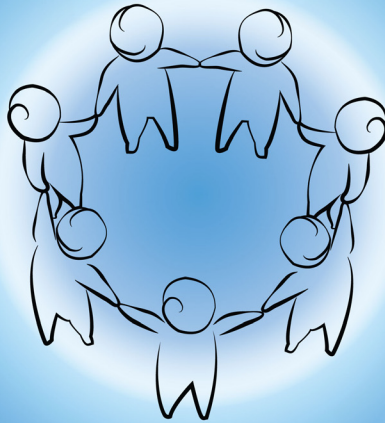


# Financial Plan

Budget for Fiscal Year  
July 1, 2012 - June 30, 2013



2012 - 2013

At a Glance



CherryCreekSchools  
Dedicated to Excellence

Cherry Creek School District No. 5  
Arapahoe County, Colorado

## Our Mission

**“To inspire every student to think, to learn,  
to achieve, to care”**

## MESSAGE FROM OUR SUPERINTENDENT



### ***“Our Culture of Learning”***

Welcome to the Cherry Creek Schools “Culture of Learning.” In our District learning is the action that drives our mission. It encompasses everyone; students and teachers, secretaries and bus drivers, principals and food service workers. Learning is an imperative; something that is essential to our continued success.

Every issue in society is present in our public schools. Additionally, every opinion on every issue is present in our schools and in the communities they serve. History documents that every difficult issue in America has first been addressed in our public schools. For example:

- ◆ Early 1900’s immunizations during periods of epidemics
- ◆ 1940’s health (school lunch programs)
- ◆ 1960’s racial integration
- ◆ 1970’s access for persons with disabilities
- ◆ 2000’s universal proficiency

Public education has many challenges including funding, calls for reform, questions about the role of unions, equity, and safety. These challenges are not greater than those mentioned above. And, they require us to increase our learning as adults so we continually improve the education of our students.

In Cherry Creek Schools, we are proud of our long history of academic success, but we are not satisfied with the status quo. We want to keep learning. We must keep learning. We must keep learning if we are to prepare each and every one of our 50,000 students for success in the world that awaits them.

***“ Learning is not obtained by chance.  
It must be sought for with ardor and attended to with diligence.”  
U.S. First Lady, Abigail Adams***

We have already learned that the quality of life in a community is positively linked to the quality of its schools. We have intentionally surrounded our students, from the seniors who are the Class of 2012 to the kindergarteners in the Class of 2024, with the dedicated teachers and staff, parents and community members, who are the bedrock of Cherry Creek’s “*Culture of Learning*.” Together, we are committed to our mission;

***“To inspire every student to think, to learn, to achieve, to care.”***

## CHERRY CREEK VALUES

### Intellectual Development of Students

We commit to:

- ◆ Place the needs and welfare of students above all else.
- ◆ Hold high expectations for the growth and achievement of each student.
- ◆ Foster a desire for lifelong learning, achievement, and service to others.
- ◆ Develop meaningful relationships with students and families.

### Our People in Support of Learning

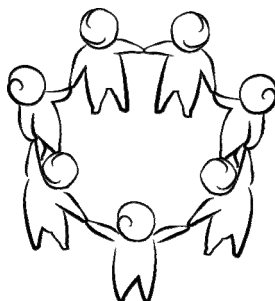
We believe in:

- ◆ Attracting quality personnel who reflect the diversity of our community, are knowledgeable, and care deeply about young people.
- ◆ Respecting and understanding the diversity of the students and families we serve.
- ◆ Encouraging creativity and innovation to attain the vision.
- ◆ Demonstrating a strong service orientation to students and parents.

### How We Relate to our Community

We will always:

- ◆ Engage students, parents, and community members as partners in the educational process.
- ◆ Promote involvement and empowerment.
- ◆ Improve the organization continuously.
- ◆ Provide a safe and caring environment for learning.



### Our Values are Rooted in our Community

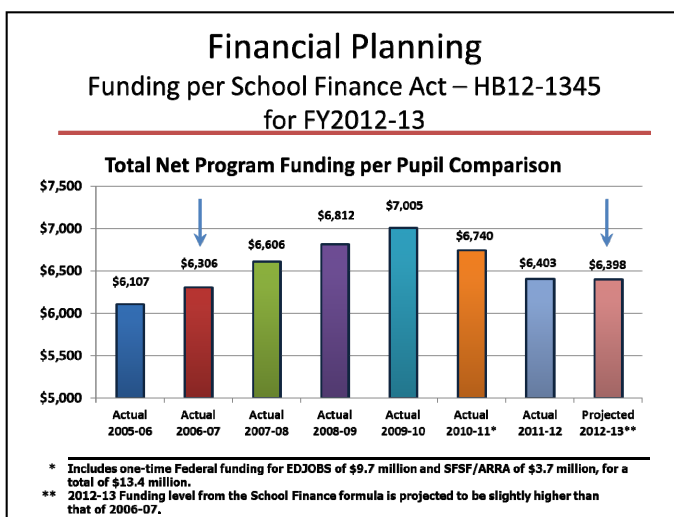
The Cherry Creek Schools community is respected as a leader in advocacy for top quality educational programs. Community efforts have resulted in continued success in funding educational initiatives for our District. Our electorate understands the importance of funding quality educational programs on a sustainable level, while at the same time, the District is accountable to them for fiscally responsible approaches to financing education year to year.

## FY2012-13 BUDGET PLANNING

### Public School Finance Act

Cherry Creek Net Total Program Funding for FY2012-13 is projected to be \$322.26 million based on the anticipated funded pupil count in October 2012 of 50,369. This is an increase of \$3.46 million from the adjusted FY2011-12 funding of \$318.80 million. The Net Total Program Funding per pupil is estimated to decrease by 0.1% or \$5 per pupil, from \$6,403 to \$6,398.

The State of Colorado General Fund Budget of \$7.4 billion under the Long Bill (HB12-1335), has 38% of funds dedicated to K-12 education, approximately \$2.8 billion, for schools throughout the State. The School Finance Act (HB12-1345), provides flat funding for FY2012-13, whereby Cherry Creek is expected to remain at a similar funding per pupil as in FY2011-12. Per pupil funding would decline by about five dollars, from \$6,403 to \$6,398, a decline of 0.1%. Funding per pupil in FY2012-13 is anticipated to be slightly higher than FY2006-07 funding levels as shown in the chart below.



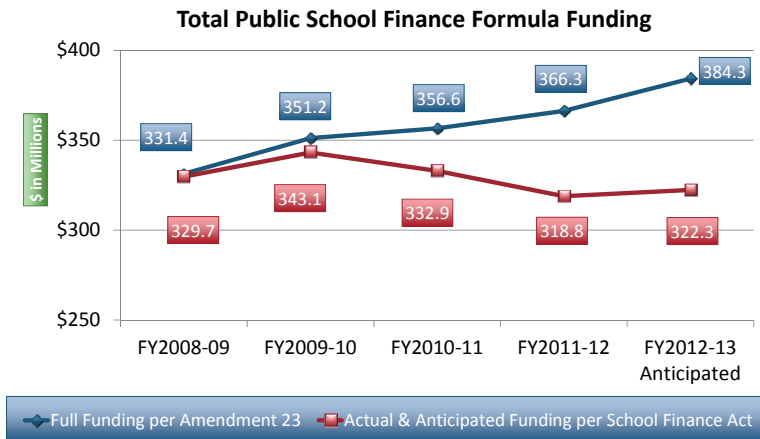
This trend caused by the decline in State funding has continued to jeopardize the capability of Cherry Creek to prepare our students for success in post-secondary education and careers, as State revenue sources have been depleted over the last four years through State funding reductions.

## FY2012-13 BUDGET PLANNING

### Amendment 23

Funding under the Public School Finance Program formula for Amendment 23, adopted by the voters in the State of Colorado in 2000, has not been maintained by the State in accordance with the anticipated level of funding under that measure. A “*Negative Factor*” enacted through a legislative legal opinion, under the formula has reduced funding levels to over 16% below Amendment 23. For Cherry Creek, under the School Finance Act (HB12-1345), funding on an annual basis is now \$62.0 million below Amendment 23 requirements as presented in the graph below, at a level of \$322.3 million, as compared to Total Program Funding under Amendment 23 of \$384.3 million.

### Full Funding vs. Actual Funding Comparison For Cherry Creek School District

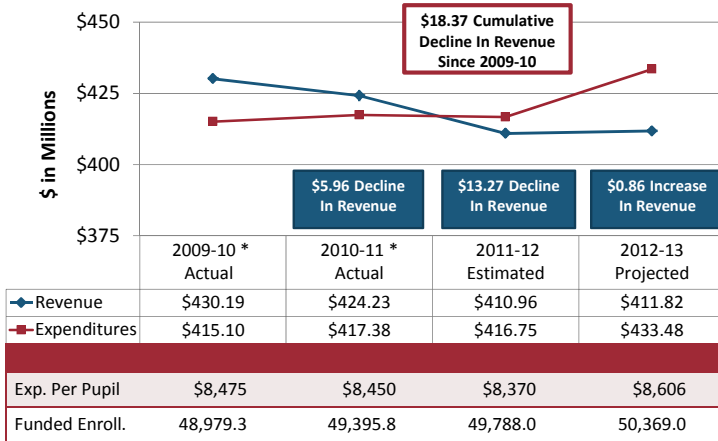


## FY2012-13 BUDGET PLANNING

### *Our Traditions and the New Funding Environment*

Cherry Creek School District traditions of educational excellence and high academic achievement that are among the best in the State of Colorado have been strengthened by the support of our community through the years. The Cherry Creek General Fund Budget for FY2012-13 of \$433.48 million supports the mission with over 83% of the expenditure budget devoted to classroom instruction. As the budget has shrunk due to declines in State funding, it will be necessary to protect the educational program for students and stabilize ongoing revenue.

### A Look at Declining Revenue 2009-10 through 2012-13



\* General Fund revenue and expenditure figures are per audited financial statements.  
2010-11 figures include \$13.4 million of one-time EDJOBS and SFSF/ARRA Federal funds to reduce State share of funding School Finance Act per SB11-157.

### ***Budget Balancing Measures***

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A means to preserve instructional program budgets in FY2012-13 is through the use of reserves in FY2012-13 of \$21.7 million to offset the budget shortfall. Future year budgets will likely be negatively impacted without sustainable new revenue sources through the mill levy election.



### ***General Fund Budget***

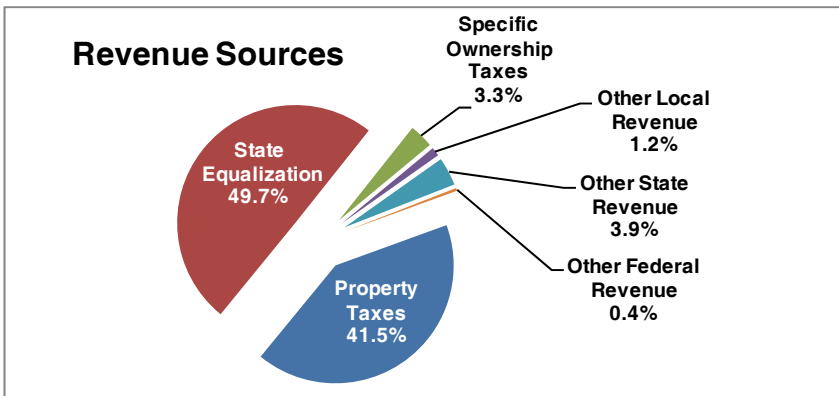
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The General Fund Budget has been impacted by \$18.37 million in revenue decline since FY2009-10, with resources being depleted through State funding reductions for each of the past four years. In FY2012-13, revenue is mostly flat compared to FY2011-12, increasing \$0.8 million. State equalization funding increases of \$4.1 million associated with projected enrollment increase of 581 FTE are offset by a projected decline in property taxes for abatements, refunds, and tax credits of \$3.3 million.

Increases of \$16.7 million in expenditures and transfers in the General Fund Budget are concentrated on the resources to serve our student population and maintain class sizes in our schools. Included in the *Expenditures* budget are teacher and other staffing increases of \$1.8 million that reflect planned staffing for funded enrollment in FY2011-12. Staffing for estimated funded pupil count growth of 350 FTE for FY2012-13 is on a one-year lag, decreasing the budget by \$1.5 million. Experience step advancement and maximum salary provision for teachers and mental health staff of \$5.5 million and compensation increases of 1% for other employee groups totaling \$0.7 million are reflected in accordance with negotiated agreements. Statutory increases in Public Employees Retirement Association (PERA) total \$3.4 million. Expenditures have been budgeted for a cost increase to replace one-time cost savings in FY2011-12 of \$0.7 million for employer health insurance premium and an unemployment increase of \$0.3 million. Health benefit premium costs for employees have been offset by a budgeted allowance for one month of employee medical premium costs, which increased the budget by \$1.55 million. Also included is \$0.9 million in cost increases associated with the opening of Black Forest Hills Elementary and \$0.8 million of cost increases for an Options Program being started for Homeschool students. Included in the *Transfers* budget is a \$2.6 million increase in funds provided for high-priority capital needs so that schools will be equipped to serve our student population in FY2012-13.

## GENERAL FUND REVENUE

REVENUE SOURCES	
Property Taxes	\$170,288,571
State Equalization	204,332,249
Specific Ownership Taxes	13,600,000
Other Local Revenue	4,948,700
Other State Revenue	15,960,601
Other Federal Revenue	1,572,500
<b>Total Revenue Before Transfers</b>	<b>410,702,621</b>
Plus: Transfers	1,120,000
<b>General Fund Revenue and Transfers</b>	<b>411,822,621</b>
Use of Reserves	21,656,479
<b>General Fund Resources</b>	<b>\$433,479,100</b>



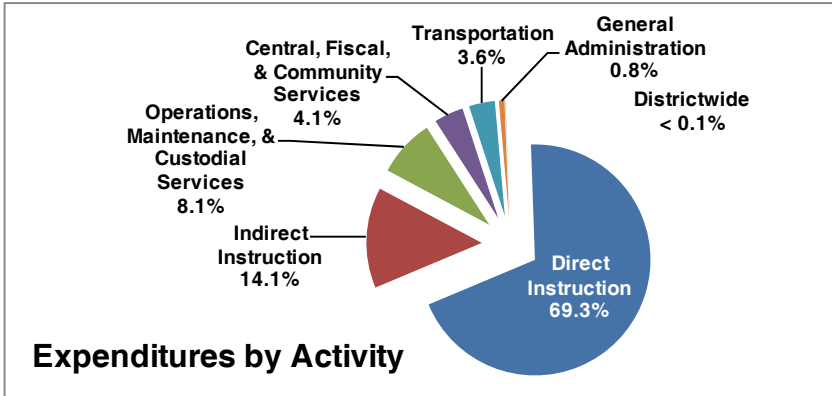
### FY2012-13 Revenue Per Student FTE—\$8,176

STUDENT ENROLLMENT HISTORY					
Students	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Projected 2012-13
Enrollment	50,329	51,005	51,388	51,820	52,401
FTE*	48,402	48,979	49,396	49,788	50,369
FTE Growth	1.36%	1.19%	0.85%	0.79%	1.17%
* Funded Students					



## GENERAL FUND EXPENDITURES

General Fund operating expenditures are spent primarily on instruction, which includes direct instruction and indirect instruction. Direct instruction costs are associated with delivery of instructional services to students, including teachers, supplies, and equipment for education programs. Indirect instruction costs pertain to student support services, instructional staff, curriculum, staff development, and school-level administration.



**Instruction Costs are 83.4% of Total Expenditures**

### ***FY2012-13 Expenditures Per Student FTE—\$8,606***

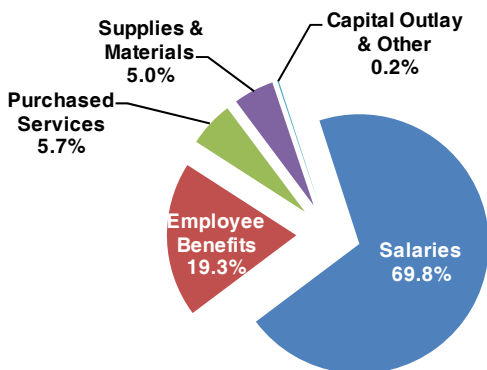
BUDGETED EXPENDITURES	
Direct Instruction	\$296,932,697
Indirect Instruction	60,423,748
Operations, Maintenance, & Custodial Services	34,679,192
Central, Fiscal, & Community Services	17,591,135
Transportation	15,564,990
General Administration	3,318,252
Districtwide	291,468
<b>General Fund Expenditures</b>	<b>\$428,801,482</b>
Transfers	4,677,618
<b>Total General Fund Expenditures &amp; Transfers</b>	<b>\$433,479,100</b>

## **DISTRICT BUDGETED EXPENDITURES & RESERVES**

The Cherry Creek School District FY2012-13 budget is comprised of 9 separate funds. The Operating Fund is the General Fund. Special Revenue funds include Designated Purpose Grants, Extended Child Services, and Pupil Activities. Capital Improvement funds include Capital Reserve and Building funds. Debt Services funds include Capital Finance Corporation and Bond Redemption. The only Enterprise fund is Food Services.

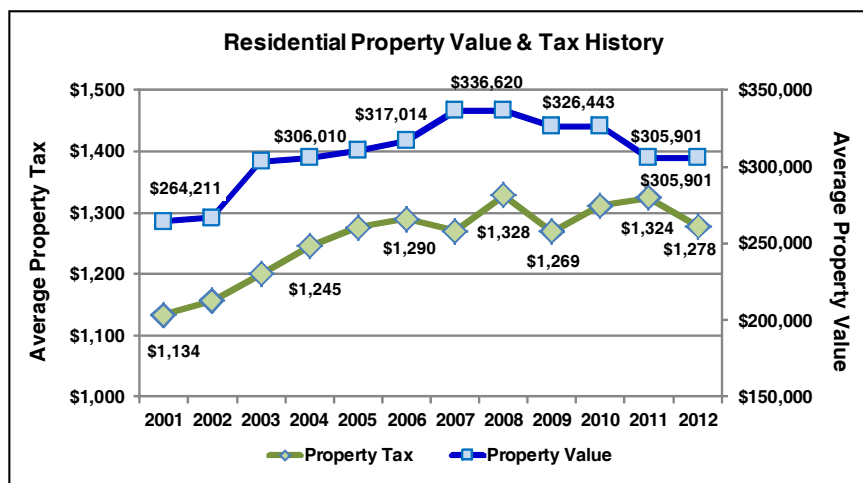
<b>FUND</b>	<b>Expenditures &amp; Transfers</b>	<b>Per Student FTE</b>
General Fund	\$433,479,100	\$8,606
Designated Purpose Grants Fund	23,787,600	472
Extended Child Services Fund	15,808,960	314
Pupil Activities Fund	11,788,800	234
Building Fund	17,365,300	345
Bond Redemption Fund	47,186,910	937
Capital Reserve Fund	5,909,479	117
Capital Finance Corporation	930,082	18
Food Services Fund	17,964,100	357
<b>Total Expenditures &amp; Transfers</b>	<b>574,220,331</b>	<b>11,400</b>
Appropriated Reserves	16,926,934	336
<b>Total Appropriation</b>	<b>\$591,147,265</b>	<b>\$11,736</b>

### **General Fund Expenditures by Object**



## PROPERTY TAXES & MILL RATES

The assessed valuations of real estate properties in the District were revised in 2011 by the Arapahoe County Assessor. School taxes on a residence valued at \$305,901 in 2012 are estimated to be \$1,278.



**\* 2012 Property Value and Taxes are estimated.**



Mill levy is the rate of taxation based on dollars per thousand of taxable assessed value. Local tax rates for property are always computed in mills. One mill produces \$1 in tax revenue for every \$1,000 of taxable value. The taxable assessed value is 7.96% of the residential property value for 2012.

Mill Rates					
	2008	2009	2010	2011	*2012
State Required	25.712	25.712	25.712	25.712	25.712
Hold Harmless Override	1.510	1.445	1.449	1.594	1.594
1991, 1998, 2003, & 2008 Budget Elections	11.643	11.141	11.177	12.295	12.295
Abatements, etc.	0.772	0.626	1.440	2.066	1.292
Bond Redemption	<u>9.932</u>	<u>9.901</u>	<u>10.719</u>	<u>12.700</u>	<u>11.598</u>
<b>Total</b>	<b>49.569</b>	<b>48.825</b>	<b>50.497</b>	<b>54.367</b>	<b>52.491</b>
* 2012 Mill Rates are Estimated					

## BUILDING CONSTRUCTION 2008 BUDGET & BOND ELECTION

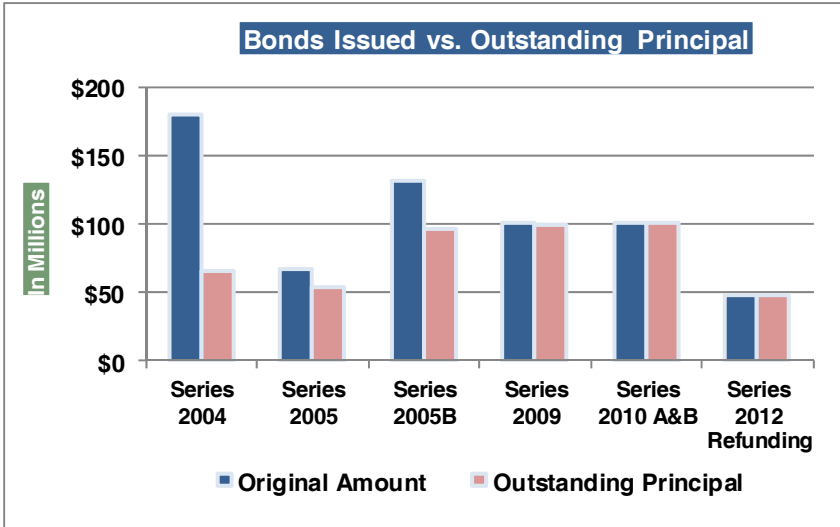
The voter approval at the November 2008 election is paving the way to the Cherry Creek School District students' success. We are grateful to the voters in the community for their support which has given the District critical financial resources needed to fund academic programs, maintain and improve existing schools (many of which were built before 1982), and build new schools to accommodate enrollment growth.

Construction and renovation efforts have been underway since the spring of 2009 with significant progress being made as shown below.

PROJECTS FUNDED WITH THE 2008 BOND ISSUE*			
PROJECTS COMPLETED	DATE	PROJECTS COMPLETED	DATE
West Middle School— HVAC & Energy Efficiency Lighting System	08/09	Special Programs Center (SPC) Renovation	12/10
Eaglecrest & Cherry Creek High Schools— HVAC & Mechanical	08/09	Instructional Support Facility	02/11
Horizon & Thunder Ridge Middle Schools— Energy Efficiency Lighting	08/09	Campus Middle School & Overland High School Renovations	08/11
I-Team Outback— Transformed into a Preschool Facility	08/09	Science, Technology, Engineering, & Math (STEM) Program Facility	08/11
I-Team Estate— HVAC, Lighting & Plumbing	08/09	Black Forest Elementary	08/12
Arapahoe Park Transportation— School Bus Terminal	02/10	 	
14 Elementary School Renovations (Schools Built Prior to 1982)	08/10		
West Middle School— Classrooms, Science Lab, Technology Infrastructure	08/10		
Pine Ridge Elementary	08/10		
Smoky Hill High School Renovation	11/10	Elementary #43	08/14
		High School #7 (Design only)	TBD
* Projects are funded from the \$203.55 million bond issue approved in the November 2008 Bond Election.			

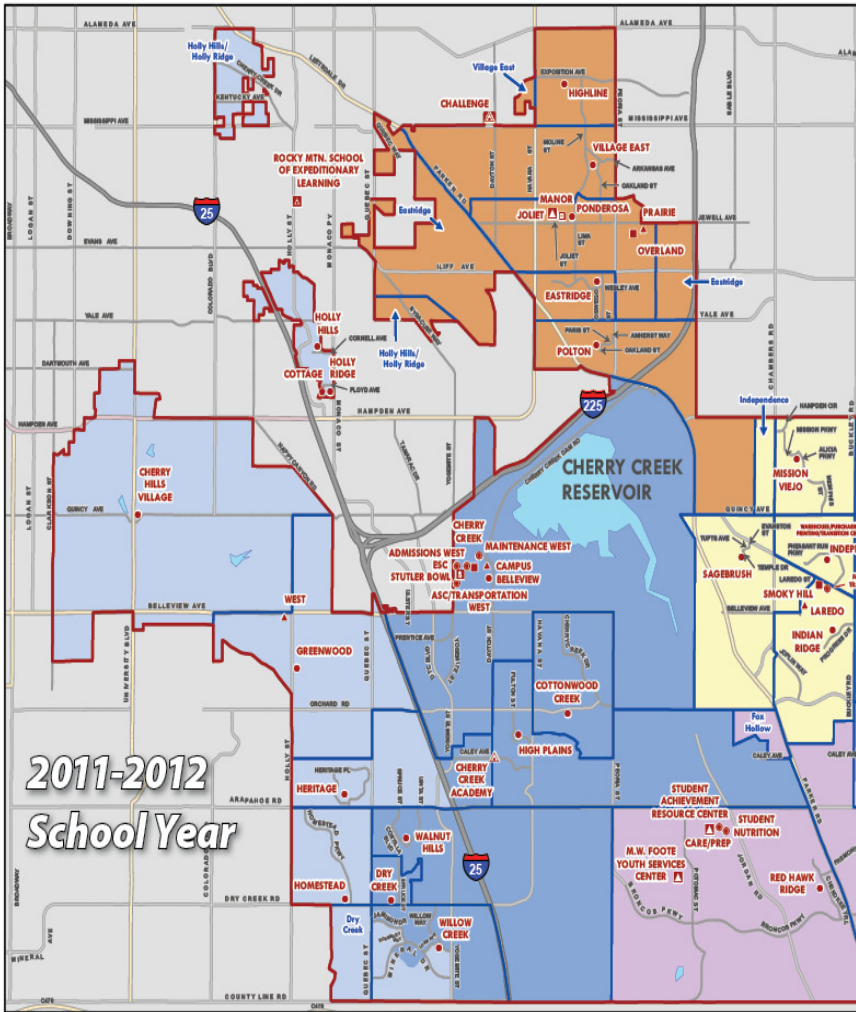
## BONDS PAYABLE







The Bond Redemption Fund is used to account for property taxes levied which provide for payment of general long-term debt principal retirement and semi-annual interest payments. The District's long-term debt is in the form of general obligation bonds. Bond issue and outstanding bond payable principal amounts are presented below:



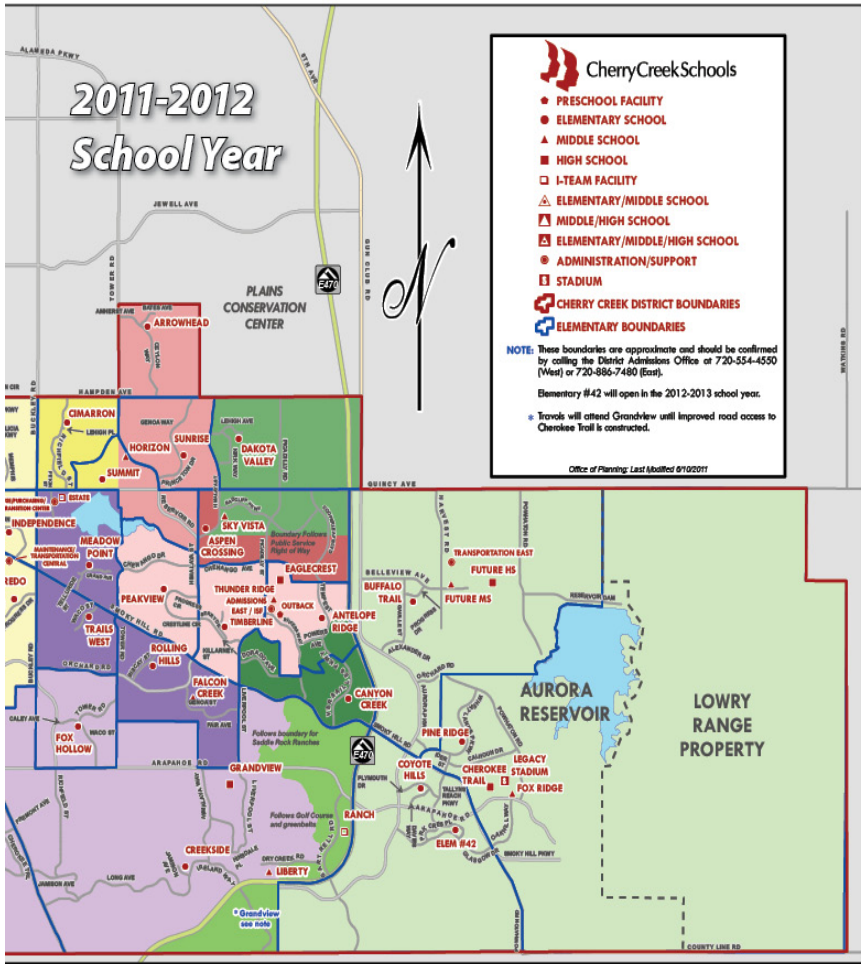
General Obligation Bonds Payable		
Series	Original Amount Issued	Outstanding Principal As of June 30, 2012
Series 2004	\$179,750,000	\$66,295,000
Series 2005	67,500,000	53,415,000
Series 2005B	132,215,000	96,415,000
Series 2009	101,775,000	99,275,000
Series 2010 A & B	101,775,000	101,775,000
Series 2012 Refunding	48,855,000	48,855,000
<b>Total Bonds Payable</b>	<b>\$631,870,000</b>	<b>\$466,030,000</b>

# CHERRY CREEK DISTRICT MAP



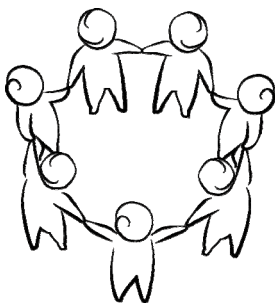
 Cherry Creek/Campus	 Grandview/Falcon Creek
 Cherry Creek/West	 Grandview/Liberty
 Overland/Prairie	 Smoky Hill/Laredo

# CHERRY CREEK DISTRICT MAP



	Eaglecrest/Horizon		Cherokee Trail/Fox Ridge
	Eaglecrest/Sky Vista		Cherokee Trail/Liberty
	Eaglecrest/Thunder Ridge		Cherokee Trail/Sky Vista
	Smoky Hill/Horizon		Cherokee Trail/Thunder Ridge

The Cherry Creek School District No. 5 educates over 51,000 children and serves over 301,000 residents within 108 square miles that spread across eight communities in the southeast portion of the Denver Metropolitan area. The communities served include Glendale, Foxfield, Greenwood Village, and portions of Aurora, Centennial, Cherry Hills Village, and Englewood. Certain areas of unincorporated Arapahoe County are served as well.



### **Schools and Facilities**

- 40 Elementary Schools
- 2 K-8 Schools
- 10 Middle Schools
- 6 High Schools—2 Stadiums
- 10 Other School Programs
- 11 Student Support Facilities

## **FINANCIAL PLANS AVAILABLE**

You are encouraged to review and comment on the District's budget and financial plans. Your support is important to provide the education our children deserve. The complete Financial Plan is available at the following locations:

*Educational Services Center  
4700 South Yosemite Street  
Greenwood Village, CO 80111*

*Auxiliary Services Center  
4850 South Yosemite Street  
Greenwood Village, CO 80111*

**Also available on the District Website:  
[www.cherrycreekschools.org/FiscalServices/Budget](http://www.cherrycreekschools.org/FiscalServices/Budget)**

*Questions may be directed to:  
Guy Bellville, Chief Financial Officer  
720-554-4344*

*August 2012*