

Financial Plan

2018-2019

Budget for Fiscal Year
July 1, 2018—June 30, 2019



AT A GLANCE



CHERRY CREEK SCHOOL DISTRICT NO. 5
4700 South Yosemite Street
Greenwood Village, CO 80111
Arapahoe County, Colorado
www.cherrycreekschools.org

Our Mission

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

MESSAGE FROM OUR SUPERINTENDENT



DR. SCOTT SIEGFRIED
Superintendent

"I am incredibly honored and humbled to have the opportunity to serve the Cherry Creek School District in this capacity. I have a deep-seated belief in who we are and the great things we do and will continue to do for our students and our community. My Vision for the District is one of continued innovation and excellence for each and every student."

Dr. Scott Siegfried

Incoming Superintendent of Cherry Creek Schools



Dedicated to Excellence
Cherry Creek Schools

The Future is Bright for Cherry Creek Students.

As we continue to focus on innovation and career readiness, our students are gaining the tools, knowledge, and real-world experience they need to succeed in

Across Cherry Creek, our high schools are graduating more students than ever before, and that is a testament to the hard work of our students and the dedication of teachers, principals, school staff, and parents. I am incredibly proud of all that our high school students have accomplished along the journey to graduation.

**2017 On-time Graduation Rates reached a record high of 90.0%;
up 3.4 percentage points over a four-year period.**

Cherry Creek's Mission

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

Cherry Creek's Vision

"Dedicated to Excellence"

Office of the Superintendent (720-554-4262)

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.

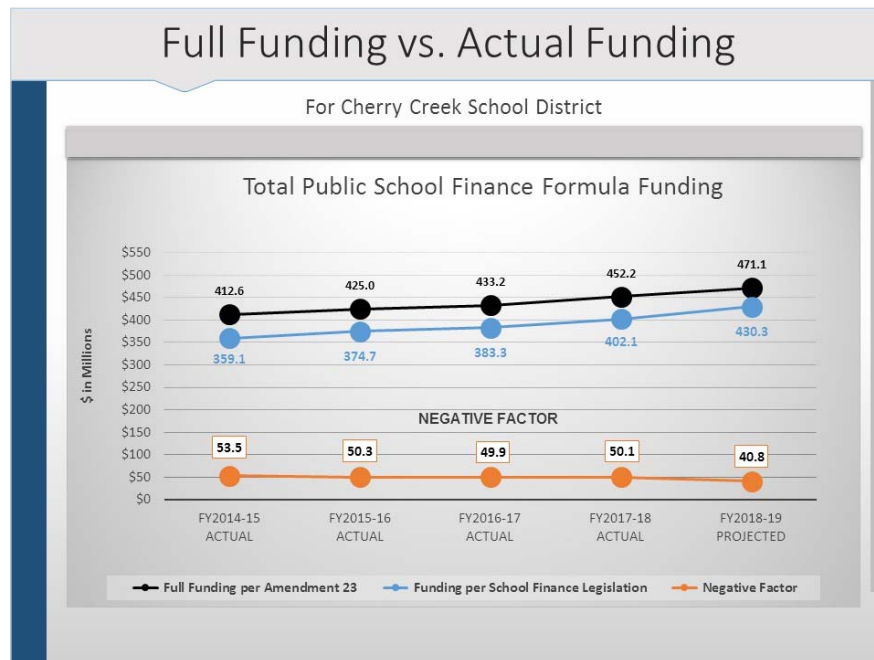


Amendment 23 vs. Negative Factor

Amendment 23 vs. Negative Factor

The Cherry Creek School District, as well as school districts across the State, have been impacted by a legislative mechanism known as the “*Negative Factor*”, used by the State to reduce the School Finance Formula Funding as a means to balance the State General Fund Budget. The “*Negative Factor*” was derived from a State Budget Stabilization Factor (later renamed as the “*Negative Factor*”) in HB10-1369 in the 2010 Legislative Session. The imposition of the “*Negative Factor*” in the School Finance formula continues to be of primary concern to the Cherry Creek School District, as funding has been severely impacted by its effect.

- ♦ In FY2018-19, the **Statewide** “*Negative Factor*” is estimated at \$672.4 million.
- ♦ **Cherry Creek’s** share of the “*Negative Factor*” is estimated at \$40.8 million;
 ⇒ **-8.66% less than the Total Program Funding prescribed by Amendment 23** as presented in the graph below.



Funding prescribed in the Public School Finance Program formula for Amendment 23, a Constitutional Amendment adopted by the voters in the State of Colorado in 2000, has not been maintained by the State in accordance with the expectations of the level of funding under that measure.

The intent of voters in adopting Amendment 23 was to increase funding for public education.

Enrollment Outlook and New Legislation

Enrollment

Although the average funded enrollment growth over the past five years equates to 458 FTE per year, there are signs of the enrollment growth pattern changing in the FY2018-19 through FY2020-21 period. During that three year period, traditional projected growth slows considerably.

Specifically, in the FY2020-21 year, enrollment would flatten out, a result of a continual slowing trend in birth rates, less in-migration of students, and lower average household sizes for families moving into the community.

PERA

In September 2017, the PERA Board voted in favor of changes to their current funding structure in order to strengthen their fiscal status in recognition of longer life expectancies for members and a current benefit structure that is not deemed to be sustainable over the long term. In November 2017, the PERA Board substantiated their proposal as part of a formal request for legislation. A PERA reform bill (SB18-200) was passed by the Senate and the House on May 9, 2018.

Legislative Changes and Review Process details are included in the table below:

PERA Retirement Benefit Plan Contribution Rates			
PERA Legislative Changes (SB18-200)			
SUMMATION OF PERA CONTRIBUTIONS			
Fiscal Year	Employer Cost	Employee Contribution	Combined PERA Contribution
FY2009-10	13.40%	8.0%	21.40%
FY2010-11	14.30%	8.0%	22.30%
FY2017-18	19.90%	8.0%	27.90%
FY2018-19	20.15%	8.0%	28.15%
FY2019-20	20.40%	8.75%	29.15%
FY2020-21	20.40%	9.5%	29.90%
FY2021-22	20.40%	10.0%	30.40%

Going forward, the increased cost of PERA will require implementation of fiscal planning cost control measures to mitigate potential impact of PERA on expenditures.

Employer Cost amount includes AED and SAED contributions.

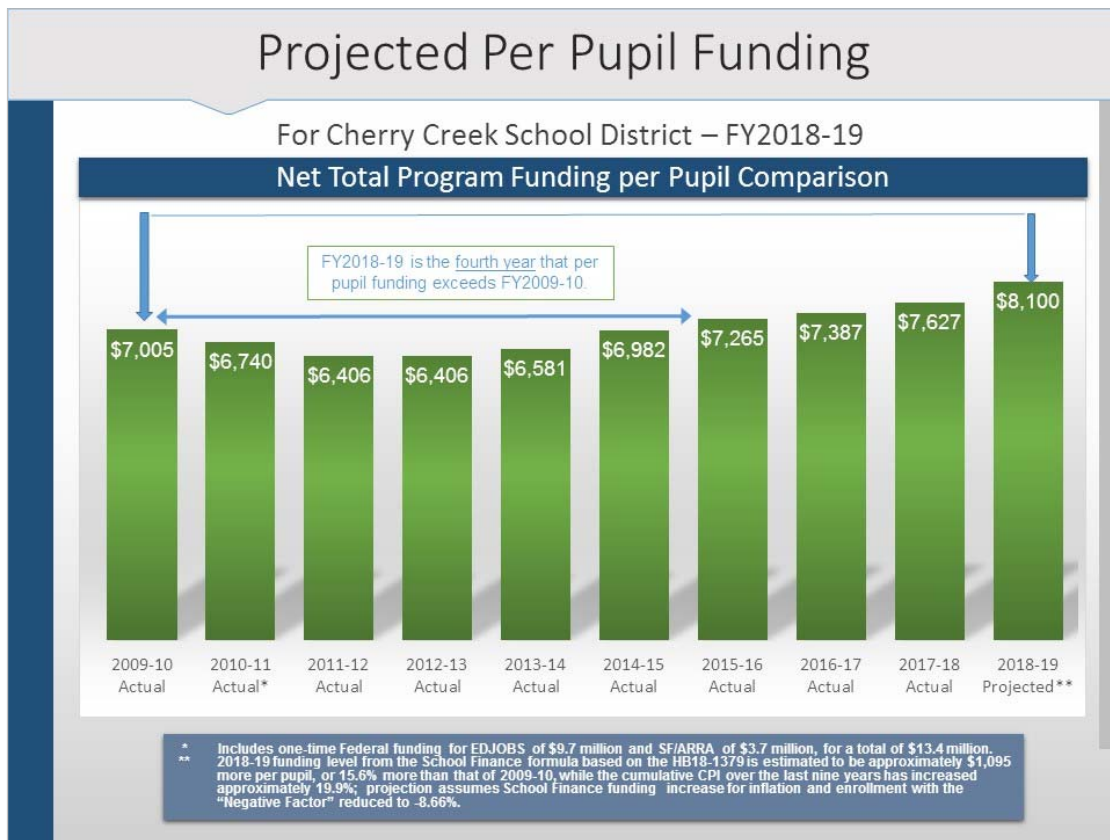
A semi-annual review process is included in SB18-200 for the purpose of assessing planned reduction in the unfunded liability. Policy changes and/or contribution rate changes from the review process are possible.

State of Colorado Funding Impacts

State Budget

Under Long Bill HB18-1322, the State of Colorado FY2018-19 General Fund Budget of **\$11.4** billion increased by \$800 million, or 7.5% over the FY2017-18 State General Fund

Per Pupil Funding History



Cherry Creek's Current Funding Environment

The 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 throughout our history. Through the use of mill levy override funds from the November 2012 and the November 2016 elections, instructional programs have been preserved from expenditure reductions for

FY2018-19. However, future year budgets may require adjustments, without sufficient ongoing increases from sustainable local and/or State revenue sources.

School Finance Legislation Background

School Finance Effect on Cherry Creek

Cherry Creek funding for FY2018-19, as confirmed by the School Finance Act, will include funding for a 3.4% increase in base per pupil funding reflective of the 2017 calendar year inflation for Denver, Boulder and Greeley Consumer Price Index (CPI) increase for Urban Consumers.

Funding is also projected to increase for a 400 full-time equivalent (FTE) students. As a result of the statewide decrease in the Negative Factor, Cherry Creek's estimated **funding increases for the \$9.3 million proportionate share reduction of the Negative Factor from \$50.1 million in FY2017-18 to \$40.8 million in FY2018-19**. Cherry Creek's estimated **per pupil funding increases 6.2%**, or **\$473 from \$7,627 in FY2017-18 to \$8,100 in FY2018-19**.

CHERRY CREEK NET TOTAL PROGRAM FUNDING

The adoption of HB18-1379 increases estimated Net Total Program Funding for Cherry Creek from **\$402,121,643** in FY2017-18 to **\$430,323,425** in FY2018-19.

This is an estimated **increase of \$28,201,782, from \$7,627 to \$8,100** per pupil, or an **increase of \$473 per pupil**.

For Cherry Creek, funded pupil counts are expected to increase by **400** funded pupils, or **0.8%**, from **52,724** FTE in FY2017-18 to **53,124** in FY2018-19

Budget Balancing Plan

The Budget Balancing Plan for FY2018-19 utilizes funds from the School Finance Act and 2016 Election 3A Ballot Issue funds to achieve a balanced budget that is consistent with the strategic mission and values of Cherry Creek Schools. The General Fund Budget includes **\$592.0 million** of revenue (including transfers) and **\$594.5 million** of expenditures (including transfers), and includes the use of **\$2.5 million** in unassigned reserves.

Unassigned reserves are a degree of fiscal protection from the uncertainty surrounding the State funding for K-12 education, and also are a protective buffer in the event of unexpected enrollment fluctuations.

Budget Balancing Measures

FY2018-19 Budget Balancing Plan

Cherry Creek's proposed budget is balanced through a combination of a revenue increase and a measured use of General Fund reserves that provides a fiscal plan for FY2018-19. Expenditure increases are proposed to provide instructional support that is focused on student achievement. Staffing is planned using the 18.5:1 student teacher ratio for classroom teachers across elementary and secondary schools. Teacher and mental health support is provided for affected student populations that experienced unusual growth in FY2017-18. Specifically ELL populations and Special Education populations grew by 7% and 4%, respectively in the 2017-18 school year. The budget will position the District well for the start of the 2018-19 school year, including for the opening of Altitude Elementary School & Infinity Middle School.

FY2018-19 Public School Finance			
Based on HB18-1379			
CHERRY CREEK	ACTUAL FY2017-18	PROJECTED FY2018-19*	NET INCREASE
TOTAL PROGRAM FUNDING	\$452,214,335	\$471,144,530	\$18,930,195
NEGATIVE FACTOR **	(50,092,692)	(40,821,105)	9,271,587
NET TOTAL PROGRAM FUNDING	\$402,121,643	\$430,323,425	\$28,201,782
TOTAL FUNDED PUPILS	52,724.1	53,124.1	400.0
FUNDING PER PUPIL	\$7,627	\$8,100	\$473
<p>* Funding Assumption – Budget Scenario – 3.4% Inflation + Enrollment with the Negative Factor reduction of \$9.3 million; FY2018-19 figures are adjusted to reflect Cherry Creek's budget projection for funded pupil growth of 400 FTE.</p> <p>** Negative Factor is -11.08% for FY2017-18 and -8.66% for FY2018-19.</p>			

General Fund Budget

REVENUE BUDGET

The General Fund Revenue Budget is anticipated to increase by **\$34.91** million, from the modified budget of **\$557.07** million in FY2017-18 to **\$591.98** million in FY2018-19. Net Total Program funding from the School Finance Act (HB18-1379) increases **\$28.20** million, from **\$402.12 to \$430.32** million in FY2018-19. Funding for inflation increase of 3.4% totals **\$15.69** million, and estimated funded enrollment increase of 400 FTE totals **\$3.24** million, and a decrease in the "Negative Factor" percentage from -11.08% in FY2017-18 to -8.66% in FY2018-19 provides **\$9.27 million**.

Budget Balancing Measures

General Fund Budget

Other increases from State funding provided in the School Finance Act are:

- ◆ **\$0.52** million for State Categorical Revenue associated with 3.4% inflation

Other increases to Local Revenue and Transfers:

- ◆ Other Local Revenue and Transfers is anticipated to increase by **\$0.07** million
 - ◆ Property tax abatements and collections are estimated to increase **\$1.51** million
 - ◆ Specific ownership taxes are estimated to increase by **\$0.21** million
 - ◆ Mill Levy Override increment is estimated at **\$4.40** million
-

EXPENDITURE BUDGET

Total General Fund Expenditures and Transfers Budget increases by **\$49.59** million, or 9.1%, from **\$544.94** million in FY2017-18 to **\$594.53** million in FY2018-19. 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 estimated increases under negotiated compensation policies for teaching and non-teaching staff.

Included in the Expenditures Budget are increases of \$49.59 million for:

- ◆ **\$26.29** million for estimated teacher and other staffing compensation and benefits, including inflationary increases, plus experience step and educational attainment for certified teaching staff
- ◆ **\$3.96** million for Teacher Staffing for Enrollment in Schools; a total of 53.5 FTE
- ◆ **\$3.36** million for Educational Support for Strategic Initiatives in affected populations; a total of 48.1 FTE.
- ◆ **\$3.09** million for Education School Startup Costs; a total of 27.0 FTE.
- ◆ **\$2.16** million for School Support Costs.
- ◆ **\$1.67** million in staffing increases for Services to Schools; a total of 15.0 FTE.
- ◆ **\$2.03** million for School Safety and Security; a total of 10.0 FTE.
- ◆ **\$2.01** million for Other Budget adjustments including \$1.51 million increase in Continuity and \$0.50 million increase in Workers' Compensation/Building Insurance.

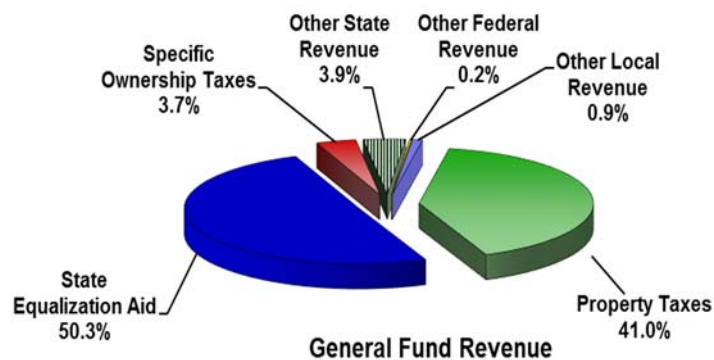
Included in the Transfers Budget are increases of:

- ◆ **\$5.02** million for Increase in General Fund Transfers to Capital Reserve.
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GENERAL FUND EXPENDITURES

REVENUE SOURCES	
Property Taxes	\$241,851,462
State Equalization	297,418,879
Specific Ownership Taxes	21,578,953
Other Local Revenue	5,368,900
Other State Revenue	22,752,611
Federal Revenue	1,463,989
Total Revenue	590,434,794
Plus Transfers	1,545,000
General Fund Revenue & Transfers	591,979,794
Use of General Fund Reserves	2,550,106
GENERAL FUND RESOURCES	\$594,529,900

REVENUE SOURCES

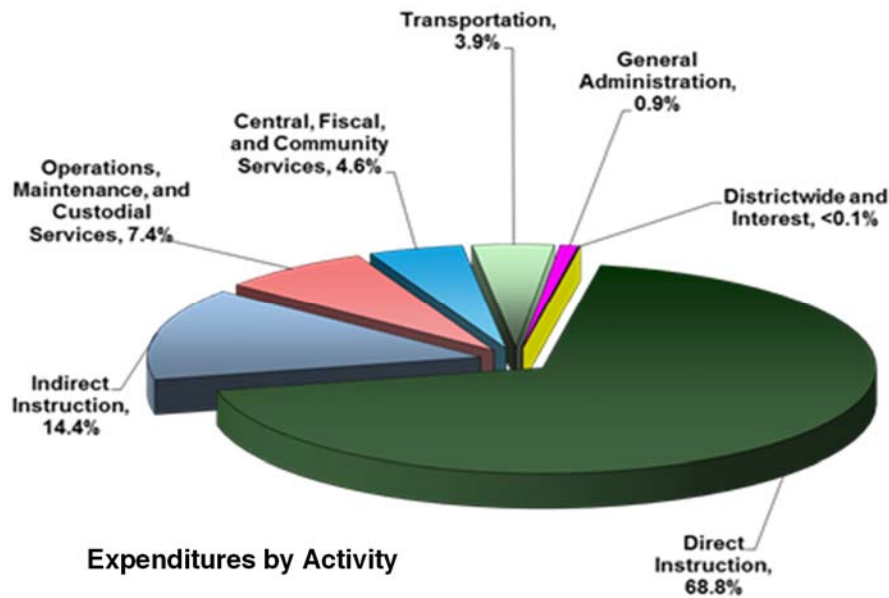


FY2018-19 Revenue Per Student FTE—\$11,143

STUDENT ENROLLMENT HISTORY					
Students	Actual 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18	Projected 2018-19
Enrollment	53,818	53,950	54,178	55,121	55,586
FTE*	51,433	51,582	51,889	52,724	53,124
FTE Growth	0.46%	0.29%	0.60%	1.61%	0.76%
* 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 83.2% of Total Expenditures

FY2018-19 Expenditures Per Student FTE—\$11,191

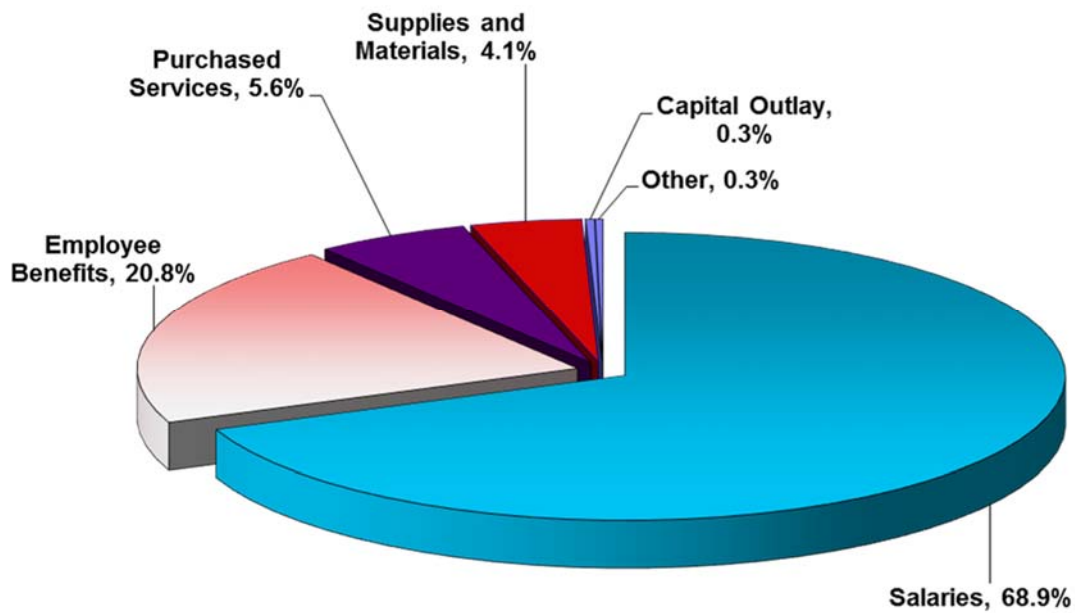
BUDGETED EXPENDITURES	
Direct Instruction	\$397,513,359
Indirect Instruction	83,178,180
Operations, Maintenance, & Custodial Services	42,639,360
Central, Fiscal, & Community Services	26,507,622
Transportation	22,914,930
General Administration	5,084,961
Districtwide	275,688
General Fund Expenditures	578,114,100
Plus Transfers	16,415,800
TOTAL GENERAL FUND EXPENDITURES & TRANSFERS	\$594,529,900

2018-19 BUDGET APPROPRIATION

The Cherry Creek School District FY2018-19 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 includes Bond Redemption.

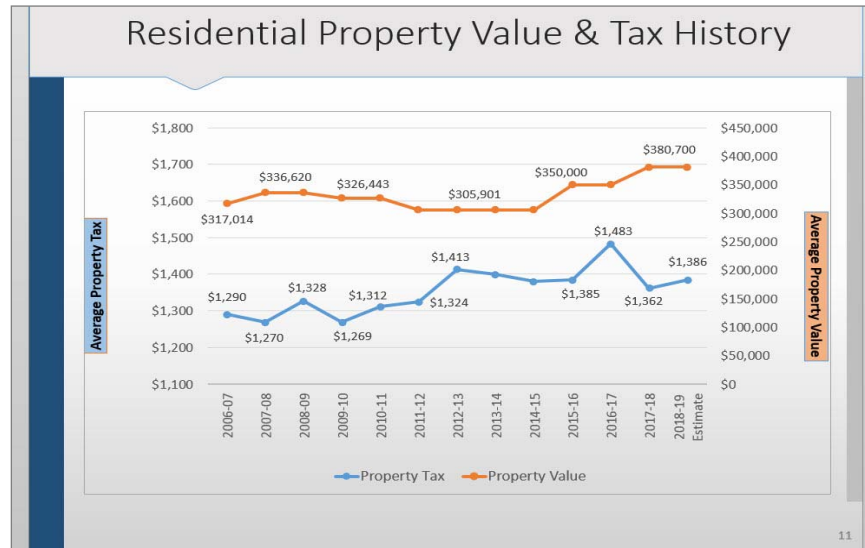
FUND	Expenditures and Transfers (Millions)	Per Student FTE
General Fund	\$594.53	\$11,191
Designated Purpose Grants Fund	28.92	545
Extended Child Services Fund	19.50	367
Pupil Activities Fund	16.62	313
Food Services Fund	19.19	361
Capital Reserve Fund	26.15	492
Building Fund	89.42	1,683
Bond Redemption Fund	58.40	1,100
Total Expenditures & Transfers	\$852.73	\$16,052
Appropriated Reserves	32.68	615
Total Appropriation	\$885.41	\$16,667

General Fund Expenditures by Object



PROPERTY TAXES & MILL RATES

The taxable valuations of real estate properties in the District are assessed by the Arapahoe County Assessor and are estimated for 2018. Based on the estimated assessed valuation, school taxes on a residence valued at \$380,700 in 2018 are estimated to be \$1,386.



* 2018 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 7.20% of the residential property value for 2018.

Mill Rates					
	2014	2015	2016	2017	*2018
State Required	25.712	22.494	22.494	20.359	20.359
Hold Harmless Override	1.548	1.313	1.301	1.128	1.128
1991, 1998, 2003, 2008, 2012, & 2016 Budget Elections	17.588	14.925	19.330	17.662	18.388
Abatements, etc.	0.406	0.532	0.438	0.327	0.539
Bond Redemption	<u>11.448</u>	<u>10.439</u>	<u>9.669</u>	<u>10.211</u>	<u>10.162</u>
Total	56.702	49.703	53.232	49.687	50.576
* 2018 Mill Rates are Estimated					

BUDGET & BOND ELECTION

In November 2016, the majority of voters in the Cherry Creek School District voted their support for ballot issues 3A and 3B, measures that will give the District critical funds needed to provide students with innovative opportunities needed to be successful in college and careers.



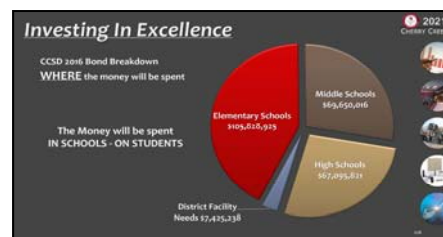
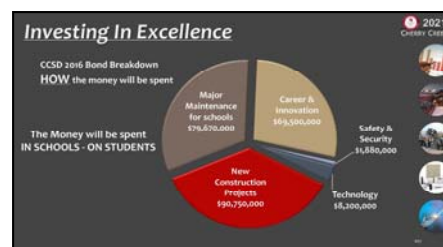
Ballot issue 3A is the Budget Override for operating expenses. It provides for \$23.9 million which will allow the District to:

- 📖 Protect class sizes consistent with educational programs
- 📖 Recruit and retain a quality teaching staff for students
- 📖 Provide new instructional materials and support to implement Colorado Academic Standards
- 📖 Prepare students for “College and Career Postsecondary” success
- 📖 Provide instructional innovation with computers and other technology
- 📖 Provide safe transportation for students to/from school

Ballot issue 3B authorized the District to sell \$250 million in bonds for renovations and new school construction. It provides for \$250.0 million which will allow the District to:

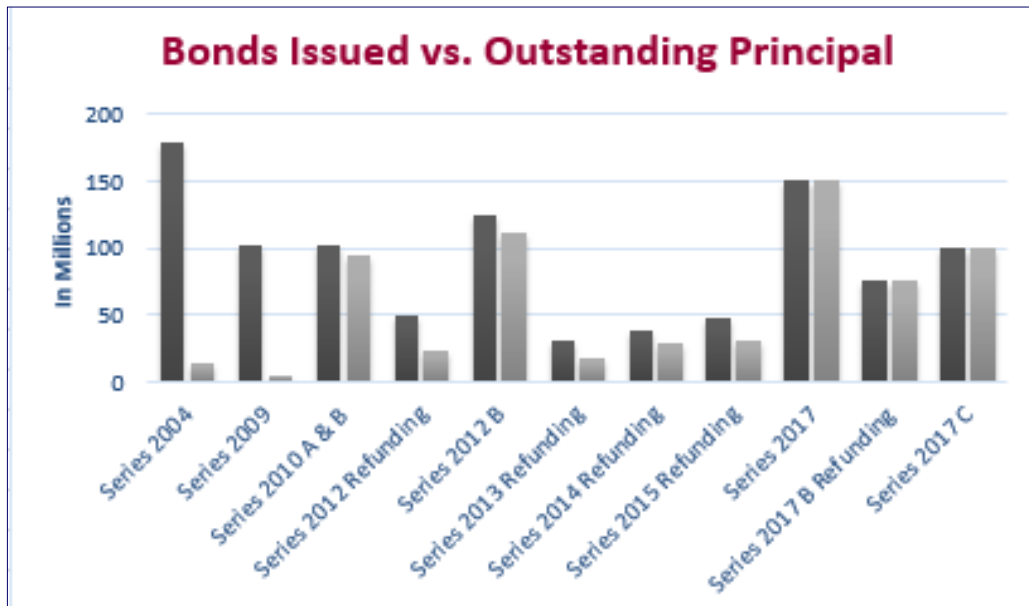
- 📖 Keep pace with continual advancement in technology and 21st century teaching and learning approaches
- 📖 Build a stand-alone facility to expand career pathway opportunities for high school students to prepare for college and career in the 21st century
- 📖 Build new facilities to support continued student growth in the south/east portion of the School District
- 📖 Keep safety/security systems and equipment current and operational to protect our students, staff, and community
- 📖 Provide major maintenance for the community’s significant investment of physical plant for current and future generations

2016 BUDGET & BOND ELECTION	
BUDGET ELECTION (Ballot Issue 3A)	\$23,900,000
BOND ELECTION (Ballot Issue 3B)	\$250,000,000
Career & Innovation	\$69,500,000
Technology	8,200,000
5-Year Facility Plan for New Growth	90,750,000
Safety & Security	1,880,000
Maintaining Community Investment	79,670,000
TOTAL 2016 BOND ELECTION	\$250,000,000



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, 2017	Outstanding Principal as of June 30, 2018
Series 2004	\$179,750,000	\$13,525,000	\$13,525,000
Series 2009	101,775,000	85,575,000	3,465,000
Series 2010 A & B	101,775,000	97,025,000	94,870,000
Series 2012 Refunding	48,855,000	23,965,000	23,760,000
Series 2012 B	125,000,000	120,840,000	110,735,000
Series 2013 Refunding	31,215,000	19,255,000	17,995,000
Series 2014 Refunding	37,585,000	31,475,000	28,175,000
Series 2015 Refunding	46,855,000	31,525,000	23,855,000
Series 2017	150,000,000	150,000,000	150,000,000
Series 2017 B Refunding	75,510,000	-	75,510,000
Series 2017 C	100,000,000	-	100,000,000
Total Bonds Payable	\$998,320,000	\$573,185,000	\$641,890,000

RECOGNITION FOR FISCAL RESPONSIBILITY

The District received an unqualified, clean audit opinion 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, annually, the *Government Finance Officers Distinguished Budget Presentation Certificate of Excellence Award* from the Government Finance Officers Association (GFOA), reaching 23 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 21 consecutive years. This award recognizes school entities that demonstrate excellence and transparency in school budget presentation.

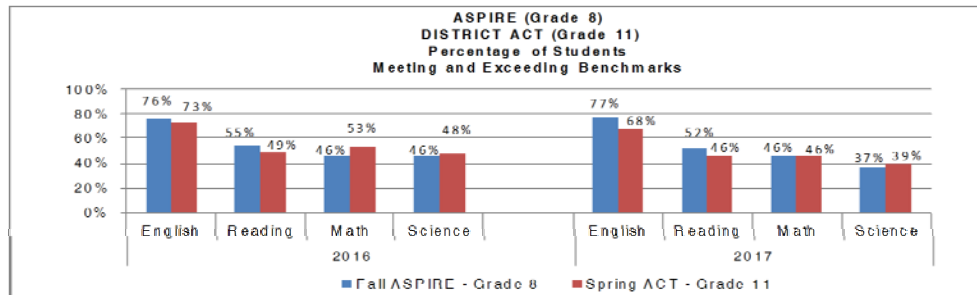
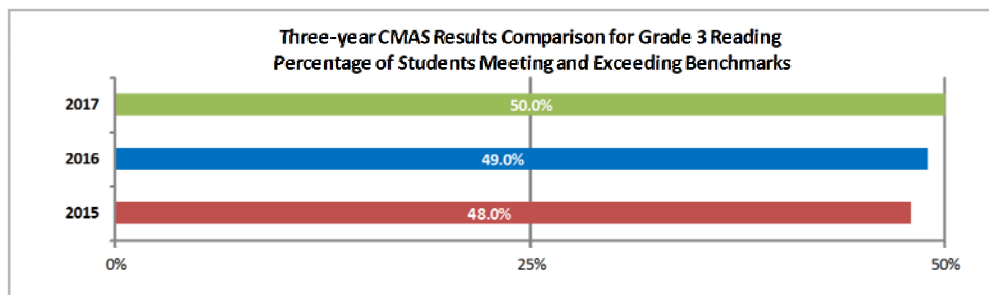


The District has also received the *Certificate of Achievement for Excellence in Financial Reporting* from GFOA and the *Certificate of Excellence in Financial Reporting* from ASBO each year since 1993.

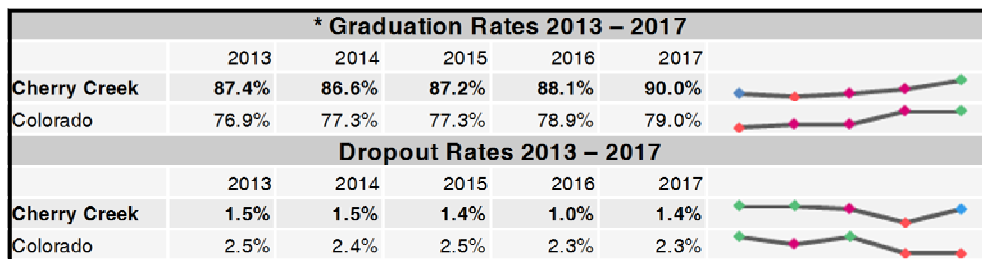


SCHOOL & DISTRICT PERFORMANCE

The Cherry Creek School District follows the Colorado Academic Standards (CAS), which emphasize the knowledge and skills of college and career readiness for all students. The State **assessment system**, known as the Colorado Measures of Academic Success (CMAS), measures student progress towards meeting our State standards. These assessments provide a higher baseline for student learning through feedback to teachers, principals, and parents on student performance in relation to the Colorado Academic Standards. The CMAS assessments include English Language Arts (ELA)/Literacy, mathematics, science and social studies. College and Career Preparedness and Success assessment results are shown in the charts below:



The Cherry Creek School District Graduation Rates continue to soar since 2014, reaching a record high in 2017. Dropout Rates have consistently re-

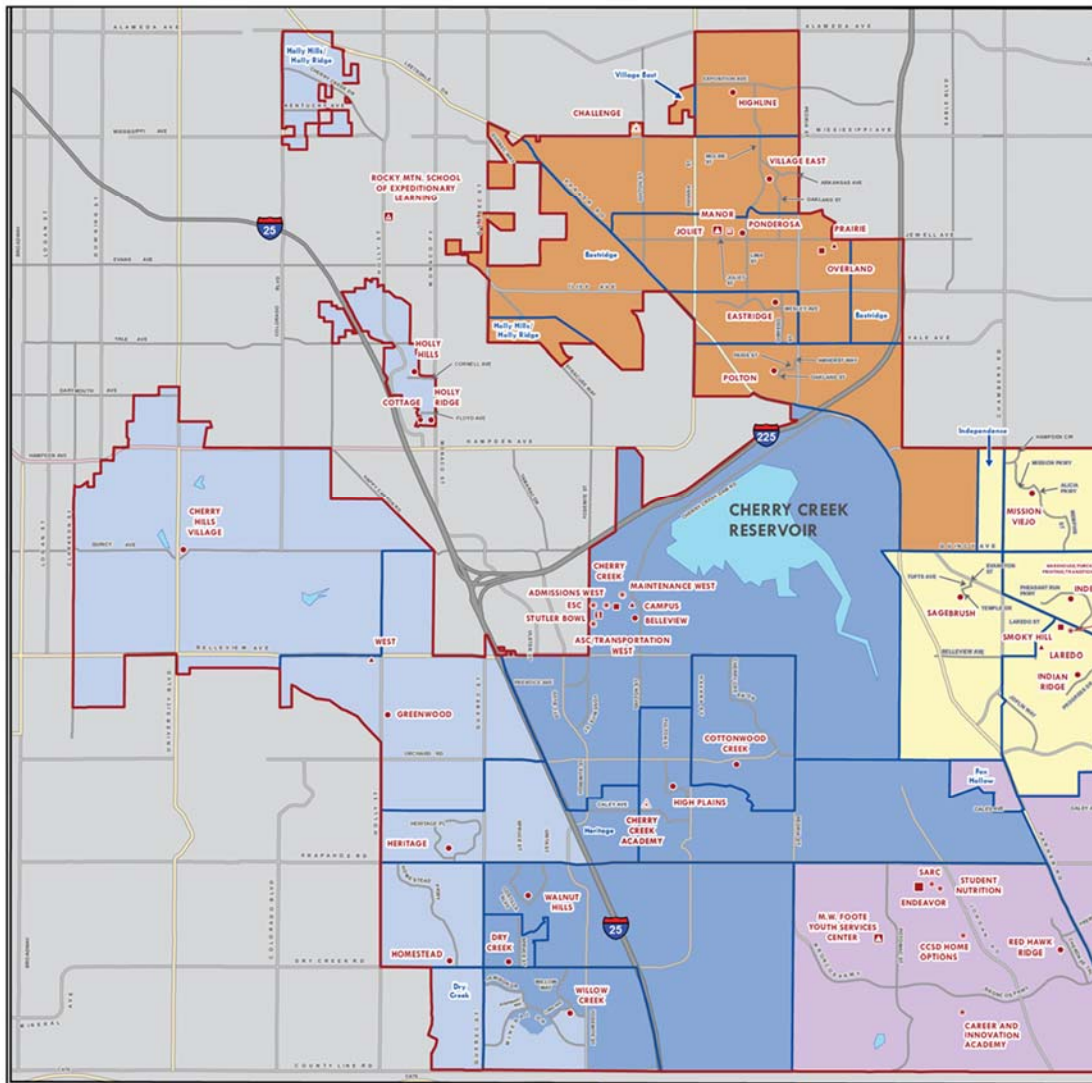








***A four-year on-time graduation rate is used in figures above.**

Only those students who graduate from high school four years after entering ninth grade are defined as “on time.”

CHERRY CREEK DISTRICT MAP

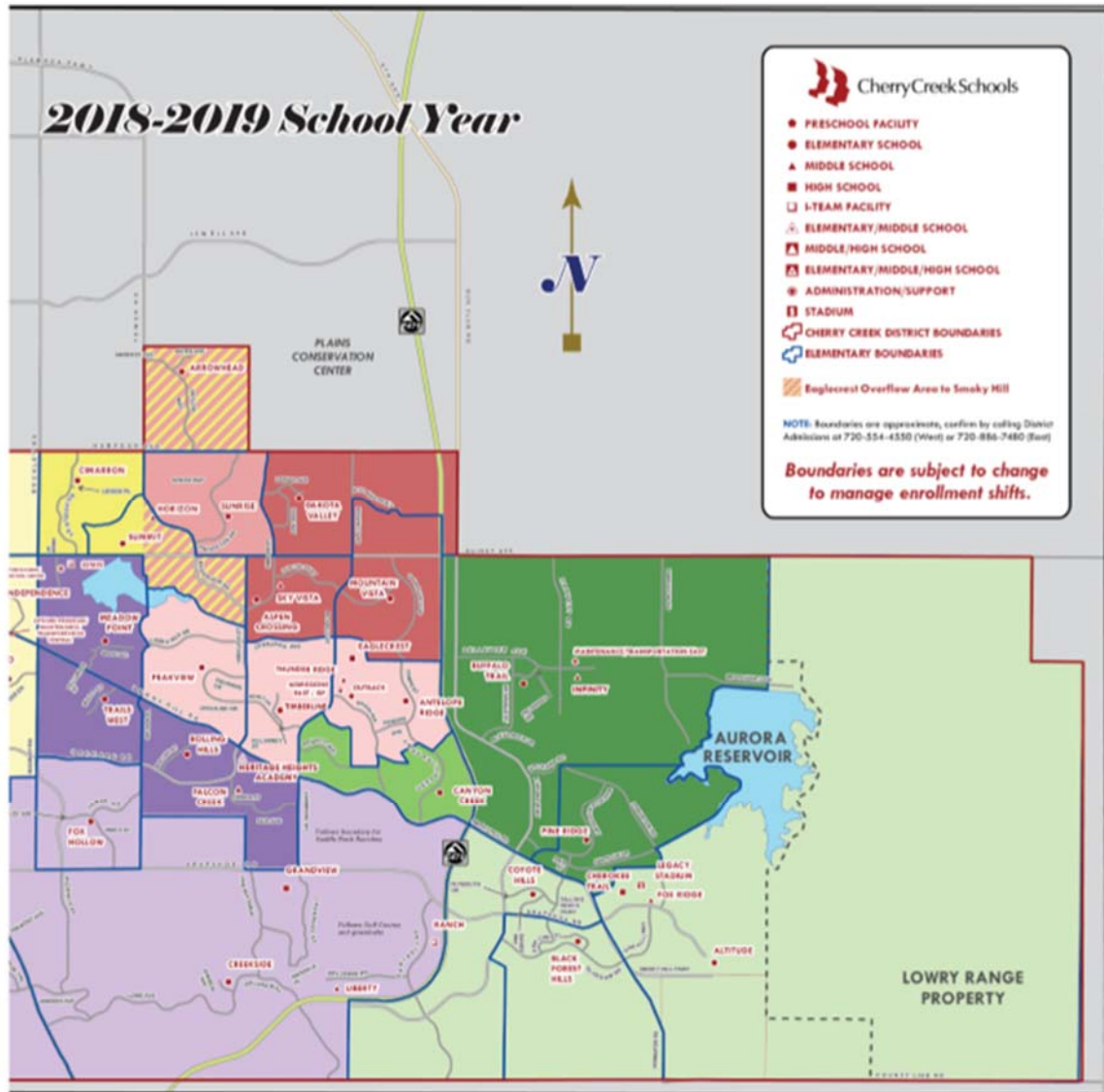
2018-2019 School Year



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

CHERRY CREEK DISTRICT MAP








2018-2019 School Year



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

The Cherry Creek School District is projected to educate **55,700** children in FY2018-19 and serves over 301,000 residents in 108 square miles that spread across eight municipalities: Foxfield, Glendale, Greenwood Village, portions of Aurora, Cherry Hills Village, Centennial, and Englewood. Certain areas of unincorporated Arapahoe County are also served.

SCHOOLS AND FACILITIES

-  **43 Elementary Schools**
-  **1 K-6 School**
-  **2 K-8 Schools**
-  **11 Middle Schools**
-  **7 High Schools—2 Stadiums**
-  **9 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. Upon request, copies of the Financial Plan documents are available at the following locations:

<p>Educational Services Center 4700 South Yosemite Street Greenwood Village, CO 80111</p>		<p>Auxiliary Services Center 4850 South Yosemite Street Greenwood Village, CO 80111</p>
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For your convenience, the complete Financial Plan, brochures, and Mill Levy documents are also available on the District Website at:

www.cherrycreekschools.org/FiscalServices/Budget

*Questions may be directed to:
David Hart, Chief Financial Officer
720-554-4344*

June 2018