

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado

Financial Statements

For the Year Ended June 30, 2016

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
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### INDEPENDENT AUDITOR'S REPORT

Board of Education  
Cheyenne County School District RE-5  
P O Box 577  
Cheyenne Wells, CO 80810

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District RE-5, as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cheyenne County School District RE-5, as of June 30, 2016, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages a-g and 22-24 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cheyenne County School District RE-5's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

WINFREY, COUNTY & HAYS, PC  
Certified Public Accountants



by: Gerald County, CPA

October 18, 2016

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
Management Discussion and Analysis  
Year Ended June 30, 2016

Management of the District offers readers of the basic financial statements this narrative overview and analysis of the financial statements of the District for the fiscal year ended June 30, 2016.

**Financial Highlights**

The District's net position increased by \$439,345 to \$6,443,668.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,084,210, an increase \$229,881 from the prior year.

General Fund revenues exceeded expenditures by \$659,446 for the 2015/2016 school year. The Bond Redemption Fund decreased \$377,826, the Student Activity Special Revenue Fund decreased by \$1,454, and the Food Service Special Revenue Fund decreased by \$2,184.

The District has had adequate resources available for all appropriations.

**Overview of the Financial Statements**

This discussion is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. In addition to the basic financial statements, also provided is other supplementary information.

Government-Wide Financial Statements

These statements report information 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 District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

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

The government-wide statements show all of the governmental activities and indicate all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Management Discussion and Analysis  
 Year Ended June 30, 2016  
 (continued)

Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

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

Financial Analysis of the District as a Whole:

The District's total net position was \$6,443,668 at June 30, 2016.

Table 1  
 Fiscal Year Ended June 30, 2016  
 Net Position

	<u>Government Activities</u>	
	<u>6/30/2016</u>	<u>6/30/2015</u>
Current and other assets	3,276,464	3,088,605
Capital assets	<u>8,657,746</u>	<u>9,020,672</u>
Total assets	11,934,210	12,109,277
Deferred Outflows	640,737	263,400
Current liabilities	917,708	967,502
Long term liabilities	<u>30,096</u>	<u>739,964</u>
Total Liabilities	947,804	1,707,466
Deferred Inflows		0
Net Position		
Invested in capital assets	7,932,746	7,585,672
Restricted		
For TABOR	102,546	87,385
For Scholarship	54,165	58,735
For Preschool	19,432	31,490
For Debt Service	848,569	1,226,395
Unrestricted	<u>(2,513,790)</u>	<u>(2,985,354)</u>
Total Net Position	<u>6,443,668</u>	<u>6,004,323</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
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Management Discussion and Analysis  
Year Ended June 30, 2016  
(continued)

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Cheyenne County School District RE-5, assets exceed liabilities by approximately \$6,443,668, an increase of \$439,345 from 2015.

Of the District's \$11,934,210 in assets, \$8,657,746 (73%) reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Management Discussion and Analysis  
 Year Ended June 30, 2016  
 (continued)

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

Table 2  
 Fiscal Year Ended June 30, 2016  
 Change in Net Position

	<u>Government Activities</u>	
REVENUES	<u>6/30/2016</u>	<u>6/30/2015</u>
Program Revenues		
Charges for service	88,410	108,969
Operating grants	293,697	263,949
Capital Grants/Contributions	7,000	0
General Revenues		
Property taxes	1,943,858	2,020,229
Auto taxes	157,681	187,680
State Equalization	1,260,230	1,210,819
Other	63,363	32,604
Sale of Assets	<u>17,066</u>	<u>378</u>
Total Revenues	3,831,305	3,824,628
EXPENSES		
Instruction	1,883,291	1,750,770
Pupil services	81,534	74,120
Instructional services	68,747	60,379
General administration	239,624	200,708
School administration	266,023	237,325
Operations & maintenance	389,165	360,368
Pupil transportation	199,325	207,043
Central services	39,423	35,565
Debt service	30,147	37,097
Noninstructional	67,502	72,446
Food Services	<u>127,181</u>	<u>121,209</u>
Total Expenses	<u>3,391,960</u>	<u>3,157,030</u>
Increase (decrease) in net position	<u>439,345</u>	<u>667,598</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Management Discussion and Analysis  
 Year Ended June 30, 2016  
 (continued)

Table 3 shows the District's nine largest functions and unallocated depreciation expense. It also shows the net costs (total cost less revenues generated by the activities). This table also shows 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  
 Fiscal Year Ended June 30, 2016  
 Government Activities

Functions/Programs	<u>Total Cost of Programs</u>	<u>Net Cost of Services</u>	<u>Prior Year</u>
Instruction	1,883,291	1,706,310	1,099,616
Pupil services	81,534	81,534	9,778
Instructional services	68,747	68,747	55,828
General administration	239,624	239,624	190,506
School administration	266,023	266,023	39,064
Operations & maintenance	389,165	389,165	288,966
Pupil transportation	199,325	136,375	164,628
Central services	39,423	39,423	10,119
Non Instructional	67,502	19,444	60,521
Food Service	127,181	26,061	(2,158)
Debt Services	<u>30,147</u>	<u>30,147</u>	<u>0</u>
Total Governmental Activities	3,391,960	3,002,853	1,916,866
Less State Equalization		<u>1,260,230</u>	<u>817,594</u>
Total needs from local taxes and other revenue		<u>1,742,623</u>	<u>1,099,272</u>

The District Funds

At June 30, 2016, the District governmental funds reported a combined fund balance of \$3,084,210, which is an increase of \$229,881. The primary reasons for this increase are:

In the General Fund, revenues exceeded the expenditures by \$659,446. Revenues increased \$440,247 from 2015, while expenditures increased \$195,906, so the excess was up from \$415,104 from the prior year.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Management Discussion and Analysis  
 Year Ended June 30, 2016  
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Financial Analysis of the District's Funds:

Revenues in general fund that increased were \$296,863 from property taxes, plus sale of assets of \$62,821.

General Fund expenditures increased by \$195,906. Instruction increased by \$95,491.

The Bond Fund decreased by \$377,826 because the bonds only have one more year to be paid off.

The Food Service Fund showed a decrease of \$2,184. Revenues were down \$6,449 and expenditures increased \$3,755.

The Student Activity Fund showed a decrease of \$1,454.

General Fund Budget

No revisions were made to the original budget.

Capital Assets and Debt Administration

At June 30, 2016, the District had \$8,657,746 invested in capital assets. This represents a net decrease (including additions and depreciation) of \$362,926. Depreciation expense was \$390,217. Capital purchases included a mower for \$16,373, HVAC for \$12,313, 2 scoreboards for \$11,010, and a bus for \$27,000.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Sites & Improvements	205,368	205,368
Buildings	10,910,385	10,979,310
Equipment	2,013,321	2,030,359
Transportation	<u>557,513</u>	<u>530,513</u>
Total capital assets	13,686,587	13,745,550
Accumulated depreciation	<u>(5,028,841)</u>	<u>(4,724,878)</u>
Total capital assets	<u>8,657,746</u>	<u>9,020,672</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Management Discussion and Analysis  
 Year Ended June 30, 2016  
 (continued)

Long-Term Debt

At year end, the District had approximately \$2,130,000 in general obligation bonds outstanding. This is a reduction of \$675,000 from the prior year. There was also \$21,270 of compensated absences due.

	<u>2016</u>	<u>2015</u>
Bonds Payable	725,000	1,435,000
Compensated Absences		
General Fund	16,500	16,890
Food Services	<u>2,370</u>	<u>1,815</u>
Total	743,870	1,453,705

In 2016, the District paid a total of \$710,000 in principal toward its outstanding bond obligation.

Economic Factors and Next Year’s Budget and Rates:

Factors that will continue to affect next year’s budget are the concerns with the changing economy, the adjustments in school finance funding in regards to the “negative factor”, and property taxes due to a drop in oil and gas prices which will affect our assessed valuation, concerns over declining student enrollment, although it is starting to level off, and increased costs in employee insurance premiums. The Board of education approved staff salary increases, the purchase of a used school car, made improvements to the running track, purchased a roof top unit for HVAC at the old high school, purchased a copier, and made a donation to the purchasing of scoreboards for athletic teams. The Board of Education will also be putting a bond issue on the ballot in November of 2016 to address deferred maintenance of our school which will be 16 years old. Some general fund monies will be used to hire consultants for the bond issue and if the bond issue passes, general fund monies will be used to offset some costs for the building project.

The prediction is that the current state of the economy will continue to grow and get stronger and continue to impact the farming community and local economics located within the school district. The school district continues to experience a slight decrease in student enrollment. The four year student averaging used to base the funded count by CDE will probably be calculated at a lesser funded count than in 2015.

Contacting the District Financial Management

Our financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of Schools at Cheyenne County School District RE-5, P O Box 577, Cheyenne Wells, CO 80810.



## BASIC FINANCIAL STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Statement of Net Position  
 June 30, 2016

Governmental  
Activities

<b>ASSETS</b>	
Cash and cash equivalents	2,870,016
Certificates of deposit	364,740
Inventory	7,455
Accrued property taxes receivable	34,253
Capital assets, net of accumulated depreciation	<u>8,657,746</u>
Total Assets	11,934,210
<b>DEFERRED OUTFLOWS</b>	
	640,737
<b>LIABILITIES</b>	
Accounts Payable	704
Accrued salaries payable	188,290
Unearned Revenue	890
Noncurrent Liabilities	
Due within one year	
Compensated absences	3,774
Accrued interest	14,050
Bonds payable	710,000
Due in more than one year	30,096
Net Pension Liability	<u>4,913,368</u>
Total Liabilities	5,861,172
<b>DEFERRED INFLOWS</b>	
	270,108
<b>NET POSITION</b>	
Invested in capital assets	7,932,746
Reserved for TABOR	102,546
Restricted	
For Music	54,165
For Preschool	19,432
For Debt Service	848,569
Unrestricted	<u>(2,513,790)</u>
Total Net Position	<u>6,443,668</u>

CHEYENNE WELLS SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Statement of Activities  
 For the Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
Governmental Activities				
Instructional	1,883,291	9,730	167,250	
Support Services				
Pupil services	81,534			
Instructional services	68,747			
General administration	239,624			
School administration	266,023			
Operations & maintenance	389,165			
Pupil transportation	199,325		62,950	
Central services	39,423			
Non Instructional	67,502	41,057		7,000
Debt Service	30,147			
Food Services	<u>127,181</u>	<u>37,623</u>	<u>63,497</u>	<u>0</u>
Total Governmental Activities	3,391,960	88,410	293,697	7,000

General revenues:

Taxes

  Property taxes, levied for general purposes

  Property taxes, levied for debt service

  Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Sale of assets

  Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending



Net (Expense) Revenue and  
Changes in Net Position  
Governmental  
Activities

(1,706,310)

(81,534)

(68,747)

(239,624)

(266,023)

(389,165)

(136,375)

(39,423)

(19,444)

(30,147)

(26,061)

(3,002,853)

1,588,406

355,452

157,681

1,260,230

58,948

4,415

17,066

3,442,198

439,345

6,004,323

6,443,668

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Balance Sheet  
 Governmental Funds  
 June 30, 2016

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	2,004,050	842,566	23,400	2,870,016
Certificates of deposit	364,740	0	0	364,740
Inventory	0	0	7,455	7,455
Accrued property taxes receivable	28,264	5,988	0	34,253
Due from other funds	<u>0</u>	<u>15</u>	<u>0</u>	<u>15</u>
Total Assets	<u>2,397,055</u>	<u>848,569</u>	<u>30,855</u>	<u>3,276,479</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	704	0	0	704
Accrued salaries payable	181,386	0	6,903	188,290
Accrued sick leave	0	0	2,370	2,370
Unearned Revenue	0	0	890	890
Due to other funds	<u>15</u>	<u>0</u>	<u>0</u>	<u>15</u>
Total Liabilities	182,106	0	10,163	192,269
 Fund Balances				
Restricted				
For TABOR	102,546	0	0	102,546
For Debt Service	0	848,569	0	848,569
For Music	54,165	0	0	54,165
For Preschool	19,432	0	0	19,432
Nonspendable	0	0	7,455	7,455
Assigned	0	0	13,236	13,236
Unassigned	<u>2,038,807</u>	<u>0</u>	<u>0</u>	<u>2,038,807</u>
Total Fund Balances	<u>2,214,949</u>	<u>848,569</u>	<u>20,691</u>	<u>3,084,210</u>
 Total Liabilities and Fund Balances	 <u>2,397,055</u>	 <u>848,569</u>	 <u>30,855</u>	 <u>3,276,479</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Balance Sheet  
 Governmental Funds  
 June 30, 2016

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	3,084,210
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,657,746
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	640,737
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,668,918)
Deferred inflows of resources, report as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	<u>(270,108)</u>
Net Position of Governmental Activities	<u>6,443,668</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2016

	<u>General</u>	<u>Bond Redemption</u>	NonMajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Taxes	1,586,711	353,774	0	1,940,485
Specific Ownership Taxes	157,681	0	0	157,681
Interest	7,095	0	0	7,095
Other	141,042	0	85,680	226,722
Intergovernmental				
State Sources				
Equalization	1,260,230	0	0	1,260,230
Other	180,544	0	2,003	182,547
Federal Sources	<u>40,806</u>	<u>0</u>	<u>61,494</u>	<u>102,300</u>
Total Revenues	3,374,109	353,774	149,177	3,877,060
<b>EXPENDITURES</b>				
Current				
Instruction	1,396,081	0	0	1,396,081
Supporting Services				
Students	74,195	0	0	74,195
Instructional staff services	59,721	0	0	59,721
General administration	229,365	0	0	229,365
School administration	248,750	0	0	248,750
Operations & maintenance	371,539	0	0	371,539
Pupil transportation	162,838	0	0	162,838
Central services	39,013	0	0	39,013
Non Instructional	0	0	67,502	67,502
Food Service	0	0	122,404	122,404
Debt Service	0	731,600	0	731,600
Capital Outlay	<u>133,161</u>	<u>0</u>	<u>11,010</u>	<u>144,171</u>
Total Expenditures	<u>2,714,663</u>	<u>731,600</u>	<u>200,916</u>	<u>3,647,179</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2016  
 (continued)

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues over (under) Expenditures	659,446	(377,826)	(51,739)	229,881
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(48,100)</u>	<u>0</u>	<u>48,100</u>	<u>0</u>
Revenues & Other Sources over (under) Expenditures & Other Sources	611,346	(377,826)	(3,639)	229,881
Fund Balance - Beginning	<u>1,603,603</u>	<u>1,226,395</u>	<u>24,330</u>	<u>2,854,329</u>
Fund Balance - Ending	<u>2,214,949</u>	<u>848,569</u>	<u>20,691</u>	<u>3,084,210</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
 Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds	229,881
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	75,546	
Depreciation expense	<u>(390,217)</u>	(314,671)

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 For the Year Ended June 30, 2016

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
 Balances of Governmental Funds to the Statement of Activities  
 (Continued)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the additional interest in the statement of activities

Bond accrued interest	(14,050)	
Bond actual interest	<u>21,600</u>	7,550

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expenses		(129,454)
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The issuance of long-term debt (e.g. bonds & leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Sick leave	390	
Principal on bonds	710,000	
Amortized interest expense on defeased bonds	<u>(18,597)</u>	691,793

Gain (loss) on disposal of assets is not recognized in governmental funds, but the sale of the assets is recorded as income.

Cash received on sale of asset	(62,821)	
Recognized gain (loss)	<u>17,066</u>	<u>(45,755)</u>

Change in net position of governmental activities		<u>439,345</u>
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CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
Statement of Fiduciary Net Position  
Student Activity Agency Fund  
June 30, 2016

	Student Activity Fund
ASSETS	
Cash in bank	<u>81,461</u>
LIABILITIES	
Due to Student Activities	<u>81,461</u>
NET POSITION	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
Notes to the Financial Statements  
June 30, 2016

Cheyenne County School District RE-5 is an independent governmental entity organized under provisions of the Colorado Revised Statutes. It operates entirely within Cheyenne County but is not part of the County government. There are no component units that should be included in these financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cheyenne County School District RE-5 have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and the District is following the *Financial Policies and Procedures Handbook*. The following is a summary of the significant policies:

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Cheyenne County School District RE-5.

B. Basis of Presentation

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule, the effect of interfund activity has been eliminated from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund financial statements are also provided in the report for all of the governmental funds, and the fiduciary funds of the district. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The bond redemption fund accounts for the collection of property taxes for the payment of the bond issue.

Additionally the District reports the Student Activity agency fund which accounts for cash held by the District for related organizations. It is custodial in nature and does not involve measurement of results of operations.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to the Financial Statements  
 June 30, 2016  
 (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection.

The last date for final adoption of the budget and appropriation resolution is June 30.

January 31 is last date to change adopted budget.

By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities and Fund Balances/Net position or Equity

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to the Financial Statements  
 June 30, 2016  
 (continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds". Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide statements as "internal balances".

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2016 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital asset, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	30
Buildings	22-50
Equipment	5-25
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

Compensated Absences - The district allows the accumulation of 30 days sick leave per employee with all excess over 30 days paid in cash each year on September 1. The accumulated sick leave is payable to employees at termination, resignation, retirement or death.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
Notes to the Financial Statements  
June 30, 2016  
(continued)

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The amounts of unpaid vacation leave accumulated by District employees are accrued as expenses when incurred. Employees are limited in the number of unused vacation hours they may carry forward at year-end. The District records the accrued liability for unpaid vacation leave in the accompanying basic financial statements as liabilities.

7. Estimates

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

8. Fund Balances and Net Position

In the government-wide and proprietary fund financial statements, net position are classified in the following categories;

Invested in Capital Assets – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation

Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditures in future periods

When both restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories;

Nonspendable – amounts that cannot be spent because they are either in non spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources are either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to the Financial Statements  
 June 30, 2016  
 (continued)

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, or unassigned funds are available, committed is first spent, then assigned.

At June 30, 2016 the amounts restricted were \$848,569 for bond retirement, \$19,432 for preschool, \$102,546 for the TABOR Reserve, and \$54,165 for music.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.  
 In November 1997, voters of the District approved a ballot issue which allows the District to collect, retain, and expend revenues from all sources, without limit.
- B. The District is in compliance with Financial Policies and Procedures handbook prepared by the Colorado Department of Education.
- C. The General Fund transferred \$29,000 and \$19,100, respectively, to the Student Activity Special Revenue Fund and Food Service, for general operating purposes.
- D. In November 2013, taxpayers approved a mill levy override of 6.1 mills.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits and Investments - all are in a single financial institution and carried at cost. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit".

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District’s deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2016, the District’s cash deposits had a bank balance and carrying balance as follows:

	Bank <u>Balance</u>	Carrying <u>Balance</u>
Insured (FDIC)	\$373,685	\$358,378
Deposits collateralized in a single institution pools	<u>2,910,332</u>	<u>2,957,839</u>
Total Deposits	\$3,584,017	\$3,316,217
Shown as Certificates of Deposit		(364,740)
In Agency Fund		<u>(81,461)</u>
Cash		<u>2,870,016</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
Notes to the Financial Statements  
June 30, 2016

As presented above, deposits with a bank balance of \$2,910,332 and a carrying balance of \$2,958,364 as of June 30, 2016, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

- C. Changes in General Fixed Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Land	174,600	-0-	-0-	174,600
Site Improvements	30,768	-0-	-0-	30,768
Buildings	10,979,310	-0-	68,925	10,910,385
Equipment	2,030,359	48,546	65,584	2,013,321
Transportation	<u>530,513</u>	<u>27,000</u>	<u>-0-</u>	<u>557,513</u>
Total	13,745,550	75,546	134,509	13,686,587
Less Accumulated Depreciation				
Site Improvements	6,239	1,026	-0-	7,265
Buildings	3,138,449	226,456	20,670	3,344,235
Equipment	1,171,660	133,256	65,584	1,239,332
Transportation	<u>408,530</u>	<u>29,479</u>	<u>-0-</u>	<u>438,009</u>
Total	<u>4,724,878</u>	<u>390,217</u>	<u>86,254</u>	<u>5,028,841</u>
Government Activities				
Capital Assets, Net	<u>9,020,672</u>	<u>(314,671)</u>	<u>(48,255)</u>	<u>8,657,746</u>

Depreciation expense for the governmental activities was allocated \$360,738 to instruction and \$29,479 to transportation.

- D. Changes in Long-Term Debt

	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>
Compensated Absences				
General Fund	16,890	9,480	9,870	16,500
Food Service	1,815	900	345	2,370
Bonds Payable	<u>1,435,000</u>	<u>-0-</u>	<u>710,000</u>	<u>725,000</u>
	1,453,705	10,380	720,215	743,870

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to the Financial Statements  
 June 30, 2016  
 (continued)

General Obligation Bonds Payable.

On November 6, 2001, the taxpayers passed at election to issue bonds up to \$10,000,000. The money was to be used to build a pre K-8 school facility, renovate the existing high school and acquire furniture and equipment for the school. The contract for the construction was \$9,491,820. The construction was complete by June 30, 2003. The net effective interest rate is 3.90%.

On August 18, 2011, the District issues \$4,125,000 of refunding general obligation bonds with average rate of 2.5% to advance refund \$4,070,000 of the 2001 series bonds. The net proceeds of \$4,164,779 (after receiving a premium of \$113,668 and payment of \$73,889 issue costs) were deposited in escrow to purchase U S government securities. As a result, all of the 2001 series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advanced refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$94,779. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charge to operations through the year 2016 using the effective interest method. The District completed the advance refunding to reduce its total debt service payments over the next 5 years by \$291,242 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$282,101.

Following is a schedule of payments for the 2011 refunding bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>
12/15/16	725,000	7,250	732,250	2.00%

E. Deferred Outflows of Resources

	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>
Defeased Bonds	34,225	-0-	15,797	18,428

(4) OTHER INFORMATION

- A. 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 has joined Colorado School District Self Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSI for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSI provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all risks or loss, including workers' compensation and employees health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but are earned over a school year of approximately a nine month period. The salaries earned but not paid at June 30 are shown as an accrued liability.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to the Financial Statements  
 June 30, 2016  
 (continued)

C. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

**General Information about the Pension Plan**

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to Financial Statements  
 June 30, 2016  
 (continued)

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

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

*Contributions.* Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December <u>31, 2015</u>	For the Year Ended December <u>31, 2016</u>
Employer Contribution Rate <sup>1</sup>	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF <sup>1</sup>	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$255,383 or the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$4,913,368 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was 0.0321254960 percent, which was a decrease of 0.0007007248 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$129,454. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
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 June 30, 2016  
 (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	64,882	205
Changes of assumptions or other inputs	-0-	69,434
Net difference between projected and actual earnings on pension plan investments	417,774	-0-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	200,469
Contributions subsequent to the measurement date	<u>139,652</u>	<u>N/A</u>
Total	150,386	46,908

There is \$139,652 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year ended June 30,</b>	
2017	(103,827)
2018	(80,327)
2019	(16,316)
2020	-0-
2021	-0-
Thereafter	-0-

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to Financial Statements  
 June 30, 2016  
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The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefits.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of November 15, 2013 adoption of the long-term expected rate of return, presented to the PERA Board on, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to Financial Statements  
 June 30, 2016  
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*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employee contributions were assumed to be made at the rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per stature, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of the AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return 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. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	6,369,161	4,913,368	3,702,420

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

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Notes to Financial Statements  
 June 30, 2016  
 (continued)

D. Other Post-Employment Benefits

Health Care Trust Fund

*Plan Description* – The Cheyenne Wells School District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Cheyenne Wells School District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Cheyenne Wells School District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the Cheyenne Wells School District contributions to the HCTF were \$14,669, \$14,129 and \$14,970, respectively, equal to their required contributions for each year.

E. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture.

Each member pays a \$2500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

At June 30, 2015, total assets were \$2,633,823, deferred outflows were \$388,938, total liabilities were \$8,833,532, deferred inflows were \$329,949, net position was \$(6,140,720), revenues were \$8,424,082, and expenses were \$8,882,336.

Complete financial statements may be obtained from BOCES office at 820 Second Street, Limon, CO 80828.

F. Accrued Compensation/Compensated Absences

Salaries and related benefits of certain school-based personnel are paid over a twelve-month period beginning in September, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, as of June 30, 2016 are:

General Fund	\$181,386
Food Service	<u>6,903</u>
Total	188,289

REQUIRED SUPPLEMENTARY INFORMATION

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Budgetary Comparison Schedule - Major Funds  
 For the Year Ended June 30, 2016

	<u>General Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	1,724,943	1,724,943	1,892,529	167,586
State Sources	1,876,066	1,876,066	1,440,774	(435,292)
Federal Sources	<u>38,928</u>	<u>38,928</u>	<u>40,806</u>	<u>1,878</u>
Total Revenues	3,639,937	3,639,937	3,374,109	(265,828)
<b>EXPENDITURES</b>				
Current				
Instruction	1,531,544	1,531,544	1,396,081	135,463
Supporting Services				
Pupils	84,536	84,536	74,195	10,341
Instructional Staff - Library	67,054	67,054	59,721	7,333
General Administration	223,346	223,346	229,365	(6,019)
School Administration	245,027	245,027	248,750	(3,723)
Operations & Maintenance	373,945	373,945	371,539	2,406
Pupil Transportation	217,611	217,611	162,838	54,773
Central Support	40,972	40,972	39,013	1,959
Debt Service	0	0	0	0
Capital Outlay	182,812	182,812	133,161	49,651
Appropriated reserves	<u>2,228,290</u>	<u>2,228,290</u>	<u>0</u>	<u>2,228,290</u>
Total Expenditures	<u>5,195,136</u>	<u>5,195,136</u>	<u>2,714,663</u>	<u>2,480,473</u>
Excess of revenues over (under)				
Expenditures	(1,555,199)	(1,555,199)	659,446	2,214,645
Other Financing Uses				
Operating Transfers In (Out)	(58,000)	(58,000)	(48,100)	9,900
SWAP	<u>(904)</u>	<u>(904)</u>	<u>0</u>	<u>904</u>
Excess of Revenues over (under)				
Expenditures & Other Uses	(1,614,103)	(1,614,103)	611,346	2,225,449
Fund Balance - Beginning	<u>1,614,103</u>	<u>1,614,103</u>	<u>1,603,603</u>	<u>(10,500)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>2,214,949</u>	<u>2,214,949</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 Last 10 Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.032125%	0.032826%	0.035099%
Proportionate share of the collective net pension liability	4,913,368	4,449,056	4,359,002
Covered payroll	1,294,208	1,374,547	1,455,824
Proportionate share of the net pension liability as a percentage of its covered employee payroll	379.64%	323.67%	299.42%
Plan fiduciary net position as a percentage of total pension liability	59.20%	62.80%	64.06%

The amounts presented for each year were determined as of December 31.



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Schedule of Contributions and Related Ratios  
 Last 10 Fiscal Years

As of June 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contributions	255,383	234,170	219,722	219,862	208,347	207,107
Contributions in relation to the statutorily required contribution	<u>255,383</u>	<u>234,170</u>	<u>219,722</u>	<u>219,862</u>	<u>208,347</u>	<u>207,107</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,438,090	1,385,157	1,373,013	1,455,824	1,467,641	1,557,256
Contributions as a percentage of covered-employee payroll	17.76%	16.91%	16.00%	15.10%	14.20%	13.30%

Note - Payroll records prior to FYE 6/30/10 are not readily available

## OTHER INFORMATION

## COMBINING AND INDIVIDUAL FUND STATEMENTS

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Combining Balance Sheet  
 NonMajor Governmental Funds  
 June 30, 2016

ASSETS	<u>Food Service</u>	<u>Student Activity</u>	<u>Total</u>
Current Assets			
Cash	20,330	3,069	23,400
Accounts/Grants Receivable	0	0	0
Inventory	<u>7,455</u>	<u>0</u>	<u>7,455</u>
Total Current Assets	27,785	3,069	30,855
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accrued Salaries & Benefits	6,903	0	6,903
Unearned Revenue	890	0	890
Accrued Sick Leave	<u>2,370</u>	<u>0</u>	<u>2,370</u>
Total Current Liabilities	10,163	0	10,163
Fund Balance			
Nonspendable	7,455	0	7,455
Assigned	<u>10,167</u>	<u>3,069</u>	<u>13,236</u>
Total Fund Balance	<u>17,622</u>	<u>3,069</u>	<u>20,691</u>
Total Liabilities and Fund Balance	<u>27,785</u>	<u>3,069</u>	<u>30,855</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 NonMajor Governmental Funds  
 For Year Ended June 30, 2016

REVENUES	<u>Food Service</u>	<u>Student Activity</u>	<u>Total</u>
Local	37,623	48,057	85,680
State	2,003	0	2,003
Federal	<u>61,494</u>	<u>0</u>	<u>61,494</u>
Total Revenues	101,120	48,057	149,177
EXPENDITURES			
Current			
Athletic	0	67,502	67,502
Food Service	122,404	0	122,404
Capital Outlay	<u>0</u>	<u>11,010</u>	<u>11,010</u>
Total Expenditures	<u>122,404</u>	<u>78,512</u>	<u>200,916</u>
Excess of Revenues over (under) Expenditures	(21,284)	(30,454)	(51,739)
Other Financing Sources			
Operating Transfers In	<u>19,100</u>	<u>29,000</u>	<u>48,100</u>
Excess of Revenues and Other Sources Over (under) Expenditures	(2,184)	(1,454)	(3,639)
Fund Balance - Beginning	<u>19,806</u>	<u>4,524</u>	<u>24,330</u>
Fund Balance - Ending	<u>17,622</u>	<u>3,069</u>	<u>20,691</u>

## GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. It is the most significant fund in relation to the District's overall operation.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 General Fund  
 Comparative Balance Sheet

ASSETS	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
Cash In Bank	2,004,050	1,739,420	264,630
Certificates of Deposit	364,740	59,230	305,510
Accrued Property Tax Receivable	<u>28,264</u>	<u>30,747</u>	<u>(2,483)</u>
Total Assets	<u>2,397,055</u>	<u>1,829,398</u>	<u>567,657</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	704	59,334	(58,630)
Due to Other Funds	15	15	0
Accrued Salaries and Benefits Payable	<u>181,386</u>	<u>166,445</u>	<u>14,941</u>
Total Liabilities	182,106	225,794	(43,689)
Fund Balance			
Restricted			
For TABOR	102,546	87,385	15,161
For Music	54,165	58,735	(4,570)
For Preschool	19,432	31,490	(12,058)
Unassigned	<u>2,038,807</u>	<u>1,425,994</u>	<u>612,813</u>
Total Fund Balance	<u>2,214,949</u>	<u>1,603,603</u>	<u>611,346</u>
Total Liabilities and Fund Balance	<u>2,397,055</u>	<u>1,829,398</u>	<u>567,657</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property Taxes	1,441,849	1,586,711	144,862	1,289,848
Specific Ownership Taxes	177,073	157,681	(19,392)	187,680
Investment Interest	5,000	7,095	2,095	6,347
Other	38,200	78,221	40,021	39,322
Sale of Assets	<u>62,821</u>	<u>62,821</u>	<u>0</u>	<u>378</u>
Total Local Sources	1,724,943	1,892,529	167,586	1,523,576
State Sources				
Equalization	1,717,099	1,260,230	(456,869)	1,210,819
Transportation	36,925	62,950	26,025	40,016
Vocational Education	32,760	20,206	(12,554)	35,732
BOCES Flowthrough	35,466	38,326	2,860	64,858
Other	<u>53,816</u>	<u>59,062</u>	<u>5,246</u>	<u>15,012</u>
Total State Sources	1,876,066	1,440,774	(435,292)	1,366,437
Federal Sources				
Grants	12,814	12,814	0	10,893
BOCES Flowthrough	<u>26,114</u>	<u>27,992</u>	<u>1,878</u>	<u>32,955</u>
Total Federal Sources	<u>38,928</u>	<u>40,806</u>	<u>1,878</u>	<u>43,848</u>
Total Revenues	3,639,937	3,374,109	(265,828)	2,933,861
Expenditures	<u>5,195,136</u>	<u>2,714,663</u>	<u>2,480,473</u>	<u>2,518,757</u>
Excess of Revenues over (under) Expenditures	(1,555,199)	659,446	2,214,645	415,104
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(58,000)	(48,100)	9,900	(45,159)
SWAP	<u>(904)</u>	<u>0</u>	<u>904</u>	<u>0</u>
Excess of Revenues and Other Sources over (under) Expenditures & Other Uses	(1,614,103)	<u>611,346</u>	<u>2,225,449</u>	<u>369,945</u>
Fund Balance - Beginning	<u>1,614,103</u>	<u>1,603,603</u>	<u>(10,500)</u>	<u>1,233,659</u>
Fund Balance - Ending	<u>0</u>	<u>2,214,949</u>	<u>2,214,949</u>	<u>1,603,603</u>



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>INSTRUCTION</b>				
Current				
Salaries	906,431	888,896	17,535	857,403
Employee Benefits	374,021	322,150	51,871	316,003
Purchased Services	168,922	121,658	47,264	122,146
Supplies and Material	82,170	63,377	18,793	29,919
Other	0	0	0	0
Capital Outlay	<u>60,012</u>	<u>48,767</u>	<u>11,245</u>	<u>23,886</u>
Total Instruction	1,591,556	1,444,848	146,708	1,349,358
 <b>SUPPORTING SERVICES</b>				
<b>Pupil</b>				
Current				
Salaries	57,475	52,923	4,552	53,889
Benefits	18,811	18,850	(39)	12,456
Purchased Services	2,650	1,996	654	967
Supplies and Material	5,600	425	5,175	3,959
Other	0	0	0	0
Capital Outlay	<u>600</u>	<u>2,690</u>	<u>(2,090)</u>	<u>65</u>
Total Pupil	85,136	76,885	8,251	71,336
 <b>Instructional Staff Services</b>				
Current				
Salaries	32,300	33,057	(757)	31,446
Employee Benefits	20,929	18,483	2,446	17,730
Purchased Services	8,975	55	8,920	3,024
Supplies and Material	4,850	8,127	(3,277)	5,904
Other	0	0	0	0
Capital Outlay	<u>500</u>	<u>6,121</u>	<u>(5,621)</u>	<u>649</u>
Total Instructional Staff	67,554	65,842	1,712	58,754

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
SUPPORTING SERVICES (continued)				
General Administration				
Current				
Salaries	100,500	103,119	(2,619)	91,807
Employee Benefits	49,026	50,150	(1,124)	40,113
Purchased Services	43,120	37,964	5,156	32,623
Supplies and Material	30,700	35,660	(4,960)	29,062
Other	0	2,473	(2,473)	2,360
Capital Outlay	<u>1,000</u>	<u>1,200</u>	<u>(200)</u>	<u>0</u>
Total General Administration	224,346	230,565	(6,219)	195,965
School Administration				
Current				
Salaries	174,575	178,981	(4,406)	165,880
Employee Benefits	61,852	63,891	(2,039)	56,463
Purchased Services	3,600	2,479	1,122	2,979
Supplies and Material	5,000	3,399	1,601	3,432
Other	0	0	0	0
Capital Outlay	<u>1,700</u>	<u>1,548</u>	<u>152</u>	<u>0</u>
Total School Administration	246,727	250,298	(3,571)	228,754
Operations and Maintenance				
Current				
Salaries	90,000	85,639	4,361	78,755
Employee Benefits	33,745	33,081	664	29,487
Purchased Services	94,700	126,221	(31,521)	107,356
Supplies and Material	155,500	126,597	28,903	140,983
Other	0	0	0	0
Capital Outlay	<u>68,000</u>	<u>45,549</u>	<u>22,451</u>	<u>4,175</u>
Total Operations & Maintenance	441,945	417,088	24,857	360,757

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
SUPPORTING SERVICES (continued)				
Pupil Transportation				
Current				
Salaries	101,445	76,508	24,937	78,536
Employee Benefits	26,580	22,869	3,711	22,198
Purchased Services	27,086	29,617	(2,531)	20,556
Supplies and Material	62,500	33,844	28,656	47,067
Other	0	0	0	0
Capital Outlay	<u>51,000</u>	<u>27,286</u>	<u>23,714</u>	<u>54,370</u>
Total Transportation	268,611	190,124	78,486	222,727
Central Support Services				
Current				
Purchased Services	40,972	39,013	1,959	31,107
Supplies and Material	0	0	0	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Central Services	<u>40,972</u>	<u>39,013</u>	<u>1,959</u>	<u>31,107</u>
TOTAL SUPPORTING SERVICES	1,375,290	1,269,815	105,475	1,169,400
Appropriated Reserves	<u>2,228,290</u>	<u>0</u>	<u>2,228,290</u>	<u>0</u>
TOTAL EXPENDITURES	<u>5,195,136</u>	<u>2,714,663</u>	<u>2,480,473</u>	<u>2,518,757</u>



## SPECIAL REVENUE FUNDS

### Food Services Fund

To account for revenue and expenses associated with providing meals to students, staff, and visitors.

### Student Activity Fund

To account for the revenues reported and the expenditures of each of the activities reported.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Food Services Special Revenue Fund  
 Comparative Balance Sheet

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets			
Cash In Bank	20,330	20,105	225
Accounts/Grants Receivable	0	801	(801)
Inventory	<u>7,455</u>	<u>7,381</u>	<u>74</u>
Total Current Assets	<u>27,785</u>	<u>28,288</u>	<u>(503)</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accrued Salaries & Benefits Payable	6,903	6,667	237
Unearned Revenue	890	0	890
Accrued Sick Leave	<u>2,370</u>	<u>1,815</u>	<u>555</u>
Total Liabilities	10,163	8,482	1,682
 <b>FUND BALANCE</b>			
Nonspendable	7,455	7,381	74
Assigned	<u>10,167</u>	<u>12,425</u>	<u>(2,258)</u>
Total Fund Balance	<u>17,622</u>	<u>19,806</u>	<u>(2,184)</u>
 Total Liabilities and Fund Balance	 <u>27,785</u>	 <u>28,288</u>	 <u>(503)</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Food Services Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Charges for Service				
Student Meals	51,850	31,804	(20,046)	33,593
Adult Meals	7,200	5,436	(1,764)	7,922
Other	750	383	(367)	543
State Grants	2,100	2,003	(97)	2,353
Federal Aid				
Breakfast & Lunch	43,000	53,405	10,405	54,574
Donated Commodities	<u>100</u>	<u>8,089</u>	<u>7,989</u>	<u>7,555</u>
Total Revenues	105,000	101,120	(3,880)	106,540
 EXPENSES				
Salaries	55,000	54,365	635	49,545
Benefits	15,248	23,849	(8,601)	22,935
Food & Milk	54,521	33,564	20,957	35,352
Commodities	2,831	8,089	(5,258)	8,274
Purchased Services	4,400	43	4,357	209
Non-Food	<u>3,000</u>	<u>2,495</u>	<u>505</u>	<u>2,334</u>
Total Expenditures	<u>135,000</u>	<u>122,404</u>	<u>12,596</u>	<u>118,649</u>
 Excess of Revenues over (under) Expenditures	 (30,000)	 (21,284)	 8,716	 (12,109)
 Other Financing Sources				
Operating Transfers In	<u>30,000</u>	<u>19,100</u>	<u>(10,900)</u>	<u>20,159</u>
 Excess of Revenues and Other Sources over (under) Expenditures	 0	 (2,184)	 (2,184)	 8,050
 Fund Balance - Beginning	<u>0</u>	<u>19,806</u>	<u>19,806</u>	<u>11,757</u>
 Fund Balance - Ending	<u>0</u>	<u>17,622</u>	<u>17,622</u>	<u>19,806</u>

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
Cheyenne Wells, Colorado  
Student Activity Special Revenue Fund  
Comparative Balance Sheet

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Cash	<u>3,069</u>	<u>4,524</u>	<u>(1,454)</u>
ASSIGNED FUND BALANCE	<u>3,069</u>	<u>4,524</u>	<u>(1,454)</u>



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Student Activity Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUE	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Interest Income	1,000	0	(1,000)	0
Gates admission	74,000	41,057	(32,943)	51,861
Donations	<u>0</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Total Revenue	75,000	48,057	(26,943)	51,861
EXPENDITURES				
Non Instructional				
Athletic purchased services	75,000	12,134	62,866	13,142
Athletic supplies	0	36,796	(36,796)	41,982
Travel	0	18,572	(18,572)	17,322
Capital Outlay	<u>0</u>	<u>11,010</u>	<u>(11,010)</u>	<u>0</u>
Total Expenditures	<u>75,000</u>	<u>78,512</u>	<u>(3,512)</u>	<u>72,446</u>
Excess of Revenue over (under) Expenditures	0	(30,454)	(30,454)	(20,585)
Other Sources (Uses)				
Operating transfers In (Out)	<u>0</u>	<u>29,000</u>	<u>29,000</u>	<u>25,000</u>
Excess of Revenues & Other Sources over (under) Expenditures	0	(1,454)	(1,454)	4,415
Fund Balance - Beginning	<u>0</u>	<u>4,524</u>	<u>4,524</u>	<u>108</u>
Fund Balance - Ending	<u>0</u>	<u>3,069</u>	<u>3,069</u>	<u>4,524</u>



## DEBT SERVICE FUND

### Bond Redemption Fund

To account for payment of principal and interest on bonds issued November 6, 2001.  
Financing is provided by a specific annual property tax levy.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Bond Redemption Debt Service Fund  
 Comparative Balance Sheet

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Cash in Bank	842,566	933,923	(91,357)
Certificate of Deposit	0	275,000	(275,000)
Due from Other Funds	15	15	0
Accrued Property Taxes Receivable	<u>5,988</u>	<u>17,457</u>	<u>(11,469)</u>
TOTAL ASSETS	<u>848,569</u>	<u>1,226,395</u>	<u>(377,826)</u>
FUND BALANCE			
Restricted for Debt Service	<u>848,569</u>	<u>1,226,395</u>	<u>(377,826)</u>

## CHEYENNE COUNTY SCHOOL DISTRICT RE-5

Cheyenne Wells, Colorado

Bond Redemption Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUE	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
Property Taxes	721,600	353,774	(367,826)	732,366
Other Local	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>	<u>0</u>
Total Revenue	731,600	353,774	(377,826)	732,366
 EXPENDITURES				
Debt Service				
Account Fee	0	0	0	0
Bond Interest	21,600	21,600	0	35,650
Bond Principal	<u>710,000</u>	<u>710,000</u>	<u>0</u>	<u>695,000</u>
Total Expenditures	<u>731,600</u>	<u>731,600</u>	<u>0</u>	<u>730,650</u>
 Excess of Revenues over (under) Expenditures				
	0	(377,826)	(377,826)	1,716
 Fund Balance - Beginning				
	<u>0</u>	<u>1,226,395</u>	<u>1,226,395</u>	<u>1,224,680</u>
 Fund Balance - Ending				
	<u>0</u>	<u>848,569</u>	<u>848,569</u>	<u>1,226,395</u>



## AGENCY FUND

### Student Activity Fund

To act as custodian for the classes and activities of the District.

CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Student Activity Agency Fund  
 Statement of Changes in Assets and Liabilities - Budget and Actual  
 For the Year Ended June 30, 2016

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
Resale	228	12,639	12,588	279
Elementary	296	583	649	229
HS Student Council	280	138	117	300
Knowledge Bowl	172	0	0	172
FFA	5,310	7,890	12,166	1,034
Annual	6,184	2,687	2,565	6,306
Shop Resale	4,508	8,179	5,941	6,746
National Honor Society	3,902	699	1,989	2,611
Tigerettes	110	0	0	110
HS Cheerleaders	4,162	15,879	14,771	5,270
JH Cheerleaders	3,789	2,050	1,563	4,276
JH Student Council	207	0	0	207
Art Resale	1,202	0	177	1,025
Principal's Account	(0)	591	409	182
RIF Book Fairs	65	3,424	3,424	65
Music Scholarship	554	0	0	554
Science Club	2,554	0	160	2,394
FBLA	1,859	2,092	2,106	1,846
Library Fund	900	0	407	493
Music Resale	86	72	0	158
Football Field Reserve	5,309	7,491	12,799	0
Flower Fund	0	423	348	75
Drama	54	0	0	54
FFA Scholarship	651	1,041	1,692	0
Pre/Play Club	6,148	1,130	2,170	5,108
Petty Cash	148	0	0	148
Vo Ag Resale	349	0	0	349
Baseball Resale	0	420	0	420
Gymnastics Resale	2,467	0	1,108	1,360
Football Resale	149	3,053	2,959	242
Volleyball Resale	2,520	1,857	2,708	1,669
Boys BB Resale	6,555	4,422	6,694	4,283
Girls Golf Resale	803	1,330	1,757	375
Wrestling Resale	0	2,262	1,712	550
Track Resale	1,115	1,080	1,422	773
Girls BB Resale	3,117	5,468	7,569	1,015

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



CHEYENNE COUNTY SCHOOL DISTRICT RE-5  
 Cheyenne Wells, Colorado  
 Student Activity Agency Fund  
 Statement of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2016

	Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>
Memory Mates	0	0	0	0
FFA District	798	105	523	380
Boys Golf Resale	2,660	0	261	2,400
Concessions	5	0	0	5
Class of 2013	344	0	0	344
Class of 2014	9	0	0	9
Class of 2015	0	139	139	0
Class of 2016	8,462	2,224	10,352	334
Class of 2017	13,789	6,396	5,594	14,590
Class of 2018	<u>705</u>	<u>23,857</u>	<u>11,843</u>	<u>12,718</u>
Total	<u>92,525</u>	<u>119,619</u>	<u>130,684</u>	<u>81,461</u>
 Budget	 0	 185,000	 185,000	 0
 Variance - Favorable (Unfavorable)	 92,525	 <u>(65,381)</u>	 54,316	 81,461

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

AUDITOR'S INTEGRITY REPORT



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0520 - CHEYENNE COUNTY RE-5  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>							
10 General Fund	1,603,603		3,326,009		2,714,663		2,214,949
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
<b>Sub-Total</b>	<b>1,603,603</b>		<b>3,326,009</b>		<b>2,714,663</b>		<b>2,214,949</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	19,806		120,220		122,404		17,622
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	4,524		77,057		78,512		3,069
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	1,226,395		353,774		731,600		848,569
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	0		0		0		0
<b>Totals</b>	<b>2,854,329</b>		<b>3,877,060</b>		<b>3,647,179</b>		<b>3,084,210</b>
<b>Proprietary</b>							
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
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	92,525		119,619		130,684		81,461
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>92,525</b>		<b>119,619</b>		<b>130,684</b>		<b>81,461</b>

FINAL

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.