

# FINANCIAL PLAN

## BUDGET FOR FISCAL YEAR

JULY 1, 2014 - JUNE 30, 2015



At a Glance

2014 - 2015



*Dedicated to Excellence*  
Cherry Creek Schools

[www.cherrycreekschools.org](http://www.cherrycreekschools.org)

Arapahoe County, CO  
Cherry Creek School District No. 5

### Our Mission

**"To inspire every student to think, to learn,  
to achieve, to care"**

## MESSAGE FROM OUR SUPERINTENDENT






Harry Bull, Jr., Ed.D.

### ***High Performance in Cherry Creek Schools***

The Cherry Creek School District has long been recognized for its “*dedication to excellence*” in academics, arts, athletics and activities. In 2013, Ponderosa Elementary was named a Blue Ribbon School by the United States Department of Education for its improvement efforts. Ponderosa joins six other Cherry Creek Schools in this national honor.

**At the State level, Cherry Creek’s tradition of excellence is acknowledged yearly for its accomplishments in academic performance and growth.**

In 2013, twenty-one schools were honored for their accomplishments:

-  Eight schools were named ***John Irwin Schools of Excellence*** for their high academic achievement
-  Six schools were awarded the ***Governor’s Distinguished Improvement Award*** for their high academic growth
-  Seven schools were awarded both the ***John Irwin Schools of Excellence*** and ***Governor’s Distinguished Improvement Award*** for both high academic performance and growth

**The Cherry Creek School District is Accredited by the Colorado Department of Education (CDE). Our District is doing very well in meeting State targets, and our objective is to become the first, large diverse school district in the State to be “*Accredited with Distinction*” by CDE. The District has made a significant step in meeting this objective with a 3.4 percentage point increase in our performance rating since 2010, with a 2.9 percentage point increase in 2013.**

While we are making gains, there are still areas in which we are not meeting District targets for academic performance and growth. Our administrators, faculty, and staff have the highest level of commitment to ensuring a successful learning experience for every student, every day, and to graduate students from high school prepared for the next level—be that college, technical school, military service, or the workforce.

**Your participation in our journey toward excellence is critical to the success of our students. Thank you for your continued support.**

## 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.
- ◆ Develop **meaningful relationships** with **students** and **families**.
- ◆ Foster a **desire** for **lifelong learning**, **achievement**, and **service** to others.

### 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

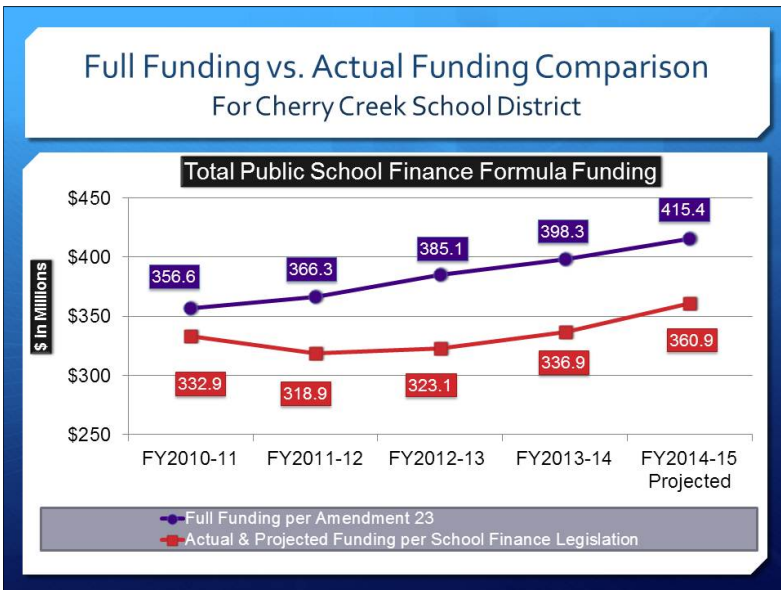
The Cherry Creek Schools community is respected as a leader in advocacy for top quality educational programs. Community efforts have resulted in continued success in funding educational initiatives for our District. Our electorate understands the importance of funding quality educational programs on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

## FY2014-15 BUDGET PLANNING

### Amendment 23

The Cherry Creek School District has been impacted by a legislative mechanism known as the “Negative Factor”, used by the State to reduce the State allocation of resources to K-12 Education in the State General Fund Budget, which was derived from a State Budget Stabilization Factor that was introduced under House Bill 10-1369 in the 2010 Legislative Session.

Based on a 2003 legislative legal opinion, the legislative change reduced Total Program Funding statewide under the State Public School Finance formula to \$1.0 billion below funding prescribed by Amendment 23, at 16.1% below Amendment 23 in FY2012-13. For Cherry Creek, under the School Finance Act in FY2013-14, funding continues to be at a reduced level, at \$61.4 million, or 15.4% below Amendment 23 requirements as shown in the graph below. In FY2014-15, projected funding of \$360.9 million is \$54.5 million below 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 expectation of the level of funding under that measure. The intent of voters in adopting Amendment 23 was to increase funding for public education.

### ***Future Outlook***

As we approach the 2014-15 school year, State funding uncertainties are a continuing concern. Statewide efforts from school leaders, parents, and community members have placed a profound focus on the importance of restoration of funding lost through the implementation of the “Negative Factor.”

State economic forecasts portray an improvement in the outlook for the State of Colorado that has left a positive impression on education leaders for the likelihood of improvements in education funding statewide. Now that State revenue appears to be improving:

***Superintendents representing over 99% of students in school districts across the State that were faced with mandated funding reductions during the Great Recession, have made a case to the Legislature and the Governor with an expectation that:***

- 1) Funding should be restored through significant reductions in the Negative Factor without earmarks
- 2) No new State educational mandates should occur that would divert resources from student achievement efforts

### ***Cherry Creek Board of Education Resolution***

The Cherry Creek Board of Education adopted Resolution 038-14 “*Approval of Legislative Measures to Eliminate the Negative Factor Funding Cuts*” at the March 10, 2014 meeting. This resolution, prepared at the request of the Cherry Creek Board of Education, called for the Colorado Legislature and the Governor to immediately eliminate the negative factor cuts to K-12 education funding. Excerpts from that resolution are presented below:

“Whereas, starting in fiscal year 2010-2011, the legislature added a new “Negative Factor” to make across-the-board cuts to education spending. The Negative Factor applies the same percentage cut to all districts, including the Cherry Creek School District.

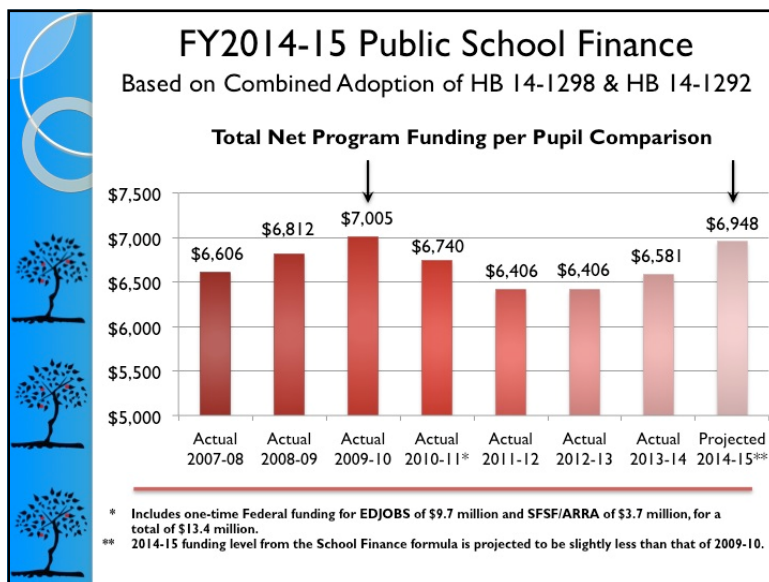
Whereas, in 2000, Colorado voters passed Amendment 23, which was designed to help Colorado’s public school funding catch up to the national average and to keep it at that level. In contravention of this expressed will of Colorado voters, the legislature’s implementation of the Negative Factor leaves Colorado education funding at 42nd in the country, more than \$2,500 below the national average in per pupil funding.

Whereas, in the 2013-14 fiscal year alone, the Negative Factor extracted more than \$1 billion from school districts of the State’s support for public education.”

## FY2014-15 BUDGET PLANNING

### School Finance Legislation

The FY2014-15 funding for Cherry Creek is anticipated to be slightly below the 2009-10 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 six years through State funding reductions.

### Our Traditions and the Current 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 with the support of our community through our 64-year history. For example, a \$25 million override election approved by local voters in November 2012 was critical to the maintenance of educational programs for students in the face of declining State funding.

As the budget has been affected by the declines in State funding, Cherry Creek has delivered on a firm effort to maintain classroom instruction and programs despite funding shortfalls from the State of Colorado. The Cherry Creek General Fund Budget for FY2014-15 of \$482.48 million supports the mission with nearly 83% of dollars devoted to classroom instruction.

## FY2014-15 BUDGET PLANNING

### School Finance Legislation

Two House Bills, the *School Finance Act (HB14-1298)* and the *Student Success Act (HB14-1292)* were adopted separately on May 07, 2014 by the General Assembly. The combined effect of this legislation on Net Total Program funding for Cherry Creek School District is reflected in the chart below:

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <h3>FY2014-15 Public School Finance</h3> <p>Based on Combined Adoption of HB14-1298 &amp; HB14-1292</p> </div> </div>			
CHERRY CREEK	FY2013-14	FY2014-15*	NET INCREASE
TOTAL PROGRAM FUNDING	\$398,364,715	\$415,435,052	\$17,070,337
NEGATIVE FACTOR **	(61,432,260)	(54,555,059)	6,877,201
NET TOTAL PROGRAM FUNDING	\$336,932,455	\$360,879,993	\$23,947,538
TOTAL FUNDED PUPILS	51,197.5	51,936.5	739
FUNDING PER PUPIL	\$6,581	\$6,948	\$367
<small>* Figures are estimated for FY2014-15 and are adjusted to reflect Cherry Creek's budget projection for enrollment.  ** Negative Factor is -15.42% for FY2013-14 and -13.13% for FY2014-15.</small>			

The combined adoption of HB 14-1298 and HB 14-1292 increases Net Total Program Funding for Cherry Creek from **\$336.9 million** in FY2013-14 to **\$360.9 million** in FY2014-15.

This is an **increase of \$24.0 million**, or **\$367 per pupil**.

Cherry Creek funded pupil counts are expected to increase **1.4%**, from **51,197.5 FTE** in FY2013-14 to **51,936.5 FTE** in FY2014-15.

**NET TOTAL PROGRAM FUNDING DERIVED FROM THE SCHOOL FINANCE FORMULA IS COMPOSED OF STATE EQUALIZATION AID AND LOCAL REVENUE.**

- State Equalization Aid** is anticipated to increase **\$22.8 million** from **\$215.3 million** in FY2013-14 to **\$238.1 million** in FY2014-15.
- Local Revenue** from the State formula component of a) **General Fund Property Taxes** is budgeted to increase **\$1.0 million**, from **\$113.7 million** in FY2013-14 to **\$114.7 million** in FY2014-15. A portion of Local Revenue from b) **Specific Ownership Taxes** is included in Net Total Program Funding and is estimated to increase **\$0.2 million**, from **\$7.9 million** in FY2013-14 to **\$8.1 million** in FY2014-15.



## FY2014-15 BUDGET PLANNING

### *Budget Balancing Measures*

A Cost and Resource Management Plan for FY2014-15 utilizes **\$2.95** million of General Fund reserves, as a means to offset the budget shortfall for FY2014-15. The General Fund Budget includes **\$479.53** million of revenue and **\$482.48** million of expenditures (both including transfers). Revenue is anticipated to increase **\$25.55** million and expenditures are budgeted to increase by **\$28.50** million. The combination of these, along with the managed use of **\$2.95** million of General Fund reserves, maintains a balanced budget.

### *General Fund Budget*

#### **REVENUE BUDGET**

The General Fund Revenue Budget is anticipated to increase by **\$25.55** million, from the modified budget of **\$453.98** million in FY2013-14 to **\$479.53** million in FY2014-15. General Fund revenue increases are primarily focused in three areas associated with the School Finance Act and Student Success Act. Net Total Program funding from the School Finance Act increases **\$23.95** million, from **\$336.93** to **\$360.88** million. Net Total Program funding for inflation and enrollment totals **\$17.07** million, while reduction of the “*Negative Factor*” provides **\$6.88** million.

#### ***Other increases from State and Local funding provided are:***

- ◆ \$1.21 million for English Language Learner non-categorical State Revenue
- ◆ \$0.33 million for State Categorical Revenue associated with 2.8% inflation
- ◆ \$0.06 million for increases in other Local Revenue and Transfers





### *Budget Balancing Measures*

#### **EXPENDITURE BUDGET**

Total General Fund Expenditures and Transfers Budget increases by **\$28.50** million, from **\$453.98** million in FY2013-14 to **\$482.48** million in FY2014-15. The increase in expenditures and transfers is concentrated on the resources to serve our student population, maintain class sizes in our schools, and provide for anticipated increases under compensation policies.

#### ***Included in the Expenditures Budget are increases of:***

- ◆ \$17.38 million for teacher and other staffing compensation and benefits
- ◆ \$4.40 million for instructional staffing positions associated with additional enrollment of 739 FTE students
- ◆ \$3.40 million for Public Employees Retirement Association (PERA) statutory contribution rate changes
- ◆ \$0.75 million for costs associated with opening the new Mountain Vista Elementary school and classroom additions at Cherokee Trail and Grandview High Schools
- ◆ \$0.33 million for additional instructional materials at the schools
- ◆ \$0.45 million for professional development in math
- ◆ (\$0.79) million for budget (decreases) related to unemployment cost/4-track to traditional calendar changes

#### ***Included in the Transfers Budget are increases of:***

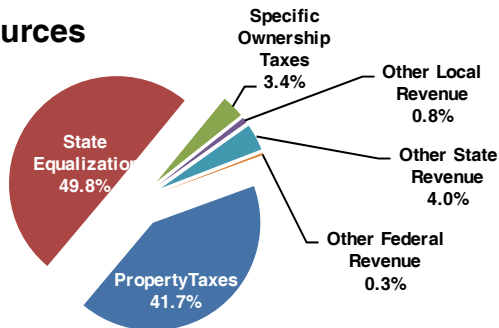
- ◆ \$2.58 million for high-priority instructional technology capital needs to ensure schools are equipped to serve our student population in FY2014-15



## GENERAL FUND REVENUE

REVENUE SOURCES	
Property Taxes	\$199,287,187
State Equalization	238,108,061
Specific Ownership Taxes	16,452,900
Other Local Revenue	3,867,284
Other State Revenue	19,054,994
Other Federal Revenue	1,453,374
<b>Total Revenue</b>	<b>478,223,800</b>
Plus: Transfers	1,309,400
<b>General Fund Revenue and Transfers</b>	<b>\$479,533,200</b>
Use of General Fund Reserves	2,949,900
<b>General Fund Resources</b>	<b>\$482,483,100</b>

### Revenue Sources

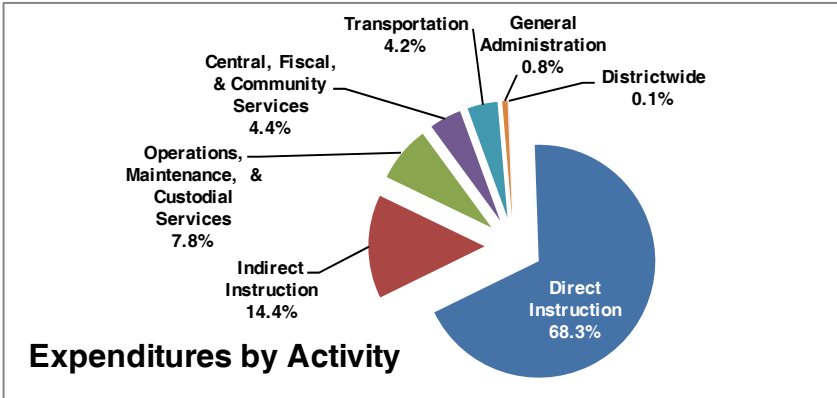


### FY2014-15 Revenue Per Student FTE—\$9,233

STUDENT ENROLLMENT HISTORY					
Students	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Projected 2014-15
Enrollment	51,388	51,820	52,681	53,584	54,373
FTE*	49,396	49,788	50,435	51,198	51,937
FTE Growth	0.85%	0.79%	1.30%	1.51%	1.44%
* 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 82.7% of Total Expenditures

### ***FY2014-15 Expenditures Per Student FTE—\$9,290***

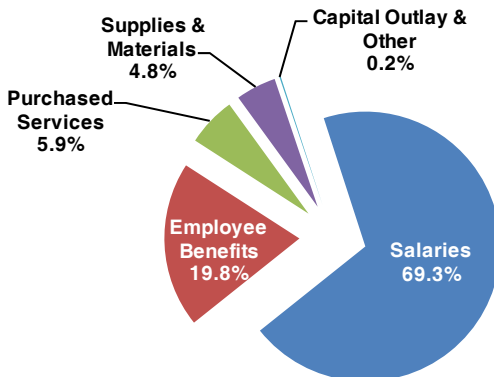
BUDGETED EXPENDITURES	
Direct Instruction	\$324,590,923
Indirect Instruction	68,319,032
Operations, Maintenance, & Custodial Services	37,095,882
Central, Fiscal, & Community Services	21,230,043
Transportation	20,048,029
General Administration	3,585,066
Districtwide	273,725
<b>General Fund Expenditures</b>	<b>475,142,700</b>
Plus: Transfers	7,340,400
<b>Total General Fund Expenditures &amp; Transfers</b>	<b>\$482,483,100</b>

## FY2014-15 BUDGET APPROPRIATION

The Cherry Creek School District FY2014-15 budget is comprised of 8 separate funds. The Operating Fund is the General Fund. Special Revenue funds include Designated Purpose Grants, Extended Child Services, Pupil Activities, and Food Services. Capital Improvement funds include Capital Reserve and Building funds. The Debt Services fund is Bond Redemption.

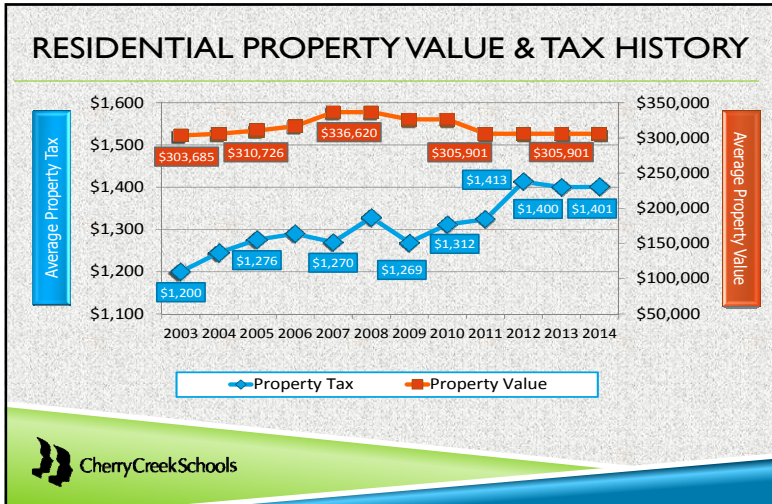
FUND	Expenditures & Transfers	Per Student FTE
General Fund	\$482,483,100	\$9,290
Designated Purpose Grants Fund	23,913,500	460
Extended Child Services Fund	16,101,600	310
Pupil Activities Fund	12,080,100	233
Food Services Fund	16,421,700	316
Building Fund	58,776,500	1,132
Bond Redemption Fund	50,532,243	973
Capital Reserve Fund	7,942,700	153
<b>Total Expenditures &amp; Transfers</b>	<b>\$668,251,443</b>	<b>\$12,867</b>
Appropriated Reserves	20,429,169	393
<b>Total Appropriation</b>	<b>\$688,680,612</b>	<b>\$13,260</b>

### General Fund Expenditures by Object



## PROPERTY TAXES & MILL RATES

The assessed valuations of real estate properties in the District were reassessed in 2013 by the Arapahoe County Assessor. School taxes on a residence valued at \$305,901 in 2014 are estimated to be \$1,401.



**\* 2014 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 2014.

MILL RATES					
	2010	2011	2012	2013	*2014
State Required	25.712	25.712	25.712	25.712	25.712
Hold Harmless Override	1.449	1.594	1.595	1.548	1.534
1991, 1998, 2003, 2008, & 2012 Budget Elections	11.177	12.295	18.133	17.587	17.431
Abatements, etc.	1.440	2.066	1.337	1.194	1.186
Bond Redemption	<u>10.719</u>	<u>12.700</u>	<u>11.260</u>	<u>11.451</u>	<u>11.686</u>
<b>Total</b>	<b>50.497</b>	<b>54.367</b>	<b>58.037</b>	<b>57.492</b>	<b>57.549</b>

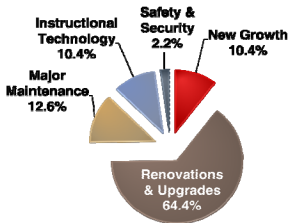
*\* 2014 Mill Rates are Estimated*

## 2012 BUDGET & BOND ELECTION

In November 2012, voters in the Cherry Creek School District approved ballot issues 3A and 3B authorizing the District critical funds needed to fund academic programs, maintain existing schools, and build additions to the Cherokee Trail and Grandview high schools to accommodate enrollment growth. The passage of **ballot issue 3A** is the funding override for operating expenses. It provides for \$25 million to maintain class size, provide curriculum and instruction necessary for success in college and the workplace, continue the District's commitment to academic excellence, and ensure technology and instruction for student success in the 21st century.

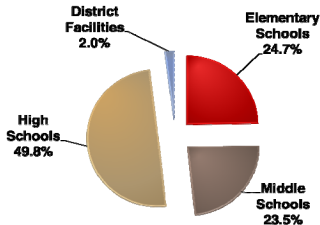
**Bond issue 3B** authorized the District to sell \$125 million in bonds for capital costs of renovations and new school construction, which includes Science, Technology, Engineering, and Math (STEM) focused classrooms, renovations to schools throughout the District and additions to the Cherokee Trail and Grandview high schools to accommodate growth, essential technology to support the strategic instructional program needs of the District, including Smart Boards and updated computers, and upgraded safety and security systems for all schools. Allocations of planned bond funds are shown below.

### 2012 RECOMMENDED BOND ALLOCATIONS



### How the Money will be Spent

### 2012 RECOMMENDED BOND ALLOCATIONS



### Where the Money will be Spent

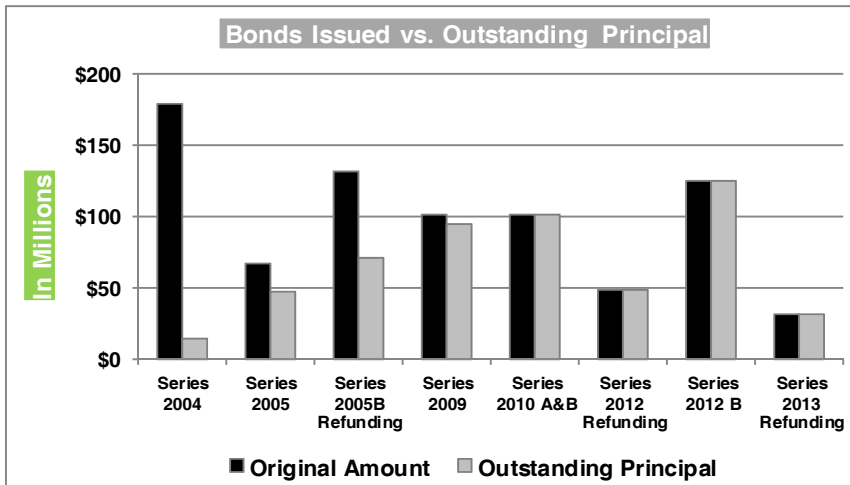


### 2012 BOND FUNDS

New Growth	\$13,000,000
Renovations/Upgrades	80,455,003
Major Maintenance	15,845,257
Instructional Technology	13,000,000
Safety & Security	2,699,740
<b>TOTAL</b>	<b>\$125,000,000</b>

## 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, 2014
Series 2004	\$179,750,000	\$13,525,000
Series 2005	67,500,000	46,960,000
Series 2005B Refunding	132,215,000	70,375,000
Series 2009	101,775,000	94,050,000
Series 2010 A & B	101,775,000	101,385,000
Series 2012 Refunding	48,855,000	48,855,000
Series 2012 B	125,000,000	125,000,000
Series 2013 Refunding	31,215,000	31,215,000
<b>Total Bonds Payable</b>	<b>\$788,085,000</b>	<b>\$531,365,000</b>



## RECOGNITION FOR FISCAL RESPONSIBILITY

The District received an unqualified, clean audit rating from independent auditor CliftonLarsonAllen LLP, conducted in accordance with auditing standards generally accepted in the U.S. and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the U.S.



Since 1994, the Cherry Creek School District Office of Fiscal Services has received the *Government Finance Officers Distinguished Budget Presentation Certificate of Excellence Award* from the Government Finance Officers Association (GFOA), reaching 20 consecutive years.

The Cherry Creek School District has been honored by the Association of School Business Officials International (ASBO) as one of only 23 school districts nationwide to receive the *Meritorious Budget Award* for excellence in the preparation and issuance of our school entity's budget for at least 15 consecutive years. We have received this award annually since 1997, or for 17 consecutive years. This award recognizes school entities that demonstrate excellence and transparency in school budget presentation.



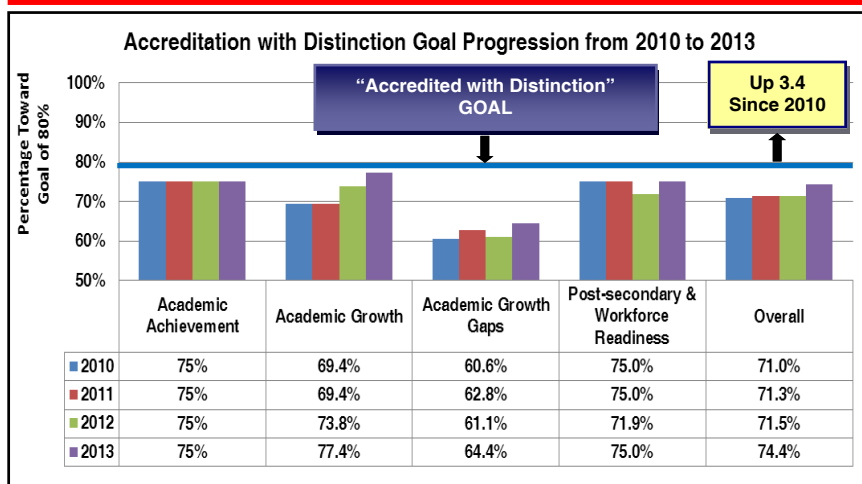
The District has also received the *Certificate of Achievement for Excellence in Financial Reporting* from GFOA and the *Certificate of Excellence in Financial Reporting* from ASBO each year since 1993.



## CHERRY CREEK'S HIGH PERFORMANCE

The District's objective is to become the first, large diverse school district in Colorado to be **"Accredited with Distinction"** by CDE. As of the 2013-14 school year, the District earned 74.4%, up 2.9 percentage points from the previous year, and 5.6 percentage points below the 80% objective threshold.

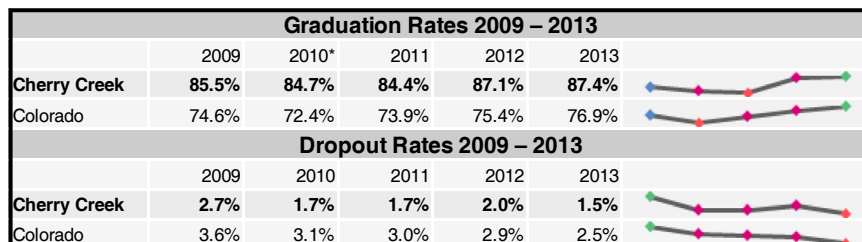
The following graph reflects an upward trend of progress over the past four years in each of the performance categories towards reaching **80%** for the **"Accredited with Distinction"** status.



## ACCOUNTABILITY

### GRADUATION RATES CONTINUE TO EXCEL SURPASSING STATE AVERAGES FOR ON-TIME GRADUATION RATES

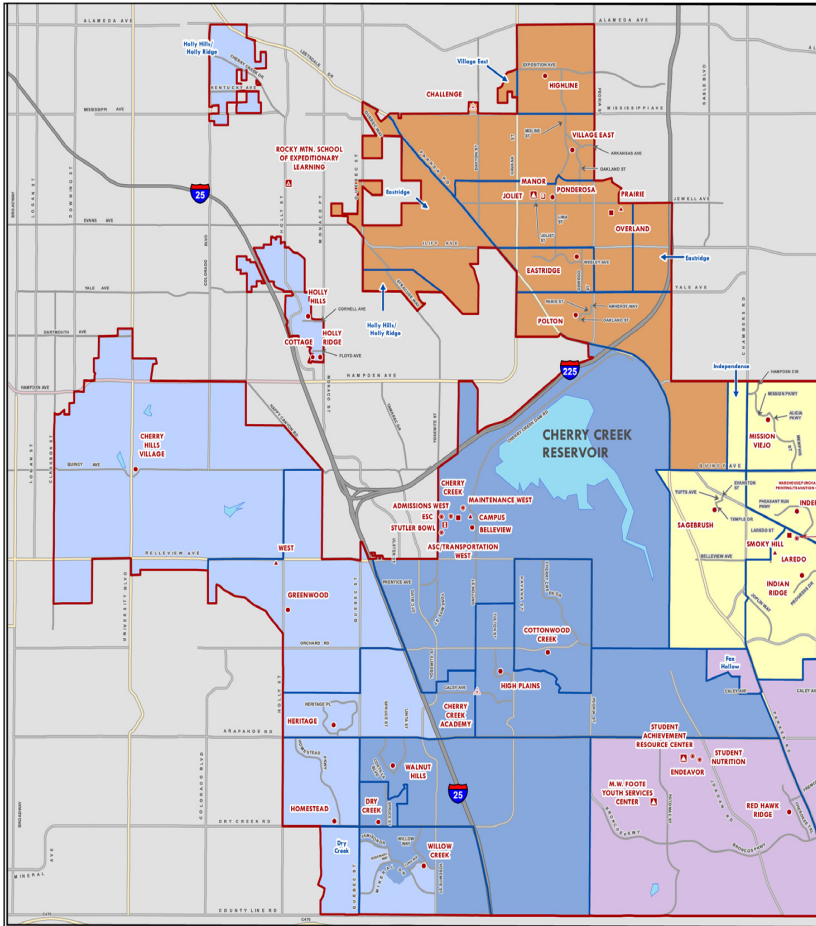
### DROPOUT RATES REMAIN LOWER THAN STATE AVERAGES









\*Beginning in 2010, a four-year on-time graduation rate was used. Only those students who graduate from high school four years after entering ninth grade are defined as "on time."

# CHERRY CREEK DISTRICT MAP

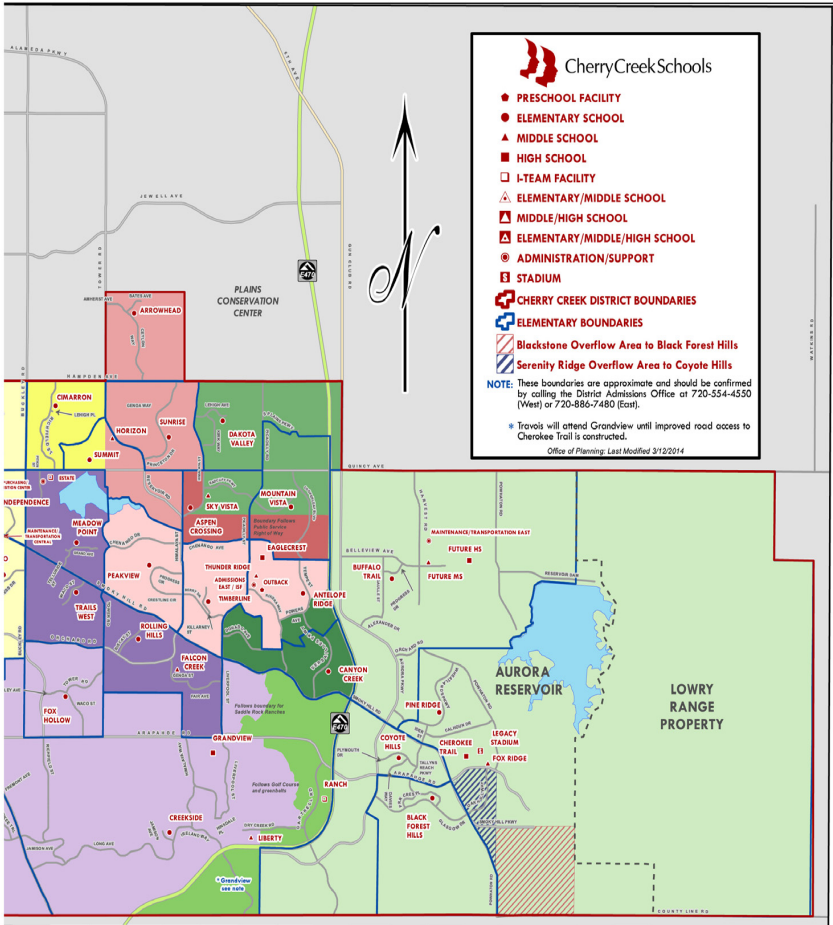
## 2014-2015 School Year



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

# CHERRY CREEK DISTRICT MAP

## 2014-2015 School Year



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

## CHERRY CREEK COMMUNITY

The Cherry Creek School District No. 5 is projected to educate over 54,000 children in FY2014-15 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



42 Elementary Schools



2 K-8 Schools



10 Middle Schools



1 Alternative High/Middle School



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

June 2014