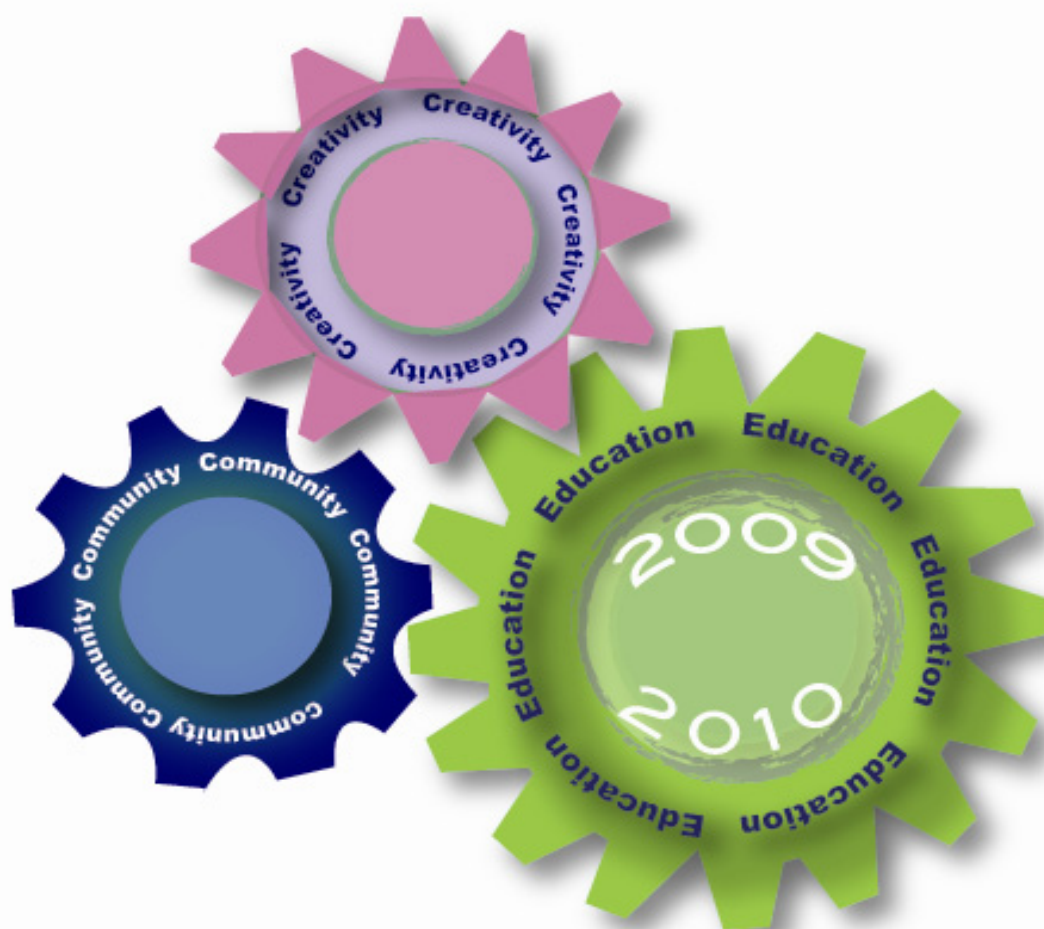


Guide to Understanding the Budget FY2009-10



"Inspiring Academic Challenges"



CherryCreekSchools
Dedicated to Excellence

We are honored to display the cover graphic design produced by

Jaime Mondragon

as an example of the quality work of our high school students in the
Cherry Creek School District Career and Technical Education Program

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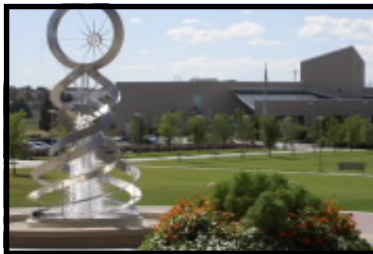
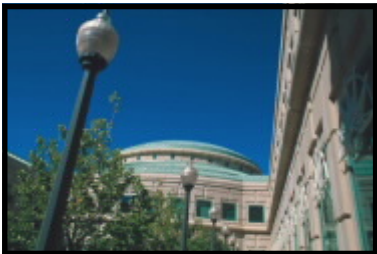
What is This Guide About?

This guide is designed to help you understand the Cherry Creek School District budget. It will provide information about the budget's main components: revenue and expenditures. You will learn about the District's funding sources and see how resources are used to fund educational success for our students. You will also learn how you can be involved in budgeting decisions.

The budget is a plan for resources. Schools and departments develop a staffing plan that considers the resources available based on enrollment and funding permitted under the School Finance Act. The Cherry Creek School District (CCSD) annual budget is used to teach students, transport them to and from school, feed them breakfast and lunch, and maintain school buildings and grounds. It funds special education and other programs such as English Language Acquisition. Teachers and other staff are paid and provided with health and retirement benefits as well as additional professional development training. Bond funds, which voters approve in local elections, pay for building new schools, renovating and modernizing existing facilities and upgrading the schools' technology infrastructure.

At the center of this educational mission are our students. The District is dedicated to ensuring excellence and equity in education for all students. How does CCSD distribute funds to meet this goal? Who makes school budget decisions, and how are those individuals accountable? How can you get involved? This pamphlet was prepared to answer these questions.

Cherry Creek School District Profile



The Cherry Creek School District serves over 264,000 residents in 108 square miles of Arapahoe County, including the municipalities of: Aurora, Centennial, Cherry Hills Village, Englewood, Foxfield, Glendale, and Greenwood Village.

Schools and Facilities

- 38 Elementary Schools (8 Year-round)
- 2 K-8 Schools
- 10 Middle Schools
- 6 High Schools
- 8 Alternative School Programs
- 2 Central Administration Facilities
- 11 Student Support Facilities
- 2 Stadiums



Willow Creek Elementary School



2009-10 Projected Enrollment

23,108 Elementary Schools
11,273 Middle Schools
15,115 High Schools
1,218 Other Programs

Ethnic Distribution

Asian	8.2%
Black	14.5%
Hispanic	13.6%
Native American/Alaska Native	0.6%
White	63.1%



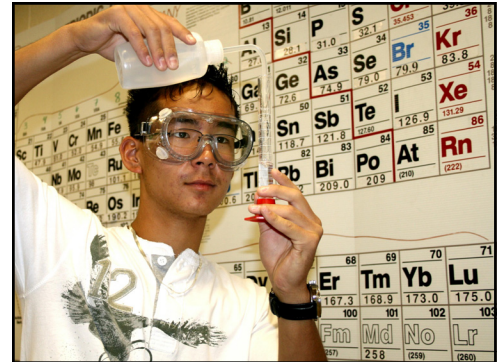
The Cherry Creek School established in 1874

140 YEARS OF EDUCATION

District roots go back to **1869** when the old Butterick housed the first school. From one-room school houses to a large metro area district of **64** schools and programs, the Cherry Creek School District is the **4th largest** school district in Colorado with an enrollment of **50,329 students** in the **2008-09** school year. As the District has grown in size, it has also grown in diversity. In the past five years, the number of students enrolled in the District's ELA programs has increased **87%**. Over **3,300** students (**6.6%**) receive direct instruction in the **43** ELA center schools/programs in the District.

Curriculum has evolved from simple primers to career training in agriculture and horticulture in the 1950s to today's emphasis on a Guaranteed and Viable Curriculum that ensures students graduate with the knowledge and skills they need to succeed in higher education. Students need the same expertise whether they plan to go to college, into military service, or directly into the workforce.

Graduates of the Class of 2009 will pursue degrees and careers in fields that didn't exist or were just emerging in 1995 when they entered kindergarten, including e-business and e-marketing, new media, organic agriculture, homeland security, and nanotechnology.

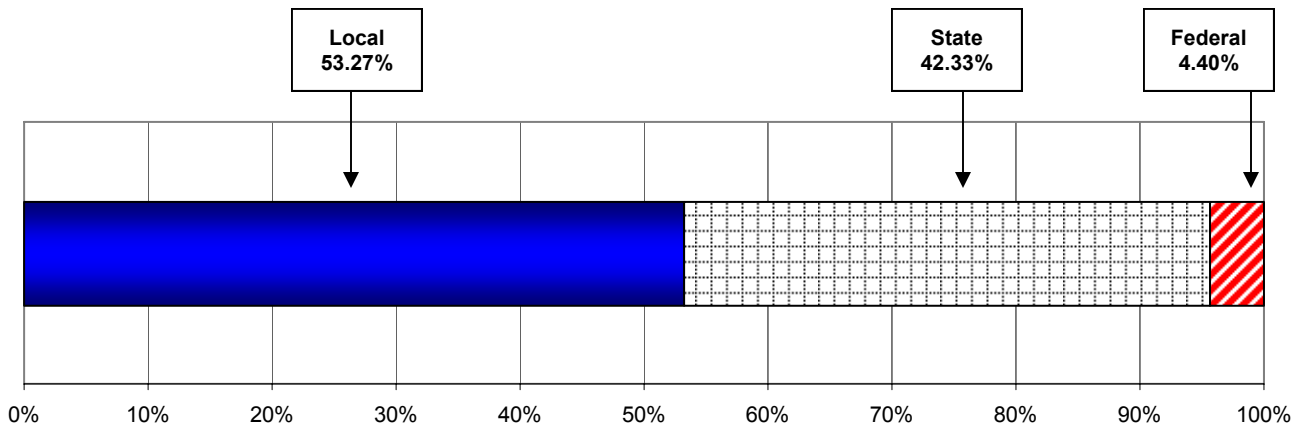


2008-09 NOTED ACHIEVEMENTS

- 3,725** Graduates in Class of 2009, earned more than \$33 million in college scholarships, and include 34 National Merit finalists, 6 National Merit Hispanic Scholars, 4 Boettcher Scholars, and 6 military academy appointments.
 - 63** Percent of the District's schools ranked excellent or high according to the Colorado Department of Education. No District schools were ranked low or unsatisfactory.
 - 1704** The combined Critical Reading/Math/Writing score that the District's 2008 graduating seniors averaged on the Scholastic Assessment Test (SAT). This is 193 points higher than the national average of 1511 and 17 points higher than the Colorado average of 1687.
 - 21.6** The composite score that the District's 2008 graduating seniors averaged on the American College Test (ACT) compared to the national average of 21.1 and the Colorado state average of 20.5.
 - 68** Percent of CCSD teachers who have advanced degrees: 67.2% hold Master degrees and 0.9% hold Doctorates. Over 70% of the District's teachers have more than 7 years of experience.
 - 7** Number of teachers who achieved National Board Certification in 2008, bringing Cherry Creek's total to 50 licensed teachers with this certification.
 - 99** Percent of licensed teachers who are considered highly qualified, as defined by the No Child Left Behind Act, requiring that teachers take 24 or more college credits in the subject area they teach and demonstrate competency in content.
- District-hosted events during the year, designed to build positive relationships among all ethnic, gender, and age groups:
- 4**
 - 15th Annual "Leadership for Tomorrow" luncheon
 - 8th annual First American State Bank Fitness Festival
 - 10th Youth Adult Summit
 - Congressional Medal of Honor recipients were hosted at several school assemblies during their annual convention in Denver.

District Revenue Sources

Revenue for District programming comes primarily from property and other local taxes and state equalization funding. A small amount (4%) comes from the federal government through designated purpose grants and reimbursements for the School Lunch and Breakfast program.



In the graph above, federal grant funds from the American Recovery and Reinvestment Act (ARRA) are excluded from the totals. These funds are yet to be determined and will be appropriated when they are confirmed.

Local Revenue – \$287.69 million in 2009-10

Property Taxes

Every homeowner and business owner in Colorado pays property taxes for schools, along with taxes for other public services. Each year, the budget crafted by the governor and legislature determines how much of the total budget is allocated to education. The portion for K-12 education is then divided among the 178 school districts in Colorado using the School Finance Act funding formulas. These formulas determine how much money each district receives per student as well as how much of that funding is paid by the state and how much is paid through local taxes. Currently property taxes make up 41.4 percent of the District's **General Fund** revenue.

Local Referenda

Colorado law allows local school districts to ask voters to approve additional funding through local tax increases called mill levy overrides. Cherry Creek School District voters have approved such overrides:

1991 - \$10,263,000 1998 - \$10,500,000 2003 - \$14,000,000 2008 - \$18,000,000

This additional funding is capped by state regulation. All override revenues are part of property taxes. The District's authorization to raise and expend override revenues does not affect the amount of state funding the District receives.

Property Tax Assessments

Local tax money goes to the county treasurer who distributes it to each governmental entity in the county. State law sets the property tax assessment rate, which is re-evaluated every two years. In 2009, homeowners will have an assessment rate of 7.96 percent of the market value of their home, while businesses will have a 29 percent assessment rate. Property taxes are based on mill rate times the taxable value of property. A mill rate of one mill means \$1 of taxes per \$1,000 of taxable assessed value.

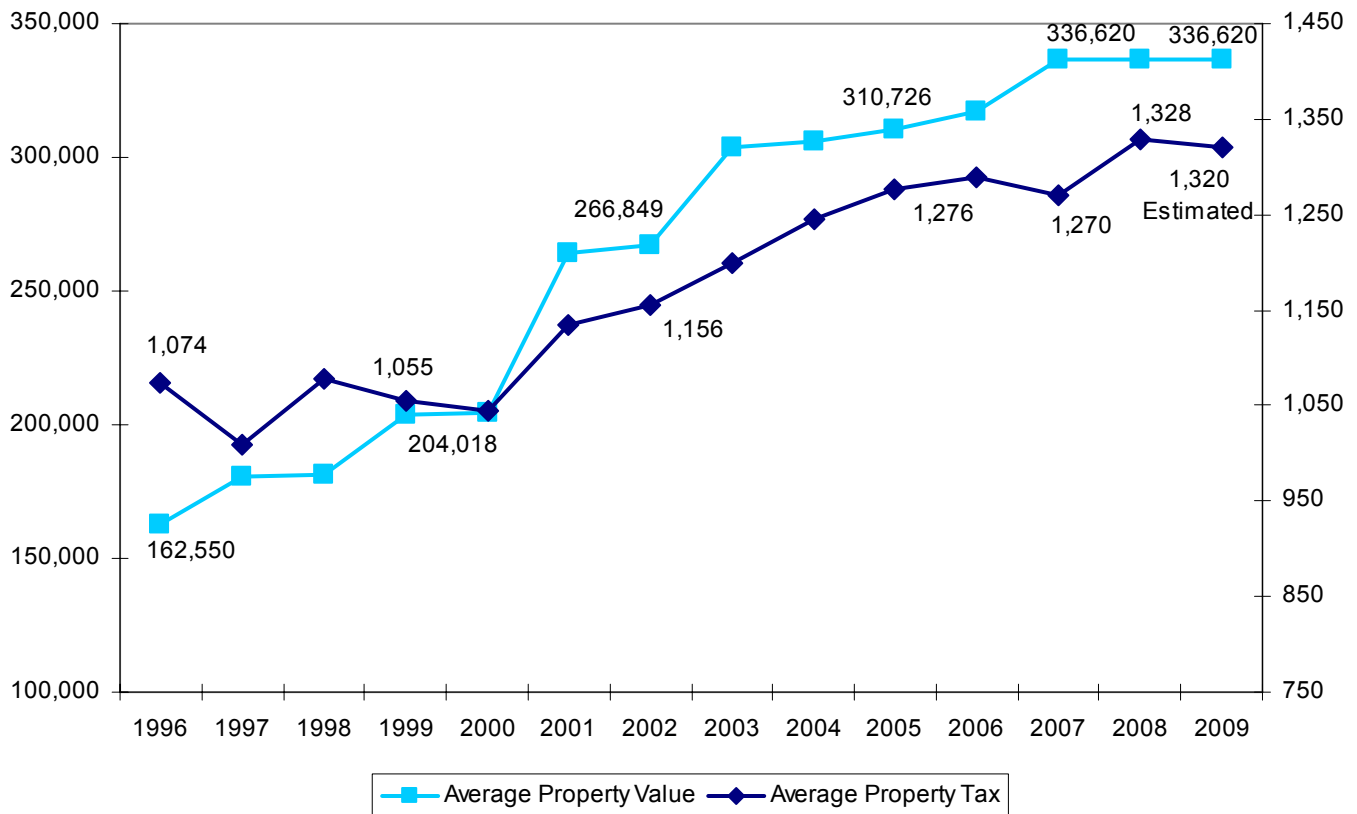
Residential Property Taxes

To estimate how much the school district portion of your property tax bill is, use the following formula:

Residential		Assessment		School Tax		
Property	X	Rate	X	Mill Rate - Estimated	/1000=	School
Value		7.96%		49.266 for 2009		Property Tax

The following graph presents a historical look at the property tax a homeowner pays based on the “average value” of a residence. Since 1996, property taxes have risen at a lower rate than property values. In 1996, the homeowner of an average value \$162,550 home in the Cherry Creek School District paid \$1,074 in property taxes for schools. In 2009 the estimated average value is now 107% higher at \$336,620, while the property tax has only increased 23% to \$1,320 for schools.

Residential Property Value and Tax History



Other Local Revenue

The District also receives revenue from the Specific Ownership Tax, investment income, tuition, and miscellaneous fees (including rent for District facilities).

Revenue for several funds (Extended Child Services, Pupil Activities, and Food Services) is based on collected fees. Local grants, such as the Cherry Creek Foundation, provide revenue in the Designated Purpose Grants Fund.

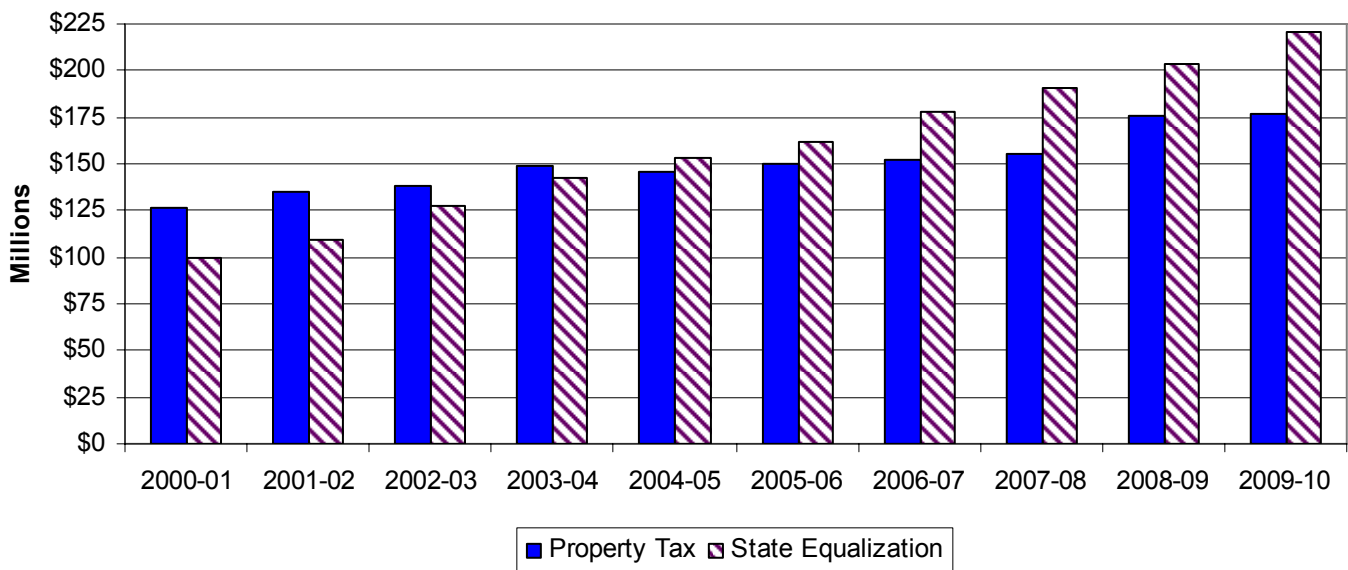
State Revenue – \$228.54 million in 2009-10

The School Finance Act Program Funding for the **General Fund** is based on a per pupil allocation with adjustment factors for each district based on personnel, cost-of-living, and size. The Colorado Department of Education distributes money to the state's 178 school districts based on this allocation. Per pupil funding for Cherry Creek School District is estimated to be \$7,020 in FY2009-10. The State of Colorado also gives school districts money that is designated for vocational and special education, student transportation, gifted and talented programs, and English Language Acquisition.

Due to a decline in the State's revenues, the 2009 State Legislature put funding limitations on K-12 Education and most other areas of the State budget. A State Fiscal Emergency Restricted Reserve was established (SB09-256). A portion of State revenues, \$6.7 million, for FY2009-10, must be placed in a restricted fund and not spent. These funds are subject to rescission in 2009-10.

The chart below illustrates that the largest General Fund revenue source has shifted from local property taxes to State Equalization. Prior to 2004-05, property taxes were the largest revenue source for the General Fund. Since then State Equalization has become the largest revenue source in the General Fund. The State of Colorado partially reimburses the Food Services Fund for student meals.

Ten Year History of General Fund Property Tax and State Equalization Revenue



Federal Revenue – \$23.74 million in 2009-10

Federal funds are accounted for in two funds: Designated Purpose Grants Fund and the Food Services Fund. No Child Left Behind program funding comes through federal grants. Additional money is received to support vocational and special education. The federal government also supports the school breakfast and lunch programs through reimbursement for meals of low-income families and through the USDA Commodities Program.

The amount listed above does not include revenue from the American Recovery and Reinvestment Act funding. The District is making application for these revenues. A supplemental appropriation will be proposed based on confirmed allocations for No Child Left Behind and Special Education - Part B IDEA funding.

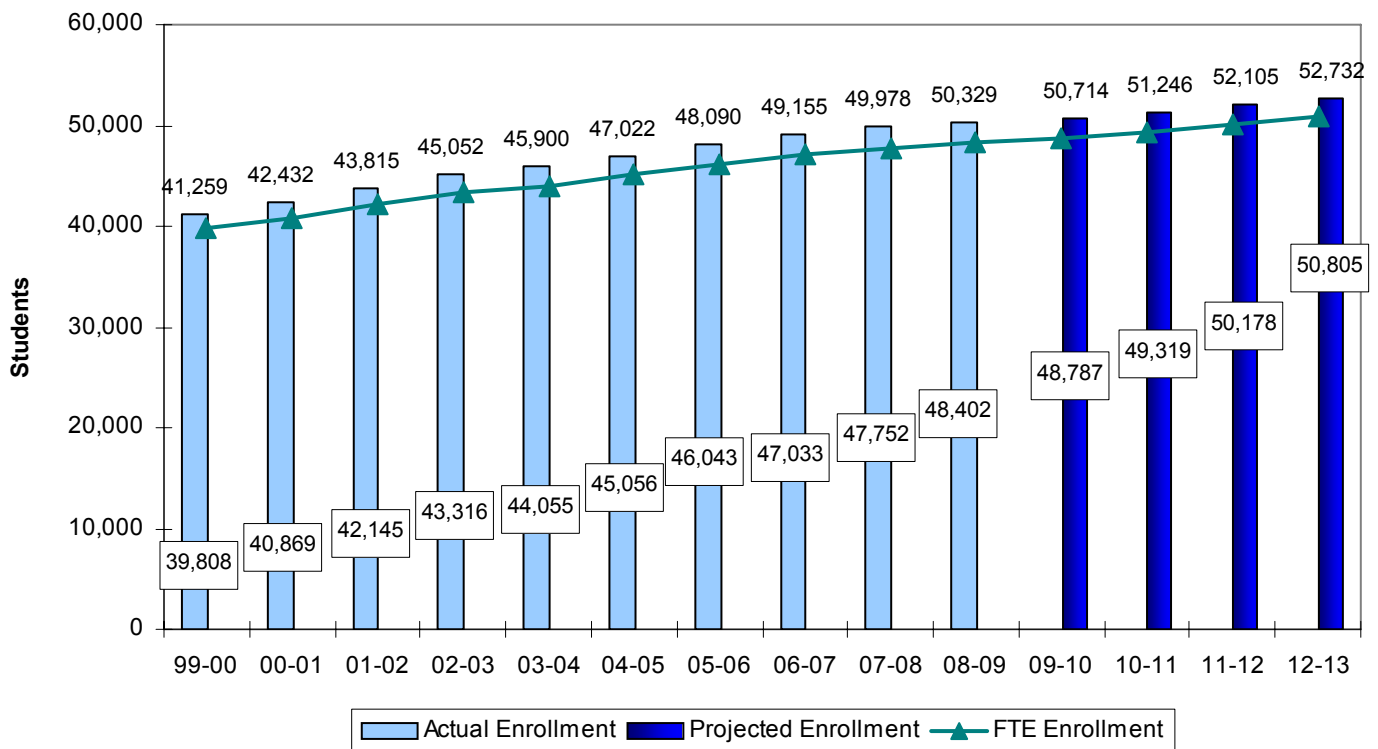


Enrollment

Enrollment is an important piece of the budget process. The Colorado School Finance Act determines how much money Cherry Creek School District receives per student. The number of full-time equivalent (FTE) students enrolled in the District determines the amount of funding the District receives. **The funded pupil count refers to the number of FTE students enrolled in the District.** The funded pupil count total differs from total enrollment because not all students attend school on a full-time basis. The count occurs each October and produces the official funded count numbers. As enrollment circumstances change at the school level, funding and staffing allocations are adjusted appropriately.

In the 2008-09 school year, CCSD began offering full-day kindergarten at six schools (Eastridge, Highline Community, Holly Hills/Ridge, Independence, Ponderosa, and Village East). Additional funding through the School Finance Act was given to the districts across the state to support these programs. The District will continue to run the full-day program at the same six schools in 2009-10.

Enrollment Growth and Projections



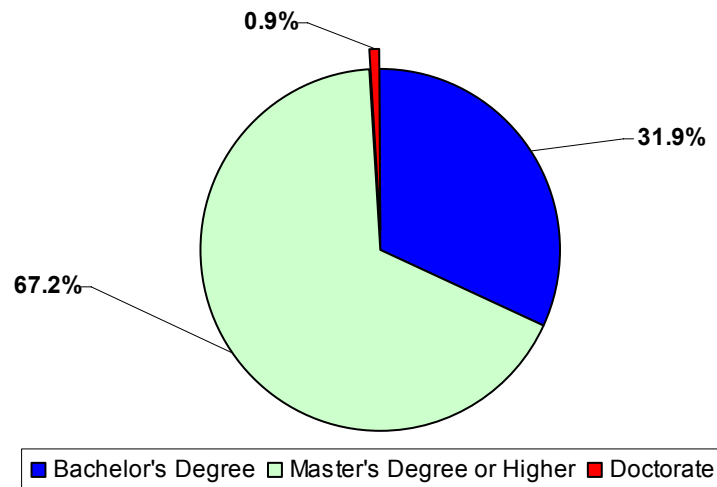
Employees

The consistent application of sound instructional practices, appropriate student achievement support, and effective uses of technology are considered essential in increasing the level of student achievement. A proficient teaching staff is at the forefront of meeting this goal. The Cherry Creek School District prides itself in the exceptional teachers who instruct our children as well as the other professionals who work to support their efforts in the classroom. The graph below shows that 68% of District teachers hold a master's degree or higher-level degree. Quality education requires the recruitment and retention of outstanding employees.

The largest share of the District's budget goes to pay for employee wages and benefits. Approximately 88.52% of the General Fund budget pays for employees' salaries and benefits. Most of Cherry Creek School District's full and part-time employees work inside the schools or provide direct services to our 2009-10 projected 50,714 students.



CCSD Teachers by Educational Attainment



The Annual Budget

Each year the Cherry Creek School District must decide on its annual budget. The administrative staff of the District works together to produce a recommended budget that considers the needs and values of students, parents, employees, and taxpayers. This budget is presented to the Board of Education. The board must balance the needs of students, parents, and employees with the fiscal responsibility it has to the taxpayers. The board is the final decision maker on the budget.



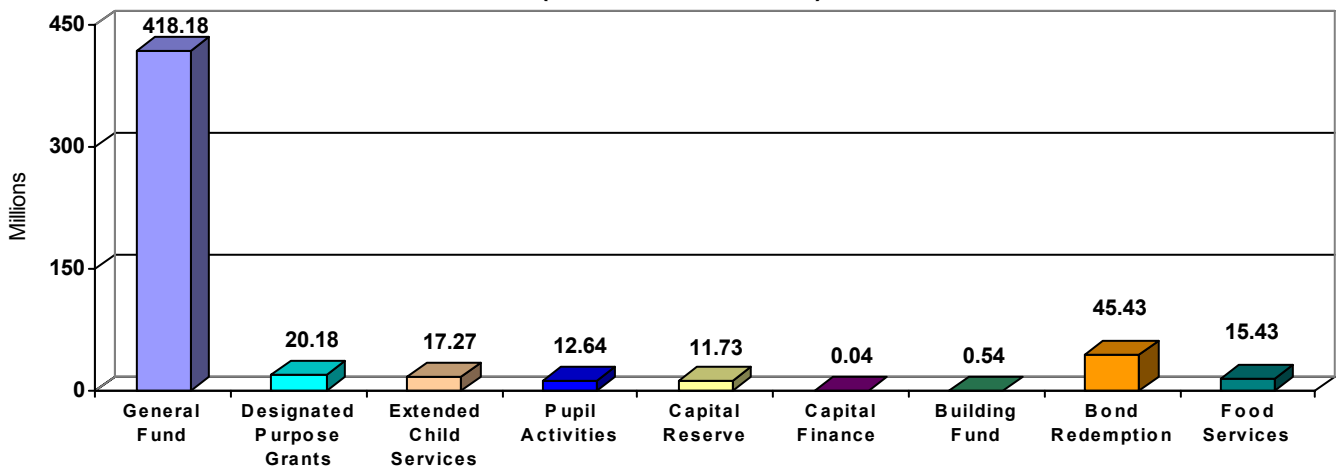
Budget Process

Each year the Superintendent and District staff members draw up a budget based on the School Finance Act funding in accordance with policy guidelines established by the Board of Education. It is submitted to the Board of Education for consideration and approval. In compiling the components that make up the budget, some of the considered elements are:

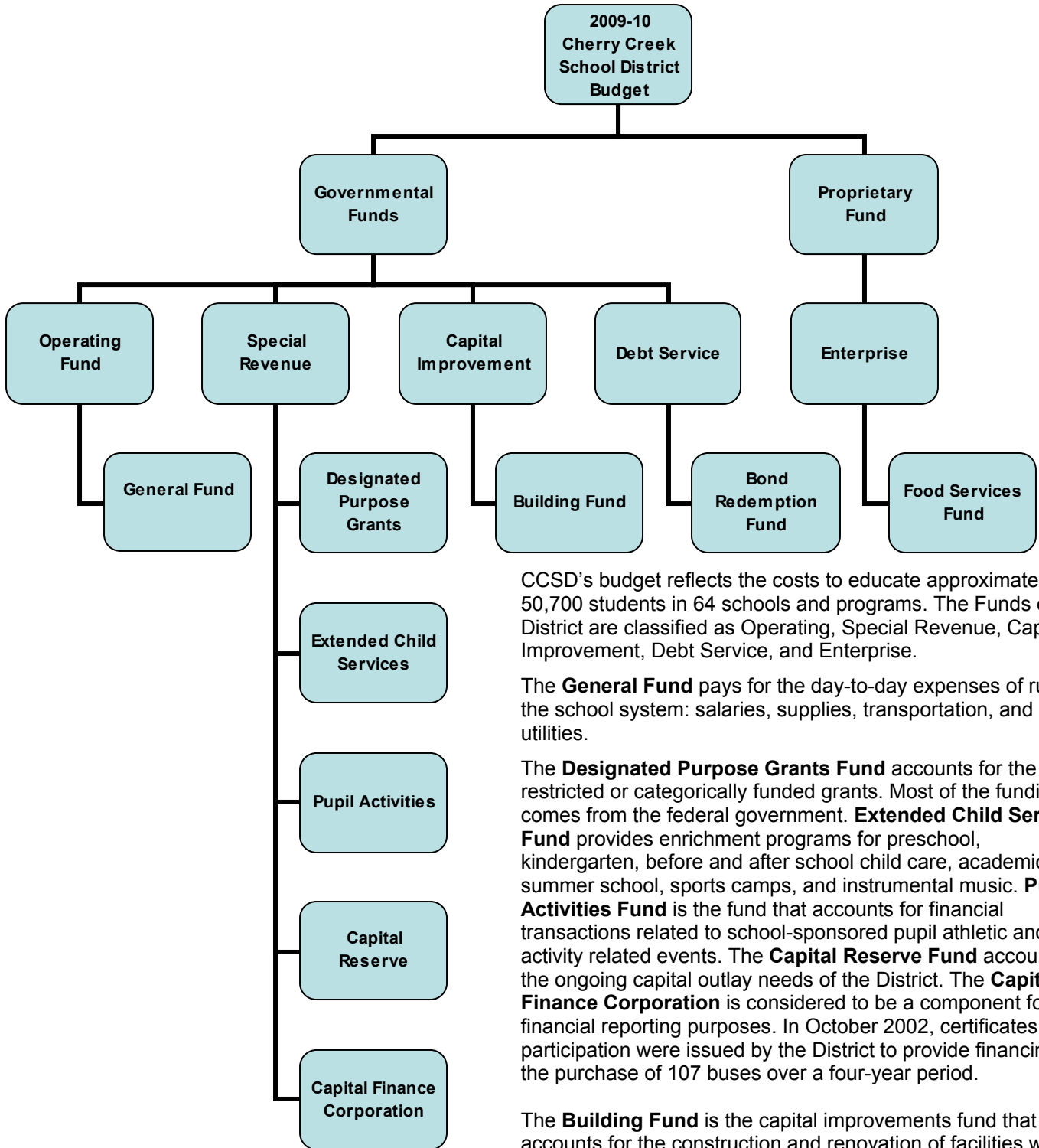
- Expected enrollment for the coming year
- Level of State funding that the General Assembly authorizes under the School Finance Act
- Consumer Price Index (CPI) for the Denver Boulder Greeley region
- Capital outlay requests from schools and departments
- Additional operations and maintenance costs for new schools/facilities
- Projected federal grants for programs including No Child Left Behind (NCLB) and Individuals with Disabilities Education Act (IDEA)

At the school level, principals meet with their staff members and the School Accountability Advisory Committee to determine how the schools will be staffed and how decentralized money will be spent.

**FY2009-10 Revenue by Fund
(Includes Transfers)**



DISTRICT FUNDS



CCSD's budget reflects the costs to educate approximately 50,700 students in 64 schools and programs. The Funds of the District are classified as Operating, Special Revenue, Capital Improvement, Debt Service, and Enterprise.

The **General Fund** pays for the day-to-day expenses of running the school system: salaries, supplies, transportation, and utilities.

The **Designated Purpose Grants Fund** accounts for the restricted or categorically funded grants. Most of the funding comes from the federal government. **Extended Child Services Fund** provides enrichment programs for preschool, kindergarten, before and after school child care, academic summer school, sports camps, and instrumental music. **Pupil Activities Fund** is the fund that accounts for financial transactions related to school-sponsored pupil athletic and activity related events. The **Capital Reserve Fund** accounts for the ongoing capital outlay needs of the District. The **Capital Finance Corporation** is considered to be a component for financial reporting purposes. In October 2002, certificates of participation were issued by the District to provide financing for the purchase of 107 buses over a four-year period.

The **Building Fund** is the capital improvements fund that accounts for the construction and renovation of facilities with the proceeds from District bond issues.

The **Bond Redemption Fund** is the debt service fund, accounting for property tax revenue to repay the annual principal and interest on outstanding bonds.

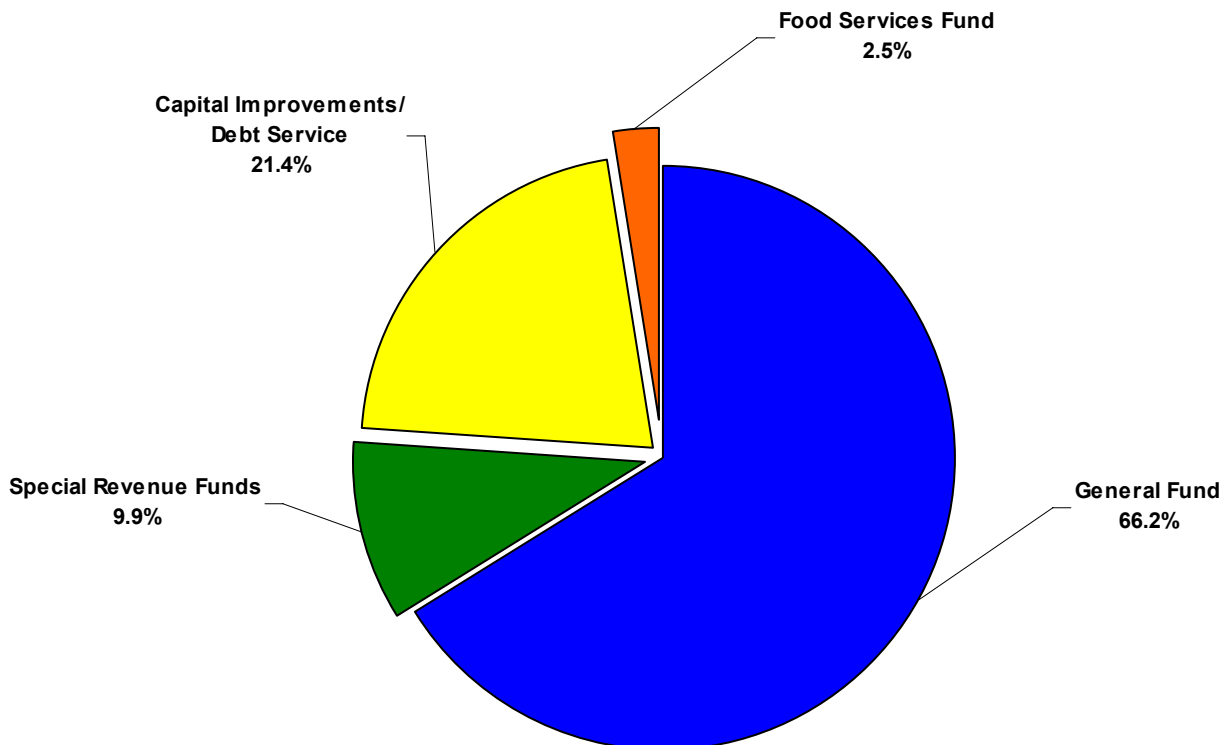
The **Food Services Fund** is the only enterprise fund in the District, providing food service operations to all District schools. Breakfast and lunch are served to students and staff. These meals are partially funded by state and federal programs.

FY2009-10 Budget Snapshot

In FY2009-10, the District will have a budget of \$637,942,381, including expenditures of \$620,469,300 listed below plus reserves of \$17,473,081 funded from local, state, and federal sources.

Fund	Budgeted Expenditures (millions)	Percent of Expenditures
General Fund – Operating Fund	<u>\$410.78</u>	66.2%
Designated Purpose Grants Fund	20.18	
Extended Child Services Fund	16.75	
Pupil Activities Fund	12.64	
Capital Reserve Fund	11.68	
Capital Finance Corporation	<u>.04</u>	
Sub-Total – Special Revenue Funds	<u>61.29</u>	9.9%
Building Fund	86.02	
Bond Redemption Fund	47.02	
Sub-Total – Capital Improvements/Debt Service	<u>133.04</u>	21.4%
Food Services Fund – Enterprise Fund	<u>15.36</u>	<u>2.5%</u>
Total Expenditures – All Funds	<u>620.47</u>	<u>100.0%</u>
Appropriated Reserves	<u>17.47</u>	
Total Appropriation	<u>\$637.94</u>	

FY2009-10 Budgeted Expenditures by Fund Type



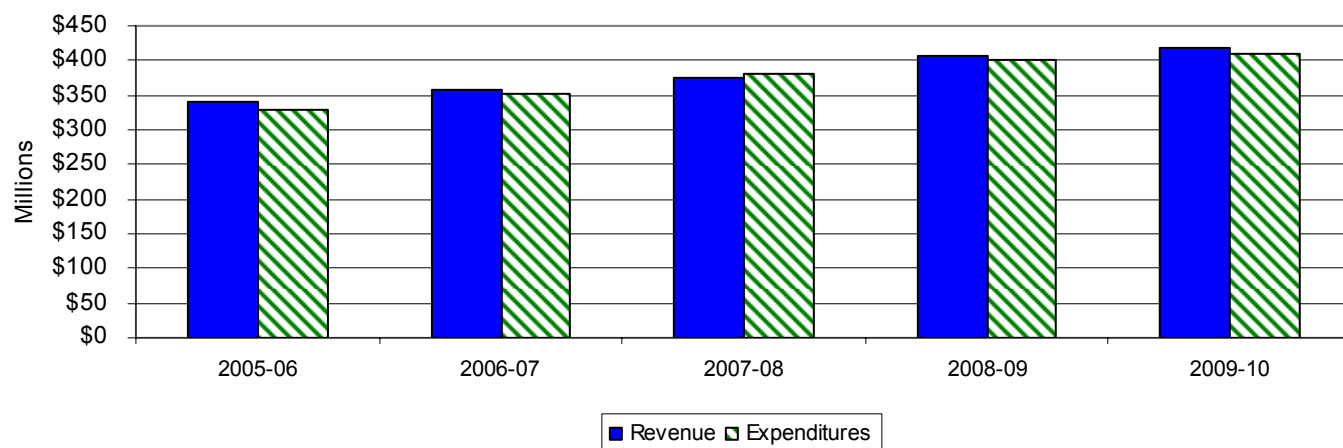
General Fund Budget Expenditure by Activity

The largest share of the General Fund, approximately 83 cents out of every dollar, is allocated to direct and indirect instruction. This includes teachers, para-educators, school-level administration, and learning support provided by counselors, librarians, nurses, and others.

For each dollar:

	68¢ is spent on Direct Instruction	Direct Instruction: Costs associated with the delivery of instructional services to students include: teachers, supplies, and equipment for regular and special education programs
	15¢ is spent on Indirect Instruction	Indirect Instruction: Pupil support services, instructional staff services, curriculum, staff development, and school-level administration
	8¢ is spent on Operations and Maintenance	Operations and Maintenance: Facility maintenance, operations, utilities, and custodial services
	4¢ is spent on Central, Fiscal, and Community Services	Central, Fiscal, and Community Services: Fiscal services, county treasurer's fees, purchasing, information systems, community services, interest, and transfers
	4¢ is spent on Transportation	Transportation: Bus transportation for pupils and vehicle maintenance
	1¢ is spent on General Administration	General Administration: Board of Education, executive administration, and instructional administration

Five Year Comparison of General Fund Revenue and Expenditures



In 2007-08, expenditures exceed revenue due to planned use of available fund balance resources for additional funding to provide for improved classroom instruction strategies in the effort to raise the academic achievement of all students.

The Building Fund

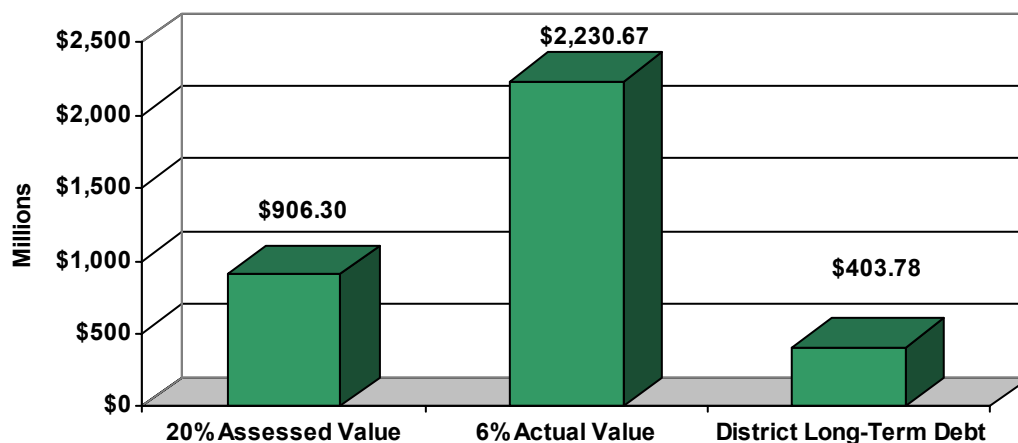
While money for the District everyday expenses comes from the General Fund budget; money for building, renovating, and expanding schools comes from bonds, which by Colorado law must be kept in a separate capital fund.

The amount that the District must spend on buildings depends not only on the number and size of schools, but also on their age. As buildings age, they need new roofs, new heating and air conditioning systems, new plumbing and electrical systems.

School Bonds

School bonds are the money that the District borrows to pay for these capital expenditures. In Colorado, voters must approve these loans at the ballot box. Colorado statute limits a school district's bonded debt to the greater of 20% of assessed valuation or 6 percent of actual value. The following graph compares the legal debt limitation with CCSD's long-term debt. The chart below shows that District's long-term debt is only 18% of the legal debt limit allowed by statute.

DEBT LIMITATIONS VS. DISTRICT DEBT



School Facility Projects

Enrollment growth necessitates the need for additional schools. To meet the needs of additional students, voters approved the issuance of \$203.55 million in general obligation school bonds in November 2008. Three new elementary schools and a Science, Technology, Engineering, and Math (STEM) Program Facility will be built. Renovations will be completed on 14 elementary schools, two middle schools, and two high schools built between 1958 and 1982. Upgrades to wiring, fire protection, heating, air conditioning, and plumbing systems at 50 schools and other facilities will also be funded by this money.

The District plans to incorporate alternative energy technologies into its schools and facilities, which will be constructed and renovated under the 2008 Bond issue. Elementary #41, which is being built in the Wheat Lands subdivision of southeast Aurora will have a cooling system installed that makes ice during the evening to use the following day to cool the building. "It's just a way to make energy you need overnight so you can use it during the day and not pull energy off the grid during the day when it's at its peak demand," explained Assistant Superintendent Scott Siegfried, in a presentation to the Board of Education. This cooling method not only saves energy, but also helps the District save money.

Another energy saving method being used is coating school roofs with a white membrane that will help buildings stay cool. Several schools have buried HVAC systems that work more efficiently to cool the buildings. Previously HVAC units were installed on roofs, making it necessary to cool the outside air that was brought into the building before circulating it throughout the rooms.

Other "green" initiatives the District has implemented include:

- Seeding unused playground spaces with more drought resistant Colorado native grasses instead of Kentucky Bluegrass
- Recycling asphalt and concrete in parking lot overlays

The asphalt recycling program has saved resources for the District. Last year over 1.4 million pounds of concrete and 9,000 tons of aggregate used in asphalt were recycled.

The District is also exploring the use of solar technology. Two projects being considered are: using photovoltaic cells to power window shades at an elementary school in the southeast part of the District and heating Smoky Hill High School's pool with solar energy.



These pictures represent some of the renovation projects taking place in the District.

Upper Left: Asphalt repairs, utilizing recycling of materials

Upper Right: New lighting for Horizon Middle School gym, more energy efficient system for school built before 1985



Lower Left: New flooring in Overland High School cafeteria, using hard flooring for longer wear and easier care



Lower Right: New roof at Cherry Creek High School, bringing new materials to one of the older buildings in the District



Growth and New Facilities

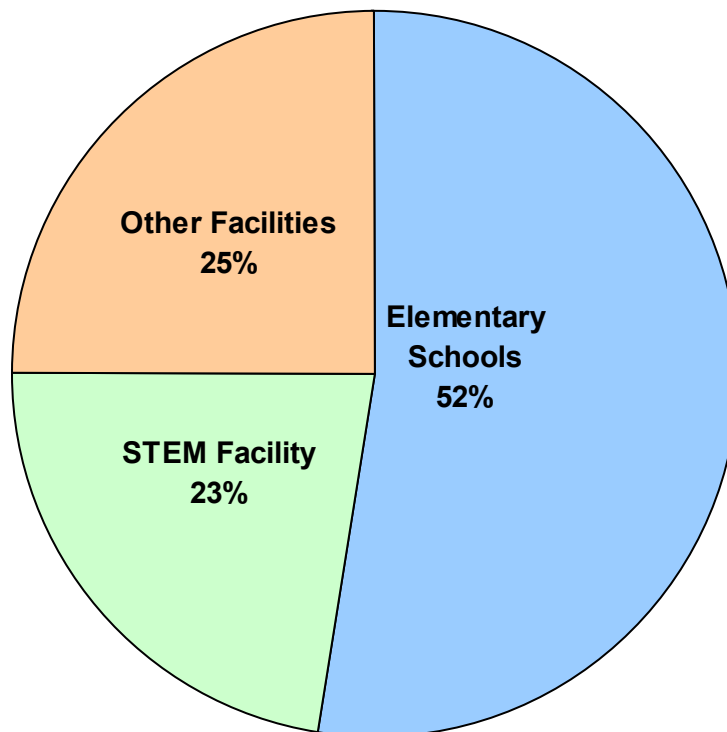
As new facilities are constructed to accommodate enrollment growth, additional costs are incurred for the operations and maintenance (O&M) of the new schools. These additional costs can have a significant impact on the general operating fund. The additional annual O&M costs for the new facilities constructed from the 1999 and 2003 bonds are \$16.5 million for FY2009-10. Anticipated future operations and maintenance costs associated with the 2008 bond issue are approximately \$5.0 million, which has no effect on the FY2009-10 budget due to facilities completion after this fiscal year.

Operations and maintenance costs of new facilities include salaries and benefits for administration, secretarial support, security guards, bus drivers, and custodial, nursing, and mental health services. Contracted building cleaning services are also included in the O&M costs. Fees for utilities including electricity, gas, telephone, water, sewer, and trash services are included. Other costs are those associated with the activity and athletic programs for new schools.

School additions and renovations are not expected to add substantial O&M costs. New, energy efficient, more easily maintained HVAC systems may initially lower utility costs in the facilities in which they are installed.

(In millions)	
<u>Facility</u>	<u>Future Costs</u>
3 Elementary Schools	\$2.64
STEM Facility	1.13
Other Facilities	<u>1.25</u>
Total	\$5.02

Financial Impact of Future Operations & Maintenance Costs Associated with 2008 Bond Issue



Accountability for Public Education Spending

The Cherry Creek School District Board of Education is accountable to the community (the taxpayers) for wisely and efficiently spending public funds to support District schools. The Board holds the superintendent responsible for developing and properly managing the District's budget. The State of Colorado also regulates District spending to a certain degree. Federal grants are regulated at the national level. Independent auditors, who report their findings to the school board and the public, audit the District's budget annually.

The District has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) every year since 1994 and the Meritorious Budget Award from the Association of School Business Officials International (ASBO) every year since 1997. In addition, the District has received both the Certificate of Achievement for Excellence in Financial Reporting from GFOA and the Certificate of Excellence in Financial Reporting from ASBO each year since 1993.

The complete financial plan is available for review at the following District locations:

Educational Services Center
4700 S.Yosemite St.
Greenwood Village, CO 80111

Auxiliary Services Center
4850 S.Yosemite St.
Greenwood Village, CO 80111

District elementary schools

District secondary schools

District web site – www.cherrycreekschools.org

Participating in the Budget Process

Schools are successful only if they have public support. We encourage the Cherry Creek School District Community to get involved. Parents can join their school's Accountability Advisory Committee to learn about budget decisions at the school level. All community members are invited to the monthly School Board meeting to share their opinions.

To obtain more information about the Cherry Creek School District's budget process or to find out when public meetings are being held, call 720-554-4436, or access the District's web site at www.cherrycreekschools.org.

For information on Colorado state education policy and budget, call the Colorado Department of Education at 303-866-6600 or access their web site at <http://www.cde.state.co.us>.



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