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

Questions may be directed to:
Guy Bellville, Chief Financial Officer
720-554-4344
June 2014

**Our Mission**

“To inspire every student to think, to learn, to achieve, to care”
MESSAGE FROM OUR SUPERINTENDENT

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.

Harry Bull, Jr., Ed.D.
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.
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.

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.

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

DROPOUT RATES REMAIN LOWER THAN SURPASSING 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.”
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.

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.”
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.
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 BOND FUNDS

<table>
<thead>
<tr>
<th>Category</th>
<th>2012 Bond Funds</th>
<th>2013 Bond Funds</th>
<th>Net Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Growth</td>
<td>$13,000,000</td>
<td>$17,070,337</td>
<td>$4,070,337</td>
</tr>
<tr>
<td>Renovations/Upgrades</td>
<td>80,455,003</td>
<td>80,455,003</td>
<td>0</td>
</tr>
<tr>
<td>Major Maintenance</td>
<td>15,845,257</td>
<td>15,845,257</td>
<td>0</td>
</tr>
<tr>
<td>Instructional Technology</td>
<td>13,000,000</td>
<td>13,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Safety &amp; Security</td>
<td>2,699,740</td>
<td>2,699,740</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$125,000,000</strong></td>
<td><strong>$125,000,000</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

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.**

1) State Equalization Aid is anticipated to increase $22.8 million from $215.3 million in FY2013-14 to $238.1 million in FY2014-15.

2) 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.
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 million 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

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.

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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>*2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold Harmless Override</td>
<td>1.449</td>
<td>1.594</td>
<td>1.595</td>
<td>1.548</td>
<td>1.534</td>
</tr>
<tr>
<td>Abatements, etc.</td>
<td>1.440</td>
<td>2.066</td>
<td>1.337</td>
<td>1.194</td>
<td>1.186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50.497</strong></td>
<td><strong>54.367</strong></td>
<td><strong>58.037</strong></td>
<td><strong>57.492</strong></td>
<td><strong>57.549</strong></td>
</tr>
</tbody>
</table>

* 2014 Mill Rates are Estimated
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.

<table>
<thead>
<tr>
<th>FUND</th>
<th>Expenditures &amp; Transfers</th>
<th>Per Student FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$482,483,100</td>
<td>$9,290</td>
</tr>
<tr>
<td>Designated Purpose Grants Fund</td>
<td>23,913,500</td>
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</tr>
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<td>Extended Child Services Fund</td>
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<td>Bond Redemption Fund</td>
<td>50,532,243</td>
<td>973</td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td>7,942,700</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers</strong></td>
<td>$668,251,443</td>
<td>$12,867</td>
</tr>
<tr>
<td>Appropriated Reserves</td>
<td>20,429,169</td>
<td>393</td>
</tr>
<tr>
<td><strong>Total Appropriation</strong></td>
<td>$688,680,612</td>
<td>$13,260</td>
</tr>
</tbody>
</table>

**General Fund Expenditures by Object**

- Salaries: 69.3%
- Supplies & Materials: 4.8%
- Purchased Services: 5.9%
- Capital Outlay & Other: 0.2%
- Employee Benefits: 19.8%

**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

Total Revenue: $478,223,800

Plus: Transfers

General Fund Revenue and Transfers: $479,533,200

Use of General Fund Reserves: 2,949,900

General Fund Resources: $482,483,100

## GENERAL FUND EXPENDITURES

### 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

General Fund Expenditures: 475,142,700

Plus: Transfers: 7,340,400

Total General Fund Expenditures & Transfers: $482,483,100

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.

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

Instruction Costs are 82.7% of Total Expenditures

### STUDENT ENROLLMENT HISTORY

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>51,388</td>
<td>51,820</td>
<td>52,681</td>
<td>53,584</td>
<td>54,373</td>
</tr>
<tr>
<td>FTE*</td>
<td>49,396</td>
<td>49,788</td>
<td>50,435</td>
<td>51,198</td>
<td>51,937</td>
</tr>
<tr>
<td>FTE Growth</td>
<td>0.85%</td>
<td>0.79%</td>
<td>1.30%</td>
<td>1.51%</td>
<td>1.44%</td>
</tr>
</tbody>
</table>

* Funded Students

- * Funded Students
### GENERAL FUND REVENUE

**REVENUE SOURCES**

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<tr>
<td><strong>General Fund Revenue and Transfers</strong></td>
<td><strong>479,533,200</strong></td>
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</table>

**Use of General Fund Reserves**

- **2,949,900**

**General Fund Resources**

- **$482,483,100**

### GENERAL FUND EXPENDITURES

**BUDGETED EXPENDITURES**

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

- **Instruction Costs are 82.7% of Total Expenditures**

- **Direct Instruction**
- **Indirect Instruction**
- **Operations, Maintenance, & Custodial Services**
- **Central, Fiscal, & Community Services**
- **Transportation**
- **General Administration**
- **Districtwide**

### STUDENT ENROLLMENT HISTORY

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<td>51,198</td>
<td>51,937</td>
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</table>

**FTE Growth**

- **0.85%**
- **0.79%**
- **1.30%**
- **1.51%**
- **1.44%**

* Funded Students
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.

### FY2014-15 BUDGET APPROPRIATION

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</tr>
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<td>153</td>
</tr>
</tbody>
</table>

**Total Expenditures & Transfers** $668,251,443

Appropriated Reserves 20,429,169

**Total Appropriation** $688,680,612

### FY2014-15 BUDGET PLANNING

**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
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

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.

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.

<table>
<thead>
<tr>
<th>MILL RATES</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>*2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold Harmless Override</td>
<td>1.449</td>
<td>1.594</td>
<td>1.595</td>
<td>1.548</td>
<td>1.534</td>
</tr>
<tr>
<td>Abatements, etc.</td>
<td>1.440</td>
<td>2.066</td>
<td>1.337</td>
<td>1.194</td>
<td>1.186</td>
</tr>
<tr>
<td>Total</td>
<td>50.497</td>
<td>54.367</td>
<td>58.037</td>
<td>57.492</td>
<td>57.549</td>
</tr>
</tbody>
</table>

* 2014 Mill Rates are Estimated
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.

**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:

**FY2014-15 Public School Finance**

Based on Combined Adoption of HB14-1298 & HB14-1292

<table>
<thead>
<tr>
<th>CHERRY CREEK</th>
<th>FY2013-14</th>
<th>FY2014-15*</th>
<th>NET INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL PROGRAM FUNDING</td>
<td>$398,364,715</td>
<td>$415,435,052</td>
<td>$17,070,337</td>
</tr>
<tr>
<td>NEGATIVE FACTOR **</td>
<td>$(61,432,260)</td>
<td>$(54,555,059)</td>
<td>$6,877,201</td>
</tr>
<tr>
<td>NET TOTAL PROGRAM FUNDING</td>
<td>$336,932,455</td>
<td>$360,879,993</td>
<td>$23,947,538</td>
</tr>
<tr>
<td>TOTAL FUNDED PUPILS</td>
<td>51,197.5</td>
<td>51,936.5</td>
<td>739</td>
</tr>
<tr>
<td>FUNDING PER PUPIL</td>
<td>$6,581</td>
<td>$6,948</td>
<td>$367</td>
</tr>
</tbody>
</table>

* 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 -18.13% for FY2014-15.

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.**

1) **State Equalization Aid** is anticipated to increase $22.8 million from $215.3 million in FY2013-14 to $238.1 million in FY2014-15.

2) **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.
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.

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:

<table>
<thead>
<tr>
<th>Series</th>
<th>Original Amount Issued</th>
<th>Outstanding Principal As of June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2004</td>
<td>$179,750,000</td>
<td>$13,525,000</td>
</tr>
<tr>
<td>Series 2005</td>
<td>67,500,000</td>
<td>46,960,000</td>
</tr>
<tr>
<td>Series 2005B Refunding</td>
<td>132,215,000</td>
<td>70,375,000</td>
</tr>
<tr>
<td>Series 2009</td>
<td>101,775,000</td>
<td>94,050,000</td>
</tr>
<tr>
<td>Series 2010 A &amp; B</td>
<td>101,775,000</td>
<td>101,385,000</td>
</tr>
<tr>
<td>Series 2012 Refunding</td>
<td>48,855,000</td>
<td>48,855,000</td>
</tr>
<tr>
<td>Series 2012 B</td>
<td>125,000,000</td>
<td>125,000,000</td>
</tr>
<tr>
<td>Series 2013 Refunding</td>
<td>31,215,000</td>
<td>31,215,000</td>
</tr>
<tr>
<td>Total Bonds Payable</td>
<td>$788,085,000</td>
<td>$531,365,000</td>
</tr>
</tbody>
</table>
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.

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."
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.

TheDistrict'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.

CHERRY CREEK’S HIGH PERFORMANCE

Graduation Rates Continue to Excel Surpassing State Averages for On-Time Graduation Rates

<table>
<thead>
<tr>
<th>Graduation Rates 2009 – 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Cherry Creek</td>
</tr>
<tr>
<td>Colorado</td>
</tr>
</tbody>
</table>

Dropout Rates Remain Lower Than State Averages for On-Time Graduation Rates

<table>
<thead>
<tr>
<th>Dropout Rates 2009 – 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Cherry Creek</td>
</tr>
<tr>
<td>Colorado</td>
</tr>
</tbody>
</table>

*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.”
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.
MESSAGE FROM OUR SUPERINTENDENT

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.

Office of the Superintendent (720-554-4262)
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.

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

Questions may be directed to:
Guy Bellville, Chief Financial Officer
720-554-4144

June 2014

At a Glance

FINANCIAL PLANS AVAILABLE

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

Our Mission

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