b>	56,099,729	54,871,722
<b>Expenses</b>		
Instruction	28,796,461	14,639,963
Supporting Services	21,820,575	11,261,234
Other Services	1,087,240	3,254,557
Interest on Long Term Debt	817,262	907,549
<b>Total Expenses</b>	52,521,538	30,063,303
<b>Transfers</b>	-	-
<b>Change in Net Position</b>	3,578,191	25,377,069
<b>Net Position – Beginning</b>	(3,465,034)	(28,842,103)
<b>Net Position – Ending</b>	<b>\$ 113,157</b>	<b>\$ (3,465,034)</b>

***Governmental Activities***

Total assets for FY 22-23 are \$115,267,494, which is an increase of \$658,570 from the previous fiscal year.

Total liabilities increased by approximately \$15.4 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, 2022, the net pension liability was \$46,462,140 and as of June 30, 2023, the net pension liability increased to \$64,573,005.

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 \$9,074 per funded pupil in fiscal year 2023, a 7.3% increase from fiscal year 2022. In fiscal year 2023 the funded pupil count was 3,649.9, which was a decrease of 30.1 over the previous year's funded pupil count. Funding for the Act comes from property taxes, specific ownership tax, and state equalization. The District received approximately 58% of this funding from state equalization. The remaining amount came from property taxes and specific ownership tax. The District's 2022 assessed valuation of \$465.5 million represented a 1.89% decrease from 2022, and it generated approximately \$25.6 million in fiscal year 2023 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 2023, the District's governmental funds reported combined ending fund balances of \$34.7 million, a decrease of \$159,516 in comparison with the prior fiscal year. The General Fund (which includes the Risk Management Fund) had a decrease in fund balance of \$362,042, the Bond Redemption Fund had a decrease in fund balance of \$20,412, and the Capital Projects Fund increased by \$281,360. The other funds (Food Service Fund, Pupil Activity Fund and Land Fund) had a combined decrease of \$58,422.

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 \$23.3 million, equal to 48.9% of the District's fiscal year expenditures and allocations to other funds. In 2022 the general fund maintained a balance of \$23.7 million, equal to 51.3% 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 \$768,837, a decrease of \$5,716 from the previous year.

### ***Capital Assets***

The District's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$73.3 million (net of accumulated depreciation), which is an increase of \$241,263 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 <u>6/30/2022</u>	<u>Additions</u>	Sales And <u>Retirements</u>	Balance <u>6/30/2023</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Art Collection	237,000	-	-	237,000
Construction in Progress	<u>221,601</u>	<u>1,757,884</u>	<u>(601,654)</u>	<u>1,377,831</u>
Total capital assets, not being depreciated	<u>1,897,659</u>	<u>1,757,884</u>	<u>(601,654)</u>	<u>3,053,889</u>
Capital assets, being depreciated:				
Land Improvements	9,157,180	482,983	-	9,640,163
Buildings and improvements	96,495,887	626,111	-	97,121,998
Equipment	<u>4,373,651</u>	<u>438,981</u>	<u>(47,600)</u>	<u>4,765,032</u>
Total capital assets, being depreciated	<u>110,026,718</u>	<u>1,548,075</u>	<u>(47,600)</u>	<u>111,527,193</u>
Less accumulated depreciation for:				
Land Improvements	(4,975,153)	(316,973)	-	(5,292,126)
Buildings and improvements	(31,017,305)	(1,949,332)	-	(32,966,637)
Equipment	<u>(2,837,556)</u>	<u>(196,739)</u>	<u>47,600</u>	<u>(2,986,695)</u>
Total accumulated depreciation	<u>(38,830,014)</u>	<u>(2,463,044)</u>	<u>47,600</u>	<u>(41,245,458)</u>
Total capital assets being depreciated, net	<u>71,196,704</u>	<u>(914,969)</u>	<u>-</u>	<u>70,281,735</u>
Governmental activities capital assets, net	<u>\$ 73,094,363</u>	<u>\$ 842,915</u>	<u>\$ (601,654)</u>	<u>\$ 73,335,624</u>

### ***Long-term Debt***

At year-end, the District’s long-term debt was \$48,504,870. Of this amount, \$47,447,091 is attributed to bonds payable, of which \$2,545,000 is due within a year. The remaining \$1,057,779 is attributed to compensated absences.

	<u>Balance</u> <u>6/30/22</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/23</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 43,520,000	\$ -	\$ (2,450,000)	\$ 41,070,000	\$ 2,545,000
Unamortized bond premium	<u>7,171,359</u>	<u>-</u>	<u>(794,268)</u>	<u>6,377,091</u>	<u>-</u>
Total bonds payable	50,691,359	-	(3,244,268)	47,447,091	2,545,000
Compensated absences	<u>969,269</u>	<u>301,807</u>	<u>(213,297)</u>	<u>1,057,779</u>	<u>254,184</u>
<i>Total Governmental Activities</i>	<u>\$ 51,660,628</u>	<u>\$ 301,807</u>	<u>\$ (3,457,565)</u>	<u>\$ 48,504,870</u>	<u>\$ 2,799,184</u>

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, 2023 was \$93.1 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 total funding, based on this formula, increased by 5.2% in FY 23 and by 13.9% in FY 2022.

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 decreased by 1.8% for the tax year 2022 (property tax collections due in calendar year 2023).

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 the 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 83% of its maximum override amount of \$11,207,331.

***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.

## **BASIC FINANCIAL STATEMENTS**

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 34,320,674
Restricted cash and investments	4,374,439
Cash with County Treasurer	294,962
Taxes receivable	826,958
Grants receivable	2,010,465
Inventories and prepaid expenses	104,372
Capital assets, not being depreciated	3,053,889
Capital assets, net of accumulated depreciation/amortization	<u>70,281,735</u>
Total assets	<u>115,267,494</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	50,148
Deferred pension outflows	15,063,660
Deferred OPEB outflows	<u>404,610</u>
Total deferred outflows of resources	<u>15,518,418</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	835,898
Accrued salaries and benefits	4,934,024
Unearned revenue	41,728
Accrued interest	269,878
Long-term liabilities:	
Due within one year	2,799,184
Due in more than one year	45,705,686
Net pension liability	64,573,005
Net OPEB liability	<u>2,200,449</u>
Total liabilities	<u>121,359,852</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	8,499,759
Deferred OPEB inflows	<u>813,144</u>
Total deferred inflows of resources	<u>9,312,903</u>
<b>NET POSITION</b>	
Net investment in capital assets	25,938,681
Restricted for:	
Emergency reserve (TABOR)	1,580,000
Multi-year obligations	480,483
Capital projects	140,797
Debt service	4,457,976
Unrestricted	<u>(32,484,780)</u>
Total net position	<u>\$ 113,157</u>

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:					
Instruction	\$ 28,796,461	\$ 1,779,254	\$ 3,568,556	\$ -	\$ (23,448,651)
Supporting services	21,820,575	885,753	151,337	-	(20,783,485)
Food service operations	963,527	534,675	408,127	-	(20,725)
Community services	123,713	74,798	-	-	(48,915)
Interest on long-term debt	817,262	-	-	-	(817,262)
<b>Total</b>	<b><u>\$ 52,521,538</u></b>	<b><u>\$ 3,274,480</u></b>	<b><u>\$ 4,128,020</u></b>	<b><u>\$ -</u></b>	<b><u>(45,119,038)</u></b>
General revenues:					
Property taxes					25,622,693
Specific ownership taxes					2,694,457
State equalization					19,224,629
Grants and contributions not restricted to specific programs					456,524
Unrestricted investment earnings					519,964
Gain on sale of capital assets					11,650
Miscellaneous					<u>167,312</u>
Total general revenues					<u>48,697,229</u>
Change in net position					3,578,191
Net position - beginning					<u>(3,465,034)</u>
Net position - ending					<u>\$ 113,157</u>

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>General Fund</b>	<b>Bond Redemption Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 26,052,432	\$ 6,398	\$ 6,072,155	\$ 1,347,261	\$ 33,478,246
Restricted cash and investments	-	4,374,439	-	-	4,374,439
Cash with county treasurer	285,033	9,929	-	-	294,962
Taxes receivable	707,596	119,362	-	-	826,958
Grants receivable	1,981,230	-	-	29,235	2,010,465
Inventories and prepaid items	99,439	-	-	4,933	104,372
	<u>\$ 29,125,730</u>	<u>\$ 4,510,128</u>	<u>\$ 6,072,155</u>	<u>\$ 1,381,429</u>	<u>\$ 41,089,442</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	\$ 258,486	\$ -	\$ 501,668	\$ 2,153	\$ 762,307
Accrued salaries and benefits	4,918,364	-	-	15,660	4,934,024
Accrued compensated absences	254,184	-	-	-	254,184
Unearned revenue	-	-	-	41,727	41,727
	<u>5,431,034</u>	<u>-</u>	<u>501,668</u>	<u>59,540</u>	<u>5,992,242</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	309,602	52,152	-	-	361,754
<b>FUND BALANCES</b>					
Nonspendable for:					
Inventories and prepaid expenses	99,439	-	-	4,933	104,372
Restricted for:					
Emergency reserve (TABOR)	1,580,000	-	-	-	1,580,000
Debt service	-	4,457,976	-	-	4,457,976
Capital projects	-	-	-	140,797	140,797
Multi-year obligations	480,483	-	-	-	480,483
Committed for:					
Food service operations	-	-	-	572,576	572,576
Pupil Activities	-	-	-	603,583	603,583
Capital projects	-	-	5,570,487	-	5,570,487
Assigned for:					
Risk management	716,523	-	-	-	716,523
Unassigned	20,508,649	-	-	-	20,508,649
	<u>23,385,094</u>	<u>4,457,976</u>	<u>5,570,487</u>	<u>1,321,889</u>	<u>34,735,446</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 29,125,730</u>	<u>\$ 4,510,128</u>	<u>\$ 6,072,155</u>	<u>\$ 1,381,429</u>	<u>\$ 41,089,442</u>

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



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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

Total fund balance - governmental funds		\$ 34,735,446
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, net of depreciation	70,281,735	
Capital assets, not being depreciated	<u>\$ 3,053,889</u>	73,335,624
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		
		361,753
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		
		768,837
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges on refunding	\$ 50,148	
Net pension liabilities	(64,573,005)	
Pension outflows	15,063,660	
Pension inflows	(8,499,759)	
Net OPEB liabilities	(2,200,449)	
OPEB outflows	404,610	
OPEB inflows	(813,144)	
Accrued interest	(269,878)	
Compensated absences	(803,595)	
Bonds payable	<u>(47,447,091)</u>	<u>(109,088,503)</u>
Net position of governmental activities in the statement of net position		<u><u>\$ 113,157</u></u>

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources	\$ 26,396,434	\$ 3,774,698	\$ 100,420	\$ 2,006,871	\$ 32,278,423
State sources	22,308,868	-	-	10,319	22,319,187
Federal sources	2,465,190	-	-	397,807	2,862,997
Total revenues	<u>51,170,492</u>	<u>3,774,698</u>	<u>100,420</u>	<u>2,414,997</u>	<u>53,685,909</u>
<b>EXPENDITURES</b>					
Instruction	28,628,992	-	32,867	1,423,732	30,085,591
Supporting services	19,010,556	-	2,342,584	-	21,353,140
Food service operations	-	-	-	963,527	963,527
Community services	123,651	-	-	-	123,651
Facilities acquisition and construction	-	-	1,158,889	109,300	1,268,189
Debt service	-	3,795,110	-	-	3,795,110
Total expenditures	<u>47,763,199</u>	<u>3,795,110</u>	<u>3,534,340</u>	<u>2,496,559</u>	<u>53,794,098</u>
Excess (deficiency) of revenues over expenditures	<u>3,407,293</u>	<u>(20,412)</u>	<u>(3,433,920)</u>	<u>(81,562)</u>	<u>(108,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	3,715,280	23,140	3,738,420
Transfers out	(3,738,420)	-	-	-	(3,738,420)
Other uses	(30,915)	-	-	-	(30,915)
Total other financing sources (uses)	<u>(3,769,335)</u>	<u>-</u>	<u>3,715,280</u>	<u>23,140</u>	<u>(30,915)</u>
Net change in fund balances	(362,042)	(20,412)	281,360	(58,422)	(159,516)
Fund balances - beginning	<u>23,747,136</u>	<u>4,478,388</u>	<u>5,289,127</u>	<u>1,380,311</u>	<u>34,894,962</u>
Fund balances - ending	<u>\$ 23,385,094</u>	<u>\$ 4,457,976</u>	<u>\$ 5,570,487</u>	<u>\$ 1,321,889</u>	<u>\$ 34,735,446</u>

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds:		\$ (159,516)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Depreciation	(2,463,044)	
Capital outlays	<u>\$ 2,704,305</u>	241,261
<p>Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>		
		(7,659)
<p>Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.</p>		
		5,716
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Repayment of principal		2,450,000
<p>Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.</p>		
		(64,475)
<p>Certain pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Amortization of deferred on refunding	\$ (289,441)	
Accretion of bond premium	794,268	
Interest expense	19,020	
Changes in pension related items	291,965	
Changes in OPEB related items	<u>297,052</u>	<u>1,112,864</u>
Change in net position of governmental activities		<u><u>\$ 3,578,191</u></u>

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 842,428
Total assets	842,428
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	73,591
Total liabilities	73,591
<b>NET POSITION</b>	
Unrestricted	768,837
Total net position	\$ 768,837

The accompanying notes 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, 2023**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 509,271
<b>OPERATING EXPENSES</b>	
Purchased services	517,943
Total operating expenses	517,943
Operating income (loss)	(8,672)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	14,388
Change in net position	5,716
Net position - beginning	763,121
Net position - ending	\$ 768,837

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from users	\$ 509,271
Cash payments to vendors	(524,869)
Net cash provided (used) by operating activities	(15,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	14,389
Net increase (decrease) in cash and cash equivalents	(1,209)
Cash and cash equivalents - beginning	843,637
Cash and cash equivalents - ending	\$ 842,428
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (8,672)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase (decrease) in:	
Accounts payable	(6,926)
Total adjustments	(6,926)
Net cash provided (used) by operating activities	\$ (15,598)

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

## **NOTES TO FINANCIAL STATEMENTS**

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Cheyenne Mountain School District 12 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

*A. REPORTING ENTITY*

The District was established in 1872 and is organized under the Constitution of the State of Colorado. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Based on the application of these criteria, the District does not include additional organizations within its reporting entity.

*B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the accumulation of resources for and the payment of principal, interest and related expenses on long-term general obligation debt.

The *Capital Projects Fund* is used to account for significant capital expenditures.

Additionally, the District reports the following fund types:

*Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

The *Land Acquisition Fund* is used for improving the park and recreation areas. Funds are received from the Colorado Lottery.

*Internal Service Funds* account for operations that provide services to other departments of the school on a cost-reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service fund are charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of sales, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

*C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

*D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/  
FUND BALANCE*

*Cash and cash equivalents*

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

*Receivables*

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

*Inventories and prepaid items*

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Capital assets*

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements	5-48 years
Buildings and improvements	7-50 years
Equipment	5-20 years

*Accrued Salaries and Benefits*

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

*Unearned Revenue*

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*Leases*

Lessee: The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

*Long-term liabilities*

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 and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Pensions*

Cheyenne Mountain School District 12 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 (FNP) and additions to/deductions from the FNP 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.

*OPEB*

Cheyenne Mountain School District 12 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 (FNP) and additions to/deductions from the FNP 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.

*Net position*

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

*Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

*Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

*Unassigned* – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

*E. REVENUES AND EXPENDITURES/EXPENSES*

*Property Taxes*

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2021 is 47.071 mills for general operating expenses and 7.929 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2023 is \$465,514,380.

*Specific Ownership Taxes*

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

*Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from District service. All vacation and eligible sick pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of June 30, 2023 is as follows:

Deposits	\$ 33,392,546
Investments	<u>5,302,567</u>
Total	<u>\$ 38,695,113</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	\$ 34,320,674
Restricted cash and investments	<u>4,374,439</u>
Total	<u>\$ 38,695,113</u>

*Cash deposits with financial institutions*

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution 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 carrying amount of the District’s deposits at June 30, 2023 was \$33,392,546 and the bank balances were \$34,429,774. Of the bank balances, \$250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

*Investments*

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

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

At June 30, 2023 the District’s investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard &amp; Poor’s Rating</u>
ColoTrust	\$ 5,297,721	Net asset value	Less than 90 days	AAAm
CSAFE	<u>4,846</u>	Net asset value	Less than 90 days	AAAm
	<u>\$ 5,302,567</u>			

*Local Government Investment Pools.* The Colorado Local Government Liquid Asset Trust (ColoTrust) and Colorado Surplus Asset Fund Trust (CSAFE) are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians’ internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District’s investments are in ColoTrust. These investments are 99.91% of the District’s total investments.

In accordance with state law, the District has designated Wells Fargo as the third party custodian for the bond redemption fund. Funds held at June 30, 2023 total \$4,374,439 and are included with the ColoTrust investments above.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Fair value of investments.* The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

**NOTE 4 –INTERFUND TRANSFERS**

*Interfund transfers*

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 3,738,420
Capital Projects Fund	3,715,280	-
Nonmajor and Internal Service Funds	<u>23,140</u>	<u>-</u>
Total	<u>\$ 3,738,420</u>	<u>\$ 3,738,420</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 1,439,058	\$ -	\$ -	\$ 1,439,058
Art Collection	237,000	-	-	237,000
Construction in progress	<u>221,601</u>	<u>1,757,884</u>	<u>(601,654)</u>	<u>1,377,831</u>
Total capital assets not being depreciated	<u>1,897,659</u>	<u>1,757,884</u>	<u>(601,654)</u>	<u>3,053,889</u>
Capital assets being depreciated:				
Land improvements	9,157,180	482,983	-	9,640,163
Building and improvements	96,495,887	626,111	-	97,121,998
Equipment	<u>4,373,651</u>	<u>438,981</u>	<u>(47,600)</u>	<u>4,765,032</u>
Total capital assets being depreciated	<u>110,026,718</u>	<u>1,548,075</u>	<u>(47,600)</u>	<u>111,527,193</u>
Less accumulated depreciation for:				
Land improvements	(4,975,153)	(316,973)	-	(5,292,126)
Building and improvements	(31,017,305)	(1,949,332)	-	(32,966,637)
Equipment	<u>(2,837,556)</u>	<u>(196,739)</u>	<u>47,600</u>	<u>(2,986,695)</u>
Total accumulated depreciation	<u>(38,830,014)</u>	<u>(2,463,044)</u>	<u>47,600</u>	<u>(41,245,458)</u>
Total capital assets being depreciated, net	<u>71,196,704</u>	<u>(914,969)</u>	<u>-</u>	<u>70,281,735</u>
Capital assets, net of accumulated depreciation	<u>73,094,363</u>	<u>842,915</u>	<u>(601,654)</u>	<u>73,335,624</u>

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

*Governmental Activities*

Instruction	\$ 1,513,972
Support Services – Instructional	<u>949,072</u>
Total depreciation expense	<u>\$ 2,463,044</u>

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 – LONG-TERM LIABILITIES**

*General Obligation Bonds*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General Obligation bonds outstanding at June 30, 2023 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
G.O. Refunding bonds 2011	\$ 6,520,000	2.00% - 4.00%	2023	\$ 925,000
G.O. Refunding bonds 2015	45,000,000	2.00% - 5.25%	2024	2,835,000
G.O. Bonds 2019	39,630,000	3.25%	2038	<u>37,310,000</u>
Total				<u>\$ 41,070,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,545,000	\$ 1,295,509
2025	2,635,000	1,200,709
2026	2,750,000	1,083,359
2027	2,840,000	1,000,859
2028	2,920,000	915,659
2029 – 2033	12,975,000	6,207,918
2034 – 2038	10,690,000	8,497,013
2039	<u>3,715,000</u>	<u>120,813</u>
Total	<u>\$ 41,070,000</u>	<u>\$ 20,321,839</u>

*Legal Debt Margin*

Assessed valuation	<u>\$ 465,514,380</u>
Debt limit – 20% of assessed valuation	93,102,876
General obligation debt	<u>(41,070,000)</u>
	<u>\$ 52,032,876</u>

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)**

*Changes in Long-Term Liabilities*

Changes in the District’s long-term liabilities for the year ended June 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 43,520,000	\$ -	\$ (2,450,000)	\$ 41,070,000	\$ 2,545,000
Premiums	<u>7,171,359</u>	<u>-</u>	<u>(794,268)</u>	<u>6,377,091</u>	<u>-</u>
Total bonds payable	50,691,359	-	(3,244,268)	47,447,091	2,545,000
Compensated absences	969,269	301,807	(213,297)	1,057,779	254,184
Net pension liability	46,462,140	26,472,979	(8,362,114)	64,573,005	-
Net OPEB liability	<u>2,247,855</u>	<u>384,885</u>	<u>(432,291)</u>	<u>2,200,449</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 100,370,623</u>	<u>\$ 27,159,671</u>	<u>\$ (12,251,970)</u>	<u>\$ 115,278,324</u>	<u>\$ 2,799,184</u>

General obligation bonds are liquidated in the debt service fund. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the Cheyenne Mountain School District 12 are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Contributions provisions as of June 30, 2023:* Eligible employees of, Cheyenne Mountain School District 12 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 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Cheyenne Mountain School District 12 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Cheyenne Mountain School District 12 were \$5,836,448 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution 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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA’s negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

*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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Cheyenne Mountain School District 12 proportion of the net pension liability was based on Cheyenne Mountain School District 12 contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

At June 30, 2023, the Cheyenne Mountain School District 12 reported a liability of \$64,573,005 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Cheyenne Mountain School District 12 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Cheyenne Mountain School District 12 were as follows:

Cheyenne Mountain School District 12 proportionate share of the net pension liability	\$ 64,573,005
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Cheyenne Mountain School District 12	18,817,223
Total	\$ 83,390,228

At December 31, 2022, the Cheyenne Mountain School District 12 proportion was 0.3546123114%, which was a decrease of 0.0446373110% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Cheyenne Mountain School District 12 recognized pension expense of \$(291,965) and revenue of \$2,212,791 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Cheyenne Mountain School District 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 611,114	\$ -
Changes of assumptions or other inputs	1,143,798	-
Net difference between projected and actual earnings on pension plan investments	8,674,533	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,633,088	8,499,759
Contributions subsequent to the measurement date	3,001,127	N/A
Total	<u>\$ 15,063,660</u>	<u>\$ 8,499,759</u>

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

\$3,001,127 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (2,465,646)
2025	(1,512,966)
2026	2,495,797
2027	5,045,589
2028	-
Thereafter	-

*Actuarial assumptions.* The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% – 11.00%
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 (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Discount rate.* The discount rate used to measure the TPL was 7.25%. 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 3.00%.
- 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 required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- 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 FNP, 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 FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Based on the above assumptions and methods, the SCHDTF's FNP 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Cheyenne Mountain School District 12 proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 84,503,855	\$ 64,573,005	\$ 47,928,709

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

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

*General Information about the OPEB Plan*

*Plan description.* Eligible employees of the Cheyenne Mountain School District 12 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Enrollment in the PERACare health benefits program 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 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% 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.

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% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Cheyenne Mountain School District 12 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Cheyenne Mountain School District 12 were \$292,114 for the year ended June 30, 2023.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

At June 30, 2023, the Cheyenne Mountain School District 12 reported a liability of \$2,200,449 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Cheyenne Mountain School District 12 proportion of the net OPEB liability was based on Cheyenne Mountain School District 12 contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Cheyenne Mountain School District 12 proportion was 0.2695047120%, which was an increase of 0.0088249590% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Cheyenne Mountain School District 12 recognized OPEB expense of \$(297,052). At June 30, 2023, the Cheyenne Mountain School District 12 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 286	\$ 532,142
Changes of assumptions or other inputs	35,367	242,861
Net difference between projected and actual earnings on OPEB plan investments	134,399	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	84,349	38,141
Contributions subsequent to the measurement date	150,209	N/A
Total	\$ 404,610	\$ 813,144



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

\$150,209 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, 2024. 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:	
2024	\$ (216,105)
2025	(202,728)
2026	(89,398)
2027	(262)
2028	(41,147)
Thereafter	(9,103)

*Actuarial assumptions.* The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB 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	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing 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

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 13, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

*Sensitivity of the Cheyenne Mountain School District 12 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 2,138,167	\$ 2,200,449	\$ 2,268,219

<sup>1</sup>For the January 1, 2023, plan year.

*Discount rate.* The discount rate used to measure the TOL was 7.25%. 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, 2022, measurement date.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Cheyenne Mountain School District 12 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 2,550,973	\$ 2,200,449	\$ 1,900,639

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

**NOTE 9 - RISK MANAGEMENT**

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

The District purchases commercial insurance for property, liability and worker’s compensation risks of loss. Settlements have not exceeded premiums for each of the past three fiscal years.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

*Grants*

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the District, any such adjustments will not have a material adverse effect on the financial position of the District.

**NOTE 11 - TAX, SPENDING, AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments, including school districts.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2023 there is a \$1,580,000 reservation of fund balance in the General Fund for the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

In November 2006 voters within the District passed an amendment allowing the District to retain excess revenues in fiscal year 2004-2005 and all future years.

On November 4, 2014, voters within the District authorized the District to increase taxes up to \$4,980,000 annually. Voters authorized the District to increase debt by \$45 million, with a repayment cost of up to \$84,280,000, for the purpose of acquiring, constructing, refinancing, repairing and improving District facilities.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 12 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES**

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2023**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability (asset)	0.3546123114%	0.3992496224%	0.4518049794%	0.4058255938%	0.4064998583%	0.4674739871%	0.4707910113%	0.4722616959%	0.4764208221%	0.4800609608%
School's proportionate share of the net pension liability (asset)	\$ 64,573,005	\$ 46,462,140	\$ 68,303,800	\$ 60,629,463	\$ 71,979,149	\$ 151,164,473	\$ 140,172,690	\$ 72,229,092	\$ 64,571,024	\$ 61,231,646
State's proportionate share of the net pension liability (asset) associated with the School	18,817,223	5,326,291	6,824,478	8,658,253	-	-	-	-	-	-
Total	\$ 83,390,228	\$ 51,788,431	\$ 68,303,800	\$ 67,453,941	\$ 80,637,402	\$ 151,164,473	\$ 140,172,690	\$ 72,229,092	\$ 64,571,024	\$ 61,231,646
School's covered payroll	\$ 27,354,245	\$ 24,951,843	\$ 24,165,240	\$ 23,695,046	\$ 22,947,260	\$ 21,564,014	\$ 21,129,937	\$ 20,581,063	\$ 19,958,616	\$ 19,352,785
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	236.06%	186.21%	282.65%	255.87%	313.67%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

\* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION**  
**JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,836,448	\$ 5,185,916	\$ 4,831,363	\$ 4,592,100	\$ 4,275,073	\$ 4,017,377	\$ 3,830,859	\$ 3,566,697	\$ 3,279,200	\$ 3,005,488
Contributions in relation to the contractually required contribution	(5,836,448)	(5,185,916)	(4,831,363)	(4,592,100)	(4,275,073)	(4,017,377)	(3,830,859)	(3,566,697)	(3,279,200)	(3,005,488)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>School's covered payroll</b>	\$ 28,638,116	\$ 26,086,095	\$ 24,302,633	\$ 23,695,046	\$ 22,947,260	\$ 21,564,014	\$ 21,129,937	\$ 20,581,063	\$ 19,958,616	\$ 19,352,785
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	18.63%	18.63%	18.13%	17.33%	16.43%	15.53%

\* The amounts presented for each fiscal year were determined as of 6/30.

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**JUNE 30, 2023**

	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net OPEB liability (asset)	0.2695047120%	0.2606797530%	0.2613175691%	0.2652149994%	0.2642271042%	0.2656314772%	0.2676032641%
School's proportionate share of the net OPEB liability (asset)	\$ 2,200,449	\$ 2,247,855	\$ 2,483,105	\$ 2,981,011	\$ 3,594,921	\$ 3,452,147	\$ 3,469,567
School's covered payroll	\$ 27,354,245	\$ 24,951,843	\$ 24,165,240	\$ 23,695,046	\$ 22,947,260	\$ 21,564,014	\$ 21,129,937
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.04%	9.01%	10.28%	12.58%	15.67%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

\* The amounts presented for each year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB**  
**JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 292,114	\$ 266,080	\$ 247,889	\$ 241,689	\$ 234,062	\$ 219,953	\$ 215,525
Contributions in relation to the contractually required contribution	(292,114)	(266,080)	(247,889)	(241,689)	(234,062)	(219,953)	(215,525)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 28,638,116	\$ 26,086,095	\$ 24,302,633	\$ 23,695,046	\$ 22,947,260	\$ 21,564,014	\$ 21,129,937
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\* The amounts presented for each fiscal year were determined as of 6/30.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

## **GENERAL FUND**

This fund is used to account for and report all financial resources not accounted for and reported in another fund. Any lawful expenditure of the School District, including any expenditure of a nature that could be made from any other fund, may be made from the General Fund.

The General Fund is always considered to be a major fund for financial reporting purposes.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local sources:				
Property taxes	\$ 23,895,033	\$ 21,858,227	\$ 21,934,918	\$ 76,691
Specific ownership taxes	2,685,867	2,704,831	2,694,457	(10,374)
Other local sources	1,169,876	1,175,876	1,767,059	591,183
Total local sources	<u>27,750,776</u>	<u>25,738,934</u>	<u>26,396,434</u>	<u>657,500</u>
State sources:				
State equalization	17,010,219	19,223,361	19,224,629	1,268
Other state funding	1,427,631	1,399,480	3,084,239	1,684,759
Total state sources	<u>18,437,850</u>	<u>20,622,841</u>	<u>22,308,868</u>	<u>1,686,027</u>
Federal sources	2,043,996	2,485,517	2,465,190	(20,327)
Total revenues	<u>48,232,622</u>	<u>48,847,292</u>	<u>51,170,492</u>	<u>2,323,200</u>
<b>EXPENDITURES</b>				
Instruction	28,261,759	28,590,878	28,628,992	(38,114)
Supporting services:				
Student services	3,779,924	3,842,330	3,894,487	(52,157)
Instructional staff	3,409,127	3,671,726	3,691,803	(20,077)
General administration	717,248	733,652	681,088	52,564
School administration	2,696,233	2,706,703	2,756,234	(49,531)
Business services	707,109	710,328	764,126	(53,798)
Operation and maintenance	5,694,074	5,662,772	5,425,242	237,530
Student transportation	565,278	567,805	532,062	35,743
Central services	1,077,479	1,108,226	990,514	117,712
Other support services	108,387	383,764	275,000	108,764
Community services	165,395	165,395	123,651	41,744
Facilities acquisition and construction	-	-	-	-
Contingency reserves	21,021,454	21,640,529	-	21,640,529
Total expenditures	<u>68,203,467</u>	<u>69,784,108</u>	<u>47,763,199</u>	<u>22,020,909</u>
Excess (deficiency) of revenues over expenditures	(19,970,845)	(20,936,816)	3,407,293	24,344,109
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(3,063,420)	(2,788,420)	(3,738,420)	(950,000)
Other uses	(21,400)	(21,400)	(30,915)	(9,515)
Total other financing sources (uses)	<u>(3,084,820)</u>	<u>(2,809,820)</u>	<u>(3,769,335)</u>	<u>(959,515)</u>
Net change in fund balance	(23,055,665)	(23,746,636)	(362,042)	23,384,594
Fund balance - beginning	23,055,665	23,746,636	23,747,136	500
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,385,094</u>	<u>\$ 23,385,094</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **BOND REDEMPTION FUND**

The District has one debt service fund, the Bond Redemption Fund. This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. This fund's primary revenue sources are local property taxes levied specifically for debt service

For financial reporting purposes, the Bond Redemption Fund was determined to be a major fund of the District for the current fiscal year.



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**BOND REDEMPTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Property taxes	\$ 3,711,064	\$ 3,695,434	\$ (15,630)
Other local sources	-	79,264	79,264
Total revenues	<u>3,711,064</u>	<u>3,774,698</u>	<u>63,634</u>
<b>EXPENDITURES</b>			
Debt service	3,800,610	3,795,110	5,500
Contingency reserves	4,388,842	-	4,388,842
Total expenditures	<u>8,189,452</u>	<u>3,795,110</u>	<u>4,394,342</u>
Net change in fund balance	(4,478,388)	(20,412)	4,457,976
Fund balance - beginning	4,478,388	4,478,388	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 4,457,976</u>	<u>\$ 4,457,976</u>

See the accompanying independent auditors' report.

## **Capital Projects Fund**

This fund is used to account for significant capital expenditures of the District.

For financial reporting purposes, the Bond Redemption Fund was determined to be a major fund of the District for the current fiscal year.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Other local sources	\$ 4,000	\$ 100,420	\$ 96,420
Total revenues	<u>4,000</u>	<u>100,420</u>	<u>96,420</u>
<b>EXPENDITURES</b>			
Instruction	30,000	32,867	(2,867)
Supporting services:			
Business services	83,659	1,281,971	(1,198,312)
Operation and maintenance	3,291,368	1,060,613	2,230,755
Facilities acquisition and construction	1,705,929	1,158,889	547,040
Contingency reserves	2,947,452	-	2,947,452
Total expenditures	<u>8,058,408</u>	<u>3,534,340</u>	<u>4,524,068</u>
Excess (deficiency) of revenues over expenditures	(8,054,408)	(3,433,920)	4,620,488
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>2,765,280</u>	<u>3,715,280</u>	<u>950,000</u>
Net change in fund balance	(5,289,128)	281,360	5,570,488
Fund balance - beginning	<u>5,289,128</u>	<u>5,289,127</u>	<u>(1)</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 5,570,487</u></u>	<u><u>\$ 5,570,487</u></u>

See the accompanying independent auditors' report.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. These funds may be required by statute or ordinance and others may be established through resolutions by the Board of Education for purposes of better administration. The District has the following Special Revenue Funds:

#### **Food Service Fund**

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

#### **Pupil Activity Fund**

Used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

#### **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 the new land development and acquisition costs.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2023**

	<u>Special Revenue</u>			<b>Total Nonmajor Governmental Funds</b>
	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Land Fund</u>	
<b>ASSETS</b>				
Cash and investments	\$ 602,881	\$ 603,583	\$ 140,797	\$ 1,347,261
Grants receivable	29,235	-	-	29,235
Inventories and prepaid expenses	4,933	-	-	4,933
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 637,049</u>	<u>\$ 603,583</u>	<u>\$ 140,797</u>	<u>\$ 1,381,429</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 2,153	\$ -	\$ -	\$ 2,153
Accrued salaries and benefits	15,660	-	-	15,660
Unearned revenue	41,727	-	-	41,727
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>59,540</u>	<u>-</u>	<u>-</u>	<u>59,540</u>
<b>FUND BALANCES</b>				
Nonspendable for:				
Inventories and prepaid expenses	4,933	-	-	4,933
Restricted for:				
Capital projects	-	-	140,797	140,797
Committed for:				
Food service operations	572,576	-	-	572,576
Pupil activities	-	603,583	-	603,583
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>577,509</u>	<u>603,583</u>	<u>140,797</u>	<u>1,321,889</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 637,049</u>	<u>\$ 603,583</u>	<u>\$ 140,797</u>	<u>\$ 1,381,429</u>

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Food Service Fund</b>	<b>Pupil Activity Fund</b>	<b>Land Fund</b>	
<b>REVENUES</b>				
Local sources	\$ 552,970	\$ 1,436,155	\$ 17,746	\$ 2,006,871
State sources	10,319	-	-	10,319
Federal sources	397,807	-	-	397,807
	<u>961,096</u>	<u>1,436,155</u>	<u>17,746</u>	<u>2,414,997</u>
<b>EXPENDITURES</b>				
Instruction	-	1,423,732	-	1,423,732
Food service operations	963,527	-	-	963,527
Facilities acquisition and construction	-	-	109,300	109,300
	<u>963,527</u>	<u>1,423,732</u>	<u>109,300</u>	<u>2,496,559</u>
Excess (deficiency) of revenues over expenditures	(2,431)	12,423	(91,554)	(81,562)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	23,140	-	23,140
Net change in fund balances	(2,431)	35,563	(91,554)	(58,422)
Fund balances - beginning	579,940	568,020	232,351	1,380,311
Fund balances - ending	<u>\$ 577,509</u>	<u>\$ 603,583</u>	<u>\$ 140,797</u>	<u>\$ 1,321,889</u>

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Other local sources	\$ 485,000	\$ 552,970	\$ 67,970
State sources:			
Other state funding	9,857	10,319	462
Federal sources	<u>313,374</u>	<u>397,807</u>	<u>84,433</u>
Total revenues	<u>808,231</u>	<u>961,096</u>	<u>152,865</u>
<b>EXPENDITURES</b>			
Supporting services:			
Food service operations	939,093	963,527	(24,434)
Contingency reserves	<u>449,078</u>	<u>-</u>	<u>449,078</u>
Total expenditures	<u>1,388,171</u>	<u>963,527</u>	<u>424,644</u>
Net change in fund balance	(579,940)	(2,431)	577,509
Fund balance - beginning	<u>579,940</u>	<u>579,940</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 577,509</u>	<u>\$ 577,509</u>

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**PUPIL ACTIVITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Other local sources	\$ 1,341,395	\$ 1,436,155	\$ 94,760
Total revenues	<u>1,341,395</u>	<u>1,436,155</u>	<u>94,760</u>
<b>EXPENDITURES</b>			
Instruction	<u>1,909,415</u>	<u>1,423,732</u>	<u>485,683</u>
Total expenditures	<u>1,909,415</u>	<u>1,423,732</u>	<u>485,683</u>
Excess (deficiency) of revenues over expenditures	(568,020)	12,423	580,443
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>-</u>	<u>23,140</u>	<u>23,140</u>
Net change in fund balance	(568,020)	35,563	603,583
Fund balance - beginning	<u>568,020</u>	<u>568,020</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 603,583</u>	<u>\$ 603,583</u>

See the accompanying independent auditors' report.



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**LAND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Other local sources	\$ 31,200	\$ 17,746	\$ (13,454)
Total revenues	<u>31,200</u>	<u>17,746</u>	<u>(13,454)</u>
<b>EXPENDITURES</b>			
Facilities acquisition and construction	115,000	109,300	5,700
Contingency reserves	<u>148,551</u>	<u>-</u>	<u>148,551</u>
Total expenditures	<u>263,551</u>	<u>109,300</u>	<u>154,251</u>
Net change in fund balance	(232,351)	(91,554)	140,797
Fund balance - beginning	<u>232,351</u>	<u>232,351</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 140,797</u></u>	<u><u>\$ 140,797</u></u>

See the accompanying independent auditors' report.

## **INTERNAL SERVICE FUNDS**

Internal Service Funds account for operations that provide services to other departments or agencies of the District, or the other governments, on a cost-reimbursements 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  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	<b>Health Insurance Reserve Fund</b>	<b>Dental Insurance Reserve Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 500,277	\$ 342,151	\$ 842,428
Total assets	500,277	342,151	842,428
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	33,694	39,897	73,591
Total liabilities	33,694	39,897	73,591
<b>NET POSITION</b>			
Unrestricted	466,583	302,254	768,837
Total net position	\$ 466,583	\$ 302,254	\$ 768,837

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Health Insurance Reserve Fund</b>	<b>Dental Insurance Reserve Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 234,764	\$ 274,507	\$ 509,271
<b>OPERATING EXPENSES</b>			
Purchased services	241,831	276,112	517,943
Total operating expenses	241,831	276,112	517,943
Operating income (loss)	(7,067)	(1,605)	(8,672)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	8,631	5,757	14,388
Change in net position	1,564	4,152	5,716
Net position - beginning	465,019	298,102	763,121
Net position - ending	\$ 466,583	\$ 302,254	\$ 768,837

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Health Insurance Reserve Fund</u>	<u>Dental Insurance Reserve Fund</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from users	\$ 234,764	\$ 274,507	\$ 509,271
Cash payments to vendors	<u>(241,208)</u>	<u>(283,661)</u>	<u>(524,869)</u>
Net cash provided (used) by operating activities	<u>(6,444)</u>	<u>(9,154)</u>	<u>(15,598)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>8,631</u>	<u>5,758</u>	<u>14,389</u>
Net increase (decrease) in cash and cash equivalents	2,187	(3,396)	(1,209)
Cash and cash equivalents - beginning	<u>498,090</u>	<u>345,547</u>	<u>843,637</u>
Cash and cash equivalents - ending	<u>\$ 500,277</u>	<u>\$ 342,151</u>	<u>\$ 842,428</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ (7,067)</u>	<u>\$ (1,605)</u>	<u>\$ (8,672)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Increase (decrease) in:			
Accounts payable	<u>623</u>	<u>(7,549)</u>	<u>(6,926)</u>
Total adjustments	<u>623</u>	<u>(7,549)</u>	<u>(6,926)</u>
Net cash provided (used) by operating activities	<u>\$ (6,444)</u>	<u>\$ (9,154)</u>	<u>\$ (15,598)</u>

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**RISK MANAGEMENT - HEALTH INSURANCE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>			
Premiums & employer contributions	\$ 235,000	\$ 234,764	\$ (236)
Total operating revenues	235,000	234,764	(236)
<b>OPERATING EXPENSES</b>			
Purchased medical services & supplies	250,000	222,906	27,094
Purchased management services	18,000	18,926	(926)
Contingency reserve	432,819	-	432,819
Total operating expenses	700,819	241,832	458,987
Operating income (loss)	(465,819)	(7,068)	458,751
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	800	8,632	7,832
Change in net position	(465,019)	1,564	466,583
Net position - beginning	465,019	465,019	-
Net position - ending	\$ -	\$ 466,583	\$ 466,583

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**RISK MANAGEMENT - DENTAL INSURANCE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>			
Premiums & employer contributions	\$ 268,000	\$ 274,507	\$ 6,507
Total operating revenues	268,000	274,507	6,507
<b>OPERATING EXPENSES</b>			
Purchased medical services & supplies	283,000	276,112	559,112
Contingency reserve	283,604	-	283,604
Total operating expenses	566,604	276,112	842,716
Operating income (loss)	(298,604)	(1,605)	849,223
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	500	5,757	5,257
Change in net position	(298,104)	4,152	854,480
Net position - beginning	298,104	298,102	(2)
Net position - ending	\$ -	\$ 302,254	\$ 854,478

See the accompanying independent auditors' report.

## **COMPLIANCE SECTION**



# **SINGLE AUDIT**

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Additional Award Identification</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>					
<i>Child Nutrition Cluster</i>					
Passed Through Colorado Department of Education					
School Breakfast Program	10.553		4553	\$ -	\$ 11,168
National School Lunch Program	10.555		4555,6555		337,127
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		48,231
<i>Total Child Nutrition Cluster</i>					<u>396,526</u>
Passed Through Colorado Department of Education					
Pandemic EBT Administrative Costs	10.649	COVID-19	4649		1,281
<i>Total U.S. Department of Agriculture</i>					<u>397,807</u>
<b>National Endowment for the Humanities</b>					
Passed Through Colorado Department of Education					
State Library Program	45.310		7310		4,562
<i>Total National Endowment for the Humanities</i>					<u>4,562</u>
<b>U.S. Department of Education</b>					
Direct Programs					
Impact Aid	84.041				224,912
					<u>224,912</u>
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States IDEA Part B	84.027		4027		597,806
Special Education: Preschool Grants	84.173		4173		12,499
<i>Total Special Education Cluster</i>					<u>610,305</u>
Title I Grants to Local Educational Agencies	84.010		4010,7010		407,216
English Language Acquisition Grants	84.365		4365		29,962
Supporting Effective Instruction State Grant	84.367		4367		76,954
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4414,4418		846,412
ESSER II	84.425D	COVID-19	4419		10,381
<i>Total U.S. Department of Education</i>					<u>2,206,142</u>
<b>Department of Health and Human Services</b>					
Passed Through Colorado Department of Education					
Child Care and Development Block Grant	93.575		7575		66,865
<i>Total Department of Health and Human Services</i>					<u>66,865</u>
<b>Total Federal Awards</b>				<u>\$ -</u>	<u>\$ 2,675,376</u>

See the accompanying independent auditors' report.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Cheyenne Mountain School District 12 under programs of the federal government for the year ended June 30, 2023. The information in this Schedule 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). Because the Schedule presents only a selected portion of the operations of Cheyenne Mountain School District 12, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cheyenne Mountain School District 12.

**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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

Cheyenne Mountain School District 12 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – NON-CASH ASSISTANCE**

During the year end June 30, 2023, Cheyenne Mountain School District 12 received \$48,231 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Cheyenne Mountain School District 12

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, each major fund, and the aggregate remaining fund information of Cheyenne Mountain School District 12, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Cheyenne Mountain School District 12's basic financial statements, and have issued our report thereon dated November 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cheyenne Mountain School District 12's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cheyenne Mountain School District 12's internal control. Accordingly, we do not express an opinion on the effectiveness of Cheyenne Mountain School District 12'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cheyenne Mountain School District 12'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 financial statements. 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.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
November 21, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
Cheyenne Mountain School District 12

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Cheyenne Mountain School District 12’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Cheyenne Mountain School District 12’s major federal programs for the year ended June 30, 2023. Cheyenne Mountain School District 12’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cheyenne Mountain School District 12 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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 the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cheyenne Mountain School District 12 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cheyenne Mountain School District 12’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cheyenne Mountain School District 12’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cheyenne Mountain School District 12's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cheyenne Mountain School District 12's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cheyenne Mountain School District 12's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cheyenne Mountain School District 12's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cheyenne Mountain School District 12's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*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 a combination of deficiencies, in internal control over compliance, such that there is a 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
November 21, 2023



**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Section I—Summary of Auditors’ Results

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes x no
- Significant deficiency(ies) identified? \_\_\_ yes x none reported

Noncompliance material to financial statements noted? \_\_\_ yes x no

*Federal Awards*

Internal control over major programs?

- Material weakness(es) identified? \_\_\_ yes x no
- Significant deficiency(ies) identified? \_\_\_ yes x none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_ yes x no

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ALN 84.425U&D	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? x yes \_\_\_ no

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**CHEYENNE MOUNTAIN SCHOOL DISTRICT 12  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Cheyenne Mountain School District 12 Schedule of Findings and Questioned Costs for the year ended June 30, 2022. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2023 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.

## **STATE COMPLIANCE**



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL  
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education  
Cheyenne Mountain School District 12

We have audited the accompanying financial statements of the governmental activities, 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, 2023 and the related notes to the financial statements, which collectively comprise the Cheyenne Mountain School District 12's basic financial statements as listed in the table of contents. Our report thereon, dated November 21, 2023, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cheyenne Mountain School District 12's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado Springs, Colorado  
November 21, 2023



**Colorado Department of Education**

**Auditors Integrity Report**

District: 1020 - Cheyenne Mountain 12

Fiscal Year 2022-23

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	23,154,482	46,512,153	46,998,065	22,668,571
18 Risk Mgmt Sub-Fund of General Fund	592,654	919,918	796,049	716,523
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>23,747,136</b>	<b>47,432,071</b>	<b>47,794,113</b>	<b>23,385,094</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	232,351	17,746	109,300	140,797
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	579,940	961,096	963,527	577,509
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	568,020	1,459,295	1,423,732	603,583
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	4,478,388	3,774,697	3,795,109	4,457,976
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	5,289,127	3,815,700	3,534,340	5,570,487
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>34,894,961</b>	<b>57,460,605</b>	<b>57,620,121</b>	<b>34,735,445</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	763,121	251,405	245,689	768,837
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>763,121</b>	<b>251,405</b>	<b>245,689</b>	<b>768,837</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
72 Agency Fund	0	0	0	0