

Cheyenne County School District R-1
Kit Carson, Colorado

Financial Statements

For the Year Ended June 30, 2024

Table of Contents

	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16-17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18-19
Notes to Financial Statements	20-52
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	54
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	56-57
Schedule of District Contributions – PERA's School Division Trust Fund	58-59
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	60-61
Schedule of District Contributions – PERA's Health Care Trust Fund	62-63
Notes to the Required Supplementary Information	64
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule – Revenues	68
Budgetary Comparison Schedule – Expenditures	70-71
Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	75
Budgetary Comparison Schedule – Food Service Fund	76
Budgetary Comparison Schedule – Pupil Activity Fund	77

Table of Contents

	<u>Page</u>
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	80
Capital Projects Fund	
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	82
Colorado Department of Education Supplementary Schedule	
Auditors' Integrity Report	84



Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cheyenne County School District R-1 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District'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 District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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 District'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.

Auditors' 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 auditors' 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 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 the audit in accordance with generally accepted 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 District'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 District'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, budgetary comparison information and historical pension and other post-employment benefit information 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 inquires 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 District's basic financial statements. The other supplementary information and the auditors' integrity report listed in the table of contents is 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 other supplementary information and the auditors' integrity report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 19, 2024

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Kit Carson, Colorado
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2024

The Management's Discussion and Analysis of Cheyenne County School District R-1 (the District) offers its readers an analysis of the financial activities of the District for the fiscal year ended June 30, 2024. The main area of emphasis in this analysis will be on the primary government – general fund.

The District's reporting format is in compliance with the Government Accounting Standards Board or GASB. It is in accordance with GASB Statement No. 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments that we offer this information today.

Financial Highlights

The net position for the fiscal year was \$24,817,031, which was a decrease of \$376,090 from the previous year. At the end of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,913,705, which represents an increase of \$76,081 from the previous year.

Overview of Financial Statements

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

Government-Wide Financial Statements

Government-wide financial statements provide data about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District.

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

The two government-wide statements included in this report detail how the District's net position has changed. Net position, which represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to gauge the District's financial health.

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

The government-wide financial statements report all governmental activities.

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

As noted previously in this document, net position may serve over time as a useful indicator of a school district's financial health. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,817,031.

Table 1
Net Position

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>
Assets		
Current and Other Assets	\$ 4,168,882	\$ 4,055,082
Capital Assets	<u>30,213,513</u>	<u>30,777,127</u>
Total Assets	34,382,395	34,832,209
Deferred Outflows of Resources		
Pension Deferrals	722,159	594,540
OPEB Deferrals	<u>13,916</u>	<u>19,306</u>
Total Deferred Outflows of Resources	736,075	613,846
Liabilities		
Current and Other Liabilities	257,134	225,253
Long-Term Liabilities	6,568,208	6,886,459
Net Pension Liability	3,178,682	2,638,865
Net OPEB Liability	<u>76,752</u>	<u>89,935</u>
Total Liabilities	10,080,776	9,840,512
Deferred Inflows of Resources		
Pension Deferrals	187,692	368,735
OPEB Deferrals	<u>32,971</u>	<u>43,687</u>
Total Deferred Inflows of Resources	220,663	412,422
Net Position		
Net Investment in Capital Assets	23,645,305	23,890,668
Restricted	803,894	780,906
Unrestricted	<u>367,832</u>	<u>521,547</u>
Total Net Position	<u>\$ 24,817,031</u>	<u>\$ 25,193,121</u>

Of the District's \$34,382,395 in assets, \$30,213,513 (88%) reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment, net of related debt). The District uses its capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted net position is \$367,832.

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

Table 2
Changes in Net Position

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>
Revenues		
Charges for Services	\$ 4,539	\$ 53,312
Operating Grants and Contributions	344,081	396,986
Capital Grants and Contributions	-	122,560
Property Taxes	1,621,459	1,512,896
Specific Ownership Taxes	168,061	164,149
Delinquent Taxes and Interest	1,713	-
State Equalization	1,265,657	1,245,238
Earnings on Investments	95,281	17,830
Other Revenues	<u>217,967</u>	<u>34,473</u>
Total Revenues	3,718,758	3,547,444
Expenses		
Instructional	1,772,487	2,200,058
Students	9,241	166,659
Instructional Staff	99,974	104,268
General Administration	319,624	293,057
School Administration	16,429	15,984
Business Services	(724)	-
Operations and Maintenance	574,357	532,876
Transportation	274,175	258,727
Central Support Services	13,776	15,680
Food Service Operations	109,348	109,505
Facilities Acquisition	2,840	58,275
Interest and Fiscal Charges	260,862	273,058
Other Expenses	<u>642,459</u>	<u>(76,256)</u>
Total Expenses	<u>4,094,848</u>	<u>3,951,891</u>
Change in Net Position	<u>\$ (376,090)</u>	<u>\$ (407,447)</u>

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

Table 3
Governmental Activities by Major Function

	<u>Fiscal 2024</u>		<u>Fiscal 2023</u>	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instructional Services	\$1,772,487	\$1,528,510	\$2,200,058	\$1,869,349
Students	9,241	8,337	166,659	32,419
Instructional Staff	99,974	95,474	104,268	101,629
General Administration	319,624	318,824	293,057	284,528
School Administration	16,429	16,429	15,984	15,319
Business Services	(724)	(724)	-	-
Operations and Maintenance	574,357	574,357	532,876	522,672
Student Transportation	274,175	231,101	258,727	228,166
Central Support Services	13,776	13,776	15,680	15,680
Food Service Operations	109,348	53,983	109,505	54,194
Facilities Acquisition	2,840	2,840	58,275	58,275
Interest and Fiscal Charges	260,862	260,862	273,058	273,058
Other	642,459	642,459	(76,256)	(76,256)
Totals	<u>\$4,094,848</u>	<u>\$3,746,228</u>	<u>\$3,951,891</u>	<u>\$3,379,033</u>

Financial Analysis of the District's Funds

Revenues in the governmental funds increased by \$163,317 over the previous year. This increase was mostly due to an increase in tax revenues and earnings on investments.

Expenditures in the governmental increased by \$16,707 over the previous year.

General Fund Budget

Amendments were made to the original budget by January revision; however, no supplemental appropriation was approved by the Board of Education.

Capital Assets and Debt Administration

As of June 30, 2024, the District had \$30,213,513 classified as capital assets, net of depreciation, which is a decrease of \$563,614 from the prior year.

Table 4
Capital Assets

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>
Land	\$ 31,230	\$ 31,230
Land Improvements	114,202	114,202
Buildings and Improvements	32,282,183	32,282,183
Equipment	337,827	337,827
Food Service Equipment	115,093	115,093
Licensed Vehicles	771,789	594,335
Total Capital Assets	33,652,324	33,474,870
Less Accumulated Depreciation	<u>(3,438,811)</u>	<u>(2,697,743)</u>
Net Capital Assets	<u>\$ 30,213,513</u>	<u>\$ 30,777,127</u>

In November 2018, the voters of the District approved a bond issue in the amount of \$8,048,784 to supplement a BEST grant award to build a new school building. The remaining balance of the bond issue is \$6,568,208 at June 30, 2024.

Economic Factors and Next Year's Budget and Rates

Cheyenne County School District R-1, better known as Kit Carson School District R-1, and its student population are heavily dependent on oil and gas and farming and ranching activities. There has been a decrease in the amount of local property that is now subject to wind turbines and oil and gas leases. If this increase interest in wind exploration continues, the District may see an increase in student count at that time. Conditions for the farming and ranching segment of the economy have improved and this may slow the decrease in student count that the District is currently experiencing as well.

The District has adequate reserves set aside to prepare for a gradual modification of its business operations to ensure the long-term financial viability of the District. However, the District has not been immune to sustained state equalization cuts (negative factor) and anticipates needing additional property tax override support in the future.

The 2024-25 budget was built on an estimated five-year average student count of 96 students. Should student count unexpectedly exceed that amount, the District will modify its budget prior to December 31st and approve at the January 2025 Board of Education meeting. The student count used was conservative in nature and, as such, a reduction in the average is not anticipated.

Contacting the Financial Management

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

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash	\$ 797,536
Cash with fiscal agent	825,601
Certificates of deposit	2,517,070
Receivables	27,880
Inventory	795
Capital assets, net of depreciation	<u>30,213,513</u>
Total assets	34,382,395
Deferred outflows of resources	
Pension deferrals	722,159
Other post-employment benefit deferrals	<u>13,916</u>
Total deferred outflows of resources	<u>736,075</u>
Total assets and deferred outflows of resources	<u><u>\$ 35,118,470</u></u>
Liabilities	
Accounts payable	\$ 26,826
Accrued salaries and benefits	191,495
Unearned grant revenue	17,504
Accrued interest payable	21,309
Noncurrent liabilities	
Due within one year	330,640
Due in more than one year	6,237,568
Net pension liability	3,178,682
Net OPEB liability	<u>76,752</u>
Total liabilities	10,080,776
Deferred inflows of resources	
Pension deferrals	187,692
Other post-employment benefit deferrals	<u>32,971</u>
Total deferred inflows of resources	220,663
Net position	
Net investment in capital assets	23,645,305
Restricted for:	
Emergencies	90,000
Food service operations	8,131
Debt service	626,932
Universal preschool program	37,323
BEST capital renewal reserve	41,508
Unrestricted (deficit)	<u>367,832</u>
Total net position	<u>24,817,031</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 35,118,470</u></u>

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

This page intentionally left blank.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Statement of Activities
For the Year Ended June 30, 2024

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,772,487		\$ 243,977	
Supporting services				
Students	9,241		904	
Instructional staff	99,974		4,500	
General administration	319,624		800	
School administration	16,429			
Business services	(724)			
Operations and maintenance	574,357			
Student transportation	274,175		43,074	
Central support services	13,776			
Food service operations	109,348	\$ 4,539	50,826	
Facilities acquisition	2,840			
Unallocated depreciation *	642,459			
Interest and fiscal charges	260,862			
Total governmental activities	\$ 4,094,848	\$ 4,539	\$ 344,081	\$ -

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Specific ownership taxes

Delinquent taxes and interest

State equalization

Earnings on investments

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (1,528,510)

(8,337)

(95,474)

(318,824)

(16,429)

724

(574,357)

(231,101)

(13,776)

(53,983)

(2,840)

(642,459)

(260,862)

(3,746,228)

1,006,582

614,877

168,061

1,713

1,265,657

95,281

217,967

3,370,138

(376,090)

25,193,121

\$ 24,817,031

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
Assets				
Cash	\$ 464,612		\$ 108,764	\$ 224,160
Cash with fiscal agent	201,765	\$ 623,836		
Certificates of deposit	1,926,606		590,464	
Property taxes receivable	17,308	10,572		
Inventories				795
Total assets	\$ 2,610,291	\$ 634,408	\$ 699,228	\$ 224,955
Liabilities				
Accounts payable	\$ 25,601			\$ 1,225
Accrued salaries and benefits	186,725			4,770
Unearned grant revenues	10,521			6,983
Total liabilities	222,847	\$ -	\$ -	12,978
Deferred inflows of resources				
Deferred property tax revenues	11,876	7,476		
Total deferred inflows of resources	11,876	7,476	-	-
Fund balance				
Nonspendable inventories				795
Restricted for:				
Emergencies	90,000			
Food service operations				7,336
Debt service		626,932		
Universal preschool program	37,323			
BEST capital renewal reserve			41,508	
Committed to:				
Capital outlay			657,720	
Assigned to:				
Pupil activities				203,846
Unassigned	2,248,245			
Total fund balance	2,375,568	626,932	699,228	211,977
Total liabilities, deferred inflows of resources and fund balance	\$ 2,610,291	\$ 634,408	\$ 699,228	\$ 224,955

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of net position are different because:	
	Total fund balance - governmental funds	\$ 3,913,705
\$ 797,536	Capital assets, net of accumulated depreciation used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds.	30,213,513
825,601		
2,517,070		
27,880		
795		
<u>\$ 4,168,882</u>	Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the governmental funds.	19,352
\$ 26,826	Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(21,309)
191,495		
17,504		
<u>235,825</u>	Long-term liabilities and related deferred inflows and outflows of resources, including bonds payable, leases, and net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(9,308,230)</u>
19,352		
<u>19,352</u>	Net position of the governmental activities	<u>\$ 24,817,031</u>
795		
90,000		
7,336		
626,932		
37,323		
41,508		
657,720		
203,846		
<u>2,248,245</u>		
3,913,705		
<u>\$ 4,168,882</u>		

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
Revenues				
Local sources	\$ 1,315,340	\$ 613,192	\$ 27,114	\$ 147,999
Intermediate sources	569			
State sources	1,487,082			19,853
Federal sources	65,306			30,973
Total revenues	2,868,297	613,192	27,114	198,825
Expenditures				
Instruction	1,450,682			144,324
Supporting services	1,174,105			97,839
Capital outlay			184,251	
Debt service				
Principal retirement		318,251		
Interest and fiscal charges		261,895		
Total expenditures	2,624,787	580,146	184,251	242,163
Excess of revenues over (under) expenditures	243,510	33,046	(157,137)	(43,338)
Other financing sources (uses)				
Transfers in			100,000	28,000
Transfers out	(128,000)			
Total other financing sources (uses)	(128,000)	-	100,000	28,000
Net change in fund balances	115,510	33,046	(57,137)	(15,338)
Fund balance at beginning of year	2,260,058	593,886	756,365	227,315
Fund balance at end of year	\$ 2,375,568	\$ 626,932	\$ 699,228	\$ 211,977

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - governmental funds	\$ 76,081
\$ 2,103,645	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	
569		
1,506,935		
96,279		
3,707,428		(563,614)
1,595,006	Because some property taxes and other revenues will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, reported as deferred tax and unearned revenues. They are, however, recorded as revenues in the statement of activities.	
1,271,944		
184,251		
318,251		
261,895		4,806
3,631,347	Repayment of principal on bonds payable is an expenditure in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	318,251
76,081	In the statement of activities, certain operating expenses - accrued interest payable - is measured by the amount incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
128,000		
(128,000)		
-		
76,081		1,033
3,837,624	In the statement of activities, pension and OPEB expense reflects the changes in the net pension and OPEB liabilities, net of related deferred inflows and outflows of resources. In the governmental funds, however, pension and OPEB expenditures reflect payments made to the plans. This is the amount by which the change in liabilities and related related deferrals exceeded contributions.	
\$ 3,913,705		(212,647)
	Change in net position of governmental activities	<u>\$ (376,090)</u>

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Cheyenne County School District R-1's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Cheyenne County School District R-1 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary or fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, risk-related transactions, debt service, scholarships, and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District's food service program.

Pupil Activity Fund – This fund is a special revenue fund used to account for revenues from pupils, gate receipts and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

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 (expenditure) until then.

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.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture's assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	0-30 years
Buildings and improvements	20-50 years
Equipment	5-20 years
Food service equipment	10 years
Licensed vehicles	7-10 years

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

No liability is reported in the financial statements due to the immateriality of the amount involved.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that it will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.11 – Fund balance

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$3,332,284, of which \$250,000 was insured and \$3,082,284 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note B – Summary of significant accounting policies (Continued)

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

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

The District had no investments at year-end.

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ <u>27,880</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Cheyenne County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the District in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 128,000
Capital reserve capital projects fund	100,000	-
Other governmental funds	<u>28,000</u>	<u>-</u>
Total	<u>\$ 128,000</u>	<u>\$ 128,000</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note D – Interfund transactions (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$100,000 from the General Fund to the Capital Reserve Capital Projects Fund in order to set aside funds for capital acquisitions. The District also transferred \$28,000 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District’s food service operations.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 31,230	\$ -	\$ -	\$ 31,230
Capital assets, being depreciated:				
Land improvements	114,202	-	-	114,202
Buildings and improvements	32,282,183	-	-	32,282,183
Equipment	337,827	-	-	337,827
Food service equipment	115,093	-	-	115,093
Licensed vehicles	<u>594,335</u>	<u>177,454</u>	-	<u>771,789</u>
Total capital assets, being depreciated	<u>33,443,640</u>	<u>177,454</u>	-	<u>33,621,094</u>
Total capital assets	33,474,870	177,454	-	33,652,324
Less accumulated depreciation for:				
Land improvements	(58,994)	(4,051)	-	(63,045)
Buildings and improvements	(2,022,687)	(646,343)	-	(2,669,030)
Equipment	(111,123)	(32,301)	-	(143,424)
Food service equipment	(28,773)	(11,509)	-	(40,282)
Licensed vehicles	<u>(476,166)</u>	<u>(46,864)</u>	-	<u>(523,030)</u>
Total accumulated depreciation	<u>(2,697,743)</u>	<u>(741,068)</u>	-	<u>(3,438,811)</u>
Governmental activities capital assets, net	<u>\$ 30,777,127</u>	<u>\$ (563,614)</u>	<u>\$ -</u>	<u>\$ 30,213,513</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 28,959
General administration	953
Operations and maintenance	8,606
Student transportation	48,582
Food service operations	11,509
Unallocated	<u>642,459</u>
 Total	 <u>\$ 741,068</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$191,495. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Bonds payable	<u>\$ 6,886,459</u>	<u>\$ -</u>	<u>\$ (318,251)</u>	<u>\$ 6,568,208</u>	<u>\$ 330,640</u>

Payments on the bonds are made in the Bond Redemption Fund.

Bonds Payable

\$8,048,784 general obligation bonds, dated November 2018, due in annual installments beginning in fiscal year 2020 ranging from \$277,353 to \$564,370; fixed annual interest rate of 3.893% payable semi-annually on June 1st and December 1st.

Total general obligation bonds	<u>\$ 6,568,208</u>
--------------------------------	---------------------

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 330,640	\$ 249,264
2026	343,512	236,142
2027	356,885	222,509
2028	370,778	208,345
2029	385,213	193,629
2030-2034	2,163,031	726,568
2035-2039	<u>2,618,149</u>	<u>262,592</u>
Totals	<u>\$ 6,568,208</u>	<u>\$ 2,099,049</u>

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

General Information about the Pension Plan

Plan description. Eligible employees of the District 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Benefits provided as of December 31, 2023. 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. Section 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% 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.

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

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

In all cases the service retirement benefit is limited to 100% 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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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.

Contributions provisions as of June 30, 2024: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through <u>June 30, 2024</u>
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>20.38%</u></u>

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$234,405 for the year ended June 30, 2024.

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 a \$225 million 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. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total pension liability to December 31, 2023. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year end, the District reported a liability of \$3,178,682 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 3,178,682
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>69,699</u>
Total	<u>\$ 3,248,381</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

At December 31, 2023, the District's proportion was 0.0180%, which was an increase of 0.0035% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$470,871 and revenue of \$5,310 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 149,999	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	83,684	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	372,182	187,692
Contributions subsequent to the measurement date	<u>116,294</u>	<u>-</u>
Total	<u>\$ 722,159</u>	<u>\$ 187,692</u>

\$116,294 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2025	\$ 36,558
2026	229,186
2027	215,963
2028	<u>(63,534)</u>
Totals	<u>\$ 418,173</u>

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 ¹	Financed by the AIR

¹ 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.

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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 COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Discount rate. The discount rate used to measure the total pension liability 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 commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projections test.

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 total pension liability. 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 District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 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	\$ 4,250,427	\$ 3,178,682	\$ 2,284,977

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.

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note I – Defined contribution pension plan

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

Funding policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2024, program members contributed \$16,722 and the District recognized pension expense of \$10,600 for the PERAPlus 401(k) Plan.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (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.

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

Enrollment in the PERACare 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,

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$11,732 for the year ended June 30, 2024.

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

At year-end, the District reported a liability of \$76,752 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

At December 31, 2023, the District's proportion was 0.0108%, which was a decrease of 0.0002% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(6,777). At year-end, the District 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	\$ -	\$ 16,130
Changes of assumptions or other inputs	952	8,221
Net difference between projected and actual earnings on OPEB plan investments	2,480	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,664	8,620
Contributions subsequent to the measurement date	<u>5,820</u>	<u>-</u>
Total	<u>\$ 13,916</u>	<u>\$ 32,971</u>

\$5,820 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2025	\$ (11,485)
2026	(5,832)
2027	(1,363)
2028	(4,213)
2029	(1,546)
2030	<u>(436)</u>
Total	<u>\$ (24,875)</u>

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

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	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums ¹	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 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	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

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	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

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

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – 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, 2022, 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 used to measure the total OPEB liability are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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 total OPEB liability for the HCTF, but developed on 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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.

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 Safety Officers 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, 2022, 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 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- 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.

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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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 COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Sensitivity of the District's 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 74,550	\$ 76,752	\$ 79,149

¹For the January 1, 2024, plan year.

Discount rate. The discount rate used to measure the total OPEB liability 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, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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 total OPEB liability. 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 District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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	\$ 90,654	\$ 76,752	\$ 64,859

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.

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$247,973. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 7, 1995, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$90,000 for the emergency reserve.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

Budget law

Colorado local government budget laws require the Board of Education to adopt a budget and an appropriations resolution for each fiscal year prior to the beginning of the fiscal year. A Board of Education shall not expend any moneys in excess of the amount appropriated by resolution.

The Board of Education did not adopt an appropriations resolution for the Pupil Activity or Bond Redemption Funds for the current year. Amounts presented for those funds in the other supplementary information are based on the adopted, but unappropriated budget. Based on this, expenditures exceeded their appropriation for the Pupil Activity and Bond Redemption Funds by \$144,324 and \$580,146, which may be a violation of Colorado local government budget laws.

Note M – Joint venture

The District participates in the East Central Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the East Central Board of Cooperative Educational Services are available by contacting their administrative office in Limon, Colorado.

For the year, the District's contribution was \$54,821.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund
- Schedule of District Contributions – PERA's School Division Trust Fund
- Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of District Contributions – PERA's Health Care Trust Fund

CHEYENNE COUNTY SCHOOL DISTRICT R-1
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,167,000	\$ 1,167,000	\$ 1,315,340	\$ 148,340
Intermediate sources	453	453	569	116
State sources	1,363,824	1,363,824	1,487,082	123,258
Federal sources	66,080	66,080	65,306	(774)
Total revenues	2,597,357	2,597,357	2,868,297	270,940
Expenditures				
Instruction	1,295,632	1,295,632	1,450,682	(155,050)
Supporting services	1,169,790	1,169,790	1,174,105	(4,315)
Appropriated reserves	2,173,490	2,173,490		2,173,490
Total expenditures	4,638,912	4,638,912	2,624,787	2,014,125
Excess of revenues over (under) expenditures	(2,041,555)	(2,041,555)	243,510	2,285,065
Other financing uses				
Transfers out	(131,445)	(131,445)	(128,000)	3,445
Net change in fund balance	<u>\$ (2,173,000)</u>	<u>\$ (2,173,000)</u>	115,510	<u>\$ 2,288,510</u>
Fund balance at beginning of year			2,260,058	
Fund balance at end of year			<u>\$ 2,375,568</u>	

This page intentionally left blank.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Schedule of the District's Proportionate Share of the Net Pension Liability
PERA's School Division Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net pension liability	0.0180%	0.0145%	0.0174%	0.0183%
District's proportionate share of the net pension liability	\$ 3,178,682	\$ 2,638,865	\$ 2,021,042	\$ 2,773,293
State's proportionate share of the net pension liability	69,699	768,992	231,687	-
Total	<u>\$ 3,248,381</u>	<u>\$ 3,407,857</u>	<u>\$ 2,252,729</u>	<u>\$ 2,773,293</u>
District's covered payroll	\$ 1,188,342	\$ 1,171,862	\$ 1,101,945	\$ 1,017,811
District's proportionate share of the net pension liability as a percentage of its covered payroll	267.49%	225.19%	183.41%	272.48%
Plan fiduciary net position as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
0.0171%	0.0180%	0.0228%	0.0226%	0.0224%	0.0225%
\$ 2,554,467	\$ 3,179,068	\$ 7,367,605	\$ 6,738,055	\$ 3,418,499	\$ 3,046,840
<u>324,001</u>	<u>382,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,878,468</u>	<u>\$ 3,561,473</u>	<u>\$ 7,367,605</u>	<u>\$ 6,738,055</u>	<u>\$ 3,418,499</u>	<u>\$ 3,046,840</u>
\$ 984,043	\$ 990,076	\$ 1,046,414	\$ 1,022,877	\$ 991,225	\$ 964,737
259.59%	321.09%	704.08%	658.74%	344.88%	315.82%
64.52%	57.01%	43.96%	43.10%	59.20%	62.84%

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Schedule of District Contributions
PERA's School Division Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 234,405	\$ 238,826	\$ 219,067	\$ 202,341
Contributions in relation to the contractually required contribution	<u>(234,405)</u>	<u>(238,826)</u>	<u>(219,067)</u>	<u>(202,341)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,150,169	\$ 1,171,862	\$ 1,101,945	\$ 1,017,811
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
\$ 190,707	\$ 189,526	\$ 197,542	\$ 188,065	\$ 175,911	\$ 162,991
<u>(190,707)</u>	<u>(189,526)</u>	<u>(197,542)</u>	<u>(188,065)</u>	<u>(175,911)</u>	<u>(162,991)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 984,043	\$ 990,076	\$ 1,046,414	\$ 1,022,877	\$ 991,225	\$ 964,737
19.38%	19.14%	18.88%	18.39%	17.75%	16.89%

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Schedule of the District's Proportionate Share of the Net OPEB Liability
PERA's Health Care Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net OPEB liability	0.0108%	0.0110%	0.0113%	0.0106%
District's proportionate share of the net OPEB liability	\$ 76,752	\$ 89,935	\$ 97,779	\$ 100,840
District's covered payroll	\$ 1,188,342	\$ 1,171,862	\$ 1,101,945	\$ 1,017,811
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46%	7.67%	8.87%	9.91%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

1 Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0112%	0.0117%	0.0129%	0.0129%
\$ 125,640	\$ 158,670	\$ 168,245	\$ 166,781
\$ 984,043	\$ 990,076	\$ 1,046,414	\$ 1,022,877
12.77%	16.03%	16.08%	16.31%
24.49%	17.03%	17.53%	16.72%

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Schedule of District Contributions ¹
PERA's Health Care Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 11,732	\$ 11,953	\$ 11,240	\$ 10,382
Contributions in relation to the contractually required contribution	<u>(11,732)</u>	<u>(11,953)</u>	<u>(11,240)</u>	<u>(10,382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,150,169	\$ 1,171,862	\$ 1,101,945	\$ 1,017,811
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 10,037	\$ 10,099	\$ 10,673	\$ 10,433
<u>(10,037)</u>	<u>(10,099)</u>	<u>(10,673)</u>	<u>(10,433)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 984,043	\$ 990,076	\$ 1,046,414	\$ 1,022,877
1.02%	1.02%	1.02%	1.02%

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

This page intentionally left blank.

Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 935,000	\$ 935,000	\$ 1,004,174	\$ 69,174
Specific ownership taxes	135,000	135,000	168,061	33,061
Delinquent taxes and interest	1,300	1,300	1,000	(300)
Earnings on investments	32,500	32,500	68,167	35,667
Pupil activities	13,300	13,300	12,957	(343)
Other local revenue	49,900	49,900	60,981	11,081
Total local sources	1,167,000	1,167,000	1,315,340	148,340
Intermediate sources	453	453	569	116
State sources				
Equalization	1,204,800	1,204,800	1,265,657	60,857
ELPA professional development	1,500	1,500		(1,500)
English language proficiency	900	900		(900)
Transportation	38,000	38,000	43,074	5,074
State grants to libraries	3,500	3,500	4,500	1,000
Small rural schools funding	33,292	33,292	39,099	5,807
Additional at-risk funding			623	623
READ Act	500	500	1,075	575
Revenue from other agencies	67,500	67,500	107,180	39,680
On-behalf payment			5,310	5,310
Services within the BOCES	13,832	13,832	20,564	6,732
Total state sources	1,363,824	1,363,824	1,487,082	123,258
Federal sources				
SNAP: P-EBT mini grant	628	628		(628)
Summer EBT			800	800
Revenue from other agencies			9,616	9,616
REAP	13,598	13,598	4,968	(8,630)
Services within the BOCES	51,854	51,854	49,922	(1,932)
Total federal sources	66,080	66,080	65,306	(774)
Total revenues	\$ 2,597,357	\$ 2,597,357	\$ 2,868,297	\$ 270,940

This page intentionally left blank.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 772,299	\$ 772,299	\$ 849,165	\$ (76,866)
Employee benefits	319,093	319,093	361,146	(42,053)
Purchased services	130,015	130,015	115,527	14,488
Supplies and materials	51,940	51,940	102,360	(50,420)
Property	13,820	13,820	19,231	(5,411)
Other	8,465	8,465	3,253	5,212
Total instruction	1,295,632	1,295,632	1,450,682	(155,050)
Supporting services				
Students				
Purchased services	7,000	7,000	3,618	3,382
Supplies and materials	2,650	2,650	5,604	(2,954)
Other	150	150	19	131
Total students	9,800	9,800	9,241	559
Instructional staff				
Salaries	40,296	40,296	56,754	(16,458)
Employee benefits	16,610	16,610	17,819	(1,209)
Purchased services	6,500	6,500	10,581	(4,081)
Supplies and materials	5,600	5,600	4,500	1,100
Total instructional staff	69,006	69,006	89,654	(20,648)
General administration				
Salaries	161,555	161,555	164,532	(2,977)
Employee benefits	70,720	70,720	73,099	(2,379)
Purchased services	23,250	23,250	37,007	(13,757)
Supplies and materials	6,500	6,500	11,851	(5,351)
Other	8,148	8,148	2,265	5,883
Total general administration	270,173	270,173	288,754	(18,581)
School administration				
Salaries	12,000	12,000	12,000	-
Employee benefits	2,808	2,808	2,247	561
Total school administration	14,808	14,808	14,247	561

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Business services				
Employee benefits			(724)	724
Total business services	-	-	(724)	724
Operations and maintenance				
Salaries	74,500	74,500	72,048	2,452
Employee benefits	35,905	35,905	29,903	6,002
Purchased services	348,798	348,798	346,434	2,364
Supplies and materials	104,800	104,800	98,083	6,717
Property	1,000	1,000	2,226	(1,226)
Total operations and maintenance	565,003	565,003	548,694	16,309
Student transportation				
Salaries	89,500	89,500	83,208	6,292
Employee benefits	47,600	47,600	46,236	1,364
Purchased services	38,750	38,750	38,966	(216)
Supplies and materials	52,000	52,000	37,101	14,899
Property			2,677	(2,677)
Other	650	650	2,275	(1,625)
Total student transportation	228,500	228,500	210,463	18,037
Central support services				
Purchased services	12,500	12,500	13,776	(1,276)
Total central support services	12,500	12,500	13,776	(1,276)
Total supporting services	1,169,790	1,169,790	1,174,105	(4,315)
Appropriated reserves	2,173,490	2,173,490		2,173,490
Total expenditures	<u>\$ 4,638,912</u>	<u>\$ 4,638,912</u>	<u>\$ 2,624,787</u>	<u>\$ 2,014,125</u>

This page intentionally left blank.

**Combining Statements and Budgetary Comparison Schedules -
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is a special revenue fund used to account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District’s food service program.
- Pupil Activity Fund – This fund is a special revenue fund used to account for revenues from pupils, gate receipts and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Food Service Fund	Pupil Activity Fund	Totals
Assets			
Cash	\$ 19,089	\$ 205,071	\$ 224,160
Inventories	795		795
Total assets	\$ 19,884	\$ 205,071	\$ 224,955
Liabilities			
Accounts payable		\$ 1,225	\$ 1,225
Accrued salaries and benefits	\$ 4,770		4,770
Unearned grant revenues	6,983		6,983
Total liabilities	11,753	1,225	12,978
Fund balance			
Nonspendable inventories	795		795
Restricted for food service operations	7,336		7,336
Assigned to pupil activities		203,846	203,846
Total fund balance	8,131	203,846	211,977
Total liabilities and fund balance	\$ 19,884	\$ 205,071	\$ 224,955

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2024

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 4,539	\$ 143,460	\$ 147,999
State sources	19,853		19,853
Federal sources	30,973		30,973
Total revenues	55,365	143,460	198,825
Expenditures			
Instruction		144,324	144,324
Supporting services	97,839		97,839
Total expenditures	97,839	144,324	242,163
Excess of revenues over (under) expenditures	(42,474)	(864)	(43,338)
Other financing sources			
Transfers in	28,000		28,000
Net change in fund balances	(14,474)	(864)	(15,338)
Fund balance at beginning of year	22,605	204,710	227,315
Fund balance at end of year	\$ 8,131	\$ 203,846	\$ 211,977

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 5,600	\$ 5,600	\$ 4,539	\$ (1,061)
State sources	750	750	19,853	19,103
Federal sources	49,505	49,505	30,973	(18,532)
Total revenues	55,855	55,855	55,365	(490)
Expenditures				
Food service operations				
Salaries	38,500	38,500	35,200	3,300
Employee benefits	17,500	17,500	19,159	(1,659)
Purchased services	2,150	2,150		2,150
Supplies and materials	46,750	46,750	43,426	3,324
Other	400	400	54	346
Total expenditures	105,300	105,300	97,839	7,461
Excess of revenues over (under) expenditures	(49,445)	(49,445)	(42,474)	6,971
Other financing sources				
Transfers in	49,445	49,445	28,000	(21,445)
Net change in fund balance	\$ -	\$ -	(14,474)	\$ (14,474)
Fund balance at beginning of year			22,605	
Fund balance at end of year			\$ 8,131	

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 120,000	\$ 120,000	\$ 143,460	\$ 23,460
Expenditures				
Instruction				
Purchased services			25,333	(25,333)
Supplies and materials	215,000	215,000	106,180	108,820
Other			12,811	(12,811)
Total expenditures	215,000	215,000	144,324	70,676
Net change in fund balance	\$ (95,000)	\$ (95,000)	(864)	\$ 94,136
Fund balance at beginning of year			204,710	
Fund balance at end of year			\$ 203,846	

This page intentionally left blank.

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – This fund is used to account for the revenues from specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal changes.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 604,450	\$ 604,450	\$ 612,479	\$ 8,029
Delinquent taxes and interest	500	500	713	213
Earnings on investments	50	50		(50)
Total revenues	605,000	605,000	613,192	8,192
Expenditures				
Debt service				
Principal	365,000	365,000	318,251	46,749
Interest and fiscal charges	300,000	300,000	261,895	38,105
Total expenditures	665,000	665,000	580,146	84,854
Net change in fund balance	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	33,046	<u>\$ 93,046</u>
Fund balance at beginning of year			593,886	
Fund balance at end of year			<u>\$ 626,932</u>	

Budgetary Comparison Schedule - Capital Projects Funds

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund is used to account for and report financial resources that have been designated for capital outlays, acquisition, or construction of major capital facilities and other capital assets.

CHEYENNE COUNTY SCHOOL DISTRICT R-1
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 2,500	\$ 2,500	\$ 27,114	\$ 24,614
Total revenues	2,500	2,500	27,114	24,614
Expenditures				
Capital outlay				
Purchased services	7,000	7,000	3,957	3,043
Property	215,000	215,000	180,294	34,706
Appropriated reserves	616,500	616,500		616,500
Total expenditures	838,500	838,500	184,251	654,249
Excess of revenues over (under) expenditures	(836,000)	(836,000)	(157,137)	678,863
Other financing sources				
Transfers in	82,000	82,000	100,000	18,000
Net change in fund balance	\$ (754,000)	\$ (754,000)	(57,137)	\$ 696,863
Fund balance at beginning of year			756,365	
Fund balance at end of year			\$ 699,228	

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.



Colorado Department of Education
Auditors Integrity Report
 District: 0510 - Kit Carson R-1
 Fiscal Year 2023-24
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund		2,225,285	2,634,245	2,521,286	2,338,245		
18 Risk Mgmt Sub-Fund of General Fund		0	0	0	0		
19 Colorado Preschool Program Fund		34,772	106,051	103,500	37,323		
Sub-Total		2,260,058	2,740,297	2,624,786	2,375,568		
11 Charter School Fund		0	0	0	0		
20.26-29 Special Revenue Fund		0	0	0	0		
06 Supplemental Cap Const. Tech. Main. Fund		0	0	0	0		
07 Total Program Reserve Fund		0	0	0	0		
21 Food Service Spec Revenue Fund		22,605	83,365	97,839	8,131		
22 Govt Designated-Purpose Grants Fund		0	0	0	0		
23 Pupil Activity Special Revenue Fund		204,710	143,460	144,324	203,846		
25 Transportation Fund		0	0	0	0		
31 Bond Redemption Fund		593,886	613,192	580,146	626,932		
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		756,365	127,113	184,251	699,228		
46 Supplemental Cap Const. Tech. Main Fund		0	0	0	0		
Totals		3,837,623	3,707,428	3,631,346	3,913,705		
Proprietary							
50 Other Enterprise Funds		0	0	0	0		
64 (63) Risk-Related Activity Fund		0	0	0	0		
60.65-69 Other Internal Service Funds		0	0	0	0		
Totals		0	0	0	0		
Fiduciary							
70 Other Trust and Agency Funds		0	0	0	0		
72 Private Purpose Trust Fund		0	0	0	0		
73 Agency Fund		0	0	0	0		
74 Pupil Activity Agency Fund		0	0	0	0		
79 GASB 34/Permanent Fund		0	0	0	0		
85 Foundations		0	0	0	0		
Totals		0	0	0	0		

FINAL