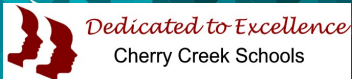


# COMPREHENSIVE ANNUAL FINANCIAL REPORT For The Year Ended June 30, 2014

## EXECUTIVE BRIEFING FOR: BOARD OF EDUCATION

November 10, 2014



4700 SOUTH YOSEMITE STREET  
GREENWOOD VILLAGE, CO 80111

# CliftonLarsonAllen, L.L.P.

## Independent Auditors' Report

- Unmodified audit opinion
- Management accounting estimates (capital asset depreciation)
- No disagreements with management on financial accounting or reporting matters
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* adopted fiscal year ended June 30, 2014
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* effective year-end June 30, 2015

# CliftonLarsonAllen, L.L.P.

## Independent Auditors' Report

- No significant difficulties were encountered in dealing with management related to the performance of the audit
- Two minor audit adjustments in the Extended Child Services Fund related to accrued payroll and the Food Service Fund related to bank reconciliations
- Capital Projects Building Fund – appropriate funding for the length of the construction project
- No single audit findings

# Financial Report and Budget Awards

## **Government Finance Officers Association**

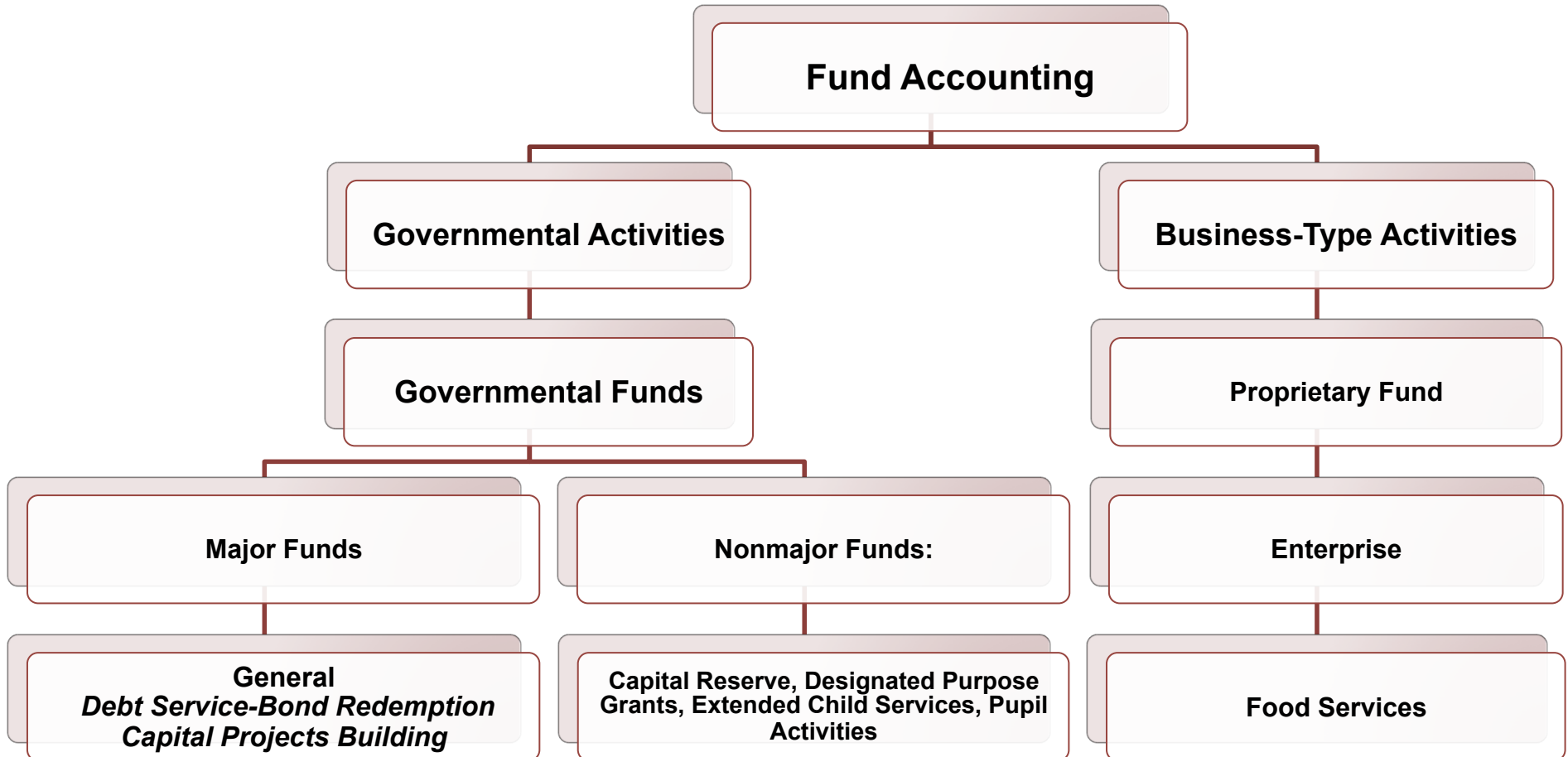
- Certificate of Achievement for Excellence in Financial Reporting
  - **Received for 2013 CAFR – 21<sup>st</sup> consecutive year**
- Distinguished Budget Presentation Award
  - **Received for 2013-2014 Budget – 20<sup>th</sup> consecutive year**

## **Association of School Business Officials**

- Certificate of Excellence in Financial Reporting
  - **Received for 2013 CAFR – 21<sup>st</sup> consecutive year**
- Meritorious Budget Award
  - **Received for 2013-2014 Budget – 17<sup>th</sup> consecutive year**

# Basis of Presentation

## Fund Accounting



# 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, certificates of participation, and compensated absences payable
- Include the Statement of Net Position and the Statement of Activities
- Distinguish functions of the District
  - Governmental activities supported from taxes and intergovernmental revenues
  - Business-type activities intended to recover costs from user fees/charges
- Expenses vs. Expenditures

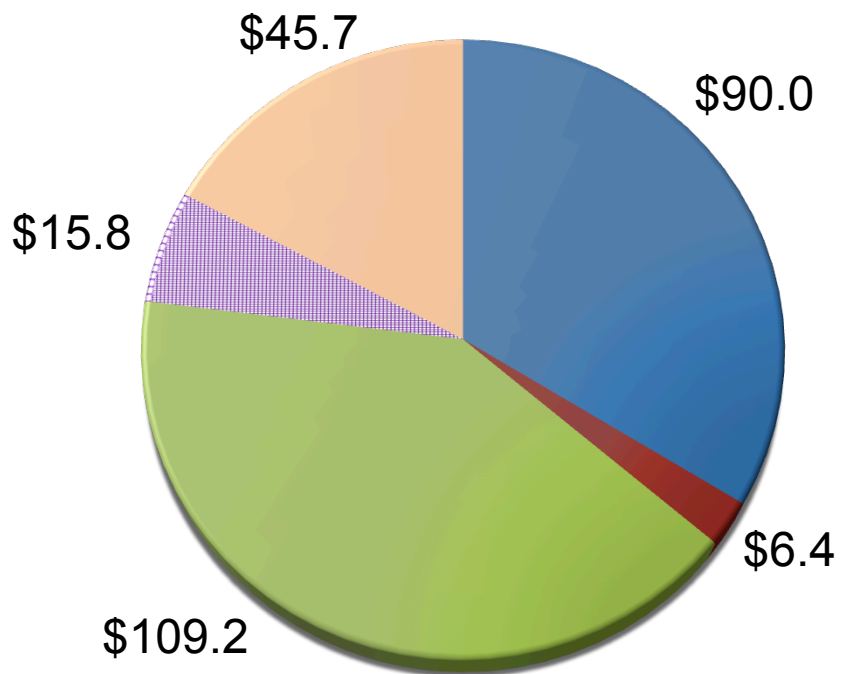
# Statement of Net Position

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

# Investments and Deposits

As of June 30, 2014  
by Fund (in millions)

**TOTAL: \$267.1**



- Capital Projects Fund
- Enterprise Fund
- General Fund
- Other Governmental Funds
- Debt Service Fund

# Investments and Deposits

As of June 30, 2014

<u>District Deposits</u>	(in millions)
Cash	\$9.9
Cash Held by County	4.1
Equity in Pooled Cash	106.9
Total Deposits	<u>120.9</u>
<u>Investments</u>	
U.S. Government Backed Securities	101.0
Investment Held in Escrow	45.2
Total Investments	<u>146.2</u>
Total Investments and Deposits	<u><u>\$ 267.1</u></u>

# Investments and Deposits

(Continued)

Total Investment Income	\$0.8
-------------------------	-------

Weighted Average Maturity:

All Funds	156 days
Building Fund	508 days

Weighted Average Yield on Investments:

All Funds	0.120%
Building Fund	0.380%
Benchmark - 3-month T-Bill	0.030%

# Credit Ratings

- Standard and Poor's

- AA General Obligation Bonds

- “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 stable outlook reflects Moody's expectation that the District's tax base and local economy will continue to improve in the near-term, and that the District's management team will continue its trend of prudent fiscal management and healthy reserve levels.”

# Recent Borrowing

- \$41.2 million borrowed from the State Treasurer's interest-free loan program to fund seasonal cash flow requirements during FY2013-2014
  - Repaid June 25, 2014

# Management's Discussion & Analysis

- Assets and Deferred Outflows exceeded liabilities by \$281.0 million (net position)
- Net position of the District include:
  - \$175.9 million net investment in capital assets
  - \$60.5 million restricted for debt service payments and TABOR
  - \$44.6 million unrestricted net position
    - GAAP treatment of earned but unpaid salaries and benefits and compensated absences payable
- Business-type activities unrestricted net position of \$4.8 million included in total of \$44.6 million

# Management's Discussion & Analysis

## (Continued)

- Total net position increased by \$8.2 million
- District's governmental funds decreased by \$44.6 million
  - Decrease in fund balance under governmental modified accrual basis of accounting due to the treatment of long-term debt and capital construction expenditures
  - General Fund revenues were in excess of expenditures by \$10.2 million
- Long-term obligations decreased by \$21.5 million
  - Result of the scheduled current year payments on existing debt
  - Net result of refinancing \$35.3 million of debt issued in 2004 at a lower interest rate
  - New capital lease of \$9.9 million for the purchase of computer equipment

# Management's Discussion & Analysis

## (Continued)

- District's General Fund balance increased by \$10.2 million
  - State per pupil funding increase of approximately \$175. State aid increased due to enrollment increase of 762.2 FTE
  - \$5.5 million actual positive budgeted expenditure variance includes: salary and benefit allocations, utilities, plant operations and general supplies
  - Property taxes received were positive to budget--\$5.0 million
  - Specific ownership tax positive to budget--\$1.3 million
  - Transportation expenditures exceeded budget--\$0.7 million

# Net Position

As of June 30, 2014

(in millions)	Governmental Activities	Business-Type Activities	Government-Wide
Current/Other Assets	\$279.5	\$6.4	\$285.9
Capital Assets	660.1	2.2	662.3
<i>Total Assets</i>	<u>939.6</u>	<u>8.6</u>	<u>948.2</u>
Deferred Outflow of Resources	1.6	--	1.6
Current Liabilities	113.6	1.4	115.0
Noncurrent Liabilities	553.8	--	553.8
<i>Total Liabilities</i>	<u>\$667.4</u>	<u>\$1.4</u>	<u>\$668.8</u>
Net Investment in Capital Assets	\$173.7	\$2.2	\$175.9
Restricted Net Position	60.3	0.2	60.5
Unrestricted Net Position	39.8	4.8	44.6
<i>Total Net Position</i>	<u>\$273.8</u>	<u>\$7.2</u>	<u>\$281.0</u>

# 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

# Key Elements

## Governmental Activities

- State Equalization Aid increased \$9.8 million
- Property taxes increased by \$6.6 million (low abatements and refunds resulted in a higher collection rate this year)
- Per pupil funding increase of \$174.98 to \$6,581.05
- Increased enrollment (762.2 FTE)
- Total governmental expenditures increased 5.3%
  - Expense for instruction and indirect instruction increased 4.8%
  - Support services and other non-instructional functions increased 7.1%
  - Increased enrollment and related staffing
  - Increase in teacher salaries with restoring teachers to the salary schedule with step and educational attainment
  - Salary increases for non-teaching staff of 2.0%
  - Employee health benefit costs
  - Pension costs
  - Interest expense increased from issuance of \$125 million in bonds that voters approved in November 2012

# Statement of Activities - Expenses

Year Ended June 30, 2014

(in millions)	Governmental Activities	Business-Type Activities	Government-Wide
<i>Expenses</i>			
Instruction	\$365.2	\$ --	\$365.2
Indirect Instruction	68.1	--	68.1
Supporting Services	78.2	--	78.2
Community Services	0.8	--	0.8
Pupil Activities	12.4	--	12.4
Interest on Long Term Debt	21.3	--	21.3
Food Service Operations	--	15.3	15.3
<b>Total Expenses</b>	<b>\$546.0</b>	<b>\$15.3</b>	<b>\$561.3</b>

# Statement of Activities - Revenues

## Year Ended June 30, 2014

(in millions)	Governmental Activities	Business-Type Activities	Government-Wide
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$31.3	\$8.0	\$39.3
Operating Grants	37.4	8.0	45.4
Contributions	1.1	--	1.1
General Revenues			
Property Taxes	251.0	--	251.0
Specific Ownership Taxes	17.6	--	17.6
Investment Earnings	0.8	--	0.8
Other Revenues	2.7	--	2.7
State Equalization Aid	211.6	--	211.6
<b>Total Revenues</b>	<b>\$553.5</b>	<b>\$16.0</b>	<b>\$569.5</b>

# Statement of Activities

Year Ended June 30, 2014

(in millions)	Governmental Activities	Business-Type Activities	Government-Wide
Total Revenues	\$553.5	\$16.0	\$569.5
Total Expenses	<u>546.0</u>	<u>15.3</u>	<u>561.3</u>
Increase Before Transfers	7.5	0.7	8.2
Transfers	<u>(0.9)</u>	<u>0.9</u>	<u>--</u>
Change in Net Position	6.6	1.6	8.2
Net Position July 1, 2013	<u>267.2</u>	<u>5.6</u>	<u>272.8</u>
Net Position June 30, 2014	<u><u>\$273.8</u></u>	<u><u>\$7.2</u></u>	<u><u>\$281.0</u></u>

# Capital Assets

(in millions)	Fiscal Year 2013-2014
Land	\$19.4
Land Improvements	24.5
Buildings	870.7
Projects in Progress	47.6
Equipment	<u>89.0</u>
Total Capital Assets	1,051.2
Less Accumulated Depreciation	<u>388.9</u>
Net Capital Assets	<u><u>\$662.3</u></u>

# Long-Term Obligations

(in millions)	Fiscal Year 2013-2014
General Obligation Bonds	\$531.4
Unamortized Premiums	19.5
Capital Lease	8.7
Compensated Absences	<u>32.8</u>
Total Long-Term Obligations	<u>\$592.4</u>

# Balance Sheet: Governmental Funds

as of June 30, 2014

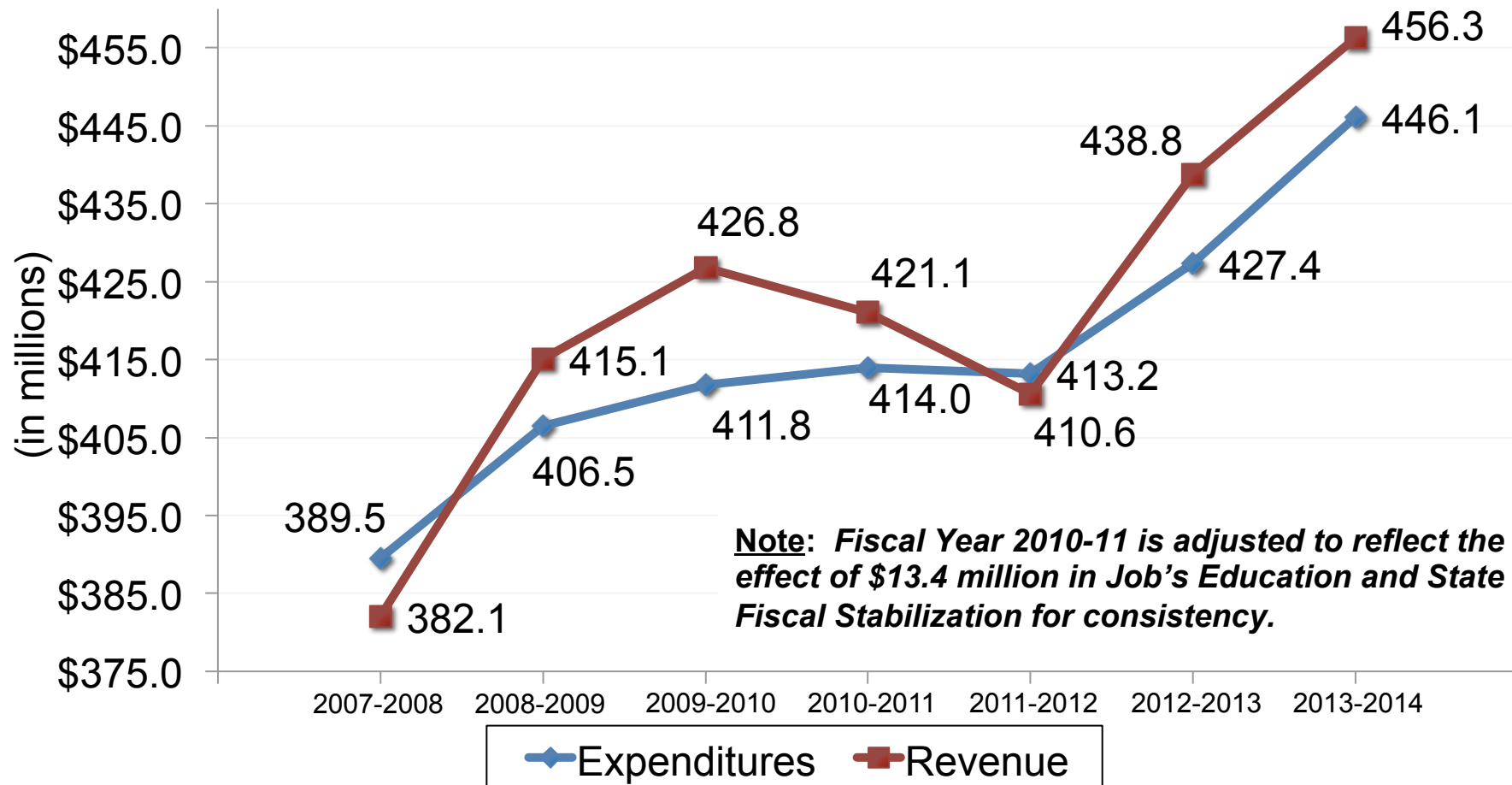
(in millions)	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets	\$121.3	\$47.4	\$90.2	\$20.9	\$279.8
Liabilities	51.8	--	17.0	9.3	78.1
Deferred Inflows of Resources	4.8	0.8	--	--	5.6
Fund Balance	<u>\$64.7</u>	<u>\$46.6</u>	<u>\$73.2</u>	<u>\$11.6</u>	<u>\$196.1</u>

# General Fund – Budget to Actual

## Year Ended June 30, 2014

(in millions)	Budget	Actual	Variance
<i>Revenues:</i>			
Property & SO Taxes	\$214.6	\$220.9	\$6.3
State	229.1	228.9	(0.2)
Investment Income	0.2	0.2	--
Other	4.9	5.1	0.2
Transfers	1.2	1.2	--
<i>Total Revenues</i>	<u>\$450.0</u>	<u>\$456.3</u>	<u>\$6.3</u>
<i>Expenditures:</i>			
Instruction	\$305.5	\$300.7	\$4.8
Indirect Instruction	64.1	63.8	0.3
Operations/Maintenance	35.4	34.8	0.6
Transportation	18.9	19.6	(0.7)
Other Support Services	21.9	21.5	0.4
Transfers	5.7	5.7	--
<i>Total Expenditures</i>	<u>\$451.5</u>	<u>\$446.1</u>	<u>\$5.4</u>

# General Fund Revenue & Expenditures Including Transfers



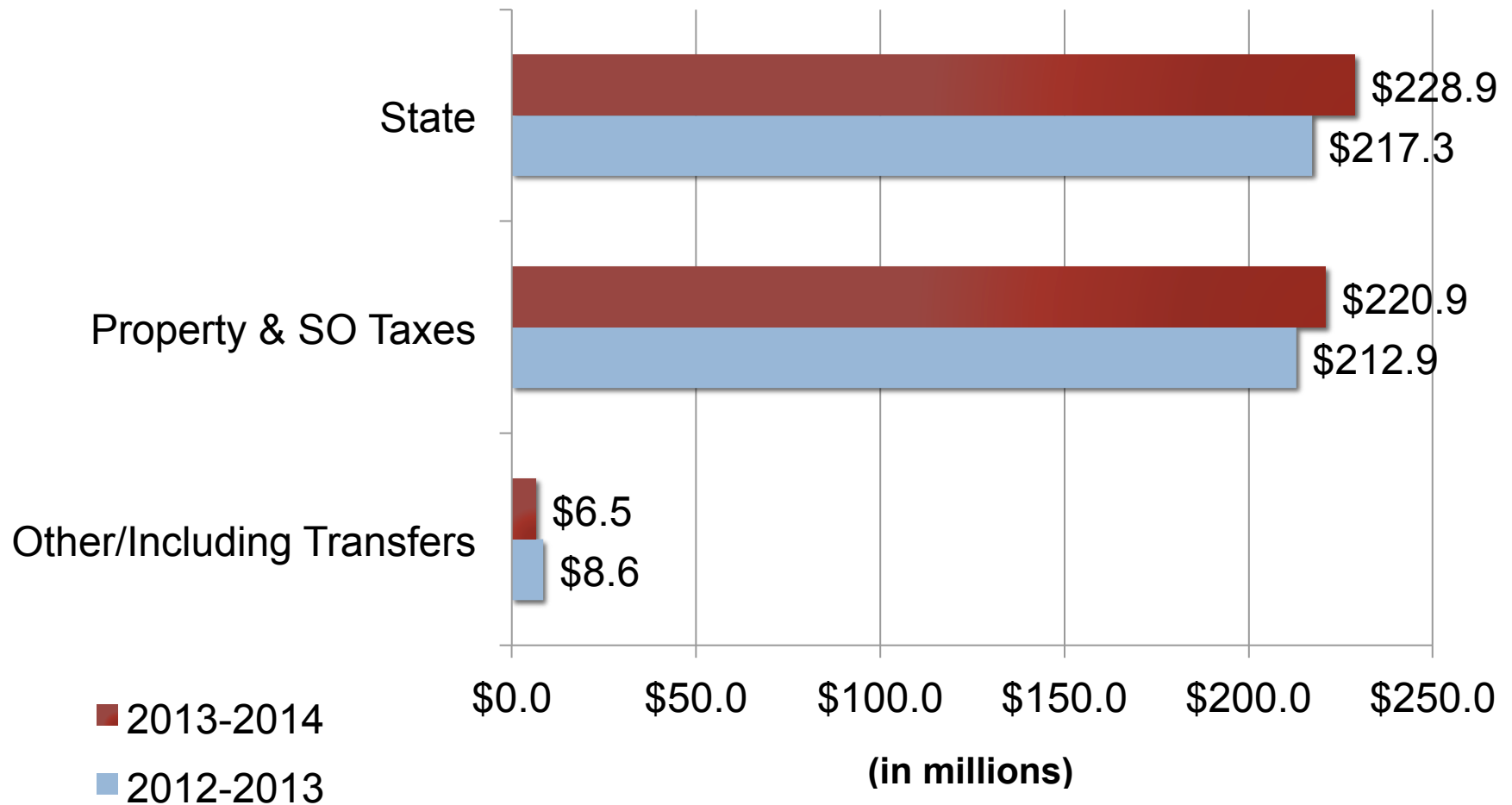
# General Fund Revenues

FY2013-2014 vs. FY2012-2013

(in millions)	Fiscal Year 2013-2014	Percent of Total	Fiscal Year 2012-2013	Percent of Total	Amount of Increase
Property & SO Taxes	\$ 220.9	48.4%	\$212.9	48.5%	\$8.0
State	228.9	50.2%	217.3	49.5%	11.6
Other/Including Transfers	6.5	1.4%	8.6	2.0%	(2.1)
Totals	<u>\$456.3</u>	<u>100.0%</u>	<u>\$438.8</u>	<u>100%</u>	<u>\$17.5</u>

# General Fund Revenues by Source

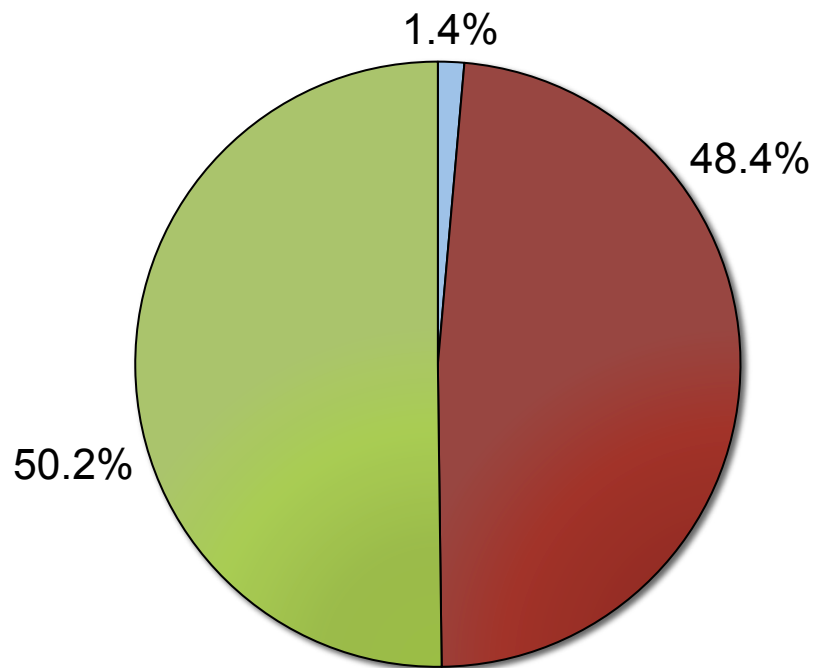
FY2013-2014 vs. FY2012-2013



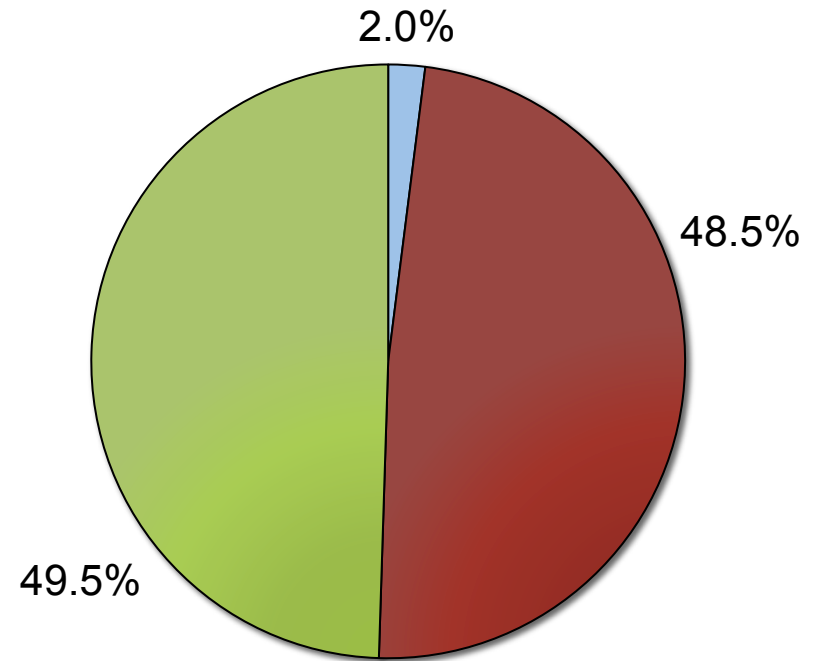
# General Fund Revenues by Source

FY2013-2014 vs. FY2012-2013

**2013-2014**



**2012-2013**



Other Property & SO Taxes State

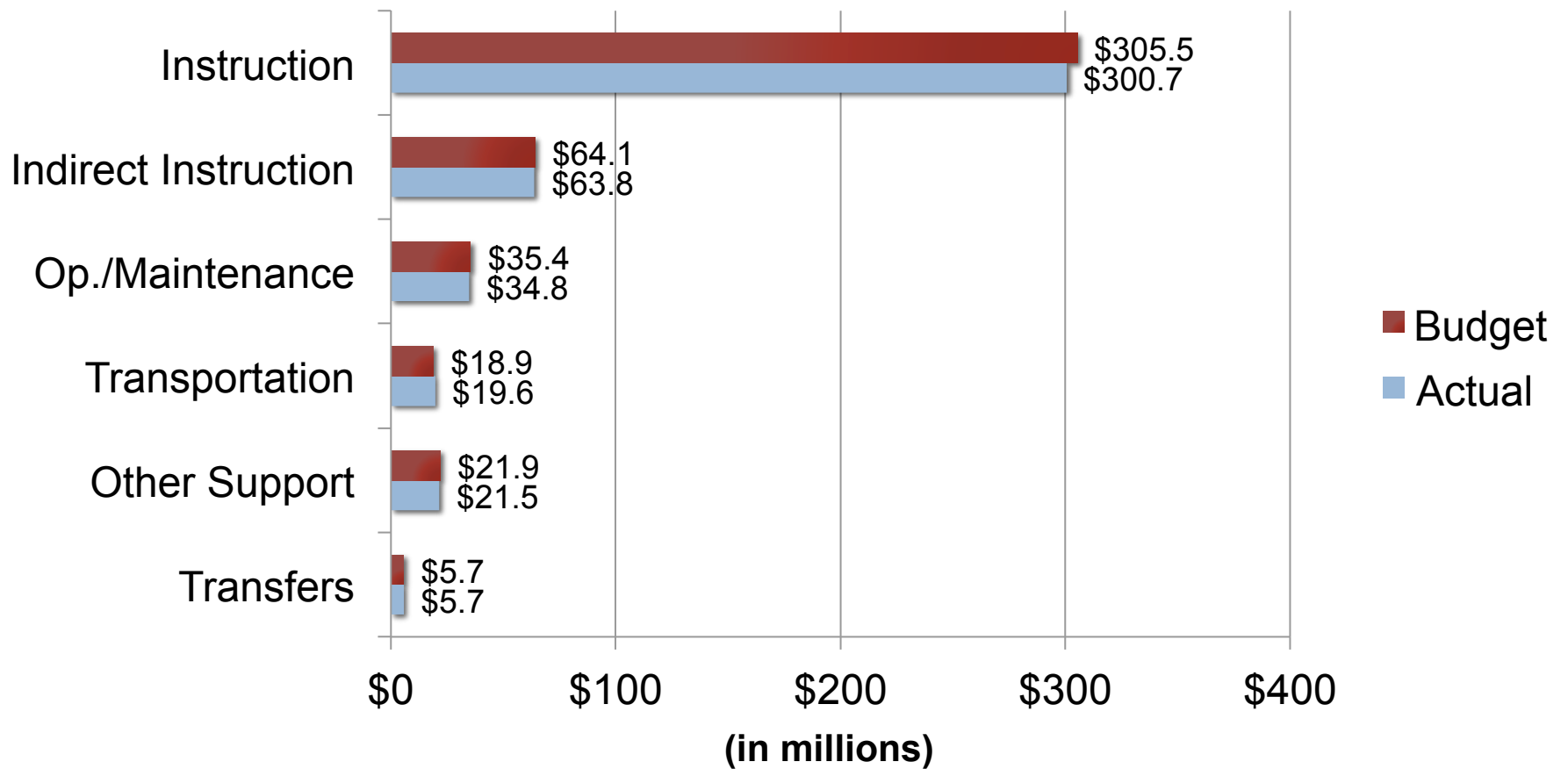
# General Fund Expenditures

## by Function – FY2013-2014 vs. FY2012-2013

(in millions)	FY 2013-2014	% of Total	FY 2012-2013	% of Total	Amount of Increase (Decrease)
Instruction	\$300.7	67.4%	\$ 288.8	67.6%	\$11.9
Indirect Instruction	63.8	14.3%	59.6	13.9%	4.2
Operations/Maintenance	34.8	7.8%	33.7	7.9%	1.1
Transportation	19.6	4.4%	19.2	4.5%	0.4
Other Support Services	21.5	4.8%	20.4	4.8%	1.1
Transfers	<u>5.7</u>	<u>1.3%</u>	<u>5.7</u>	<u>1.3%</u>	<u>--</u>
Total	<u><u>\$446.1</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 427.4</u></u>	<u><u>100.0%</u></u>	<u><u>\$18.7</u></u>

# General Fund Expenditures

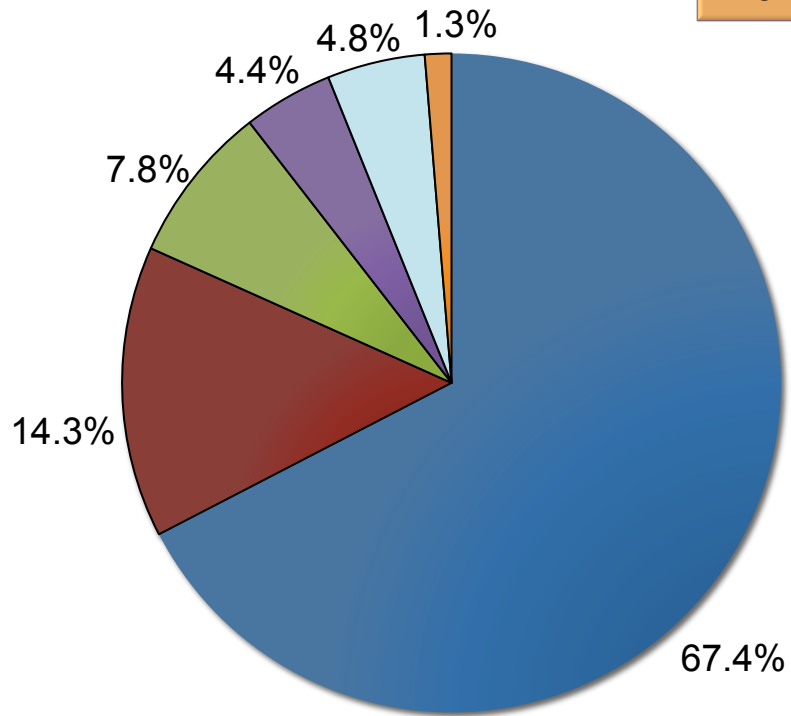
Budget to Actual – Year Ended June 30, 2014



# General Fund Expenditures by Function

## FY2013-2014 vs. FY2012-2013

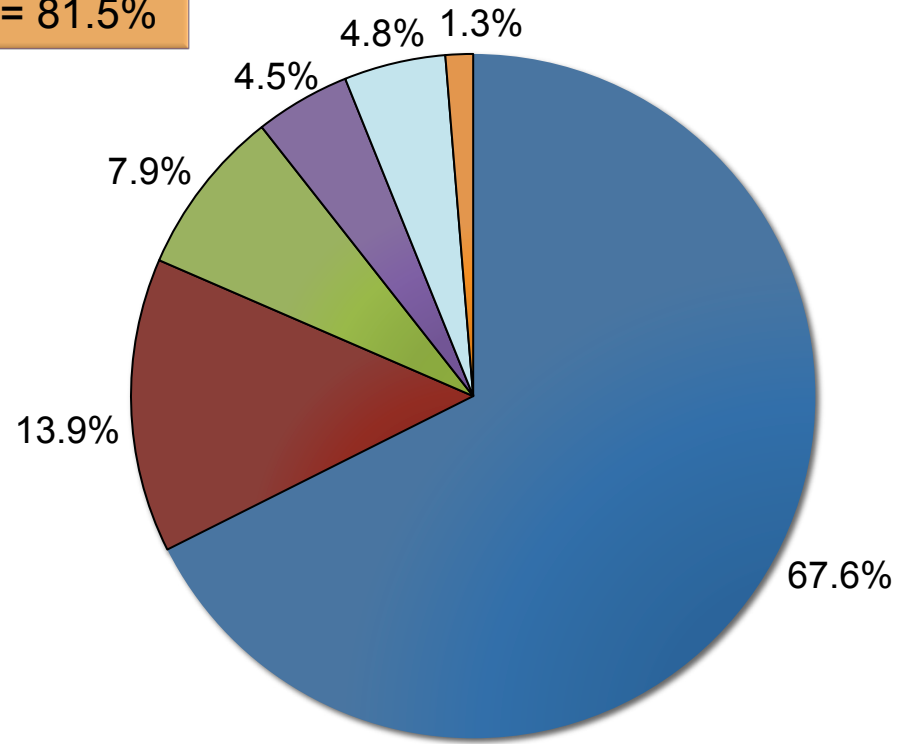
**2013-2014**



### Instruction

2013-2014 = 81.7%  
2012-2013 = 81.5%

**2012-2013**



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

# General Fund – Fund Balance

June 30, 2014

Nonspendable:	
Prepayments and Deposits	\$430,971
Inventories	1,803,461
Restricted for: Emergency Reserve	13,383,000
Committed for:	
Multiple-year commitments	583,540
Future year expenditures	2,949,900
Assigned for: Encumbrances and Curriculum	3,978,069
Unassigned	<u>41,520,546</u>
Total Fund Balance	<u><u>\$64,649,487</u></u>

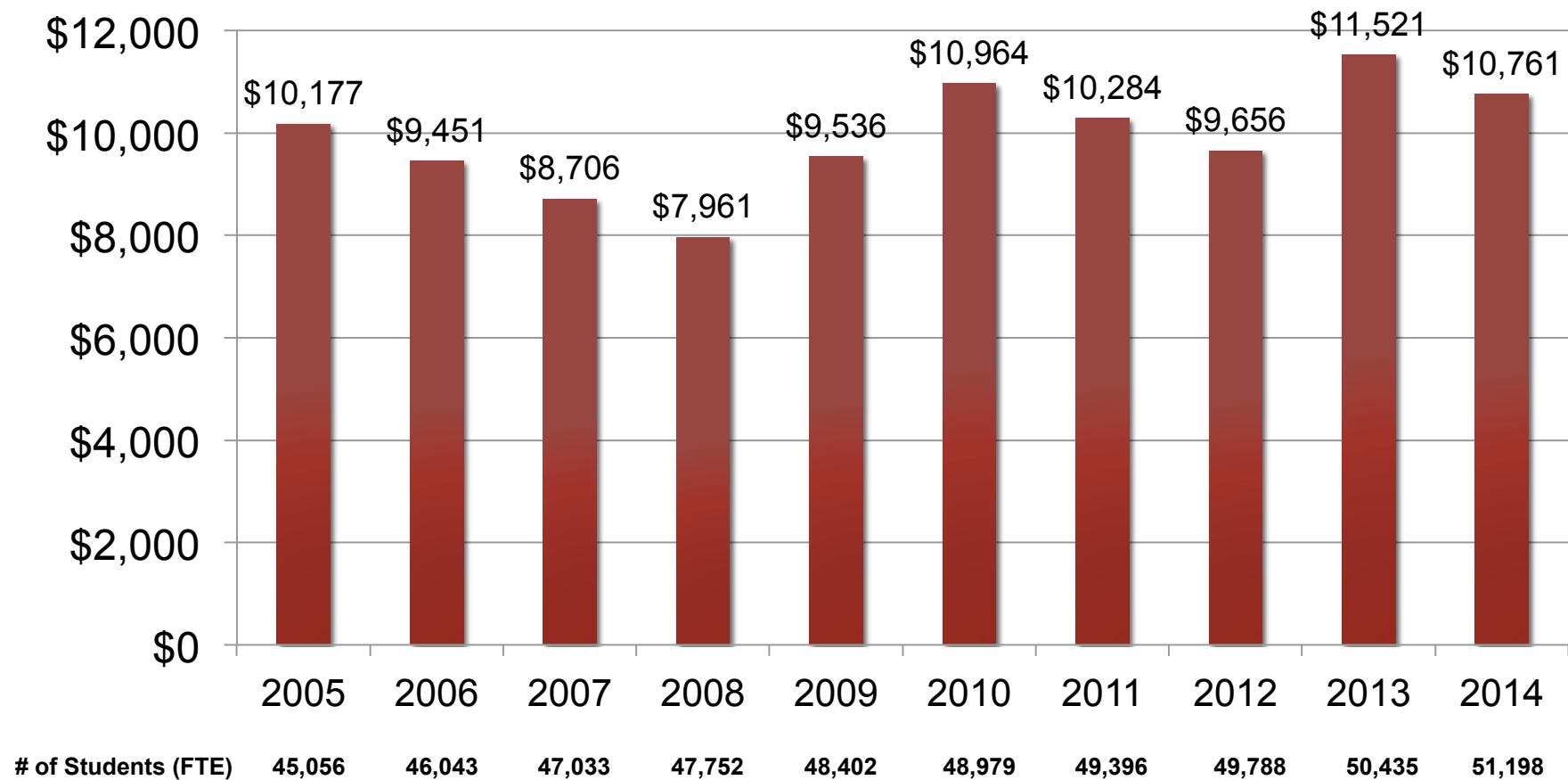
# General Fund Summary

- Property tax collections better than budget, less abatements and refunds
- Full Year of Mill levy budget override -- \$25.0 million
- Specific ownership taxes increased from prior year \$1.5 million
- State equalization aid in line with revised budgets
- Federal interest subsidy from Build America Bonds -- \$1.5 million
- Other revenue variances primarily offset each other
- Continued cost containment efforts
- Positive expenditure variances include salary and benefits allocations, utilities, plant operations, and general supplies
- Transportation expenditures were more than anticipated

# Debt Service Fund

(in millions)	FY2013-2014	FY2012-2013	Increase (Decrease)
Beginning Fund Balance	<u>\$ 46.4</u>	<u>\$ 47.8</u>	<u>\$(1.4)</u>
Revenues	86.2	47.5	38.7
Expenditures	(86.1)	(48.9)	(37.2)
Net Change in Fund Balance	<u>0.1</u>	<u>(1.4)</u>	<u>1.5</u>
Ending Fund Balance	<u><u>\$46.5</u></u>	<u><u>\$ 46.4</u></u>	<u><u>\$0.1</u></u>

# General Obligation Bonded Debt Per Student (FTE)



# Capital Projects Building Fund

(in millions)	FY2013-2014	FY2012-2013	Increase (Decrease)
Beginning Fund Balance	<u>\$130.5</u>	<u>\$22.2</u>	<u>\$108.3</u>
Revenues	0.5	0.3	0.2
Expenditures	(56.0)	(21.1)	(34.9)
Transfers Out	(1.8)	(0.3)	(1.5)
Sale of Bonds	<u>--</u>	<u>129.4</u>	<u>(129.4)</u>
Net Change in Fund Balance	(57.3)	108.3	(165.6)
Ending Fund Balance	<u><u>\$73.2</u></u>	<u><u>\$130.5</u></u>	<u><u>\$(57.3)</u></u>

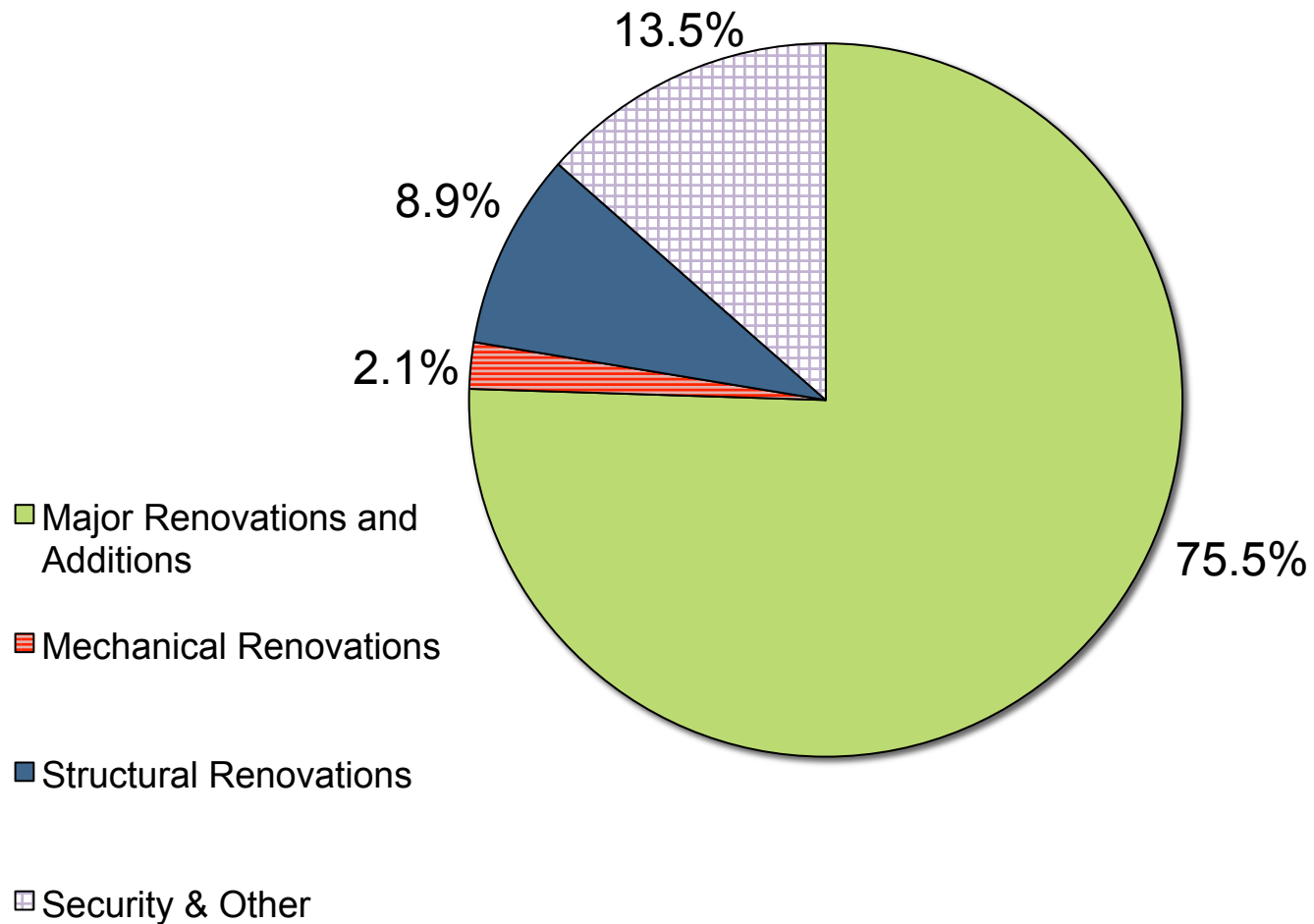
# Capital Projects Building Fund

## FY2013-2014 Expenditures (in millions)

Cherry Creek High School	\$10.6	18.9%
Grandview High School	6.2	11.1%
Cherokee Trail High School	6.0	10.7%
Smoky Hill High School	5.0	8.9%
Eaglecrest High School	4.1	7.3%
Overland High School	1.7	3.0%
Laredo Middle School	3.5	6.3%
Horizon Middle School	2.9	5.2%
Bellevue Elementary School	1.2	2.1%
Mission Viejo Elementary School	1.1	2.0%
Structural Renovation Projects	5.0	8.9%
Mechanical Renovation Projects	1.2	2.1%
Security and Other Projects	7.5	13.5%
Total Expenditures	<u>\$56.0</u>	<u>100.0%</u>

# Analysis of Projects by Type

FY2013-2014



# Balance Sheet: Nonmajor Governmental Funds

## June 30, 2014

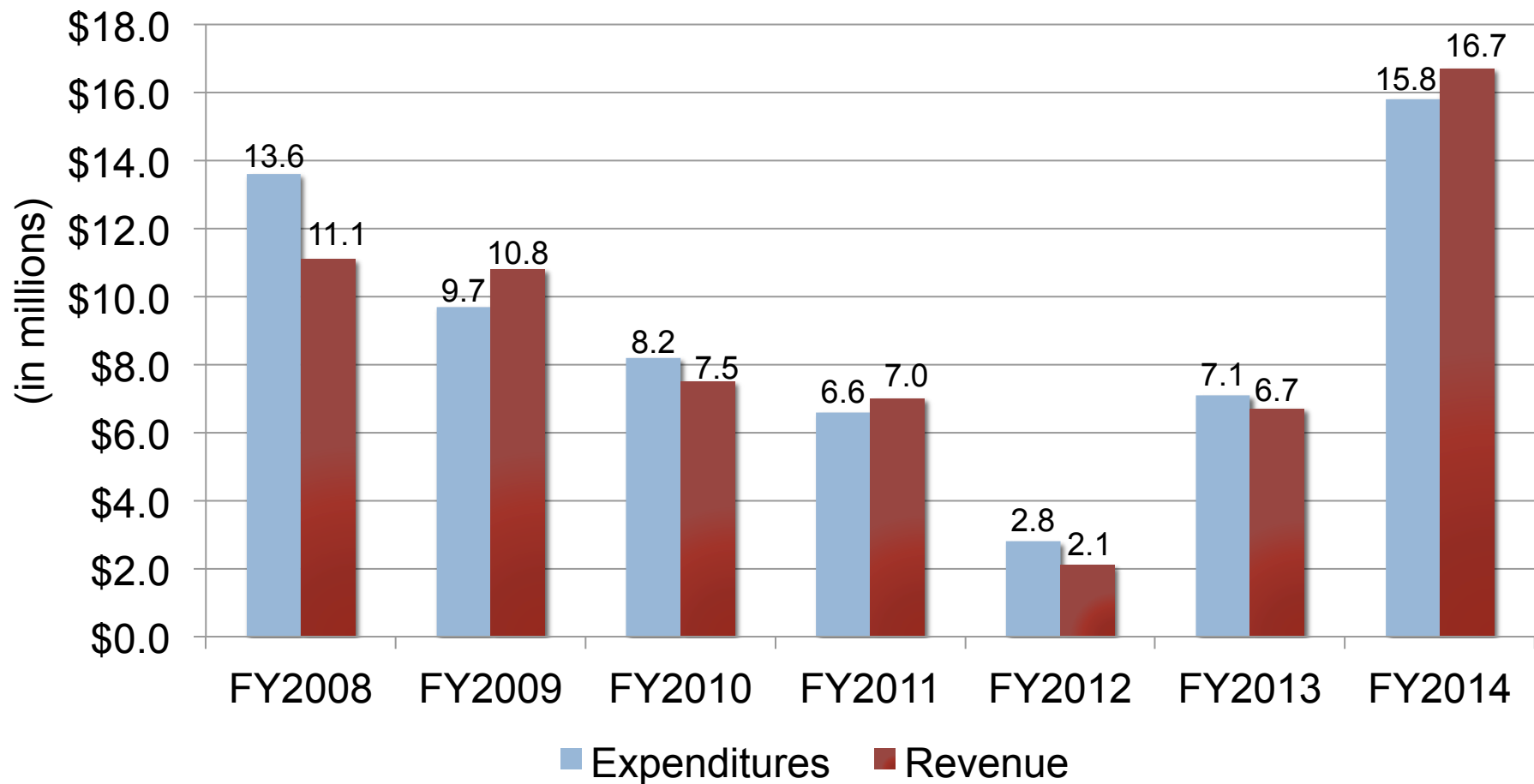
(in millions)	Capital Reserve Fund	Designated Purpose Grants Fund	Extended Child Services Fund	Pupil Activities Fund	Total Nonmajor Governmental Funds
Assets	\$1.4	\$6.4	\$7.7	\$5.4	\$20.9
Liabilities	0.3	6.4	2.3	0.3	9.3
Fund Balance	\$1.1	\$--	\$5.4	\$5.1	\$11.6

# Nonmajor Governmental Funds

- Capital Reserve Fund
  - Account for allocation for ongoing capital outlay, information technology, major maintenance and equipment purchases
  - Decline in annual expenditures during five years from \$13.6 million in FY2008 to \$2.8 million in FY2012. Increased to \$7.1 million in FY2013. Increased to \$15.8 million in FY2014 including the purchase of computer equipment funded by a capital lease.

# Capital Reserve Fund

Revenue (Transfers) and Expenditures for a Seven (7) Year Period



# Nonmajor Governmental Funds

(continued)

## FY2013-2014

- Major Federal Grants

Federal Funding Earned	(in millions)
Special Education: IDEA, Part B	\$9.9
Title I, Part A of ESEA	4.2
Improving Teacher Quality: Title II, Part A	0.8
English Language Acquisition: Title III	0.5
Food Services	
School Breakfast Program	1.0
National School Lunch Program	6.7

# Nonmajor Governmental Funds (continued)

- 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

# Nonmajor Revenue Funds

## FY2013-2014 Revenues & Expenditures

(in millions)	Capital Reserve Fund	Designated Purpose Grants Fund	Extended Child Services Fund	Pupil Activities Fund	TOTAL
<i>Revenues:</i>					
Federal Grants	\$--	\$17.8	\$--	\$--	\$17.8
State Grants	--	1.0	--	--	1.0
Tuition	--	--	16.4	--	16.4
Pupil Activities	--	--	--	12.5	12.5
Other	0.2	2.2	--	--	2.4
Total	<u>\$0.2</u>	<u>\$21.0</u>	<u>\$16.4</u>	<u>\$12.5</u>	<u>\$50.1</u>
<i>Expenditures:</i>					
Instruction	\$--	\$16.8	\$13.4	\$--	\$30.2
Other Support Services	--	4.2	0.5	--	4.7
Pupil Activities	--	--	--	12.4	12.4
Capital Outlay	14.5	--	--	--	14.5
Debt Service	1.3	--	--	--	1.3
Total	<u>\$15.8</u>	<u>\$21.0</u>	<u>\$13.9</u>	<u>\$12.4</u>	<u>\$63.1</u>
<i>Other Financing:</i>					
Transfers (net)	\$6.6	\$--	\$(1.2)	\$--	\$5.4
Capital Lease Proceeds	9.9	--	--	--	9.9

# Business-Type (Enterprise) Activities

## Year Ended June 30, 2014

(in millions)	Food Services Fund
Operating Revenues	\$8.0
Operating Expenses	15.3
Operating (Loss)	(7.3)
Non-Operating Revenues	8.0
Change in Net Position	0.7
Transfers	0.9
Beginning Total Net Position	5.6
Ending Total Net Position	<u>\$7.2</u>

# Financial Summary

- Full year of tax collection on the \$25.0 million mill levy budget override, approved in November 2012 and a higher rate of tax collections with lower abatements and refunds than seen historically
- State funding increased approximately \$175 per pupil
- General Fund reserves increased \$10.2 million
- Student enrollment increased 903 students (762.2 FTE)
- Capital lease of \$9.9 million to purchase computer equipment
- Continue to manage within established budgets
- Continue to adjust financial, capital, and human resources to maintain balanced budget