

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



CHERRY CREEK SCHOOL DISTRICT NO. 5
ARAPAHOE COUNTY, COLORADO

**EXECUTIVE BRIEFING
FOR:**

BOARD OF EDUCATION

November 11, 2019



Dedicated to Excellence
Cherry Creek Schools

Agenda

- **CAFR Defined**
- **Audit Requirement**
 - Auditor Report
- **Financial Results**
 - Government-Wide Financial Statements
 - Governmental Fund Financial Statements
- **Addendum**
 - CliftonLarsonAllen, LLP independent auditors report
 - Supplemental Schedules

CAFR Defined

- **GAAP Required Financial Documents**
 - Management Discussion & Analysis (MD&A)
 - Basic Financial Statements
 - Required Supplementary Information (RSI)

- **Best practice is to prepare the Comprehensive Annual Financial Report (CAFR)**
 - Provides critical information regarding the financial condition of the entity in four sections
 - Introductory
 - Financial
 - Statistical
 - Single Audit

Audit Report

- **Audit is required by State statute and debt covenants**
- **Required to comply with**
 - Generally Accepted Accounting Principles (GAAP)
 - Governmental Accounting Standards Board (GASB)
 - Colorado Department of Education – Financial Policies & Procedures
 - U.S. Office of Management and Budget – Federal Grant Compliance

External Audit Results

Independent Auditors' Report for fiscal year June 30, 2019

Scope of the Audit

- Financial Statement Audit – Comprehensive Annual Financial Report (CAFR)
- Single Audit
 - Major program determination:
 - ◇ Child Nutrition Cluster
 - ◇ Title II-A Supporting Effective Instruction State Grant
 - Schedule of Expenditures of Federal Awards (SEFA)
- Findings and Recommendations



External Audit Results

Independent Auditors' Report for fiscal year June 30, 2019

Results of the Audit

- Independent Auditors' Report: unmodified audit opinion (aka a clean opinion)
- Required Communications with Governance:
 - See separate letter provided
- Findings and Recommendations
 - No material weaknesses were identified
 - One significant deficiency related to the Child Nutrition Cluster (federal program) reported in Single Audit section of CAFR: suspension/debarment internal control over compliance finding
 - Management letter: See separate letter provided
 - ◇ Capital Asset corrections and best practice recommendation



Government-Wide Statements

- Two types of statements required to be presented
 - Government -Wide Statements (GASB 34) – to parallel private sector reporting
 - Governmental Fund Financial Statements – modified accrual reporting basis

Government-Wide Statements

- Designed to provide reader with a broad overview of the financial activities
- Similar to a private sector business
 - Includes capital assets and long-term liabilities, for example: buildings, land and equipment, general obligation bonds, capital leases, and compensated absences payable
- Include the Statement of Net Position and the Statement of Activities
- Expenses vs. Expenditures

Government-Wide Statement of Net Position

- Information about all of District's assets, deferred outflows, liabilities, and deferred inflows
 - Including capital assets and long-term obligations
- Difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position
- Over time, changes in net position may serve as a useful indicator of improving or deteriorating financial condition

Government-Wide Statement of Net Position

Key Elements: Primary Government at June 30, 2019

Page 43 of CAFR

- Current/other assets decreased from the use of cash to pay for capital projects related to the 2016 bond election and capital assets increased with the completion of some of those projects.
- Deferred Outflow and Deferred Inflow of resources changed as a result of changes in the Pension Liability.
- Pension liability decreased by \$1.3 billion.
- Liabilities and deferred inflows exceed assets and deferred outflows by \$1.6 billion (net position) due to the effects of GASB 68 (net pension liability) and GASB 75 (OPEB)

Government-Wide Statement of Net Position

Key Elements: Primary Government at June 30, 2019

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- Net position of the District includes:
 - \$185.3 million net investment in capital assets
 - \$82.9 million restricted for debt service payments, Food Service operations, and TABOR
 - \$(1.8) billion negative unrestricted net position
 - GASB 68 and GASB 75 and GAAP treatment of earned but unpaid salaries and benefits and compensated absences payable
- Total net position increased by \$135.8 million due to the effect of GASB 68 and GASB 75.

Government-Wide Statement of Net Position

Primary Government

(in millions)	Fiscal Year 2018-19	Fiscal Year 2017-18	Increase/ (Decrease)
Current/Other Assets	\$337.2	\$431.0	\$(93.8)
Capital Assets	832.4	773.4	59.0
<i>Total Assets</i>	<u>1,169.6</u>	<u>1,204.4</u>	<u>(34.8)</u>
Deferred Outflow of Resources	401.6	771.6	(370.0)
Current Liabilities	122.0	129.8	(7.8)
Noncurrent Liabilities	718.1	752.0	(33.9)
Net OPEB Liability	63.5	59.3	4.2
Net Pension Liability	1,271.4	2,596.9	(1,325.5)
<i>Total Liabilities</i>	<u>2,175.0</u>	<u>3,538.0</u>	<u>(1,363.0)</u>
Deferred Inflow of Resources	949.5	127.1	822.4
Net Investment in Capital Assets	\$185.3	\$175.6	\$9.7
Restricted Net Position	82.9	82.0	0.9
Unrestricted Net Position	<u>(1,821.5)</u>	<u>(1,946.7)</u>	<u>125.2</u>
<i>Total Net Position</i>	<u><u>(1,553.3)</u></u>	<u><u>\$(1,689.1)</u></u>	<u><u>\$135.8</u></u>

Government-Wide Statement of Activities

- Shows how net position changed during the current fiscal year
- Full accrual basis of accounting
 - Activity recorded when event occurs, regardless of the timing of related cash flows

Government-Wide Statement of Activities

Key Elements: Primary Government as of June 30, 2019

Pages 44 and 45 of CAFR

- **Total revenue increased \$49.8 million (7.2%)**
 - Property taxes increased by \$7.3 million
 - State Equalization Aid increased \$22.3 million
 - Operating grants and contributions increased by \$15.9 million
 - Per pupil funding increase of \$462 to \$8,092
 - Increased enrollment 146.0 FTE
- **Total governmental expenses decreased \$560.3 million (48.2%)**
 - Effect of GASB 68 was \$601.0 million reduction in expenditures
 - Increased enrollment and related staffing
 - Increased compensation expenditures
 - Adjustments to salary schedules, steps and lanes
 - Employee health benefit costs
 - PERA employer paid pension costs
 - Depreciation and non-capitalized expenses from projects funded by the 2016 Bond election

Government-Wide Statement of Activities

Primary Government

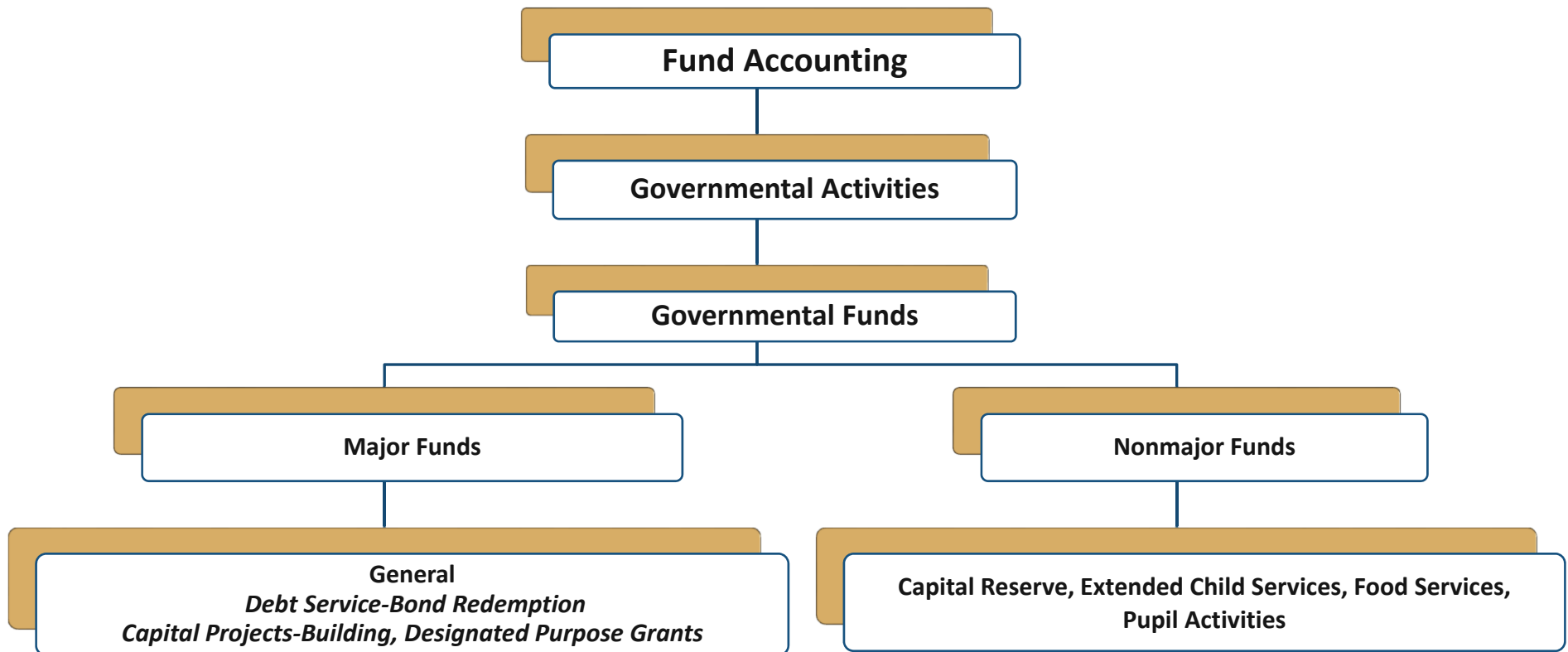
(in millions)	Fiscal Year 2018-19	Fiscal Year 2017-18	Increase/ (Decrease)
Total Revenues	\$738.4	\$688.6	\$49.8
Total Expenses	<u>602.6</u>	<u>1,162.9</u>	<u>(560.3)</u>
Change in Net Position	135.8	(474.3)	610.1
Net Position Beginning of Year (restated)	<u>(1,689.1)</u>	<u>(1,214.8)</u>	<u>(474.3)</u>
Net Position End of Year	<u><u>\$(1,553.3)</u></u>	<u><u>\$(1,689.1)</u></u>	<u><u>\$135.8</u></u>

Governmental Fund Financial Statements

- Governmental funds account for essentially the same information reported in the governmental activities of the Government-Wide Financial Statements.
- Unlike the Government-Wide Statements, the Governmental Fund Financial Statements focus on near-term financial resources and fund balances.
- Such information may be useful in evaluating the financing requirements in the near-term and to demonstrate compliance with finance-related requirements
- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives
- Fund financial statements for the District include one of three possible fund types, which is governmental funds. The District currently does not have any proprietary or fiduciary fund types.
- The District's Board of Education adopts an annual appropriated budget for each of the Governmental funds.

Basis of Presentation

Governmental Fund Accounting



Governmental Funds

General Fund

as of June 30, 2019

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- District's General Fund balance decreased by \$2.3 million
 - On November 8, 2016 District voters approved a 25% mill levy budget override providing \$33.5 million for Fiscal Year 2017-2018
 - State per pupil funding increase of approximately \$462. State aid funded and enrollment increase of 146.0 FTE
 - \$6.4 million actual positive budgeted expenditure variance includes: benefits and general supplies
 - \$1.7 million favorable revenue budget variance from higher than projected property taxes
 - Positive results allowed for additional funding of projects in the Capital Projects – Capital Reserve Fund
 - State pass through of direct funding to PERA of \$10.3 million

General Fund – Budget to Actual

Year Ended June 30, 2019

(in millions)	Budget	Actual	Variance
<i>Revenues:</i>			
Property & SO Taxes	\$263.8	\$265.3	\$1.5
State	307.7	307.8	0.1
Investment Income	2.2	2.2	--
Other	7.2	7.3	0.1
Transfers	1.5	1.5	--
<i>Total Revenues</i>	<u>\$582.4</u>	<u>\$584.1</u>	<u>\$1.7</u>
<i>Expenditures:</i>			
Instruction	\$389.3	\$386.7	\$2.6
Indirect Instruction	85.9	84.8	1.1
Operations/Maintenance	45.6	44.3	1.3
Transportation	23.1	22.6	0.5
Other Support Services	26.0	25.0	1.0
Transfers	16.5	23.0	(6.5)
<i>Total Expenditures</i>	<u>\$586.4</u>	<u>\$586.4</u>	<u>\$ --</u>

General Fund – Fund Balance

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Nonspendable:		
Prepayments and Deposits	\$3,376,813	\$181,837
Inventories	1,564,239	1,576,812
Restricted for: TABOR Reserve	17,591,000	16,388,000
Committed:		
Multiple year commitments	1,005,309	950,470
Future year expenditures	22,966,761	2,550,106
Assigned for:		
Future year purchases and curriculum	554,410	463,732
Future year expenditures	6,920,055	5,784,741
Board reserve	17,591,000	16,388,000
Unassigned	14,128,466	43,680,217
Total Fund Balance	<u>\$85,698,053</u>	<u>\$87,963,915</u>

Balance Sheet: Governmental Funds

as of June 30, 2019

(in millions)	General Fund	Debt Service Fund	Capital Projects Fund	Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets	\$130.5	\$61.1	\$88.8	\$15.2	\$41.8	\$337.4
Liabilities	43.2	--	17.5	15.2	3.7	79.6
Deferred Inflows of Resources	1.6	1.5	--	--	--	3.1
Fund Balance	<u>\$85.7</u>	<u>\$59.6</u>	<u>\$71.3</u>	<u>--</u>	<u>\$38.1</u>	<u>\$254.7</u>

Governmental Funds

FY2018-2019 Revenues & Expenditures & Changes in Fund Balances

(in millions)	General Fund	Debt Service Fund	Building Fund	Grants Fund	Nonmajor Governmental Funds	TOTAL
<i>Revenues:</i>						
Property Taxes	\$242.7	\$61.9	\$--	\$--	\$--	\$304.6
Specific Ownership Tax	22.5	--	--	--	--	22.5
Federal Grants	1.5	--	--	19.1	8.2	28.8
State Equalization	285.5	--	--	--	--	285.5
Other State Funding	32.6	--	--	5.8	0.3	38.7
Earnings on Investment	2.3	1.0	3.2	--	0.3	6.8
Other	5.8	--	0.4	3.1	41.7	51.0
Total	592.9	62.9	3.6	28.0	50.5	737.9
<i>Expenditures:</i>						
Instruction	480.8	--	--	28.0	18.0	526.8
Other Support Services	92.5	--	--	--	0.8	93.3
Pupil Activities	--	--	--	--	12.5	12.5
Capital Outlay	0.4	--	86.3	--	26.6	113.3
Debt Service	--	58.4	--	--	6.3	64.7
Food Services	--	--	--	--	18.6	18.6
Total	573.7	58.4	86.3	28.0	82.8	829.2
<i>Other Financing:</i>						
Transfers (net)	(21.4)	--	--	--	21.4	--
Certificates of Participation	--	--	--	--	7.0	7.0
Sale of Assets	--	--	--	--	0.7	0.7
Net Change in Fund Balances	(2.2)	4.5	(82.7)	--	(3.2)	(83.6)
Fund Balances, Beginning	87.9	55.1	153.9	--	41.4	338.3
Fund Balances, Ending	\$85.7	\$59.6	\$71.2	\$--	\$38.2	\$254.7

*Includes on-behalf payment made by State to PERA

Questions



CliftonLarsonAllen, LLP

Independent Auditors Report

Addendum I

- Please see the following section for the information from CliftonLarsonAllen, LLP as presented to the Audit Committee of the Board of Education on October 28, 2019.



Cherry Creek School District

Comprehensive Annual Financial Report (CAFR)
Financial Audit and Single Audit

Fiscal Year 2019

Meeting with the Audit Committee – FY19 Audit Results

October 28, 2019

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Agenda



Responsibilities under US Generally Accepted Auditing Standards (GAAS)

- Auditors are responsible for:
 - Expressing opinions on whether financial statements are in conformity with U.S. Generally Accepted Accounting Principles in all material respects.
 - Expressing opinions only over information identified in our report. Other information included in your financial statement package will be read/reviewed, but not subject to testing.
 - Performing audit in accordance with required auditing standards
 - Communication of significant matters related to audit



Responsibilities under US Generally Accepted Auditing Standards (GAAS)

- An audit in accordance with GAAS:
 - Does not relieve management of responsibilities
 - Includes consideration of internal control as basis for audit procedures, but not to opine on effectiveness of internal controls
 - Is designed to obtain reasonable, but not absolute, assurance about whether statements are free of material misstatement



Scope of the Audit

- Financial Statement Audit – Comprehensive Annual Financial Report (CAFR)
- Single Audit
 - Major program determination:
 - ◇ Child Nutrition Cluster
 - ◇ Title II-A Supporting Effective Instruction State Grant
 - Schedule of Expenditures of Federal Awards (SEFA)
- Findings and Recommendations



Comprehensive Annual Financial Report (CAFR)

Independent Auditors' Report (opinion)– unmodified

Statement of Net Position

Statement of Activities

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplementary Statements and Schedules



Financial Statement Results

Unmodified Opinion

Report on Internal Controls over Financial Reporting in Accordance with Government Auditing Standards – no findings

Two audit adjustments: One related to governmental activities/full accrual statements (\$8M to CIP); one related to ECS fund unearned revenue (\$91k)



Single Audit Results

Major Programs

- Child Nutrition Cluster
- Title II-A Supporting Effective Instruction State Grant

Compliance / Uniform Guidance Report

- One finding – Significant Deficiency in Internal Control over Compliance relating to Suspension/Debarment for the Child Nutrition Cluster

Schedule of Expenditures of Federal Awards (SEFA)

Notes to the SEFA

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings: No prior year findings.



Required Communications

Qualitative Aspects of Accounting Practices

- Accounting Policies: No changes in current year.
- Significant accounting estimates
- Financial statement disclosures

Difficulties Encountered in Performing the Audit: None

Uncorrected Misstatements: None

Corrected Misstatements: Two items noted

Disagreements with Management: None

Management Representations: Attached



Required Communications (continued)

Significant issues discussed with management prior to engagement: None

Other audit findings or issues: None

Audits of group financial statements

Quality of component auditor's work

Limitations on the group audit (none)

Other information in documents containing auditing financial statements



Questions?





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cliftonlarsonallen](https://www.facebook.com/cliftonlarsonallen)

 [twitter.com/
CLAAconnect](https://twitter.com/CLAAconnect)

 [youtube.com/
CliftonLarsonAllen](https://www.youtube.com/CliftonLarsonAllen)

Supplemental Information

Addendum II

- Please see the following section for supplemental information related to the Comprehensive Annual Financial Report.

Financial Report and Budget Awards

Government Finance Officers Association

- Certificate of Achievement for Excellence in Financial Reporting
 - **Received for 2018 CAFR – 26th consecutive year**
- Distinguished Budget Presentation Award
 - **Received for 2018-2019 Budget – 25th consecutive year**

Association of School Business Officials

- Certificate of Excellence in Financial Reporting
 - **Received for 2018 CAFR – 26th consecutive year**
- Meritorious Budget Award
 - **Received for 2018-2019 Budget – 22nd consecutive year**

GASB Statement No. 68

- GASB 68 continues to have a significant impact on the financial statements of the District.
- GASB 68 revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).
- Among other requirements, the District is required to report its proportionate share of the total PERA net pension liability (NPL) in its Government-Wide Financial Statements. The District's share of the PERA NPL is \$1.3 billion as of June 30, 2019, down from \$2.6 billion as of June 30, 2018.
 - Long-term investment rate of return 7.25%
 - In the prior year, a GASB requirement when certain conditions exist is to measure NPL with a blended rate of assumed rate of return (7.25%) and a municipal bond index rate (3.43%), resulting in the use of a blended rate of 4.78%. This was not required in the current year, so the assumed rate of return was 7.25%.

GASB Statement No. 68

- Inclusion of this figure in the Government-Wide Financial Statements does not indicate that the District has a liability to pay the amount shown. The District's liability is limited to the annually required contributions established by the State Legislature.
- Due to the effect of GASB 68, the District has a negative net position. The governmental liabilities and deferred inflows of resources exceed its assets and deferred outflows of resources by \$1.6 billion.
- Effect of GASB 68 decreased current year pension expense in the Government-Wide Financial Statements by \$601.0 million from the impact in changes to the NPL from the prior year.
- Fund level statements, including the General Fund statements, are not impacted by GASB 68 reporting.

SB 18-200

SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.*

- Makes changes to PERA with the goal of eliminating the unfunded actuarial accrued liability within the next 30 years.
- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the State to allocate \$225 million each year to PERA starting on July 1, 2018.
 - District's portion of state pass through of direct funding to PERA \$10.3 million.

SB 18-200 (continued)

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Automatic adjustment in employer and employee contribution rates in the event market performance on PERA investments is short of target levels to meet the 30 year funding requirements. Effective July 1, 2020 employee and employer rates will increase an additional half percent.

GASB Statement No. 75

- Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) administered by PERA. This program is known as PERACare.
- Provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans.
- Eligibility to enroll is voluntary upon retirement.
- District is required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.
- District contributions were \$4.2 million for the year ended June 30, 2019.
- At June 30, 2019, the District reported a liability of \$63.5 million for its proportionate share of the net OPEB.

Capital Assets

(in millions)	Fiscal Year 2018-2019
Land	\$29.7
Land Improvements	32.6
Buildings	1,074.3
Projects in Progress	122.9
Equipment	<u>88.7</u>
Total Capital Assets	1,348.2
Less Accumulated Depreciation	<u>515.8</u>
Net Capital Assets	<u><u>\$832.4</u></u>

Long-Term Obligations

(in millions)	Fiscal Year 2018-2019
General Obligation Bonds	\$610.5
Unamortized Premiums	63.1
Capital Lease	23.2
Certificates of Participation	22.5
Unamortized Discounts	(0.2)
Compensated Absences	<u>44.3</u>
Total Long-Term Obligations	<u><u>\$763.4</u></u>

Short term Obligations

The Colorado State Treasury offers an interest-free cash flow loan program for school districts that experience a deficit in available cash during the year due to the timing of property tax collections.

- The borrowing was unnecessary due to higher cash on hand.
- Authorized to borrow up to \$48.0 million during FY 2019-2020.

Government-Wide Statement of Activities - Expenses

Primary Government

(in millions)	Fiscal Year 2018-19	Fiscal Year 2017-18	Increase / (Decrease)
<i>Expenses</i>			
Instruction	\$387.8	\$804.8	\$(417.0)
Indirect Instruction	78.9	151.9	(73.0)
Supporting Services	81.1	141.1	(60.0)
Community Services	0.9	1.5	(0.6)
Pupil Activities	12.5	12.4	0.1
Interest on Long Term Debt	24.4	25.3	(0.9)
Food Service Operations	17.0	25.9	(8.9)
Total Expenses	\$602.6	\$1,162.9	\$(560.3)

Government-Wide Statement of Activities - Revenues

Primary Government

(in millions)	Fiscal Year 2018-19	Fiscal Year 2017-18	Increase/ (Decrease)
<i>Revenues</i>			
Program Revenues			
Charges for Services	\$45.9	\$44.7	\$1.2
Operating Grants	67.9	52.0	15.9
Capital Grants	1.3	0.8	0.5
General Revenues			
Property Taxes	304.5	297.2	7.3
Specific Ownership Taxes	22.5	23.9	(1.4)
Investment Earnings	6.7	3.2	3.5
Other Revenues	4.1	3.6	0.5
State Equalization Aid	285.5	263.2	22.3
Total Revenues	\$738.4	\$688.6	\$49.8

Government-Wide Statement of Activities

Primary Government

(in millions)	Fiscal Year 2018-19	Fiscal Year 2017-18	Increase/ (Decrease)
Total Revenues	\$738.4	\$688.6	\$49.8
Total Expenses	<u>602.6</u>	<u>1,162.9</u>	<u>(560.3)</u>
Change in Net Position	135.8	(474.3)	610.0
Net Position Beginning of Year (restated)	<u>(1,689.1)</u>	<u>(1,214.8)</u>	<u>(474.3)</u>
Net Position End of Year	<u><u>\$(1,553.3)</u></u>	<u><u>\$(1,689.1)</u></u>	<u><u>\$135.8</u></u>

General Fund Revenues

FY2018-2019 vs. FY2017-2018

(in millions)	Fiscal Year 2018-2019	Percent of Total	Fiscal Year 2017-2018	Percent of Total	Increase/ Decrease
Property & SO Taxes*	\$ 265.3	45.4%	\$ 260.3	47.0%	\$5.0
State**	307.8	52.7%	284.4	51.3%	23.4
Other/Including Transfers	<u>11.0</u>	<u>1.9%</u>	<u>9.3</u>	<u>1.7%</u>	<u>1.7</u>
Totals	<u><u>\$584.1</u></u>	<u><u>100.0%</u></u>	<u><u>\$554.0</u></u>	<u><u>100.0%</u></u>	<u><u>\$30.1</u></u>

*Property & SO Taxes includes mill levy override revenue

**Excludes on-behalf payment made by State to PERA

General Fund Expenditures *

by Function – FY2018-2019 vs. FY2017-2018

(in millions)	Fiscal Year 2018-2019	Percent of Total	Fiscal Year 2017-2018	Percent of Total	Increase/ (Decrease)
Instruction	\$386.7	65.9%	\$361.0	66.1%	\$25.7
Indirect Instruction	84.8	14.5%	77.6	14.2%	7.2
Operations/Maintenance	44.3	7.6%	37.8	6.9%	6.5
Transportation	22.6	3.9%	21.9	4.0%	0.7
Central Services	13.7	2.3%	22.6	4.1%	(8.9)
Other Support Services	11.3	1.9%	10.7	2.0%	0.6
Transfers	<u>23.0</u>	<u>3.9%</u>	<u>14.7</u>	<u>2.7%</u>	<u>8.3</u>
Total	<u><u>\$586.4</u></u>	<u><u>100.0%</u></u>	<u><u>\$546.3</u></u>	<u><u>100.0%</u></u>	<u><u>\$40.1</u></u>

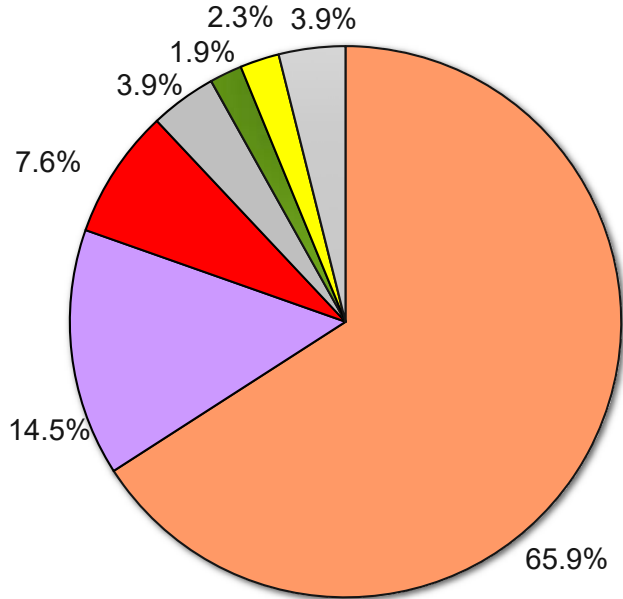
*Excludes on-behalf payment made by State to PERA

General Fund Expenditures by Function

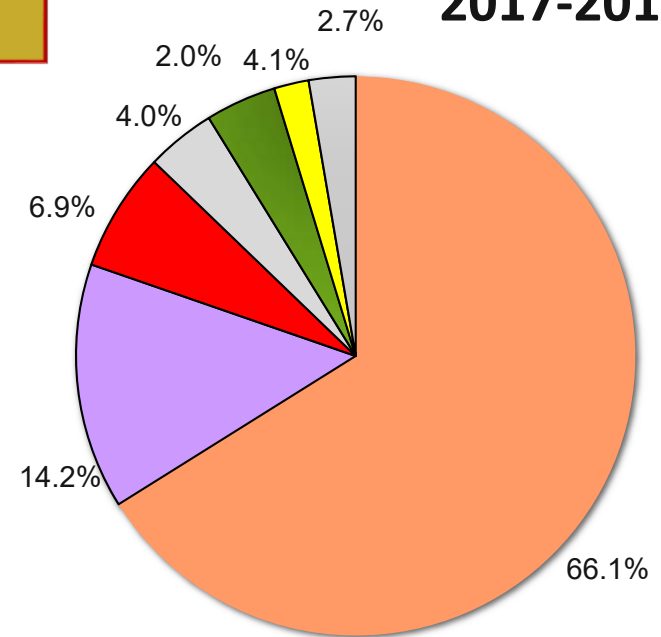
FY2018-2019 vs. FY2017-2018

Instruction
 2018-2019 = 80.4%
 2017-2018 = 80.3%

2018-2019



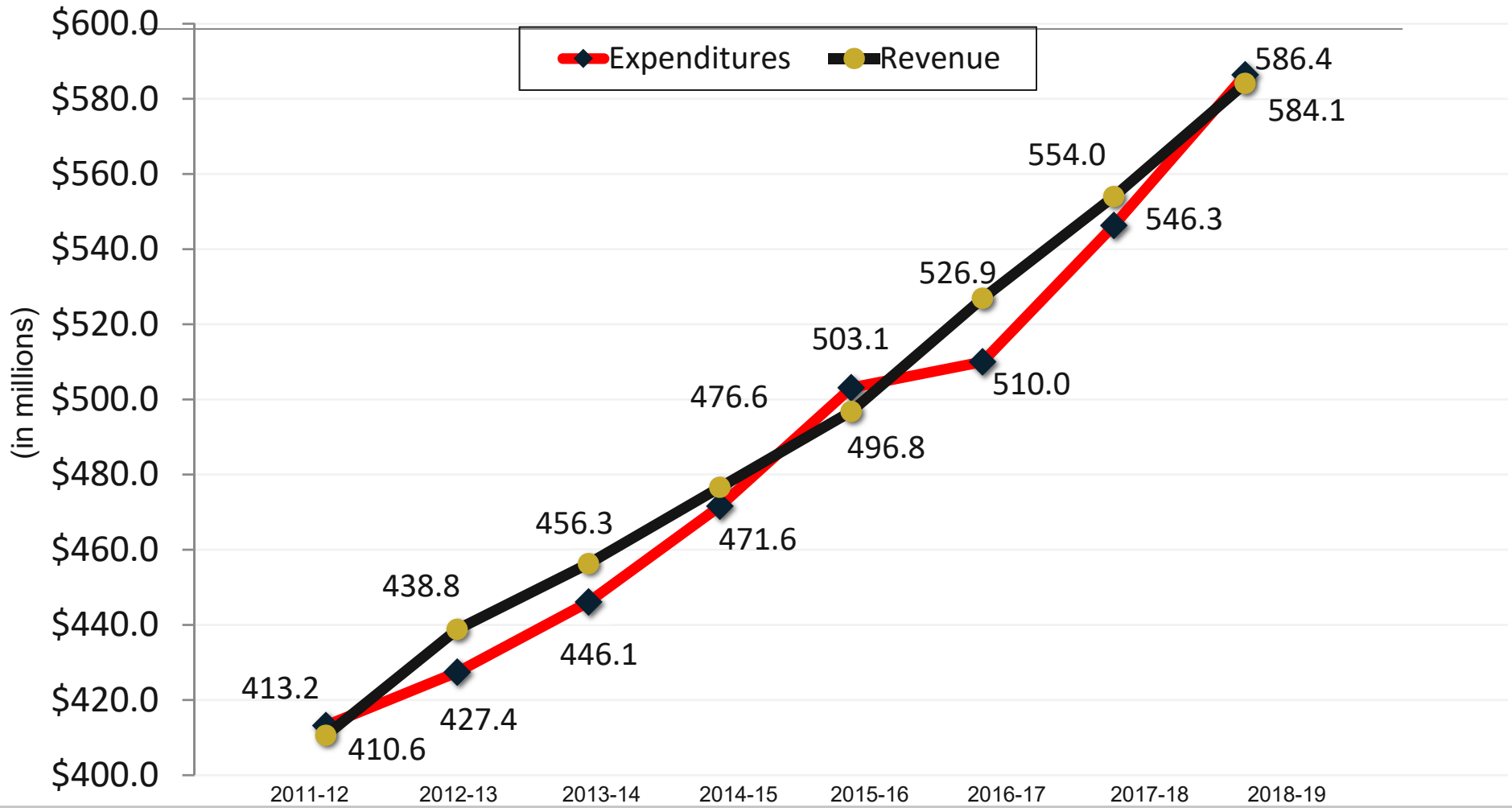
2017-2018



- Instruction
- Indirect Instruction
- Operations/Maintenance
- Transportation
- Other Support
- Central Services
- Transfer

General Fund Revenue & Expenditures

Including Transfers



GASB 54: Fund Balance Reporting

Five Components of Fund Balance

1. Nonspendable
Defined as a) assets that will never convert to cash b) assets that will not convert to cash soon enough to affect the current period and c) resources that must be maintained intact pursuant to legal or contractual requirements
2. Restricted
Defined as a) limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments and b) limitations imposed by law through constitutional provisions or enabling legislation
3. Committed
Defined as self-imposed limitations set in place by the highest level of decision making powers
4. Assigned
Defined as amounts that are constrained by the District's intent to be used for specific purposes. Assigned fund balances should be expressed by a) the school board b) an official to whom the school board had delegated the authority to assign amounts to be used for specific purposes.
5. Unassigned
Defined as the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned. Only the General Fund may present positive unassigned fund balance.

Debt Service Fund

(in millions)	Fiscal Year 2018-2019	Fiscal Year 2017-2018	Increase (Decrease)
Beginning Fund Balance	\$ 55.1	\$ 47.0	\$8.1
Revenues	62.9	61.9	1.0
Expenditures	(58.4)	(54.1)	(4.3)
Other Financing Sources	--	0.3	(0.3)
Net Change in Fund Balance	4.5	8.1	(3.6)
Ending Fund Balance	<u>\$59.6</u>	<u>\$55.1</u>	<u>\$4.5</u>

Credit Ratings

- Standard and Poor's

- AA+ General Obligation Bonds

- S&P Global Ratings raised its rating from AA to AA+, reflecting their view of the District's very strong fiscal year 2017 and their expectations of continued strong performance.

- "Debt rated AA+ has a very strong capacity to meet its financial commitments and differs from the highest rated issues only in small degree."

- Moody's Investors Service

- Aa1 General Obligation Bonds

- Obligations rated Aa1 are judged to be of high quality and are subject to very low credit risk. "The Aa1 rating reflects the District's diverse economy and favorable location within the Denver MSA, large tax base that is experiencing growth, and its affluent and supportive District residents. The District continues to maintain healthy reserve levels, and the District benefits from the support of local residents that have passed mill levy overrides to supplement State funding. The Aa1 rating also incorporates the District's manageable debt profile and elevated pension burden associated with the State-wide pension plan."

Capital Projects Building Fund

(in millions)	Fiscal Year 2018-2019	Fiscal Year 2017-2018	Increase (Decrease)
Beginning Fund Balance	<u>\$153.9</u>	<u>\$144.5</u>	<u>\$9.4</u>
Revenues	3.6	2.3	1.3
Expenditures	(86.3)	(114.1)	27.8
Sale of Bonds	--	100.0	(100.0)
Premium on Bonds	<u>--</u>	<u>21.2</u>	<u>(21.2)</u>
Net Change in Fund Balance	<u>(82.7)</u>	<u>9.4</u>	<u>(92.1)</u>
Ending Fund Balance	<u><u>\$71.2</u></u>	<u><u>\$153.9</u></u>	<u><u>\$(82.7)</u></u>

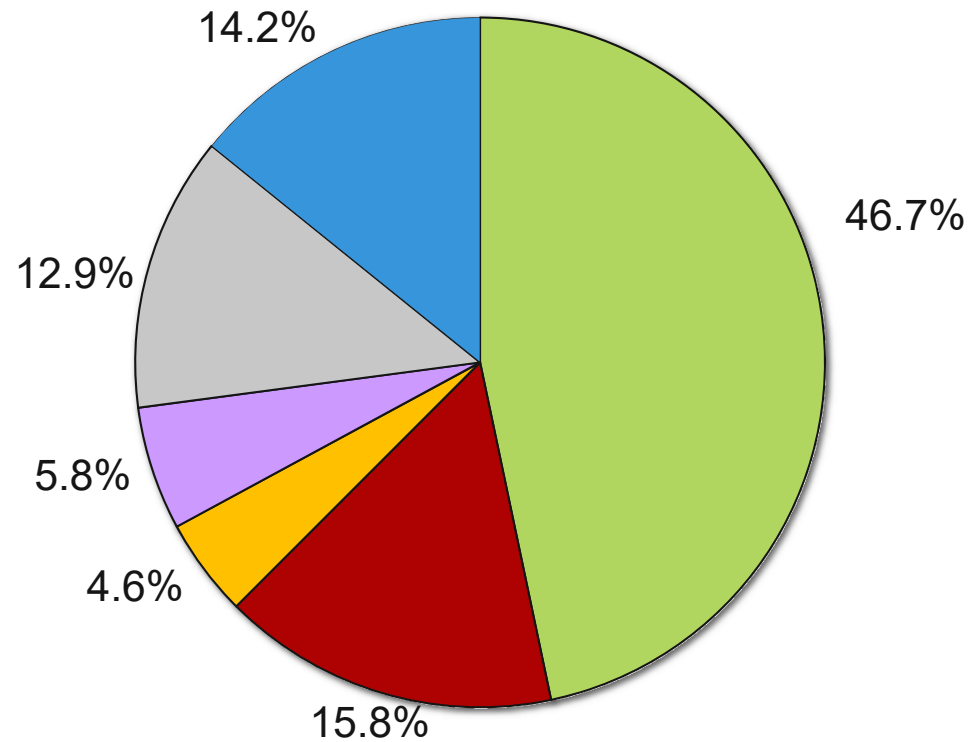
Capital Projects

FY2018-2019 Expenditures

	<u>In Millions</u>	<u>Percent</u>
Infinity Middle School	\$3.0	3.2%
Altitude Elementary	3.4	3.7%
Cherry Creek Innovation Campus	30.6	33.2%
Fremont Building Renovation	6.1	6.6%
Mechanical Renovations	11.9	12.9%
Cherry Creek Academy	0.1	0.1%
Café Renovations	2.3	2.5%
Structural Renovations	4.2	4.6%
Land/sports/playground Renovations	1.9	2.0%
Roofing Renovations	1.1	1.2%
Classroom Innovation Projects	14.6	15.8%
Security and Information System Upgrades	4.7	5.1%
Other Projects	8.4	9.1%
Grand Total	<u>\$92.3</u>	<u>100.0%</u>

Analysis of Projects by Type

FY2018-2019



- New Construction
- Innovation
- Major Renovations and Additions
- Structural and Roofing Renovations
- Mechanical Renovations
- Security & Other

Balance Sheet: Nonmajor Governmental Funds

June 30, 2019

(in millions)	Capital Reserve Fund	Extended Child Services Fund	Food Services Fund	Pupil Activities Fund	Total Nonmajor Governmental Funds
Assets	\$20.6	\$7.7	\$6.6	\$6.9	\$41.8
Liabilities	<u>0.5</u>	<u>1.9</u>	<u>1.1</u>	<u>0.2</u>	<u>3.7</u>
Fund Balance	<u>\$20.1</u>	<u>\$5.8</u>	<u>\$5.5</u>	<u>\$6.7</u>	<u>\$38.1</u>

Nonmajor Governmental Funds

■ Capital Reserve Fund

- Accounts for allocation for ongoing capital outlay, information technology, major maintenance and equipment purchases.

■ Extended Child Services Fund

- Accounts for the financial activities of:
 - Preschool, Kindergarten Enrichment, Before and After School, and Intersession/Year-Round Enrichment programs
 - Academic and non-academic summer school
 - Instrumental music programs

■ Pupil Activities Fund

- Accounts for financial transactions related to school-sponsored interscholastic and intrascholastic athletic and activity events

■ Food Services Fund

- Accounts for food service operations for the various schools within the District. This program serves breakfast and lunch to the students and school staff, and is partially funded by the National School Lunch and School Breakfast programs through the federal government.

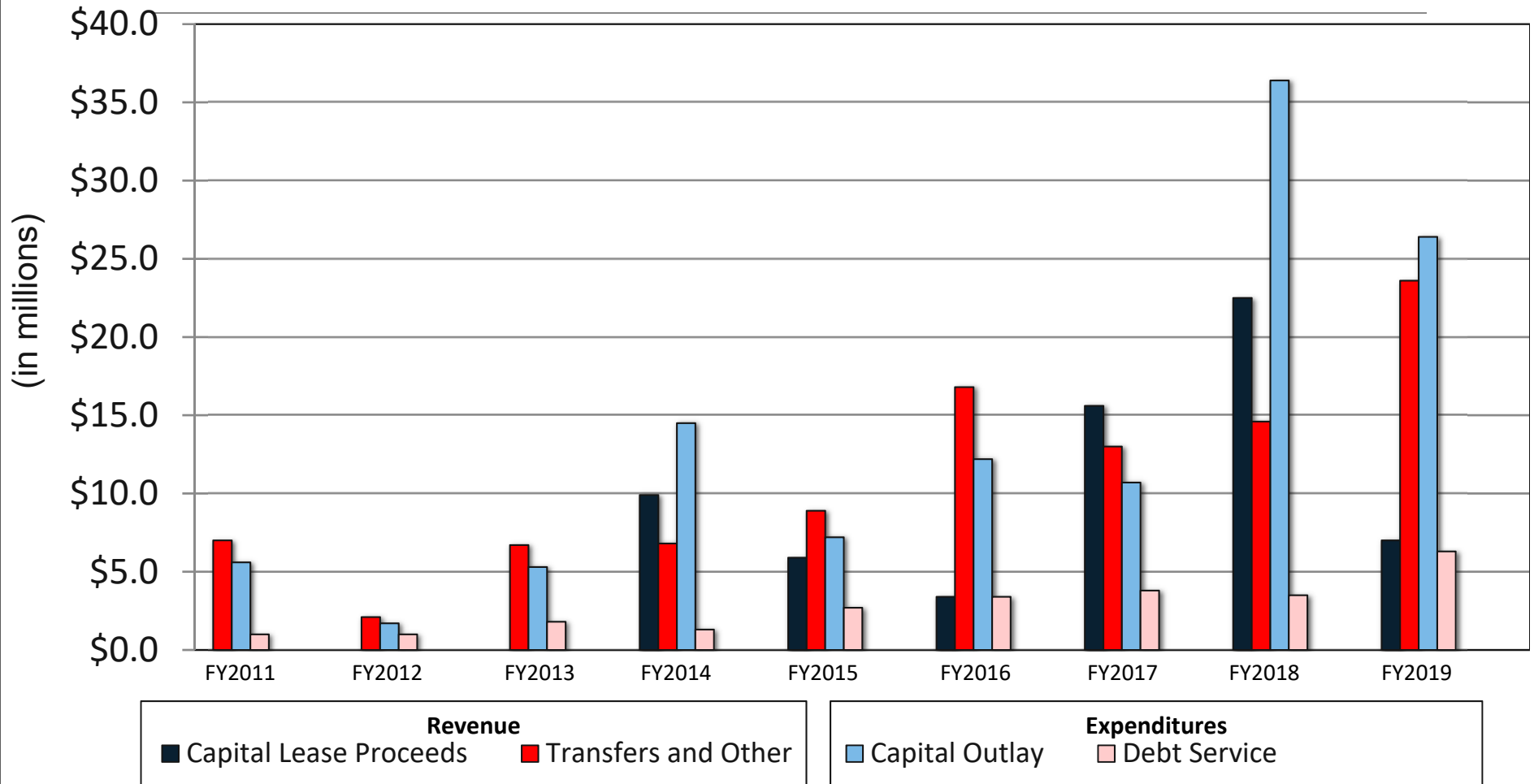
Nonmajor Governmental Funds

FY2018-2019 Revenues & Expenditures

(in millions)	Capital Reserve Fund	Extended Child Services Fund	Food Services Fund	Pupil Activities Fund	TOTAL
<i>Revenues:</i>					
Federal Grants	\$--	\$--	\$8.2	\$--	\$8.2
State Grants	--	--	0.3	--	0.3
Tuition	--	19.3	--	--	19.3
Pupil Activities	--	--	--	12.9	12.9
Food Service Sales	--	--	9.6	--	9.6
Other	0.2	--	--	--	0.2
Total	<u>\$0.2</u>	<u>\$19.3</u>	<u>\$18.1</u>	<u>\$12.9</u>	<u>\$50.5</u>
<i>Expenditures:</i>					
Instruction	\$--	\$16.9	\$--	\$--	\$16.9
Other Support Services	--	1.8	--	--	1.8
Pupil Activities	--	--	--	12.5	12.5
Capital Outlay	26.4	--	0.2	--	26.6
Debt Service	6.3	--	--	--	6.3
Food Services	--	--	18.7	--	18.7
Total	<u>\$32.7</u>	<u>\$18.7</u>	<u>\$18.9</u>	<u>\$12.5</u>	<u>\$82.8</u>
<i>Other Financing:</i>					
Transfers (net)	\$22.8	\$(1.4)	\$--	\$--	\$21.4
Certificates of Participation	7.0	--	--	--	7.0
Sale of Assets	0.7	--	--	--	0.7

Capital Reserve Fund

Revenue and Expenditures for a Nine (9) Year Period



Major Federal Grants

FY2018-2019

Federal Funding Expenditures	(in millions)
Special Education: IDEA Cluster	\$8.5
Title I, Improving the Academic Achievement of the Disadvantaged	5.5
Improving Teacher Quality: Title II, Part A	1.0
English Language Acquisition: Title III	0.4
Title IV	0.2
Food Services	
School Breakfast Program	1.4
National School Lunch Program	5.7
USDA Commodities	1.1