

Summary of the Proposed Budget FY2019-20

Investing in Every Child's Future

NOTES:

This presentation is an overview of the Budget Appropriation Resolution and should be read in conjunction with the Resolution, which authorizes the Budget and the Appropriation for Fiscal Year 2019/20.

Materials presented to the Board beginning with the December 2018 Study Session through the June 2019 presentation, are available on the District Board docs site found at the link below:

<https://go.boarddocs.com/co/chcr/Board.nsf/Public#>

Also available for your reference is a Budget Executive Summary that can be found on the Budget Office website found at the link below:

<https://www.cherrycreekschools.org/cms/lib/CO50000184/Centricity/Domain/1415/Executive%20Summary%202019-2020.pdf>

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Strategic Alignment Plan

Cherry Creek School District Strategic Alignment Plan

Vision	Mission
<i>Dedicated to Excellence</i>	<i>To inspire every student to think, to learn, to achieve, to care</i>

District Goals
<i>Inclusive Excellence and College & Career Preparedness & Success</i>
<i>"We believe that every child deserves a safe, inclusive and challenging learning environment that prepares them for the future."</i>

Strategic Priorities		
<i>Instructional Excellence</i>	<i>Workforce Excellence</i>	<i>Operational Excellence</i>
Provide all students with rigorous and relevant learning experiences to become leaders who create solutions that contribute to the betterment of our global society.	Invest in racially conscious, culturally competent employees who have the skill, will, capacity and knowledge to commit to a culture of continuous improvement.	Design, manage and continually improve as a system to deliver value in service to students, schools and community stakeholders.

FACTS & FIGURES

55,791 STUDENTS

- 4,406 Gifted and Talented Students (8.4%/+0.9%)
- 7,267 Students Receiving Special Education Services (12.7%/+0.9%)
- ELL Program Supports 6,222 Students Speaking 140 Languages (11.2%/+3.2%)
- 29% of Student Population is Free & Reduced Lunch Students
 - Free: 11,759 served (21.7%/-11.2%)
 - Reduced: 4,275 served (7.9%/0.0%)
 - Total: 16,034 students served (29.6%/-11.2%)

*Free and reduced count State average includes BOCES

% comparison to State average
+ Exceeds State average
- Less than State average

SCHOOL FACILITIES

- 65 Schools: 7 High, 11 Middle, 43 Elementary, 2 K-8, 1 K-6, & 1 6-8
- Joliet Learning Center, I-Teams, & Preschools
- 2 Stadiums
- 11 Other Student Support Facilities
- 1 Innovation Campus and 1 Online High School

OTHER FACTS

- District Covers 108 Square Miles
- Buses Travel over 2.9 Million Miles Per Year
 - 25,412 Students Transported
- 3.2M Lunches & 900K Breakfasts Served Yearly
- Cherry Creek School District has been recognized by GFOA as a member of the "Alliance for Excellence in School Budgeting"

School Year 2019/20

Budget Development Timelines

Responsibility / Action	Timeline
Budget Development & Projections for 2019/2020 through 2021/2022	December 2018
Consumer Price Index	January 2019
Enrollment Projections / Staffing Plans	February 2019
Decentralized Budgets	March 2019
Department Budgets	March 2019
Capital Reserve	March 2019
Proposed Budget available for public review	May 31, 2019
Presentation of Proposed FY2019-20 Budget to Board of Education	June 2019

Budget Presentations

December 6 – Budget Projections

February 8 – Budget Planning

March 15 – Conceptual Budget

April 19 – Preliminary Budget

May 31 – Proposed Budget

- The School Finance Act (initially adopted in 1994) is amended annually by the Colorado legislature and was adopted on May 3, 2019.
- The budget development timelines above are set in order to provide proper coordination of information and workflow that is critical to completion of the FY2019-20 Budget.
- Colorado School districts are required to adopt a budget for the subsequent fiscal year by June 30, 2019.

Financial Policies & Procedures

➤ Budget Development

- ✓ **Procedure:** Colorado statute requires that the FPP handbook be used by every school district in the development of the budget, financial record keeping and, periodic presentation of financial information to the board of education. C.R.S. 22-44-204(3)
- ✓ **Purpose:** The purpose of a budget is to provide a plan of financial operation which embodies an estimate of proposed expenditures for a given period and purpose and the proposed means of financing the plan.
- ✓ **Planning:** Detailed budget planning allows a district to reflect educational values and needs. The structure and format provided by a well-designed budget promotes rational decision-making regarding the importance of various school district services.
 - *Requirements*
 - Revenue allocation
 - Anticipated expenditures by category
 - Transfers
 - Reserves (Board policy DB adopted 2010)
 - TABOR emergency 3%
 - Board designated reserve 3%
- ✓ **Adoption:**
 - **June 1:** Deadline for submission of proposed budget to board of education. C.R.S. 22-44-108(1)
 - **June 30:** Last legal date for final adoption of school district budget and appropriation resolution. C.R.S. 22-44-110(4)

Appropriation Summary

\$ IN MILLIONS	2018-19 REVISED BUDGET	2019-20 PROPOSED BUDGET	INC. (DEC.)	2019-20 % CHANGE
GENERAL FUND	\$625.03	\$684.88	\$59.85	9.6%
DESIGNATED PURPOSE GRANTS	28.92	29.40	0.48	1.7%
EXTENDED CHILD SERVICES	20.49	15.81	(4.68)	(22.9%)
PUPIL ACTIVITIES	17.12	17.28	0.16	1.0%
FOOD SERVICES	19.82	19.24	(0.58)	(2.9%)
TOTAL OPERATING/ SPECIAL REVENUE FUNDS	\$711.38	\$766.61	\$55.23	7.8%
BUILDING FUND	114.42	69.57	(44.85)	(39.2%)
BOND REDEMPTION	58.40	59.18	0.78	1.3%
CAPITAL RESERVE	37.23	28.33	(8.90)	(23.9%)
TOTAL	\$921.43	\$923.69	\$2.26	0.2%

Funding Overview

Statewide Provisions

FY2019-20 School Finance Act – SB19-246

- The School Finance Bill, SB19-246, was introduced on April 16, 2019 and approved by the Legislature on May 3, 2019 to fund Colorado school districts for FY2019-20. The features of the Bill include:
 - ✓ A 2.7% increase in Base per Pupil Funding (Consumer Price Index increase for 2018 calendar year).
 - ✓ The Base per Pupil Funding increases \$183, from \$6,769 in FY2018-19 to \$6,952 in FY2019-20.
 - ✓ The Bill reduces the Statewide Budget Stabilization Factor \$100 million, from \$672.4 million in FY2018-19 to \$572.4 million for FY2019-20; this represents a change from -8.7% to -7.2% reduction from Total Program Funding.
- The Net Total Program Funding statewide increases by \$515.9M from \$7,067.3M in FY2018-19 to \$7,583.2M in FY2019-20.
 - ✓ A 4.3% increase in average per pupil funding statewide from \$8,123 in FY2018-19 to \$8,476 in FY2019-20, or an increase of \$353 per pupil.

FY2019-20 Public School Finance

STATEWIDE

	ACTUAL FY2018-19	PROJECTED FY2019-20*	NET INCREASE
TOTAL PROGRAM FUNDING	\$7,739,732,989	\$8,155,601,013	\$415,868,024
BUDGET STABILIZATION FACTOR **	(672,396,894)	(572,396,894)	100,000,000
NET TOTAL PROGRAM FUNDING	\$7,067,336,095	\$7,583,204,119	\$515,868,024
TOTAL FUNDED PUPILS	870,085	894,569	24,484
STATEWIDE AVERAGE FUNDING PER PUPIL	\$8,123	\$8,476	\$353

Based on SB19-246 and HB19-1262

* Funding Assumption – Budget Scenario – 2.7% Inflation + Enrollment and Budget Stabilization Factor decrease of \$100 million.

** Budget Stabilization Factor is -8.7% for FY2018-19 and -7.2% for FY2019-20.

Full Day Kindergarten

HB19-1262

- Full-Day Kindergarten (FDK) was proposed by Governor Polis as he introduced his revised Budget request in January 2019. The Legislature approved funding for FDK in HB19-1262 for full-time funding of Kindergarten by the start of the 2019-20 school year.
- Cherry Creek has FDK in six elementary schools currently. As a result of passage of HB19-1262, the FDK program will now also be offered at all elementary schools.
- Funding will be provided from State funds to enable CCSD to offer FDK (an increase of 1,465 FTE students). Start-up and capital costs are not covered by HB19-1262; Districts can apply for Grants to cover a portion of those costs through a process described in HB19-1055.
- The District has submitted an application for a Grant, as contemplated by HB19-1055. It is anticipated that CCSD would receive \$1.3 million based on the guidelines.

READ Act Revision

SB19-199

- Colorado school districts receive Grant funding for literacy programs to assist K-3 students in addressing reading deficiency. The READ Act funding has been re-structured as part of the Bill revision.
- Per Pupil intervention funding distributed pro-rata based on significant reading deficiency (SRD) students has been reduced to \$25.9 Million, from \$33 Million in the prior year. Funding has been re-directed to early literacy competitive Grants in the amount of \$7.9 Million as part of the restructuring. The READ Act supports literacy instruction for 2,290 CCSD students in the current budget year. CCSD annual funding allocation is approximately \$1.8 Million. It is anticipated that an estimated \$760,000 of READ Act carryover funds from 2018-19 will be used as a funding source for FY2019-20.

FY2019-20 Public School Finance

CHERRY CREEK

	ACTUAL FY2018-19	PROJECTED FY2019-20*	NET INCREASE
TOTAL PROGRAM FUNDING	\$468,612,595	\$494,255,633	\$25,643,038
BUDGET STABILIZATION FACTOR **	(40,788,988)	(35,626,597)	5,162,391
NET TOTAL PROGRAM FUNDING	\$427,823,607	\$458,629,036	\$30,805,429
TOTAL FUNDED PUPILS	52,869.7	54,334.7	1,465.0
FUNDING PER PUPIL	\$8,092	*** \$8,441	\$349

* Funding Assumption – Budget Scenario – 2.7% Inflation + Enrollment with the Budget Stabilization Factor reduction of \$5.2 million; FY2019-20 figures are adjusted to reflect Cherry Creek’s budget projection for funded pupil growth for FDK of 1,465 FTE.

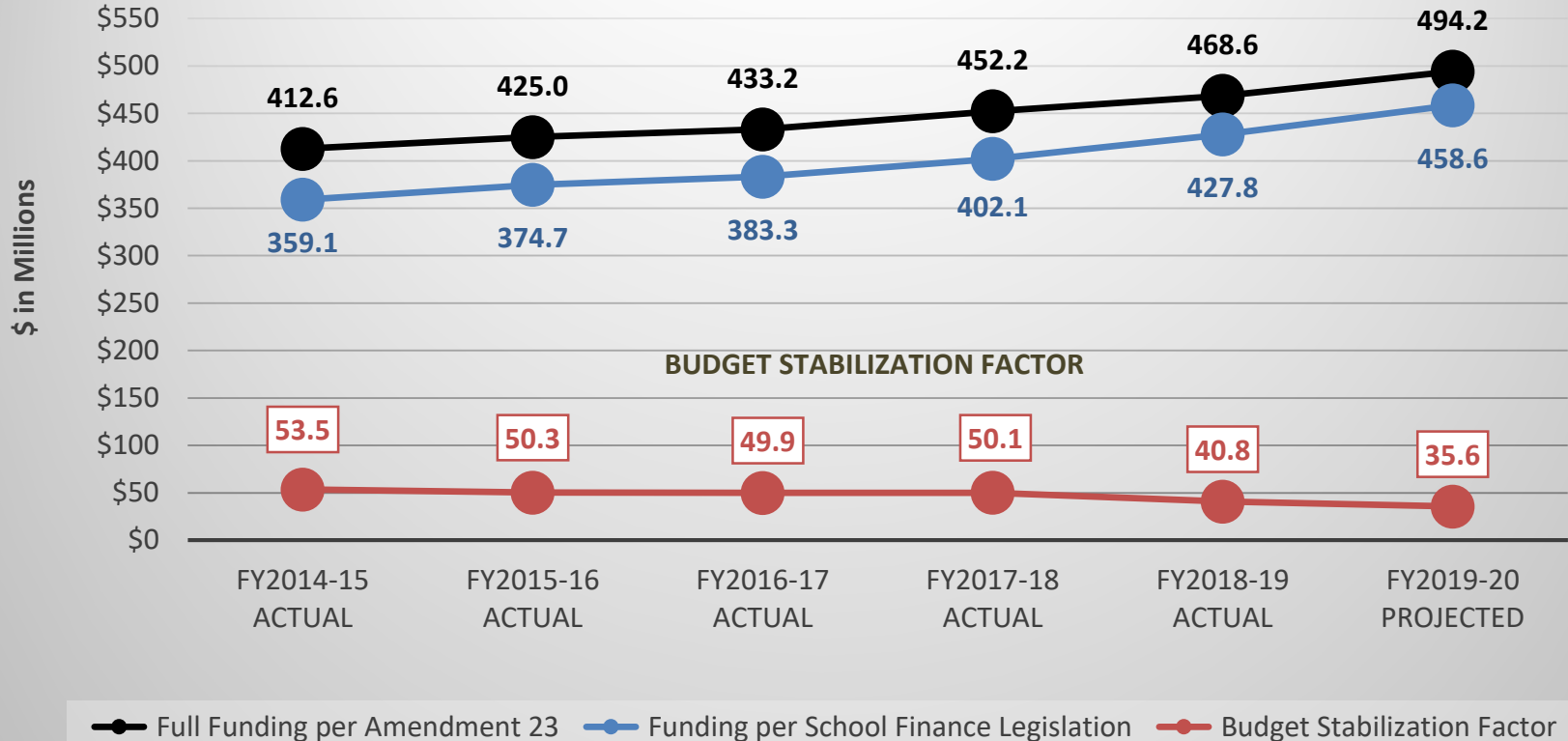
** Budget Stabilization Factor is -8.7% for FY2018-19 and -7.2% for FY2019-20.

*** Total Program Funding per pupil (per Amendment 23) = \$9,096 minus \$655 (Budget Stabilization Factor) = \$8,441 of Net Total Program Funding per Pupil.

Full Funding vs. Actual Funding

For Cherry Creek School District

Total Public School Finance Formula Funding



Cherry Creek School District Budget Outlook

Funded Pupil Count Comparison

Funded Pupil Count (FPC)		Actual FY17-18	Actual FY18-19	Projected FY19-20
Schools	High Schools	16,864.0	17,093.5	17,332.0
	Middle Schools	12,537.5	12,580.5	12,594.0
	Elementary Schools	21,680.0	21,464.2	* 22,640.2
	Charter Schools	741.1	834.7	834.7
	Total Schools	51,822.6	51,972.9	53,400.9
Programs	Preschool SPED	573.5	546.0	583.0
	Options Program	284.5	303.8	303.8
	Foot Center	30.0	32.0	32.0
	Expulsion	13.5	15.0	15.0
	Total Programs	901.5	896.8	933.8
Total Funded Pupil Count		52,724.1	52,869.7	54,334.7
Funding Per Pupil		\$7,627	\$8,092	\$8,441

*Elementary School projection reflects additional estimated FPC of 1,465 FTE for Full-Day Kindergarten based on HB19-1262.

Enrollment

Distribution-based Decline vs. Housing Growth

CCSD – Students from New Development Based on Yield: 2019 - 2033

Level	Total 2019-33	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
ES	1824	320	196	176	190	129	110	96	93	79	77	76	95	89	59	32
MS	1002	171	108	98	108	73	63	55	53	46	44	39	52	48	34	18
HS	1188	206	129	115	125	85	74	65	62	52	51	49	62	58	39	21
Total	4014	697	433	389	423	287	247	216	208	177	172	164	209	195	132	71

Approximate Loss from Grade Configuration Effects		-500	-500	-500	-500	-500	-500	-500	-400	-400	-400	-300	-300	-300	-200	-200
Net Increase		197	-67	-111	-77	-213	-253	-284	-192	-223	-228	-136	-91	-105	-68	-129

Next year may be the last year in which housing growth offsets grade configuration loss.

Source: CCSD Demographic Forecast, 2/24/19

Information for Context

Enrollment Dashboard

FUNDED PUPIL COUNT	Last Year	This Year	Pupil Count Change	19/20 Anticipated Change	IMPACT Ed Ops	Fiscal
Total District Pupil Count Comparison	52,724.1	52,869.7	146 ↑	↑	+	+
5-Year Average Growth	458	335	123 ↓	--	(-)	(-)
October SPED	6,829	7,056	227 ↑	↑	+	(-)
January Official Count - SPED	7,009	7,267	258 ↑			
OCTOBER COUNTS:						
Free Lunch	12,612	12,126	486 ↓		(-)	(-)
ELL	6,053	6,223	170 ↑	↑	+	(-)
Gifted & Talented	4,179	4,406	227 ↑	↑	+	(-)
Reduced Lunch	4,013	4,343	330 ↑	↑		
CHARTER SCHOOLS:						
Cherry Creek Academy	525.3	548.8	23.5 ↑	↑		
Heritage Heights Academy	215.8	285.9	70.1 ↑	↑		
Total Charter Growth			93.6 ↑	↑		
District School Growth, excluding Charters			52.0 ↑			
Total District Pupil Count Growth			145.6 ↑			
Enrollment Growth Assumption			400			
Enrollment Growth			146			
Change in Revenue Projection			(\$2,025,000)			

Summary Assumptions

Enrollment Dashboard

- 19-20 projected Funded Pupil Count increase FTE of 1,465 for FDK
- Statewide Budget Stabilization Factor decrease \$100 Million from \$672 to \$572 Million
Cherry Creek Budget Stabilization Factor decreases from \$40.8 to \$35.6 Million
- Per Pupil Revenue (PPR) Funding increases 4.3%, or \$349 from \$8,092 to \$8,441 per pupil
- Denver/Aurora/Lakewood CPI-U increase of 2.7% for 2018
- Estimated Assessed Value increase of 15%
- Override Increment \$6.4 Million
- 4.3% PPR Increase, Enrollment 1465 FTE Incr, Est. Budget Stabilization Factor decrease from -8.7% to -7.2%
- Assumes No Capital Funding for FDK Start-up

Areas of Budget Change by Category

➤ Embedded Salary/Benefit Structure	\$24.8M
✓ CPI/Steps/Lanes/PERA rate changes	
➤ Increasing needs for Mental Health support	\$0.7M
✓ 1 Director, 5 Coordinators	
➤ Educational Improvements	\$9.9M
✓ Tech Learning, Innovation, Online Learning	
➤ Full Day Kindergarten	\$16.6M
➤ Investments in Programs	\$6.8M
✓ Growth in SpEd, GT, ELL; Planning Time, Supplemental Pay	
➤ Allocation of Override to Charter Schools	<u>\$1.4M</u>
TOTAL ADDITIONS	\$60.2M

Risk Factors

Future Items of Consideration

➤ Compensation

- ✓ Market
- ✓ Benefits
- ✓ PERA
- ✓ Negotiations

➤ Legislative

- ✓ Federal
- ✓ State
 - PERA
 - Uniform Mill Levy
 - State of de-Brucing
 - Everything Else

➤ Economy

➤ Enrollment

➤ In-District

- ✓ New Programs/Schools

➤ Fiscal Planning

- ✓ Operating
- ✓ Capital

Local Voter Authorization

- **TABOR** – an amendment to the Colorado Constitution approved by a statewide vote in 1992. In K-12, restricts both property tax revenues and total revenue collections. Any revenues determined to be in excess of TABOR limits shall either not be collected or are to be refunded to the taxpayers.
- **de-Brucing** – an entity's voters authorize the retention of revenues deemed to be in excess of TABOR limits.
- **School Finance Levy** – the mill levy set by a local Board of Education to fund a district's local share under the School Finance Act of 1994, as annually amended ("SFA"). The levy may not exceed the lesser of (1) the prior year's levy or (2) the levy which would produce revenues which are not in excess of TABOR limits. If the generated local share is not a sufficient to fully fund a district's total SFA-authorized level of funding, then state funding *backfills* up to the authorized level of funding.
- **Revenue Limit Formula** – the revenues from the SFA-levy collected year-over-year cannot exceed the sum of the stipulated inflation index (aka "CPI") plus the percentage increase in funded enrollment.

Cherry Creek de-Brucing Status

- **CCSD has not de-Bruced the SFA levy** – evidencing compliance with TABOR, the mill the District levies pursuant the SFA has declined from 27.710 mills in 2006 to the current 20.359 mills in 2018. In addition to SFA-derived revenues, other revenues recognized by the District are also subject to TABOR, e.g. Interest Income.
- **CCSD has de-Bruced certain levies** – all of the District's override and debt service levies have been de-Bruced by the District's voters.
- **April 2019 figures** – The Arapahoe County Assessor projects CCSD's assessed values to increase by 15% to \$7.123 Billion. For 2019-20, the CPI is 2.7%. Inclusive of FDK enrollment, the District's funded enrollment is projected to increase by 2.8%. Adding CPI and enrolment growth, for 2019-20 the TABOR threshold is 5.5%.
- **School Finance Levy revenues in 2020** - given the 15% increase in assessed value, maintaining the 2018-19 levy would cause for an excess in property tax receipts in 2019-20. Accordingly, the SFA levy is to decline in order to ensure revenue collections do not exceed TABOR limits.
- **The SFA levy** – subject to final valuations, the SFA-directed would drop by 1.833 mills to approximately 18.526 mills from the current 20.359 mills.
- **2020 tax savings** - for a median residence in Cherry Creek, a 1.833 mill reduction causes for approximately \$58 in year-over-year savings.

State of Colorado and Other School Districts

- **The State of Colorado has not de-Bruced** - the state continues to be subject to the TABOR limits for revenue collection. As a result of HB19-1257 and HB19-1258, a measure will be on the November 2019 ballot, which if passed, would permit the state to retain excess funds instead of issuing refunds – effectively removing the TABOR cap.
- **If the referendum is approved** - possible revenue streams could be offered to K-12, higher education, as well as Transportation funding for the 20/21 fiscal year.
- **School Districts** - 174 of 178 School Districts have de-Bruced.

Future Look of Cherry Creek Schools

- **Risks** – should the District not de-Bruce, it is possible a portion of SFA funding could not be retained by CCSD and revenues would drop. A distinct possibility if: (a) District enrollment drops; and/or (b) the state expands the definition of and funding to K-12.
- **Estimated CCSD assessed value for 2020** - a two (2) mill tax effect equates to approximately \$14.25 million of revenue.
 - ✓ **Median home value of \$404,000 in CCSD:**
 - Approximate cost of one mill = \$7 for every \$100,000 of home value
 - One mill generates approximately \$29 in property tax revenue.
 - Effect of 2 mills would be ~\$58 in property tax revenue.
- **If CCSD voters were to vote to de-Bruce in November 2019** - local property taxes would be held constant at the current base mill rate (20.359 mills).
 - The District could collect revenues in excess of TABOR limits.
 - CCSD exits center stage; the District would no longer be only one of four school districts that hadn't de-Bruced.

All Funds Summary

ALL FUNDS:

General Fund –

Capital Improvements–

- Capital Reserve
- Building

Special Revenue–

- Designated Purpose Grants
- Extended Child Services
- Food Services
- Pupil Activities

Debt Service–

- Bond Redemption



General Fund Reserves

The Cherry Creek School District General Fund Balance includes a 3% TABOR Reserve, a Board Designated Policy Reserve of at least 3% of General Fund expenditures, and Assigned and Non-spendable Reserves for encumbrances and commitments. The General Fund Balance reserve levels are maintained according to Board Policy DB, adopted in April 2010.

DISTRICT EMERGENCY RESERVE

In accordance with provisions of SB09-256, Board Policy DB requires that the District maintain a Board Designated Policy Reserve in the General Fund of at least 3% of General Fund (GF) Budget expenditures. This reserve is a safeguard to preserve resources and maintain financial stability for long-range planning purposes. This standard of fiscal protection is a key element of the District's focus on sound fiscal planning for expenditures at a level consistent with available revenues, while at the same time, maintaining adequate reserves. The District meets this requirement with an approximate reserve equal to 4.8% of General Fund budget. The following table illustrates the level of reserves and the estimated calculation.

Fiscal Year 2019-20 (Estimated at June 30, 2020)

DESCRIPTION	RESERVE AMOUNT	% OF GF BUDGET
TABOR Reserve	\$19,060,000	3.0%
Board Designated Policy Reserve	19,060,000	3.0%
Non-spendable Reserve	1,750,000	0.2%
Committed and Assigned Reserve	9,750,000	1.4%
Unassigned Reserves	11,881,400	1.8%
TOTAL ESTIMATED GENERAL FUND RESERVES	\$61,501,400	9.4%
FY2019-20 GENERAL FUND BUDGET EXPENDITURES & TRANSFERS	\$654,315,600	

Revenue & Expenditure Comparison

DESCRIPTION (\$ IN MILLIONS)	FY2018-19 ESTIMATED BUDGET	FY2019-20 PROPOSED BUDGET	YR / YR CHANGE
PROPERTY TAXES	\$241.55	\$256.26	\$14.71
SPECIFIC OWNERSHIP TAXES	24.55	24.80	0.25
STATE EQUALIZATION REVENUE	292.19	315.99	23.80
OTHER STATE CATEGORICAL REVENUE	22.19	24.06	1.87
OTHER LOCAL REVENUE	7.15	7.22	0.07
OTHER FEDERAL REVENUE	1.46	1.46	--
TRANSFERS IN	1.55	1.56	0.01
TOTAL REVENUE & TRANSFERS	\$590.64	\$631.35	\$40.71
TOTAL EXPENDITURES	579.43	635.38	55.95
TRANSFER TO CAPITAL RESERVE	14.70	18.94	4.24
NET EXPENDITURES & TRANSFERS	\$594.13	\$654.32	\$60.19
REVENUE OVER (UNDER) EXPENDITURES	(\$3.49)	(\$22.97)	(\$19.48)

FY2019-20 Assumptions

1. 19-20 projected Funded Pupil Count increase FTE OF 1,465 for FDK
2. Statewide Budget Stabilization Factor decrease \$100 Million from \$672 to \$572 Million
Cherry Creek Budget Stabilization Factor decreases from \$40.8 to \$35.6 Million
3. Per Pupil Revenue (PPR) Funding increases 4.3%, or \$349 from \$8,092 to \$8,441 per pupil
4. Denver/Aurora/Lakewood CPI-U increase of 2.7% for 2018
5. Estimated Assessed Value increase of 15%
6. Override Increment \$6.4 Million
7. 4.3% PPR Increase, Enrollment 1465 FTE Incr, Est. Budget Stabilization Factor decr from -8.7% to -7.2%
8. Assumes No Capital Funding for FDK Start-up

General Fund

Revenue & Expenditures

Revenue Sources (\$ in Millions)	2017-18 Actual	2018-19 Budget	2019-20 Proposed	Inc. (Dec.)
Local Sources	\$268.20	\$273.25	\$288.28	\$15.03
State Sources	290.11	314.38	340.05	25.67
Federal Sources	1.47	1.46	1.46	-
TOTAL REVENUES	559.78	589.09	629.79	40.70
<u>Other Financing Sources</u>				
Extended Child Services Fund	1.43	1.55	1.56	0.01
TOTAL REVENUES/FINANCING SOURCES	\$561.21	\$590.64	\$631.35	\$40.71
TOTAL EXPENDITURES & TRANSFERS	553.54	594.13	654.32	60.19
REVENUES OVER (UNDER) EXPENDITURES	\$7.67	(\$3.49)	(\$22.97)	(\$19.48)

Risk Management Fund

EXPENDITURES ARE FUNDED BY ALLOCATION FROM THE GENERAL FUND

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
<u>EXPENDITURES</u>			
Salary & Benefits	\$0.29	\$0.33	\$0.40
Liability Insurance	0.61	1.32	1.60
Property Insurance	0.43	0.72	1.30
Fidelity Bond Premium	0.01	0.01	0.01
Workers' Compensation	2.68	2.71	2.36
Other Operating	9.56	0.21	0.21
TOTAL EXPENDITURES	\$13.58	\$5.30	\$5.88

Capital Reserve Fund

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
BEGINNING FUND BALANCE	\$24.71	\$22.16	\$10.16
<u>REVENUES</u>			
Invest. Income/Cash in Lieu of Land	0.04	0.81	0.06
Transfer from General Fund	13.57	14.70	18.94
Transfer from Building Fund	1.00	0.00	0.00
Instructional Tech. Lease Proceeds	0.00	0.00	0.00
Bus Replacement Lease Proceeds	7.26	0.00	0.00
Certificates of Participation	15.47	6.94	0.00
Total Revenues	37.34	22.45	19.00
TOTAL FUNDS AVAILABLE	\$62.05	\$44.61	\$29.16
<u>EXPENDITURES</u>			
Building and Improvements	19.60	22.65	14.86
Equipment, Software and Internet	16.81	5.53	6.31
Debt Service – Technology and Buses	3.48	6.27	6.34
Total Expenditures	39.89	34.45	27.51
ENDING FUND BALANCE	\$22.16	\$10.16	\$1.65

Building Fund

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
BEGINNING FUND BALANCE	\$144.51	\$153.91	\$74.64
<u>REVENUES</u>			
Sale of Bonds	100.00	0.00	0.00
Premium on Bonds	21.22	0.00	0.00
Investment Income	2.25	1.75	0.89
Total Revenues	123.47	1.75	0.89
TOTAL FUNDS AVAILABLE	\$267.98	\$155.66	\$75.53
<u>EXPENDITURES</u>			
Salaries & Benefits	0.75	0.95	0.39
Land, Building and Improvements	110.63	67.56	40.20
Equipment	2.10	10.41	17.16
Professional Services	0.16	2.10	11.82
Bond Issue Costs	0.43	0.00	0.00
Total Expenditures and Transfers	114.07	81.02	69.57
ENDING FUND BALANCE	\$153.91	\$74.64	\$5.96

Designated Purpose Grants

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
<u>REVENUES AND EXPENDITURES</u>			
Local/Private Funds	\$2.73	\$4.60	\$4.80
State Funds	2.31	3.35	2.87
Federal Funds			
Education of the Handicapped	\$9.29	\$9.76	\$10.11
Every Student Succeeds Act			
- Title I – A	4.77	5.10	4.77
- Title II – A	0.66	0.90	0.99
- Title III	0.36	0.60	0.58
- Title IV	0.05	0.11	0.39
Other	0.01	0.48	0.52
Subtotal ESSA	\$5.85	\$7.19	\$7.25
School to Work Alliance Program	0.16	0.18	0.20
Medicaid	2.08	3.60	3.92
Other Federal	0.26	0.24	0.25
Total Federal Grants	\$17.64	\$20.97	\$21.73
TOTAL REVENUES/EXPENDITURES	\$22.68	\$28.92	\$29.40

- 11% Reduction in Title I allocations are anticipated in preliminary CCSD estimates received from the Colorado Department of Education, with anticipated carryover of \$490,000 of 2018-19 funds to be used as a FY2019-20 funding source.
- Other Title and IDEA grant allocations are expected to be flat.

Extended Child Services Fund

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
BEGINNING FUND BALANCE	\$6.33	\$6.64	\$6.64
<u>REVENUES</u>			
Tuition	18.91	19.90	15.35
Total Revenues	18.91	19.90	15.35
TOTAL FUNDS AVAILABLE	\$25.24	\$26.54	\$21.99
<u>EXPENDITURES</u>			
Before and After School	8.40	9.85	10.29
Kindergarten Enrichment	4.29	3.64	0.00
Preschool	1.73	2.02	1.57
Other Enterprise Programs	1.65	1.69	0.89
Other Costs	1.09	1.15	1.04
Transfer to General Fund	1.44	1.55	1.56
Total Expenditures and Transfers	18.60	19.90	15.35
ENDING FUND BALANCE	\$6.64	\$6.64	\$6.64

- Kindergarten Enrichment Program is discontinued in FY2019-20, and Full-Day Kindergarten is offered to all students

Food Services Fund

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
BEGINNING FUND BALANCE	\$6.51	\$6.29	\$6.30
<u>REVENUES</u>			
Sales, Investment, Catering	9.01	10.48	10.28
Federal Meal Reimbursement (less than 50% of total revenue)	7.34	7.52	7.30
USDA Donated Food	1.12	1.23	1.02
State Meal Reimbursement	0.26	0.27	0.35
Total Revenues	17.73	19.50	18.95
TOTAL FUNDS AVAILABLE	\$24.24	\$25.79	\$25.25
<u>EXPENDITURES</u>			
Food	6.95	7.59	7.20
Supplies	0.95	0.99	0.95
Salaries and Benefits	8.46	8.88	9.49
Services, Capital, Other	1.59	2.03	1.28
Total Expenditures	17.95	19.49	18.92
ENDING FUND BALANCE	\$6.29	\$6.30	\$6.33

- In Fall of FY20 school lunch prices are proposed to increase \$0.25 for Elementary, Middle, and High School meals. The price increase is in alignment with similar price changes in surrounding Districts and helps to offset cost increases.

Pupil Activities Fund

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
BEGINNING FUND BALANCE	\$5.81	\$6.33	\$6.33
Total Revenues	12.95	16.62	16.78
TOTAL FUNDS AVAILABLE	\$18.76	\$22.95	\$23.11
<u>EXPENDITURES</u>			
High School Activities	9.24	11.69	11.81
Middle School Activities	1.09	2.05	2.07
Elementary School Activities	1.85	2.56	2.59
Other Expenditures	0.25	0.32	0.31
Total Expenditures	12.43	16.62	16.78
ENDING FUND BALANCE	\$6.33	\$6.33	\$6.33

Bond Redemption Fund

\$ IN MILLIONS	2017-18 Actual	2018-19 Budget	2019-20 Proposed
BEGINNING FUND BALANCE	\$47.01	\$55.07	\$58.94
<u>REVENUES</u>			
Property Taxes	61.44	61.65	62.36
Refunding Bond Proceeds	75.51	0.00	0.00
Investment Income	0.48	0.62	1.04
Refunding Bond Premium	7.96	0.00	0.00
Total Revenues	145.39	62.27	63.40
TOTAL FUNDS AVAILABLE	\$192.40	\$117.34	\$122.34
<u>EXPENDITURES</u>			
Bond Principal Retirement	28.06	31.34	33.67
Interest	25.79	27.04	25.49
Transfer to Escrow Agent/Fiscal Charges	83.48	0.02	0.02
Total Expenditures	137.33	58.40	59.18
ENDING FUND BALANCE	\$55.07	\$58.94	\$63.16

Appendix



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INFORMATION FOR CONTEXT

Budget Development / Budget Planning

We Value our Employees

Our goal is to recruit, hire, and retain the finest licensed personnel and support staff

- 89.7% of General Fund budget is salaries and benefits
- Salary and wages – FY2019-20
 - ✓ Teacher, Mental Health, and Nurse employee compensation
 - Salary increase of 2.7% (COLA) and additional salary for experience step credit and educational attainment
 - ✓ Classified and other employees
 - Wage and Salary increase of 2.7% (COLA)
- Recurring health insurance contributions by the District were maintained for employee work groups
- District contribution for eligible participants in the health benefits plan did not increase as premiums were not increased by health care provider



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FY2019-20 Public School Finance

Based on SB19-246 and HB19-1262

FUNDING PER PUPIL– CHERRY CREEK

Funding per Pupil (2009-10 Actual)	\$7,005
------------------------------------	---------

Funding per Pupil (2019-20 Estimate)	\$8,441
--------------------------------------	---------

Funding per Pupil Increase Since FY2009-10	\$1,436
--	---------

20.5% Increase Over 10 Years



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Senate Bill 18-200

Status Summary

Effective Date/Fiscal Year	PERA Employer (1)	PERA Employee (1)	Effective Rates to ensure that PERA remains on track for sustainability goal	Employer Rates Cost Impact to CCSD Employer Portion
1-Jul-19: 2019/20	20.40%	8.75%	Per Statute	\$2 Million
1-Jul-20: 2020/21	20.90%	10.00%	Trigger activated Per Statute	\$4 Million
1-Jul-21: 2021/22	21.40%	10.50%	Possible Trigger	\$4 Million
1-Jul-22: 2022/23	21.90%	11.00%	Possible Trigger	\$4 Million
1-Jul-23: 2023/24	22.40%	11.50%	Possible Trigger	\$4 Million

New PERA employees hired on or after July 1, 2019 would have PERA contributions calculated on gross salary.

Source: February 2019 news release from PERA.

Note: Possible Trigger is based on Report on Actuarially Determined Contribution in Comprehensive Annual Financial Report.

Released report would determine any trigger needed to stay on track to sustainability goal of paying off the unfunded liability in 30 years.

(1) Trigger can be activated at a 0.5% increase per year for employer and employee, not to exceed an additional 2.0%.

Property Taxes

Current Year & Future Year Property Tax Outlook

2018-19

Mill Levy	49.995
Assessment Ratio	7.20%
Residential Taxes on a \$380,700 Home	\$1,370

2019-20 (Estimated)

Mill Levy	45.229
Assessment Ratio	7.15%
Residential Taxes on a \$404,000 Home	\$1,306 *

Average Home in an Arapahoe County
Residential Area



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*Assumes decline in Base Mill Rate of 1.833 mills, for a residential taxpayer annual savings of \$53.

SUMMARY OF PROJECTIONS DECEMBER 2018 TO JUNE 2019

Assumptions

FY2019-20 Assumptions December 2018

1. Projected Funded Pupil Count no increase of FTE for FY2019-20
2. Statewide Budget Stabilization Factor decreases to -7.6%
Cherry Creek Budget Stabilization Factor decreases from \$40.6 to \$36.8 million
3. Per Pupil Revenue (PPR) Funding increases 4.4%, or \$357 from \$8,098 to \$8,455 per pupil
4. Denver/Boulder CPI-U Legislative Council estimated increase of 3.2% for 2018
5. Assumes Assessed Value increases 2%
6. Override Increment \$3.8 million
7. 4.4% PPR increase as per Governor's FY19-20 Budget Request; 0 FTE Enrollment increase
8. Estimated Budget Stabilization Factor decreases to -7.6%

FY2019-20 Assumptions February 2019

1. Projected Funded Pupil Count no increase of FTE for FY2019-20
2. Statewide Budget Stabilization Factor decreases to -7.5%
Cherry Creek Budget Stabilization Factor decreases from \$40.8 to \$36.1 million
3. Per Pupil Revenue (PPR) Funding **increases 4.1%**, or \$329 from \$8,092 to \$8,421 per pupil
4. Denver/Aurora/Lakewood CPI-U **increase of 2.7%** for 2018
5. Assumes Assessed Value **increases 2%**
6. Override Increment **\$3.2 million**
7. **4.1% PPR increase** as per Governor Polis' FY19-20 Budget Request; 0 FTE Enrollment increase
8. Estimated Budget Stabilization Factor **decreases to -7.5%**
9. Mill Levy Overrides FY18-19 \$118.1 Million, FY19-20 **\$121.3 Million projected.**

FY2019-20 Assumptions March 2019

1. 19-20 projected Funded Pupil Count **increase FTE OF 1,465 for FDK**
2. Statewide Budget Stabilization Factor decrease \$77 Million from \$672 to \$595 Million
Cherry Creek Budget Stabilization Factor decreases from \$40.8 to \$37.0 Million
3. Per Pupil Revenue (PPR) Funding increases 4.1%, or \$329 from \$8,092 to \$8,421 per pupil
4. Denver/Aurora/Lakewood CPI-U increase of 2.7% for 2018
5. Assumes Assessed Value **increases 2%**
6. Override Increment **\$6.4 Million**
7. 4.1% PPR Increase, Enrollment 1465 FTE Incr, Est. Budget Stabilization Factor decr from -8.7% to -7.5%
8. Includes **\$1.5 Million One-Time State Funding for FDK Start-up**

FY2019-20 Assumptions May 2019

1. 19-20 projected Funded Pupil Count increase FTE OF 1,465 for FDK
2. Statewide Budget Stabilization Factor decrease **\$100 Million** from \$672 to **\$572 Million**
Cherry Creek Budget Stabilization Factor decreases from \$40.8 to **\$35.6 Million**
3. Per Pupil Revenue (PPR) Funding increases **4.3%**, or **\$349** from \$8,092 to **\$8,441** per pupil
4. Denver/Aurora/Lakewood CPI-U increase of 2.7% for 2018
5. Estimated Assessed Value **increase of 15%**
6. Override Increment \$6.4 Million
7. **4.3% PPR Increase**, Enrollment 1465 FTE Incr, Est. Budget Stabilization Factor decr from -8.7% to **-7.2%**
8. Assumes No Capital Funding for FDK Start-up

Budget Planning Set Cost Increases

Analysis of 19/20 Estimated Compensation Increase Costs

DESCRIPTION (\$ IN MILLIONS)	Estimated Increase
SALARY COSTS:	
Estimated 2.7% Increase for CPI (Teachers, Mental Health, Nurses)	\$7,651,044
Estimated Salary Increase – Experience Step (Teachers, Mental Health, Nurses)	\$5,560,583
Estimated Salary Increase – Educational Attainment – 19/20	\$2,244,268
2.7% Estimated Salary Increase for CPI – Non-teaching Staff	<u>\$2,276,834</u>
Salary Only – Increase in Costs	\$17,732,729
PERA AND MEDICARE COSTS:	
PERA and Medicare Costs – 2.7% Increase for CPI (Teachers, Mental Health, Nurses)	\$1,671,753
PERA and Medicare Costs – Experience Step (Teachers, Mental Health, Nurses)	\$1,214,987
PERA and Medicare Costs – Educational Attainment – 19/20	\$490,373
PERA and Medicare Costs – 2.7% Salary Increase for CPI – Non-teaching Staff	<u>\$497,488</u>
PERA and Medicare Only – Increase in Costs	\$3,874,601
TOTAL SALARY AND BENEFITS COST INCREASES–BASED ON ESTIMATED COMPENSATION	\$21,607,330
110 Retirement Option Savings	(\$960,000)
NET SALARY & BENEFITS COST INCREASES	\$20,647,330

Expenditure Summary

PROPOSED EXPENDITURE INCREASES FOR FY2019-20 (\$ IN MILLIONS)	CATEGORY TOTALS
FY2018-19 General Fund Expenditure and Transfer Budget	\$594.13
Estimated Compensation Changes	20.64
PERA Contribution Rate Increase	2.18
Staffing for Enrollment Changes	0.61
Full Day Kindergarten Operating	12.33
Full Day Kindergarten Capital	4.24
Mental Health – 1 Director and 5 Coordinators	0.70
Elementary Planning Time	0.50
Supplemental Pay – Athletics and Activities	0.20
School Educational Programs	1.06
Compensation Market Study	3.90
Allocation of Override to Charter Schools (HB17-1375)	1.40
Operational Costs: CCIC / Online High School (<i>High Schools participate in cost sharing 15 FTE's</i>)	6.20
Change in Staffing Ratio from 18.5:1 to 18.75:1	(2.50)
Other Budget Adjustments	2.63
Additional New Budget Requests	6.10
Estimated Total Expenditures & Transfers Increases for FY2019-20	\$60.19
FY2019-20 General Fund Expenditures and Transfers –Projection	\$654.32
19-20 Revenue Projection	\$631.35
Fiscal Gap (Including Additional New Budget Requests)	(\$22.97)

Preliminary Approved Budget Requests

Budget Requests by Department	Amount Requested
Special Education	\$807,440
Advanced Academics/GT	\$1,500,000
Professional Learning	\$30,000
Inclusive Excellence	\$100,369
Instruction - Literacy	\$2,000,000
Language Support Services	\$500,000
Information Systems	\$271,956
Fiscal Services	\$500,000
Security	\$76,850
Ed Ops-Innovation	\$100,000
Expulsion Program	\$15,000
Contingency	\$198,385
TOTAL	\$6,100,000

Expenditure Increases FY19/20

Elevation and CCIC

Elevation (Online High School)	FTE	Expenditure
Educational Support Staff	5.0	\$394,052
Certified Teachers	20.0	\$2,310,760
Operating Expenses	--	\$65,000
TOTAL	25.0	\$2,769,812

Cherry Creek Innovation Campus (CCIC)	FTE	Expenditure
Educational Support Staff	17.0	\$916,003
Certified Teachers	30.0	\$3,519,428
-15 FTE Cost Shared with High Schools	--	(\$1,759,714)
Operating Expenses	--	\$751,000
TOTAL	47.0	\$3,426,717

Budget Development Factors

Staffing & Supplies

➤ Staffing

- ✓ One Certified Staff Member for every 18.75 student FTE
- ✓ Class size reduction – K-3
- ✓ Reading
- ✓ At-Risk
- ✓ Special Education staffed by formulas based on services provided
- ✓ English Language Learner, Gifted and Talented
- ✓ Full-Day Kindergarten at all Elementary Schools

➤ School supply allocation per student to cover cost of materials

	FY2019-20 Per Pupil Allocation	2.7% Increase in Per Pupil Allocation from FY 2018-19	Total (in Millions)
Elementary School	\$136.34	\$3.59	\$3.09
Middle School	\$176.90	\$4.65	\$2.23
High School	\$226.77	\$5.96	\$3.93

Budget Overview

Funding per School Finance Legislation

Revenue Loss by Year for Cherry Creek Schools

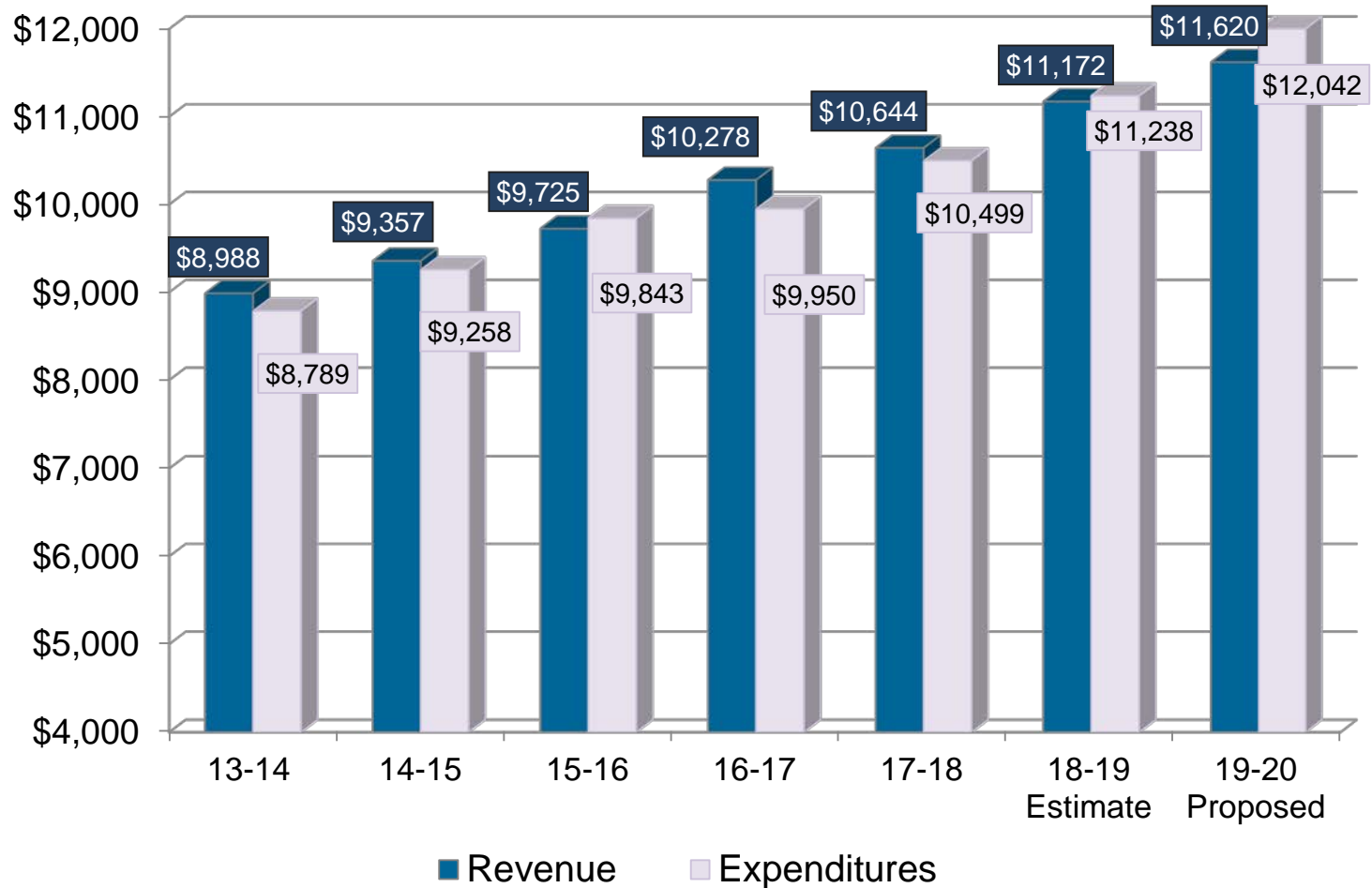
\$ IN MILLIONS	Actual 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18	Actual 2018-19	Projected 2019-20
Total Program Funding – Amendment 23	\$412.6	\$425.0	\$433.2	\$452.2	\$468.6	\$494.2
Less: Effect of Rescission on Cherry Creek (Revenue Loss)	(53.5)	(50.3)	(49.9)	(50.1)	(40.8)	(35.6)
Net Program Funding	\$359.1	\$374.7	\$383.3	\$402.1	\$427.8	\$458.6

	Actual 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18	Actual 2018-19	Projected 2019-20
Funded Student Count	51,432.7	51,581.7	51,888.7	52,724.1	52,869.7	54,334.7
Total Program Funding per Pupil	\$8,023	\$8,239	\$8,348	\$8,577	\$8,864	\$9,096
Less: Funding per Pupil Reduction	(1,041)	(974)	(961)	(950)	(772)	(655)
Net Program Funding per Pupil	\$6,982	\$7,265	\$7,387	\$7,627	\$8,092	\$8,441

- Revenue loss indicates disparity between Amendment 23 at full funding and actual reduced funding, net of Budget Stabilization Factor.

Per Pupil Revenue & Expenditures*

General Fund



* Figures include transfers

Budget Overview

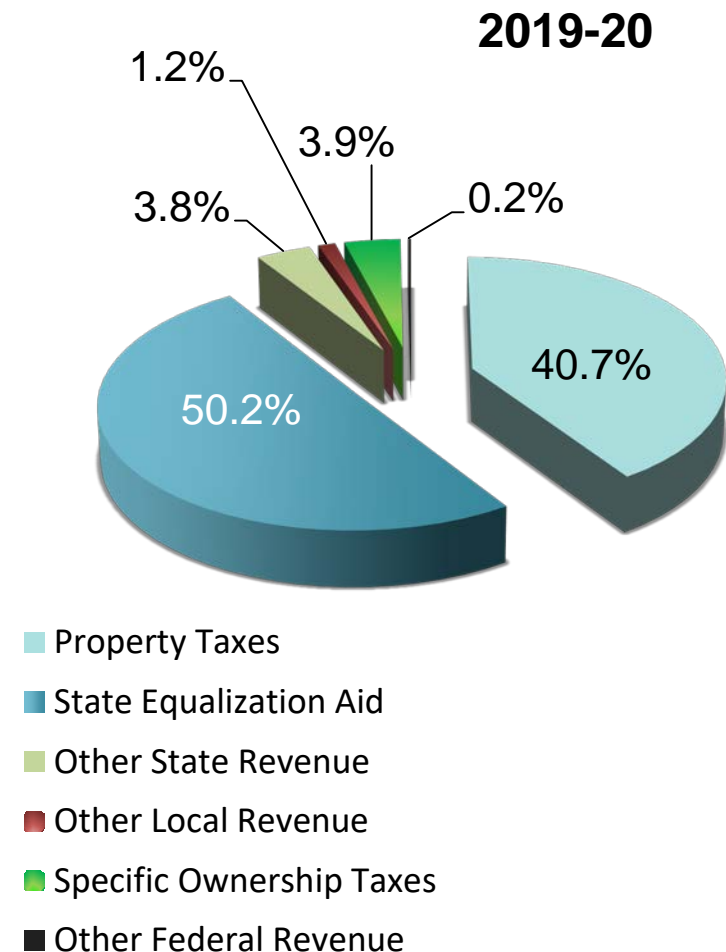
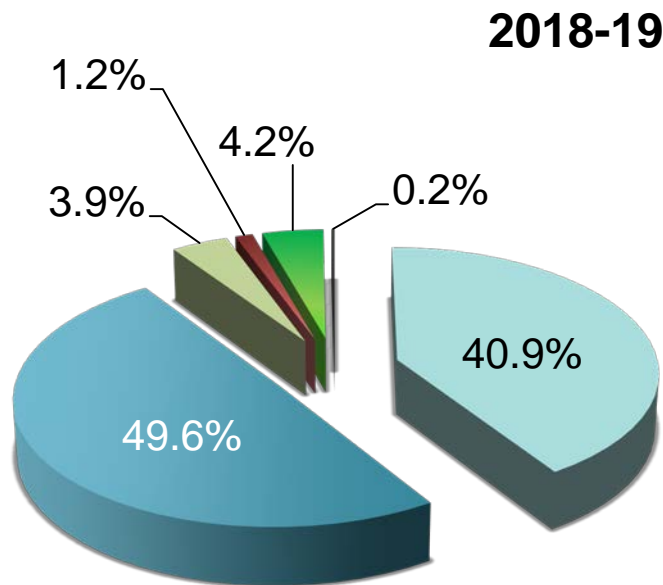
Revenue Source Changes from FY2018-19 to FY2019-20

FY2018-19 GENERAL FUND MODIFIED REVENUE & TRANSFERS BUDGET	\$590.64
BUDGETED REVENUE & TRANSFERS – INCREASES (DECREASES)	AMOUNT (IN MILLIONS)
Projected Funded Enrollment Increase of 1,465 FTE for FDK	\$12.37
Inflation CPI of 2.7%	13.27
Change in Budget Stabilization Factor from -8.7% to -7.2%	5.16
TOTAL PROGRAM FUNDING INCREASE – SCHOOL FINANCE FORMULA	\$30.80
Increase in State Categorical Revenue – 2.7%	0.22
Increase in Tier B SPED Categorical Revenue	1.65
Increase in Specific Ownership Taxes	0.24
Mill Levy Override Increment	6.40
Increase in Property Tax Abatements and Collections	1.32
Increase in Other Local Revenue and Transfers	0.08
BUDGETED REVENUE & TRANSFERS INCREASE	\$40.71
FY2019-20 GENERAL FUND REVENUE & TRANSFERS BUDGET	\$631.35

Funding Sources

General Fund

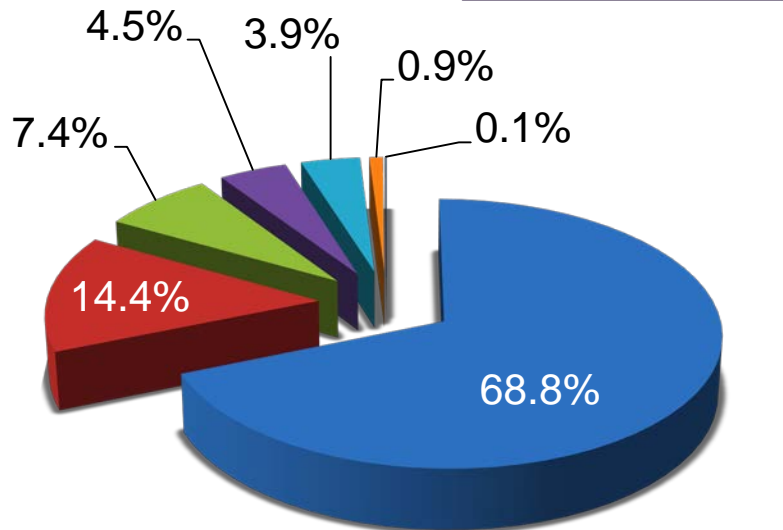
	2018-19	2019-20
Local	46.3%	45.8%
State	53.5%	54.0%
Federal	0.2%	0.2%



General Fund

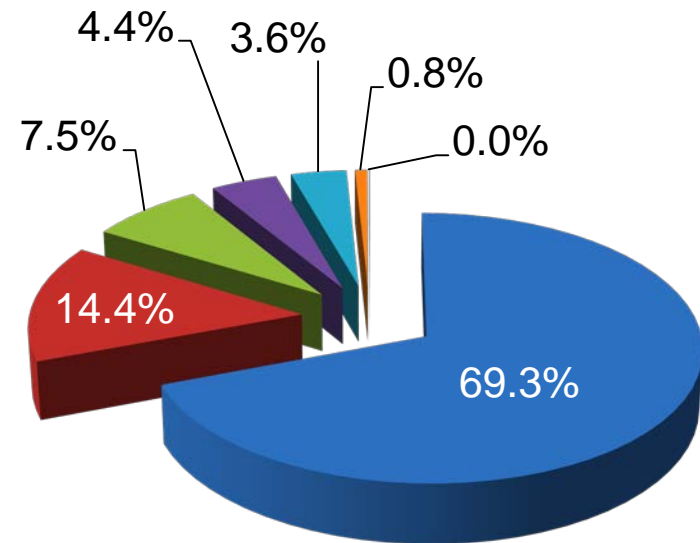
Budget Dollar

2018-19
Total Instruction
83.2%



- Direct Instruction
- Indirect Instruction
- Operations, Mtce., & Custodial Services
- Central, Fiscal, and Community Services
- Transportation
- General Administration
- District-wide, Interest, & Contingency

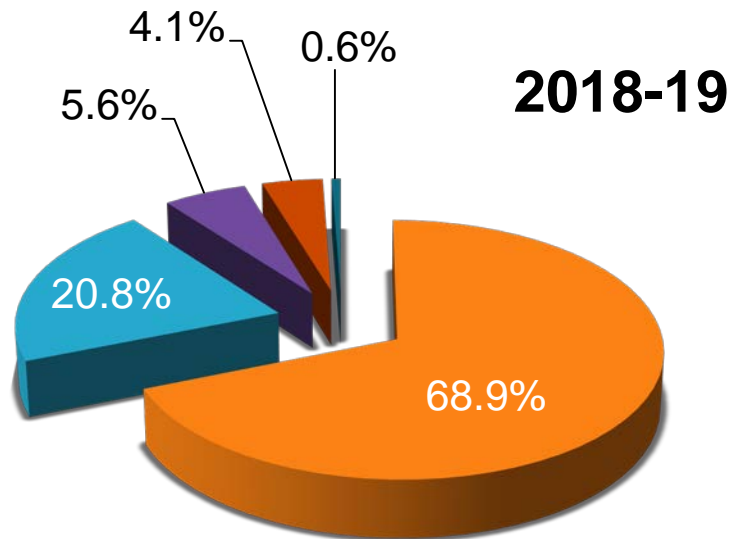
2019-20
Total Instruction
83.7%



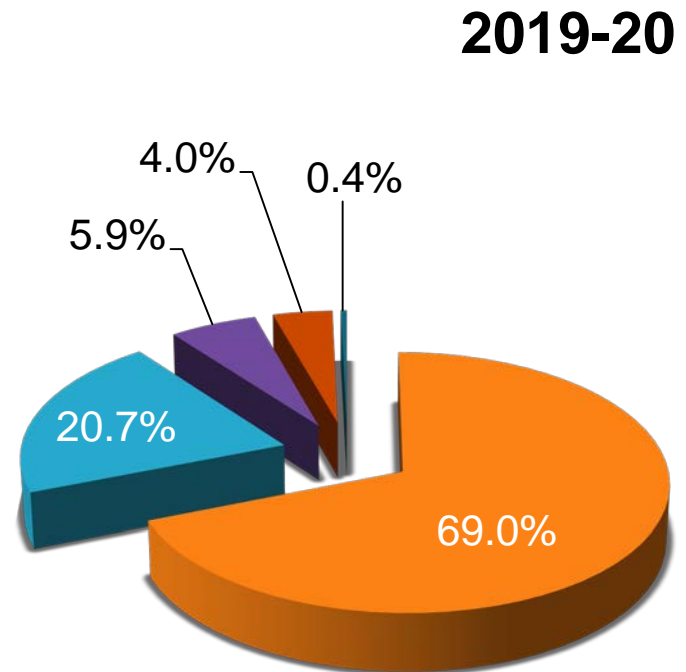
Expenditures by Object

General Fund

Salaries & Benefits
89.7%



- Salaries
- Employee Benefits
- Purchased Services
- Supplies & Materials
- Capital & Other



Fund Balance

General Fund Reserves

The Cherry Creek School District General Fund Balance includes a 3% TABOR Reserve, a Board Designated Policy Reserve of at least 3% of General Fund expenditures, and Assigned and Non-spendable Reserves for encumbrances and commitments. The General Fund Balance reserve levels are maintained according to Board Policy DB, adopted in April 2010.

DISTRICT EMERGENCY RESERVE

In accordance with provisions of SB09-256, Board Policy DB requires that the District maintain a Board Designated Policy Reserve in the General Fund of at least 3% of General Fund (GF) Budget expenditures. This reserve is a safeguard to preserve resources and maintain financial stability for long-range planning purposes. This standard of fiscal protection is a key element of the District's focus on sound fiscal planning for expenditures at a level consistent with available revenues, while at the same time, maintaining adequate reserves. The District meets this requirement with an approximate reserve equal to 4.8% of General Fund budget. The following table illustrates the level of reserves and the estimated calculation.

Fiscal Year 2019-20 (Estimated at June 30, 2020)

DESCRIPTION	RESERVE AMOUNT	% OF GF BUDGET
TABOR Reserve	\$19,060,000	3.0%
Board Designated Policy Reserve	19,060,000	3.0%
Non-spendable Reserve	1,750,000	0.2%
Committed and Assigned Reserve	9,750,000	1.4%
Unassigned Reserves	11,881,400	1.8%
TOTAL ESTIMATED GENERAL FUND RESERVES	\$61,501,400	9.4%
FY2019-20 GENERAL FUND BUDGET EXPENDITURES & TRANSFERS	\$654,315,600	

GAAP Fund Balance

June 30, 2018 through June 30, 2021

General Fund as of June 30 th (\$ in millions)	Actual As of 6-30-18	Estimated As of 6-30-19	Projected As of 6-30-20	Projected As of 6-30-21
<u>Reserves</u>				
3% TABOR Reserve	\$16.39	\$17.38	\$19.06	\$19.73
3% Board Designated Policy Reserve	16.39	17.38	19.06	19.73
Nonspendable Reserve	1.75	1.75	1.75	1.75
Committed and Assigned Reserve	9.75	9.75	9.75	9.75
Unassigned Reserve	43.68	38.21	11.88	(18.41)
GAAP Fund Balance	\$87.96	\$84.47	\$61.50	\$32.55



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Cherry Creek Schools

GAAP Fund Balance

June 30, 2018 through June 30, 2021

General Fund as of June 30 th (\$ in millions)	Actual As of 6-30-18	Estimated As of 6-30-19	Projected As of 6-30-20	Projected As of 6-30-21
<u>Expenditures & Transfers</u>	\$553.54	\$594.13	\$654.32	\$674.51
Funding Gap Revenue over (under) Expenditures	\$7.68	(\$3.49)	(\$22.97)	(\$28.95)
Unassigned Reserves as a % of Expenditures & Transfers	7.89%	6.43%	1.82%	(2.73%)
Unassigned Reserve % plus Board Designated Policy Reserve %	10.89%	9.43%	4.82%	0.27%
Comparison to S & P Credit Rating Benchmark	> 8%	> 8%	< 8%	< 8%
Underperformance to S&P Benchmark %	-	-	(3.18%)	(7.73%)
Underperformance to S&P Benchmark \$	-	-	(\$20.81)	(\$52.14)

- Expenditures outpace revenue in the forecast for all fiscal years.

Projection Changes and Impacts to Fund Balance

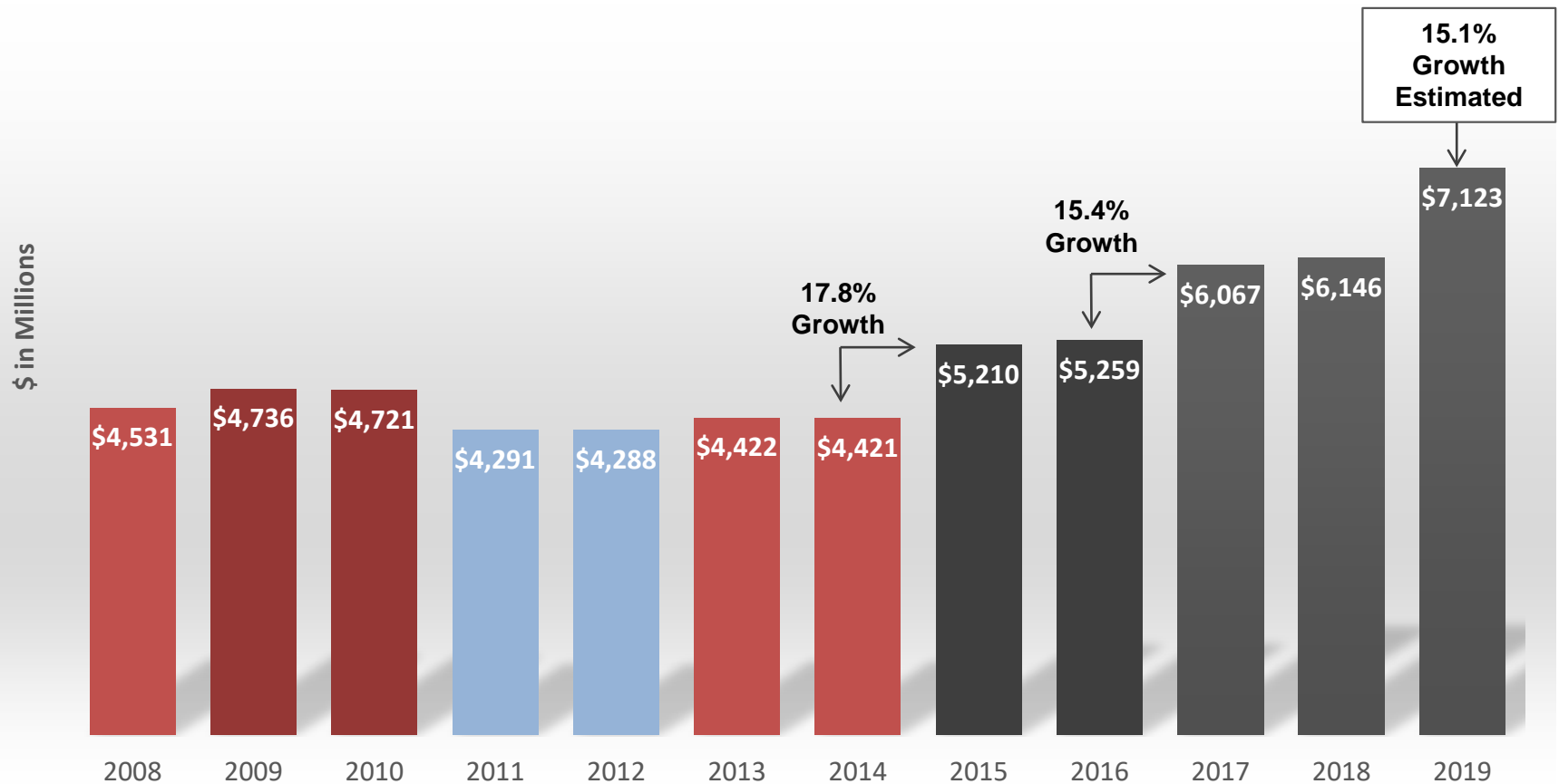
December to May Proposed Budget

General Fund Reserves	Dec 2018	Feb 2019	March 2019	April 2019	May 2019
Projected Fund Balance	\$68.37	\$67.81	\$60.33	\$58.77	\$61.50
Projected Funding Gap	(15.70)	(16.26)	(23.74)	(25.70)	(22.97)
Factors Driving Change	Staffing Ratio 18.5:1	Pending budget requests \$19.9M; Staffing Ratio change to 18.75:1	\$6.1M Preliminary approved budget requests	\$6.8 M Additional request for Mental Health, Planning Time, Supplementals	\$2.7M Revenue change; Budget Stabilization Factor & SpEd Categorical funding

Historical Information

Taxable Assessed Valuation History

Assessed Valuation

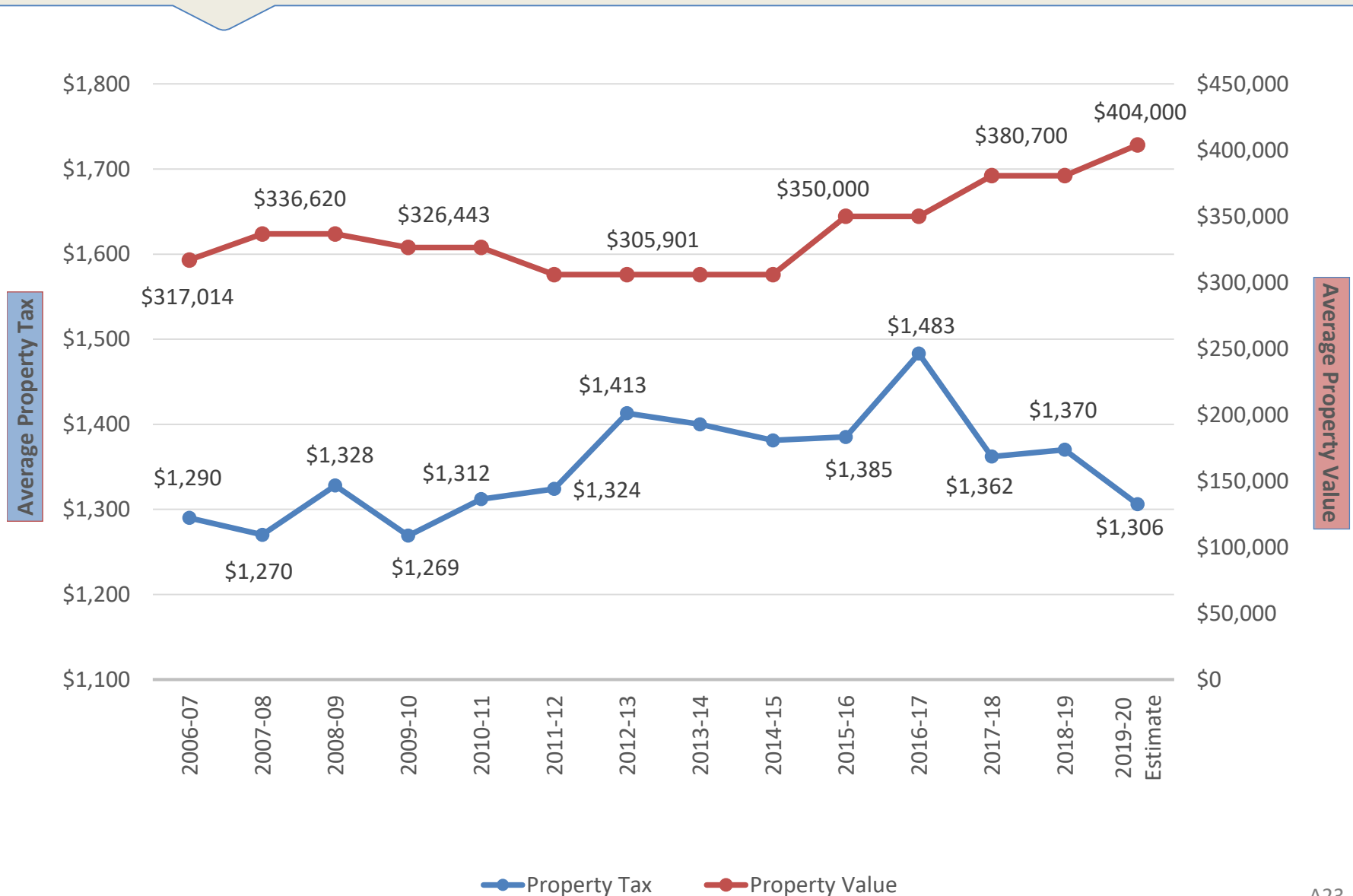


Funded Enrollment Growth

3.3% Funded Enrollment Growth over Last 5 years

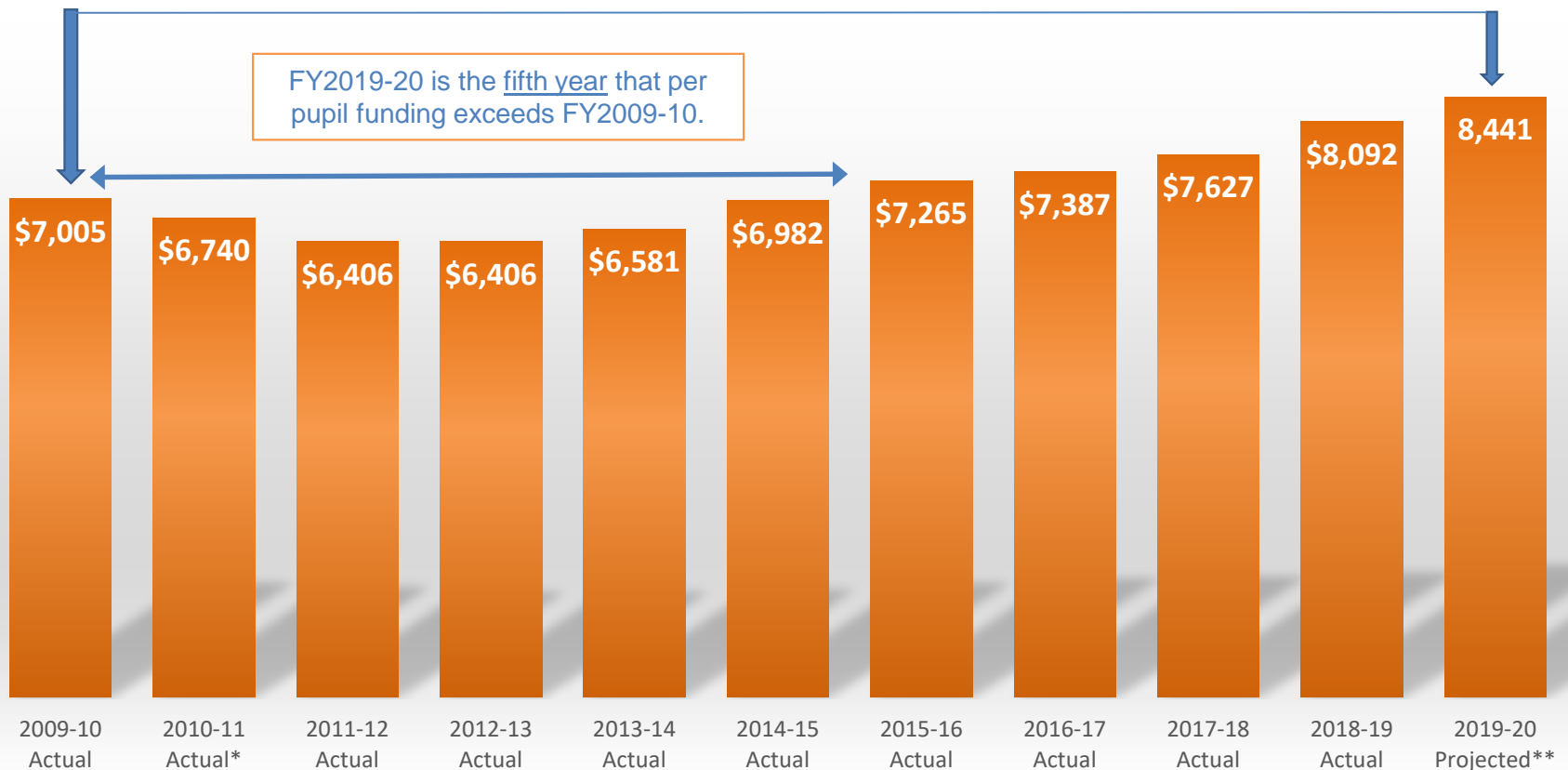


Residential Property Value & Tax History



Projected Per Pupil Funding

Net Total Program Funding per Pupil Comparison



* Includes one-time Federal funding for EDJOBS of \$9.7 million and SF/ARRA of \$3.7 million, for a total of \$13.4 million.

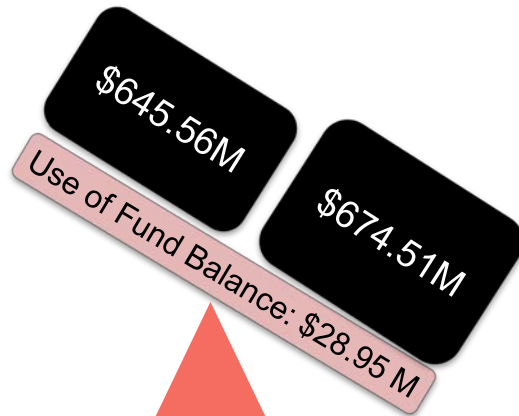
** 2019-20 funding level from the School Finance formula based on SB19-246 is estimated to be approximately \$1,436 more per pupil, or 20.5% more than that of 2009-10, while the cumulative CPI over the last ten years has increased approximately 22.6%; projection assumes School Finance funding increase for inflation and enrollment with the "Budget Stabilization Factor" reduced to -7.2%.

Future Projections

Budget Pressures - Risk Tolerance

Status Quo

FY2020-21



Legend

Status Quo: Linear Forecast

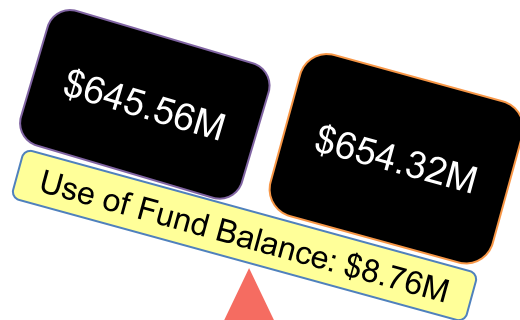
Scenario A: No TABOR or Board Designated Reserves used

Scenario B: No use of Fund Balance/Balanced Budget

With No 2020 MLO Election

Scenario A

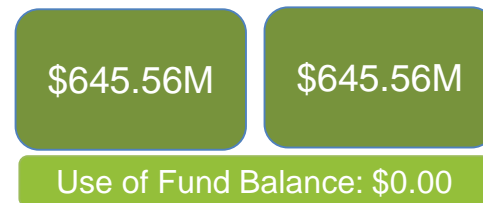
FY2020-21



Cut Expenses in comparison to prior year (\$20.19M)

Scenario B

FY2020-21



Cut Expenses in comparison to prior year (\$28.95M)

Near Term Required Actions for Balanced Budget

FY2019-20 Operating Assumptions

Use of Fund
Balance &
Board
Reserve



FY2019-20
Fund
Balance
\$61.50 M



FY2020-21
Fund
Balance
\$32.55M

Should
anticipate
rating agency
action

FY2020-21 Status Quo

Use of Fund Balance
(\$28.95 M)

Status Quo

Expenditure Increase
\$20.19 M

FY2020-21

Balanced Budget with No Use of Reserves

Use of Fund Balance
(\$0.00)

Balanced Budget with No Use of Reserves

Expenditure Decrease
(\$8.76)
Required Cuts (\$28.95)

No
Traditional
Salary &
Benefit
Increases &
Expenditure
Cuts

IF:

THEN:

Legend

Status Quo: Linear Forecast

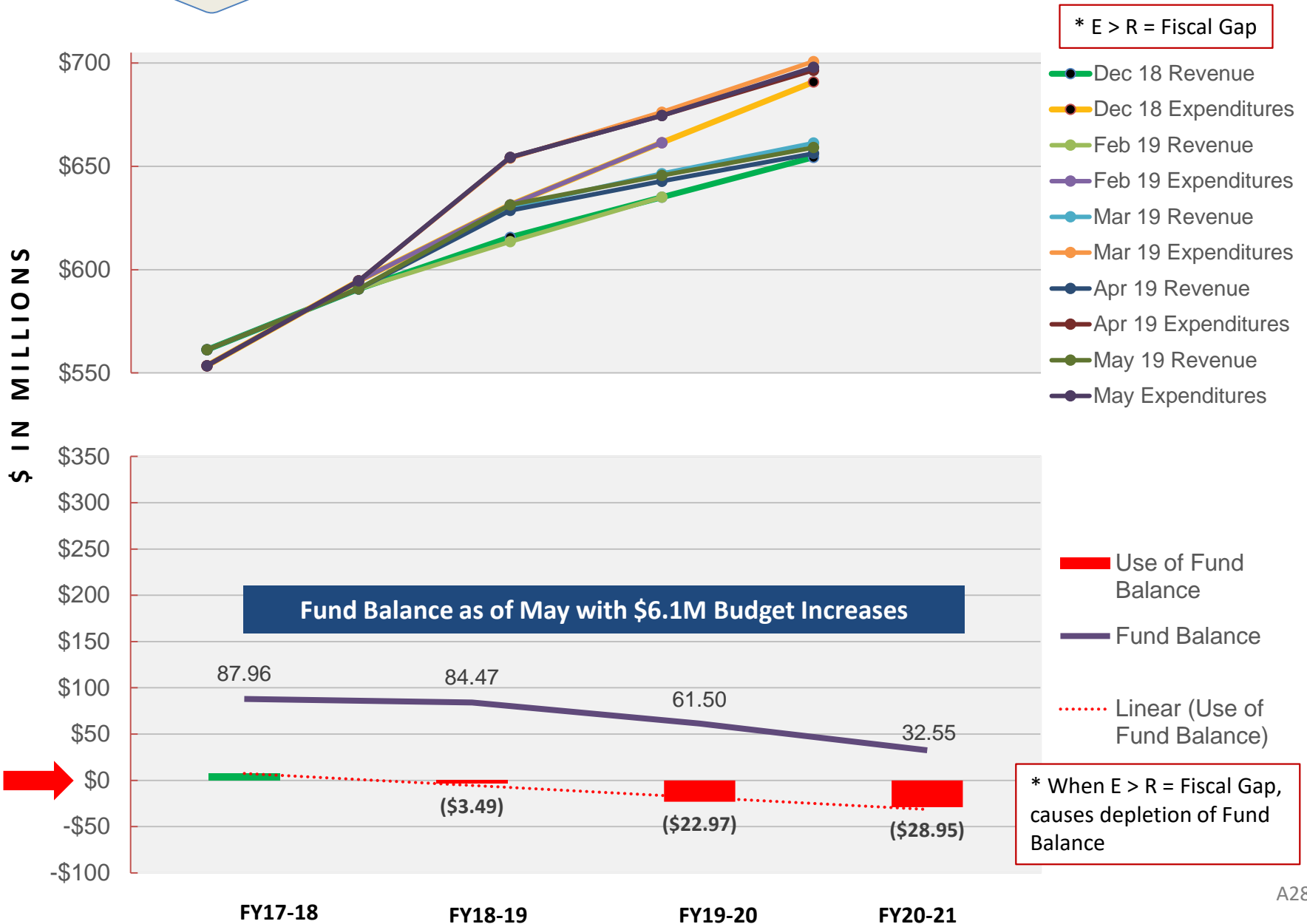
Revenue & Expenditure Comparison to 2020-21

DESCRIPTION (\$ IN MILLIONS)	FY2019-20 PROPOSED BUDGET	FY2020-21 PROJECTED BUDGET	YR / YR CHANGE
PROPERTY TAXES	\$256.26	\$259.32	\$3.06
SPECIFIC OWNERSHIP TAXES	24.80	25.04	0.24
STATE EQUALIZATION REVENUE	315.99	326.28	10.29
OTHER STATE CATEGORICAL REVENUE	24.06	25.04	0.98
OTHER LOCAL REVENUE	7.22	7.29	0.07
OTHER FEDERAL REVENUE	1.46	1.46	--
TRANSFERS IN	1.56	1.13	(0.43)
TOTAL REVENUE & TRANSFERS	\$631.35	645.56	\$14.21
TOTAL EXPENDITURES	635.38	657.65	22.27
TRANSFER TO CAPITAL RESERVE	18.94	16.86	(2.08)
NET EXPENDITURES & TRANSFERS	\$654.32	\$674.51	\$20.19
REVENUE OVER (UNDER) EXPENDITURES	(\$22.97)	(\$28.95)	(\$5.98)

FY2020-21 Assumptions

1. 20-21 projected Funded Pupil Count increase FTE 0
2. Statewide Budget Stabilization Factor remains at \$572 Million
3. Cherry Creek Budget Stabilization Factor increases from \$35.6 to \$36.4 Million
3. Per Pupil Revenue (PPR) Funding increases 2.3%, or \$194 from \$8,441 to \$8,635 per pupil
4. Denver/Aurora/Lakewood CPI-U Leg Council estimated increase of 2.3% for 2019
5. Assumes Assessed Value increases 0%
6. Override Increment \$2.9 Million
7. 2.3% PPR Increase, Enrollment 0 FTE Incr, Est. Budget Stabilization Factor -7.2%
8. Increase in Vocational Education Categorical Revenue of \$600,000 assuming a % of CCIC expense for FY2019-20

Budget at a Glance



Fund Details

General Fund

Fund Description & Purpose

The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

FUNDS ARE SPENT PRIMARILY ON INSTRUCTION:

DIRECT INSTRUCTION –

- Teacher Salaries & Benefits
- Supplies & Equipment for Educational Programs

INDIRECT INSTRUCTION –

- Student Support
- Instructional Staff & Staff Development
- Curriculum
- School-level Administration



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Risk Management Fund

Fund Description & Purpose

The District's Insurance and Risk Management Department manages and insures for the risks associated with the unforeseen or accidental loss of the District's assets, injury to District personnel, and claims directed against the District by third parties.

- **The property and casualty insurance programs for the District are primarily insured through the Colorado School Districts' Self-Insurance Pool (CSDSIP);**

The District also purchases insurance coverage from other insurers for those exposures not covered by the pool, such as foreign liability, field trip accident coverage, etc.

- **Statutory workers' compensation insurance coverage is provided through the Joint School Districts Workers' Compensation Self-Insurance Pool (JSD);**

This pool, currently consisting of four school districts (Aurora, Boulder Valley, Littleton, and Cherry Creek), was formed in 1986 as the self-insurance mechanism to fund workers' compensation losses

- **The District's contribution to the CSDSIP is based upon the District's insured property values, exposure base (student, employee, and vehicle counts) and on the District's loss experience over the last three-year period for Property and five-year period for Liability;**

- **The CSDSIP and JSD pools continue to be cost effective risk transfer organizations; both are financially stable and adequately funded;**

Both pools continue to retain the primary layers of coverage and transfer the catastrophic losses to reinsurers

- **Of \$6.1M preliminary approved budget request, \$500K is in Fiscal Services**
\$340K of this amount is due to Risk premium increases under Worker's Compensation, property and liability coverages



Capital Reserve and Building Fund

Fund Description & Purpose

The Capital Reserve Fund receives transfers from the General Fund for ongoing capital needs of the District such as maintenance improvements to facilities, as well as purchases of equipment, technology related items, and vehicles.

- These funds continue to be restricted to high priority needs required to enable the safety, security, asset preservation, instructional technology, and basic operation of schools and facilities throughout the Cherry Creek School District



Fund Description & Purpose

The District uses the Building Fund as its primary Capital Improvement Fund to budget and account for the major capital outlays for school facilities, which is funded by the issuance of authorized general obligation school bonds.

- The District Long-Range Facility Planning Committee develops facility planning recommendations for new schools and other facility projects that accommodate student enrollment and improve instructional programs;

These recommendations are presented to the Board of Education for approval and once approved by the Board of Education, the bond issue is placed before the voters for consideration

Designated Purpose Grants

Fund Description & Purpose

The Designated Purpose Grants Fund is used to manage Local, State, and Federal Grant funding sources and expenditures.

➤ **Every Student Succeeds Act (ESSA) Grants include:**

Title I, Part A: Improving Basic Programs Operated by State and Local Educational Agencies

Being the largest federal program which allocates its resources based on student poverty rates, this funding provides financial assistance to school districts for services that improve teaching and learning in at-risk schools and ensures student access to scientifically based instructional strategies and challenging academic content

Title II, Part A: Preparing, Training, and Recruiting High-Quality Teachers, Principals or Other School Leaders

This funding provides for teacher training and recruitment of highly qualified teachers, principals and other school leaders capable of ensuring that all children achieve success

Title III: Language Instruction for English Learners and Immigrant Students

This grant provides English Learner and immigrant students with language instruction to develop high levels of academic attainment in English in order to meet the state academic achievement standards set for each grade level; to address the need for family literacy, English language instruction is also offered to parents and preschool age children

Title IV, Part A: Student Support and Academic Enrichment Grants

This program provides students with a well-rounded education, supports safe and healthy students, and allows for effective use of technology

➤ **Individuals with Disabilities Education Act (IDEA)**

Public Law 94-142 (Education for All Handicapped Children Act) requires free appropriate public education in the least restrictive environment for all school-aged children. Public Law 99-457 extends services to children with developmental delay from birth to 3 years of age and their families

➤ **School to Work Alliance Program (SWAP)**

The SWAP program provides successful employment outcomes, increased community linkages, and new patterns of service for young people; students who need assistance going from school to the working world receive services each year; the SWAP staff helps place students in apprenticeship programs through Vocational Rehabilitation

➤ **11% Reduction in Title I allocations are anticipated in preliminary CCSD estimates received from the Colorado Department of Education, with anticipated carryover of \$490,000 of 2018-19 funds to be used as a FY2019-20 funding source.**

➤ **Other Title and IDEA grant allocations are expected to be flat.**

Extended Child Services Fund

Fund Description & Purpose

The Extended Child Services Fund is used to account for the District's Before & After, Intercession, and Kindergarten Enrichment School Programs offered outside of the traditional classroom schedule.

- **Extended Child Services (ECS) programs give parents and guardians the peace of mind and security of knowing that their children are engaged in safe, educational and constructive activities;**

ECS programs strive to provide school age children with a safe and nurturing environment while promoting physical, emotional and intellectual development

Activities include, but are not limited to, homework assistance, creative expression, science, technology, indoor/outdoor recreational games, health and fitness, music appreciation, dramatic play, communication skills, cognitive reasoning, building and construction, and appreciation of diversity



- **Additionally, these programs offer a variety of activities that promote life skills such as teamwork, problem-solving, creativity, leadership, sportsmanship, and community service**
- **ECS programs are fee-based and self-supporting**
- **Kindergarten Enrichment Program is discontinued in FY2019-20, and Full-Day Kindergarten is offered to all students**



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Food Services Fund

Fund Description & Purpose

The District uses the Food Services Fund to manage Food and Nutrition Programs offering student meals and Nutrition Education in compliance with the Federal Child Nutrition Program Guidelines.

- **The Food and Nutrition Services Department manages these programs within the District, which nourish the whole student by creating nutritious meals, build healthy habits, and cultivate positive relationships;**

Approximately 900 thousand breakfasts and 3.2 million lunches are served annually

Food and supplies are purchased and distributed weekly to 63 school kitchen sites; bread items are prepared daily in a Central Bakery

To comply with State and federal requirements, all necessary records are maintained for reporting purposes

Catering is also available for District Functions upon Request

- **The Department goal is to operate on a financially self-supporting basis, while meeting the needs of students, parents, staff, and community with outstanding customer service;**
- **Nutrition Education will become a daily part of the cafeteria experience in 19-20;**

In collaboration with District personnel and community members, a District Wellness Policy (Policy ADF) was established

The District's Wellness Committee is comprised of Food and Nutrition Service representatives to provide leadership in the wellness area

-
- In Fall of FY20 school lunch prices are proposed to increase \$0.25 for Elementary, Middle, and High School meals. The price increase is in alignment with similar price changes in surrounding Districts and helps to offset cost increases.



Food Services Fund

Comparative Meal Prices in the Greater Denver Area

2018-19 School Meal Prices in Greater Denver Area								
District	Elem. Breakfast	Middle Breakfast	High Breakfast	Elem. Lunch	Middle Lunch	High Lunch	Milk	Adult
Cherry Creek	\$1.85	\$2.05	\$2.05	\$3.00	\$3.25	\$3.25	\$0.85	\$4.05
Boulder	\$1.75	\$2.00	\$2.00	\$3.50	\$3.75	\$4.00	\$0.75	\$5.00
Jeffco	\$1.85	\$2.10	\$2.10	\$2.85	\$3.35	\$3.35	\$0.85	\$4.15
Adams 12	\$1.85	\$1.85	\$2.05	\$2.70	\$2.95	\$3.10		
Douglas	\$1.85	\$2.10	A la Carte	\$2.85	\$3.10	\$3.25	\$0.75	\$3.50
Littleton	\$1.85	\$1.85	\$2.05	\$2.95	\$3.15	\$3.25	\$0.75	\$4.05

Proposed 2019-20 School Meal Prices in Greater Denver Area								
District	Elem. Breakfast	Middle Breakfast	High Breakfast	Elem. Lunch	Middle Lunch	High Lunch	Milk	Adult
Cherry Creek	\$1.85	\$2.05	\$2.05	\$3.00	\$3.25	\$3.25	\$0.85	\$4.05
Boulder	\$1.75	\$2.00	\$2.00	\$3.50	\$3.75	\$4.00	\$0.75	\$5.00
Jeffco	\$2.00	\$2.25	\$2.25	\$3.25	\$3.50	\$3.50	\$0.85	\$4.15
Adams 12	\$1.95	\$1.95	\$2.15	\$2.80	\$3.05	\$3.20	\$0.85	\$3.95
Douglas	\$1.85	\$2.10	A la Carte	\$2.85	\$3.10	\$3.25	\$0.75	\$3.50
Littleton	\$1.95	\$1.95	\$2.15	\$3.05	\$3.25	\$3.35	\$0.85	\$4.15

Pupil Activities Fund

Fund Description & Purpose

The Pupil Activities Fund accounts for the self-supporting financial activities associated with elementary school, middle school, and high school extracurricular activities.

- The sale of athletic and activity tickets, fund-raising events, user and club fees, and fund-raising generates revenue.

Bond Redemption Fund

Fund Description & Purpose

The Bond Redemption Fund is used to account for property taxes levied and investment income, to provide for payment of general long-term debt principal retirement, semi-annual interest, and related fees.

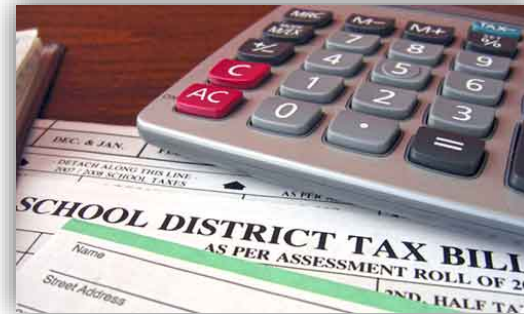
- **The District's long-term debt, in the form of general obligation bonds, totals \$610,545,000 as of June 30, 2019;**

The budgeted amount for this debt service in Fiscal Year 2019-20 is \$59.2 million

- **In accordance with Colorado School Law, the legal debt limit is 20% of the District's assessed valuation;**

The legal debt limit, based on 20% of the District's 2018 assessed valuation of \$6.146 billion, is \$1.229 billion; The District refers to the 20% of assessed value limit for purposes of debt issuance limits;

This debt limit exceeds the net amount of the District's bonds payable, minus funds available for debt service payment by \$677 million



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Election Appendix



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INFORMATION FOR CONTEXT

Budget Implications – with Election \$25M

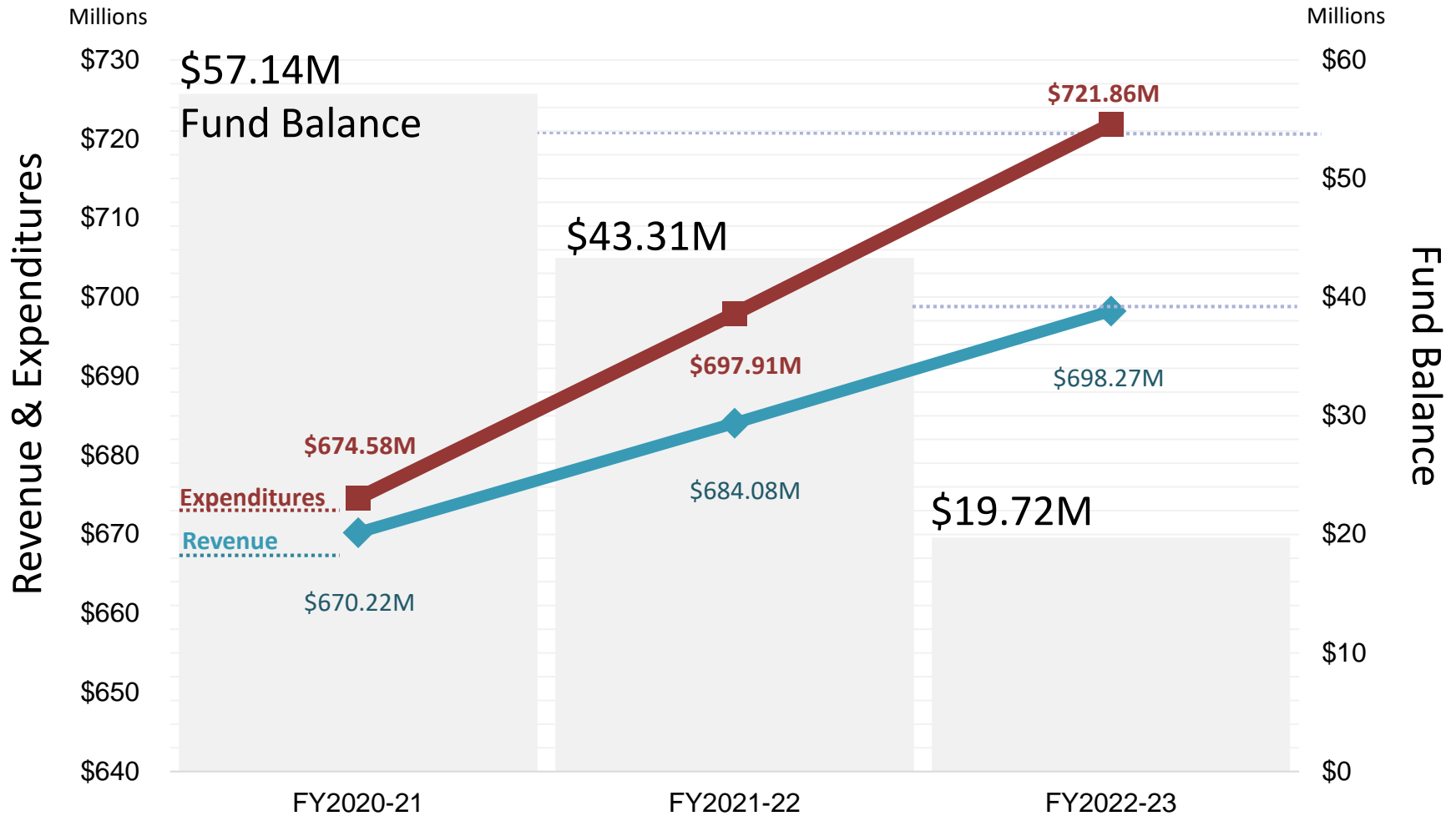


Illustration of Election Climate

Mill Levy Elections Approved & Voter Approval Rates Over Time

Fiscal Year	FY 1998-99	FY 2003-04	FY 2008-09	FY 2012-13	FY2016-17
Mill Levy Election Approved	\$10.5 M	\$14.0 M	\$18.0 M	\$25.0 M	\$23.9 M
Voter Approval Percentage	58%	55%	55%	59%	54%

Consideration for Revenue

Local Election – Option to Consider

Annual Tax Effect is calculated for a homeowner with an estimated median home value of \$404,000.
Mill Calculations are based on preliminary 2019 assessed valuation estimate of \$7,122,964,408.

LOCAL ELECTION LEVY OPTIONS	Mill Override Amount	Annual Tax Effect	Mills
<u>DEBT-FREE SCHOOLS ACT LEVY</u> This levy, provided for under C.R.S. 22-54-108.7, authorizes a school district, with voter approval, to impose an additional mill levy for the sole purpose of funding its capital construction, new technology, existing technology upgrade, and facility maintenance needs without borrowing money. Revenue raised from such a mill levy must be credited to a supplemental capital construction, technology, and maintenance fund. Districts may not pledge any of this revenue for the repayment of existing or new debt.	\$25,000,000 (Example for Illustration)	\$101.39	3.510

Prior Budget Elections – Historical Information

Fiscal Budget Gap between General Fund Revenue and Expenditures Prior to November Funding Election

	Fiscal Year	Fiscal Budget Gap	Budget Expenditures	% of Gap to Budget Expenditures
2008 Election	2008-09	(\$6.3 Million)	\$399.3 Million	1.6%
2012 Election	2012-13	(\$21.7 Million)	\$433.5 Million	5.0%
2016 Election	2016-17	(\$14.9 Million)	\$519.6 Million	2.9%
2020 Election	2020-21*	(\$28.9 Million)	\$674.5 Million	4.3%

* Projected for Illustration Purposes

Implication on Fund Balance – with 2020 MLO Election \$25M

FY2019-20 Operating Assumptions

Use of Fund
Balance &
Board
Reserve



FY2019-20
Fund
Balance
\$61.50 M



FY2020-21
Fund
Balance
\$57.14M

**FY2020-21
Status Quo**

**FY2021-22
Status Quo**

**FY2022-23
Status Quo**

Use of Fund
Balance
(\$4.36M)



Use of Fund
Balance
(\$13.83M)



Use of Fund
Balance
(\$23.59M)

Fund
Balance
\$57.14M



Fund
Balance
\$43.31M



Fund
Balance
\$19.72M

Fund Balance
less than
TABOR +
Board Reserve

Resources

CDE press release summarizing pupil counts in the State of Colorado.

<http://www.cde.state.co.us/cdereval/2018-19pupilenrollmentcountpressrelease>

Understanding School Finance brochure published by CDE.

<http://www.cde.state.co.us/cdefinance/fy2018-19brochure>

Colorado Legislative Council - March 2019 Economic Forecast

<https://leg.colorado.gov/sites/default/files/images/mar2019forecast.pdf>

Ensuring Financial Stability

“to provide for the hopes and dreams that our community has for our students and expects of the Cherry Creek School District.”



“TO INSPIRE EVERY STUDENT TO THINK, TO LEARN, TO ACHIEVE, TO CARE.”