

CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended June 30, 2012



4700 SOUTH YOSEMITE STREET  
GREENWOOD VILLAGE, CO 80111



*Dedicated to Excellence*  
Cherry Creek Schools



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2012

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CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2012

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**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

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**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

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# Introductory Section



CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO  
BOARD OF EDUCATION  
2011-2012



From Left to Right Standing

Jim O'Brien, Treasurer

Randy Perlis, Vice President

David Willman, Assistant Secretary/Treasurer

From Left to Right Sitting

Jennifer Churchfield, President

Claudine R. McDonald, Secretary



CherryCreek  
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*Our Mission*

*To inspire every student*

*to think,*

*to learn,*

*to achieve,*

*to care.*

VISION, MISSION AND VALUES

**The Cherry Creek Vision and Mission**

The words “*dedicated to excellence*” convey the vision of the Cherry Creek School District. The pursuit of excellence in academics, athletics, activities, and the arts guides our decisions and actions. We believe in education of the whole person, as expressed in the district mission,

***“to inspire every student to think, to learn, to achieve, to care.”***

The vision and mission reflect a commitment to inspire all students toward excellence and the full development of their potential.

The Cherry Creek School District will provide safe, intellectually stimulating schools. The school programs will enable all students to demonstrate significant achievement of district-defined learning goals, and develop as healthy, well-rounded individuals. The education students receive will equip them to succeed in higher education and the work place, ready them for responsible citizenship, and prepare them for a complex and changing world.



**Dedicated to Excellence**

**Cherry Creek’s Values**

As a district, we are committed to:

- Placing the needs and welfare of students above all else.
- Providing safe and caring environments for learning.
- Holding high expectations for the growth and achievement of each student.
- Developing meaningful relationships with students and families.
- Respecting and understanding the diversity of the students and families we serve.
- Engaging students, parents, and community members as partners in the educational process.
- Utilizing organizational strategies that promote involvement and empowerment.
- Attracting quality personnel who reflect the diversity of our community, are knowledgeable, and care deeply about young people.
- Demonstrating a strong service orientation to students and parents.
- Encouraging creativity and innovation to attain the vision.
- Improving the organization continuously.
- Fostering a desire for lifelong learning, achievement, and service to others.



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Letter  
of  
Transmittal



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October 23, 2012

Members of the Board of Education  
and Community  
Cherry Creek School District No. 5  
Arapahoe County, Colorado

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Cherry Creek School District No. 5 (District) for the fiscal year ended June 30, 2012. The Comprehensive Annual Financial Report was prepared by the Fiscal Services Division. Responsibility for the accuracy, completeness, and fairness of presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities for the fiscal year ended June 30, 2012, have been included.

The Comprehensive Annual Financial Report is presented in conformity with Statement No. 34 of the Governmental Accounting Standards Board. Statement No. 34 is titled *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. Statement No. 34 also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor in the Financial Section on pages 35-51.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit Reports. The Introductory Section includes this letter of transmittal, a list of the Board of Education members for the District, an organization chart of the District, and the mission statement of the District. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes to Basic Financial Statements, and Supplemental Information, which includes financial statements by fund type. The Basic Financial Statements, together with the Independent Auditor's Report, Management's Discussion and Analysis, and the Notes to Basic Financial Statements are designed to provide a financial overview of the District; the Supplemental Information provides more detailed financial information on a fund-by-fund basis. Also included in the Financial Section as supplemental information is a report required as part of the Colorado Public School Finance Act showing fiscal year spending under Section 20 Article X of the State Constitution, also known as the Taxpayer's Bill of Rights (TABOR). The Statistical Section, which is unaudited, includes financial and demographic information, generally presented on a multi-year basis. The Single Audit Reports Section contains the Schedule of Expenditures of Federal Awards and related Schedules on Findings and Recommendations, and the Independent Auditor's Reports on the internal control structure and compliance aspects. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

## THE DISTRICT AND ITS SERVICES

This report includes all of the activities of the District (the Primary Government), as well as its component units. The Cherry Creek School District Capital Finance Corporation (Corporation) is a legally separate entity for which the District is financially accountable (component unit). Although the Corporation is a separate legal entity, it is, in substance, part of the District's operations and is blended with the District. Accordingly, the Corporation is reported as a special revenue fund of the District. The District provides a full range of educational programs and services authorized by Colorado Statutes. These include K-12 education in elementary, middle, and high schools, special education for handicapped students, career and technical education, multicultural education, and numerous other programs.

The Cherry Creek Schools Foundation (Foundation) was organized in the spring of 1993, and is a nonprofit, tax-exempt corporation established for the purpose of attracting funding from business, industry, and individuals to enhance educational programs and activities for students. The Foundation is not presented as part of the reporting entity for financial reporting purposes because the Foundation's financial operations are not considered to be significant in comparison to the District as a whole. All grants and funding provided to the District by the Foundation have been accounted for within the District's Special Revenue (Designated Purpose Grants) Fund.

On July 21, 1995, the District entered into an agreement with the Cherry Creek Academy, as allowed under the Colorado Charter Schools Act, for the educational instruction of children in grades K-8. While the charter school is a public school funded through the District under the school finance act and under the general supervision of the local Board of Education, the school meets the requirements under Governmental Accounting Standards to be presented as a discrete component unit.

## ECONOMIC CONDITION AND OUTLOOK

### State and Local Economy

The District includes approximately 108 square miles and is located in the southeast portion of the Denver metropolitan area in Arapahoe County, approximately 10 miles southeast of downtown Denver. Included within the District are the cities of Cherry Hills Village and Glendale, and the Town of Foxfield, portions of the cities of Aurora, Centennial, Greenwood Village, Englewood, and certain unincorporated areas of Arapahoe County. The Denver Technological Center and other office complexes also located partially within the boundaries of the District include many office buildings as well as hotels, restaurants, and other facilities. Arapahoe County, with more than 585,000 residents, has the third largest population of the counties in Colorado. The District, with approximately 52,400 students projected for fiscal year 2012-2013, is currently the fourth largest of the 178 school districts in the state.

The following economic data was obtained from the September 2012 revenue forecast for the State of Colorado, prepared by the Governor's Office of State Planning and Budgeting.



The State of Colorado's revenue growth rebounded at a surprisingly robust rate over the past two fiscal years, a period of modest personal income growth. The strong revenue performance was in part due to a surge in capital gains income from the stock market as well as robust corporate profit growth. Revenue growth will slow, however, over the next two fiscal years as economic growth continues to be only modest and the factors that contributed to the recent growth are expected to diminish. All of the fiscal year 2012-13 excess reserves are currently earmarked for the State Education Fund. The State's expected reserves are now similar to the levels experienced in the late 1990's, prior to the economic weakening that occurred after September 11, 2001.

Recent national data on jobs, business spending, exports, and manufacturing show that the economy has slowed from earlier in the year. The global economy is also slowing. Due to these trends and the persistent factors weighing on growth, the slowdown, though not significant, is expected to continue into 2013. Colorado is enduring the same challenges as the nation. However, economic indicators continue to show that the State has been building a better economic foundation and is outperforming many other states.

New business creation in Colorado continues to rebound. New businesses generally create more jobs than existing firms. Thus, trends in business startup activity are important to monitor to help gauge job growth. Based on Quarterly Census of Employment and Wages data from the Colorado Department of Labor and Employment, the number of business startups with employees fell substantially during the recession. However, business startup activity improved beginning in 2010, and the trend has continued into the first quarter of 2012, the latest data available. The improvement in 2010 coincided with the pickup in job growth in Colorado.

Despite the recent growth trend, start-up activity remains well below its pre-recession peak. This indicates that entrepreneurs are having more

difficulty finding opportunities to begin and sustain new business ventures as the economy rebuilds and restructures. Entrepreneurs generally continue to have lower expectations and uncertainty about the future. This, coupled with less financing available, is hindering successful new business creation and thus more robust job growth.

The labor market is slowly improving but continues to face many challenges as businesses remain apprehensive and uncertain about future economic conditions, federal fiscal policy, the European sovereign debt crisis, and an overall global slowdown. Further, the job market appears to be facing some structural frictions as it is taking time to match available jobs with those individuals seeking employment. Continued levels of high unemployment indicate the economy is still rebuilding from major disruptions and dislocations during the recession.

Additionally, in the private sector, firms are allocating more resources to equipment and software than labor. Historically, private business investment in equipment and software has moved in tandem with private sector employment. This divergence in spending demonstrates firms' efforts to keep operations lean and increase the productivity of existing workers.

Colorado job growth is outpacing the nation. Based on data from the U.S. Bureau of Labor Statistics estimates of forthcoming revisions to jobs data, Colorado gained about 20,000 nonfarm jobs so far this year through July 2012. The professional, scientific and technical services, and finance and insurance sectors contributed to about half of this gain. Colorado is a regional hub for these sectors, which helps contribute to economic growth.

Jobs will increase 1.7 percent in 2012, but slow to 1.0 percent in 2013 as the current heightened uncertainty and lower expectations for future economic conditions takes their toll on hiring; nationally, job growth will be slightly slower.

Although job growth has been occurring for the State and the nation since the beginning of 2010, growth has not been strong enough to employ the substantial amount of individuals who lost their jobs during the recession. Unemployment thus remains elevated. Unemployment rates of 8.0 percent and 7.8 percent are forecast for Colorado in 2012 and 2013, respectively. The national unemployment rate is expected to be 8.3 percent in 2012 and projected at 8.2 percent in 2013.

A broader measure of unemployment also remains high; the underemployment rate, or the underutilization rate, is an alternative measure of unemployment to capture those who are underemployed (working less than full-time when a full-time position is preferred) and discouraged workers who would like to work but have temporarily stopped their search. Colorado's underutilization rate averaged 14.8 percent from the second half of 2011 through the first half of 2012, below its peak of 15.7 percent in 2010 and the first part of 2011. The national underutilization rate in August 2012 was 14.7 percent.

Both nationally and in Colorado, the relatively high number of openings that are not currently being filled are in industries requiring special skills or that cannot easily be automated, such as health care, computer and mathematical occupations, professional and business services, and manufacturing. This provides additional evidence that perhaps there are not enough workers currently available with the requisite skills to work in these industries.

Household income continues to grow, though at a slowing rate, after declining substantially during the recession, total personal income in both Colorado and the nation has been growing since the last quarter of 2009. The rate of growth has slowed since the first quarter of 2011. Slow income growth is an indicator of the sluggish recovery and will likely act as a continued headwind to the economy.

Real income growth per capita has been essentially flat. While data shows that aggregate personal income is increasing, both Colorado and the nation have experienced minimal real, or inflation-adjusted, personal income growth since the recession. Real per capita income in Colorado and for the nation is only slightly above 2000's level, meaning that purchasing power has not materially increased. The State's personal income data has reflected larger declines during the recession and smaller increases through the current recovery than the nation as a whole.

Wage growth has varied by industry in Colorado. The relatively soft labor market has been accompanied by an environment of slow wage growth. Since 2001, only two major industries have seen compound average annual growth rates in real weekly wages of 1.5 percent or greater. These are the natural resources and mining industry and professional and business services.

Personal income for the nation is expected to grow modestly at a rate of 3.9 percent in 2012. The growth rate will slow to 3.6 percent in 2013 as economic headwinds help keep wages and employment relatively flat. Personal income will grow slightly more in Colorado at a rate of 4.3 percent in 2012 and 4.0 percent in 2013.

Retail sales growth in Colorado has continued to be surprisingly robust through the first six months of 2012. Retail trade sales in Colorado have been stronger than the nation, with spending growth distributed amongst most types of items. Notably, spending on building materials and furniture grew more in 2012 than the same period in 2011, likely as a result of increased housing activity. Spending on automobiles continued to grow at a strong pace in the first half of 2012. The only category of durable goods that declined was the sales of electronics and appliances.

Retail trade for the nation will finish 2012 having grown 5.4 percent but will grow just 3.7 percent in 2013. Colorado's retail trade will grow at a similar rate of 6.1 percent in 2012 and will slow to a 3.9 percent increase in 2013.

The housing market is improving and is no longer a drag on growth - continued increased sales and construction activity over the summer has contributed to much needed strengthening in the housing market both nationally and in Colorado. The health of the housing market is a critical factor for economic recovery, and the activity in housing is still well below historical levels.

During the downturn in housing, real estate markets were characterized by tightening lending standards, weak demand for housing, and an alarming decline in home prices which precipitated a large amount of negative equity ("underwater" mortgages) and foreclosures. The collapse of the housing market created large inventories of homes for sale with a shrinking pool of homebuyers. This simultaneous increase in supply and decrease in demand placed sustained downward pressure on prices.

In recent months, historically low interest rates coupled with more attractive reduced home prices, facilitated an increase in the number of home sales. Data from the Colorado Association of Realtors shows home sales in the second quarter of 2012, the most recent quarter for which data is available, rose by 16.0 percent from the same period in 2011. At the national level, preliminary data from the National Association of Realtors showed that existing home sales in July 2012 had risen more than ten percent from the same month in 2011.

Home price appreciation is likely to be modest. Although home prices have risen during the past few months, price increases are expected to be muted over the near term. Much of the recently observed price recovery is mostly due to the re-balancing of supply and demand in the housing market as a large number of buyers were attracted to the market by very low interest rates and market-clearing house prices. The

increased building activity encouraged by higher prices will lead to growth in the supply of homes on the market. This, along with the other factors facing the housing market discussed in this section, will place some downward pressure on appreciation.

Rental vacancies remain very low, making homeownership more attractive and spurring multifamily home construction. During the economic downturn, more households chose to rent rather than make home purchases due to the high level of uncertainty regarding home prices and employment. Additionally, large numbers of mortgage defaults caused many homeowners to rent, and tighter lending standards made homeownership less possible. As a result, the number of vacant rental properties has fallen in Colorado, causing a steady increase in the cost of rent. This has made homeownership more attractive as the cost of buying a home is in many cases more favorable when compared to renting.

Homebuilding activity has increased. As homebuilders see home prices rise, it becomes more attractive to begin construction of new homes, which also has positive ripple effects throughout the economy. Because housing construction is still at very low levels, the economic impacts will not be large. The data illustrates a recent trend of accelerating growth in permit issuance. This trend is stronger in Colorado than the national economy, likely supported by its relatively strong economic prospects and population growth.

Several factors will prevent a more robust housing recovery. While the housing market has begun to rebound both nationally and in Colorado, a booming recovery is not expected. As a primary factor in the health of the housing market, persistently high unemployment will restrain growth as many would-be home buyers will be unwilling or unable to obtain mortgage loans without long-term employment. In addition to sluggish job growth, any consequential rise in interest rates will act as a check on home price appreciation to the extent it makes homeownership less affordable.

Housing permits in Colorado will increase to 17,100 in 2012 and 21,100 in 2013 as builders respond to stabilizing home prices and a greater balance of supply and demand. National residential permits will experience slightly lower growth.

Overall price levels in Colorado and the nation have shown slow growth but are expected to increase. The consumer price index (CPI) measures the change in retail prices for a basket of goods and services. Overall price increases in Colorado have been stronger than the nation's.

The Denver-Boulder-Greeley Consumer Price Index will increase 2.2 percent in 2012 and 3.1 percent in 2013. Much of the increase is being driven by higher rental costs, commodity prices, and food prices. Nationally, consumer prices will increase 2.3 percent in 2012 and 2.9 percent in 2013.

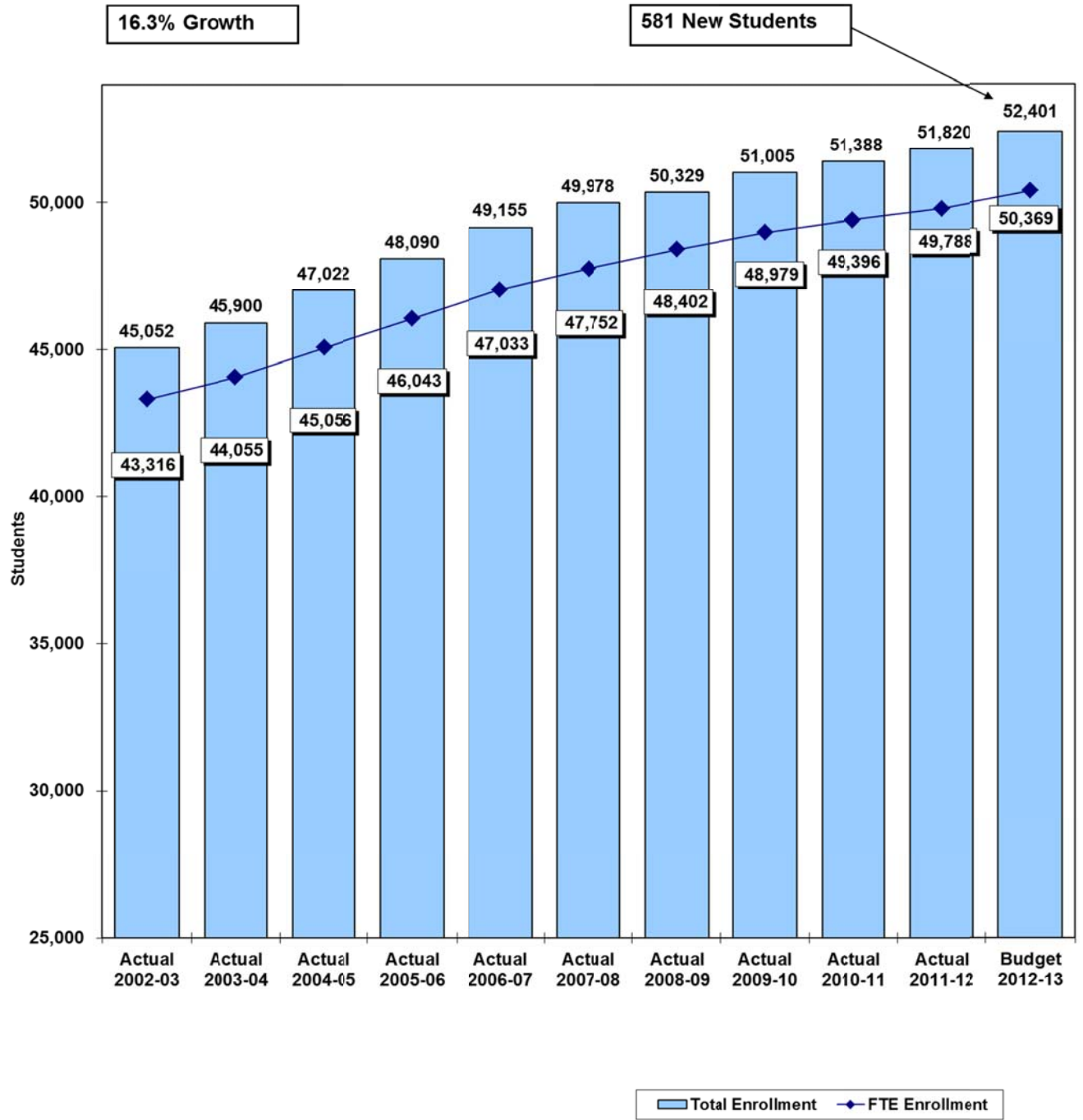
Economic indicators point to a slowdown in economic growth which is likely due in part to slowing in the global economy and heightened uncertainty among businesses and consumers. The modest slowdown is expected to continue into 2013. Nonetheless, there continue to be positives in Colorado's economy. The housing market is beginning to recover along with the nation's. Further, new business formation has picked up and Colorado's entrepreneurial and talented population continues to build a stronger economic foundation.

Several uncertainties and risks remain which make gauging the future performance of the economy especially challenging. The ongoing European economic and financial distress as well as the nation's possible impending federal tax increases and spending cuts are downside risks. Because Colorado has a large concentration of aerospace and defense workers, the State may be impacted more than many other states from federal defense cuts. Higher oil and food prices, which are facing upward pressure due to tensions in the Middle East and the nationwide drought, are also risks.

There is also the potential that the economy will perform better than forecast. A more satisfactory resolution of Europe's challenges and an agreement on federal fiscal issues will reduce uncertainty and help bolster the economy. Further, the Federal Reserve's recent significant shift in policy could boost growth. The policy includes a new open-ended asset buying program and guidance that monetary policy will remain accommodative even after the recovery strengthens. These policies could bolster the economy through raising expectations for growth, thus spurring more economic activity and money circulating in the economy. Also, improvement in the housing market, which traditionally helps economies recover from downturns, is a positive trend that could boost growth more than expected.



**CHERRY CREEK SCHOOLS**  
**Enrollment Growth For Ten Years**



Note: 2012-2013 enrollment numbers are projected.

## Enrollment

District enrollment increased last fall by 432 students to put the District at 51,820 students for the 2011-2012 school year. The breakdown of those students includes 23,431 in elementary schools; 11,706 in middle schools; 15,257 in high schools; 487 in the District's charter school; 870 pre-school students and 69 special program students.

Kindergarten students are counted as a partial student in the State funding formula, therefore, on a Full Time Equivalent Basis (FTE), enrollment increased last fall by 392.2 FTE students to 49,788. While the District continues to be a growing school district, the rate of growth has slowed. Prior to the 2008-2009 school year, enrollment growth in the District was in the range of about 900 students per year. Since the 2008-2009 school year, the average growth is closer to 500 students. Enrollment for the 2012-2013 school year is budgeted to increase by 581 FTE comprised of 350 traditional students and 231 Options Students.

Options is a new program in the District for students in grades K-12 designed to support parents who choose to school their children at home. Parents remain the primary instructional provider, with the District supplementing their efforts. Students participating in the program get limited instruction of about one day per week and receive educational materials from the District. The State funds these students at one half of the State per pupil funding.

The slowed enrollment growth is a result of the economic recession and less new home construction, along with a decrease in migration of population into the District.

## School Financial Issues

The primary revenue sources for the District are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes including voter approved

mill levy budget overrides of \$59.6 million, specific ownership taxes from vehicle registration, and state equalization aid is approximately 95% of the District's General Fund revenues for fiscal year 2011-2012.

Voters approved State Constitutional Amendment 23 in November 2000, which provides for funding per student of at least the Denver-Boulder Consumer Price Index rate plus 1% through the 2010-2011 fiscal year and then at inflation thereafter.

The per pupil funding for the 2011-2012 school year would have been expected to be increased by the Consumer Price Index of the prior year, because of requirements under Amendment 23. However, due to the recession and the lack of available resources at the State level, the State has not been able to fund at that level and has introduced a negative factor into the State funding formula which reduces State per pupil funding. The per pupil funding for the District for fiscal year 2010-2011 was \$6,740 (as adjusted to include funding from the Education Jobs Funds Program and State Fiscal Stabilization Fund – see also page 17). This was reduced by about 5% to \$6,403 for the 2011-2012 fiscal year.

This resulted in reduced funding to the District of approximately \$14.7 million. This reduction in funding along with expenditure increases for the year resulted in an approximate \$25.8 million funding gap. The District implemented a cost and resource management plan to reduce budgeted expenditures by \$14.9 million and authorized the use of up to \$10.9 million in General Fund reserves. Due to positive budget variances and cost containment in both the 2010-2011 and 2011-2012 fiscal years, only approximately \$2.6 million of reserves were needed.

The State did continue to provide partial funding of full day kindergarten for the 2011-2012 school year at an additional .08 FTE for each kindergartener enrolled. The District is continuing to provide full day kindergarten at six schools.

While the State still faces budget constraints, the economy improved during the 2011-2012 fiscal year and the State was able to fund the District at approximately the same per pupil funding for the 2012-2013 fiscal year. However, due to cost increases, the District continues with a funding gap of approximately \$21.7 million for the 2012-2013 fiscal year which is being funded by the use of District reserves. The plan is consistent with the strategic mission and values of the District to address the State funding reductions and to achieve a balanced budget for fiscal year 2012-13. Additional discussion of Economic Factors and Next Year's Budget can be found in the Management's Discussion and Analysis found on pages 50-51.

Recent State economic forecasts indicate an increase in State revenues, although economic growth is expected to remain slow. The September 2012 Economic Forecast prepared by the Governor's Office of State Planning and Budgeting indicate that the fiscal year 2011-2012 had both increased revenues and decreased expenditures from the June 2012 projection which has caused a larger fund balance going into fiscal year 2012-13. Per HB12-1338, revenues above the statutory reserve requirements at the end of fiscal year 2012-13 would be transferred to the State Education Fund.

With the anticipated distribution to the State Education Fund, it may be possible to accommodate inflation and growth in students in fiscal year 2013-14 through the State Education Fund. Funding for the 2013-14 fiscal year generally takes into consideration recent quarterly economic forecasts, primarily the March 2013 economic forecast. The School Finance Act is considered during the 2013 Legislative Session, which convenes in January 2013 and adjourns in May 2013.

The forecast cites very slow growth and momentum gains in the labor force and other sectors in the economy and indicate that the economy is decelerating, however, not projecting a recession. The forecast refers to risks that have the potential to slow growth even further. These risks include European fiscal policy, general slowdowns worldwide, Middle East unrest, and

the upcoming debates over US fiscal policy.

With the ongoing uncertainty with State funding, the District continues to review budget reductions, cost containment measures, and funding reallocations to continue focusing its financial resources on student achievement in the classroom in its long term planning. The Board of Education has also called for a budget election on November 6, 2012, to provide additional funding to the District. See further discussion on page 17.

The District has also taken advantage of provisions under State law that permits the District to secure a letter of credit for a portion of the District Emergency Reserve required by the Taxpayer's Bill of Rights (TABOR). The District has a standby letter of credit for up to \$12.0 million. This arrangement gives the District more flexibility in the event of a fiscal emergency.

Other realities affecting the financial outlook are mandates that are outside of the District's control. The District operates under the financial restrictions of two State constitutional amendments: the Gallagher Amendment and TABOR. The TABOR amendment limits the growth in both revenues and expenditures for the State, local governments, and school districts. The annual percentage increase in revenues and expenditures is limited by TABOR to the total of the inflation rate and the rate of increase in student enrollment. If revenue exceeds this restricted level, the excess must be refunded to the taxpayers.

The assessed property values revisions required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values used to levy taxes for the District, even though actual property values for most residential properties have increased substantially. This Amendment requires that the residential property share of the total assessed value in the State be stabilized at approximately 45% of the total. However, by fixing the residential percentage share of property tax collections, an increasing portion of the taxes levied continues to be shifted to the commercial and nonresidential property owners.

In an effort to equalize per pupil funding across the State, the 1988 School Finance Act shifted the responsibility of setting a district's property tax mill levy rate (per \$1,000 assessed valuation) from the local school boards to the State's General Assembly. The system required districts to first rely on its "local share" funding produced by a district's local tax rate, with the State share back-filling or equalization funding for districts that did not raise enough money locally.

In 1992, TABOR limited school districts from retaining any revenues that exceeded inflation plus student enrollment growth. An amended School Finance Act of 1994 established a new formula requiring districts to impose a mill levy at the same level as the preceding year, unless that particular number of mills generated revenues that exceeded TABOR's growth limits. In school districts with rising property values and growth that outpaced TABOR's restrictions, districts were required to lower their mill levy rates, reducing districts' local revenue share and increasing the amount of State funding. Therefore, if assessed values of property decrease or increases are sufficiently restricted, and the mill levy rates restricted by TABOR cannot be increased, the education funding responsibility will continue to be shifted to the State. Senate Bill 07-199 passed in 2007, discussed later, also affects the mill levy of Colorado school districts.

It is possible that the State may not have sufficient spendable revenue or spending ceiling to meet increased education funding needs each year in the future, since annual increases in State revenue and spending are also limited by the provisions of TABOR. In November 2005, the voters approved Referendum C, which provides a temporary override to the current TABOR revenue formula for the State of Colorado. Referendum C allows the State to keep and spend the revenue it collects under current rates for five years and will establish a new base for the TABOR revenue formula to calculate future years' limits on inflation and population change.

In 2007, Senate Bill 07-199 was put into law, which stabilizes or "freezes" local property tax mill levies for the majority of Colorado public school districts. Although total funding for school districts will continue to grow, keeping pace with inflation and student growth, the relative proportions of State and local funding changed beginning in the 2007-2008 fiscal year. The 174 school districts that have had voter elections to retain revenues beyond the tax limitations of TABOR, had their mill levy rates permanently frozen at their 2006-2007 budget year levels, unless a district's levy exceeded the new levy cap of 27 mills. Those over the 27 mills limit received a mill levy reduction to the cap.

The amount of savings for the State is expected to grow over time from continued tax base appreciation in districts with stabilized tax rates. Over the long term, however, as the local share of basic funding grows and residents' property tax bills rise, some districts may encounter greater cash management challenges and added difficulty garnering voter support for property tax-supported mill levy overrides and bond elections since operating tax rates will no longer steadily decrease as before, which had the effect of creating additional taxing capacity.

Cherry Creek School District and the three other districts in the state that have not had voter elections to retain revenues beyond the tax limitations of TABOR are not impacted by the law change. The Cherry Creek School District has not asked voters to be exempt from TABOR limits because the District has experienced yearly growth and annual spending within TABOR limits. The Cherry Creek School District's mill rate will continue to fluctuate downward with rising property assessment values that are in excess of the TABOR limits.

In addition to the State requirements of the Gallagher and TABOR amendments, the District conducts its operations in compliance with Federal statutes, including those regulating safety in the workplace, access for the disabled, and adequacy of educational services for students with special needs.

## MAJOR INITIATIVES

### Transitional Colorado Assessment Program (TCAP)

The District's schools are accountable for many standards and practices, including achievement for special student subgroups. Most of these achievement indicators focus on student reading, writing, mathematics, and science proficiencies as measured by the mandated State tests at grades 3-10. Prior to the 2011-2012 school year, these tests were known as Colorado Student Assessment Program Tests (CSAP). On CSAP tests, students perform within one of four performance levels: *Advanced* (superior; substantially above grade level expectations), *Proficient* (competent; at to somewhat above grade level expectations), *Partially Proficient* (low; below grade level expectations) or *Unsatisfactory* (substantially below grade level expectations).

The state replaced CSAP with a transitional assessment during the 2011-2012 and 2012-2013 school years, which is called the Transitional Colorado Assessment Program (TCAP). The TCAP will assess, where blueprint flexibility allows, only content that is shared by the Colorado Model Content Standards and the Colorado Academic Standards. The TCAP will provide Colorado with uninterrupted growth data and support districts in transitioning to the Colorado Academic Standards by the 2013-2014 school year.

The District Achievement Goal focuses on performance and growth on the CSAP/TCAP tests. *Proficient* or higher is the target performance range for all students.

The Colorado Department of Education recommends that districts use the 2011-2012 school year to design curriculum based on the Colorado Academic Standards and the 2012-13 school year to begin phasing in the standards-based curriculum. By using the two school years to design and begin implementation of a standards-based curriculum, districts can support a thoughtful standards transition process.

The recommendations are well coordinated with the state's assessment transition plan.

### Cherry Creek Transition to New State Standards

With increasing awareness of the knowledge and skills that students must exhibit in order to thrive in this 21<sup>st</sup> century world, the governors and chief school officers in 48 states have led a reform movement to bring clarity and precision to this thinking by establishing the Common Core Standards in the areas of English Language Arts and Mathematics. While state standards have been in place in the past, this national level work enhances the ability to communicate in a clear manner about students' performance in the context of international benchmarks. Additionally, adoption of these Common Core Standards means that all stakeholders can clearly note expectations for performance per grade level regardless of the home state.

Concurrently, the state of Colorado in its Colorado Achievement Plan for Kids (CAP4K) strategically followed a rigorous process to improve public education by defining and adopting new state standards that reflect an adherence to school readiness, 21<sup>st</sup> century skills, and post-secondary and work force readiness markers.

### Colorado School Performance Framework

The Colorado Department of Education changed the way it evaluates and accredits schools and districts. School Accountability Reports (SARs) which rated schools as Low, Average, High or Excellent, were replaced by the Colorado School Performance Framework (SPF), which is designed to provide teachers, parents, and the state with more meaningful information about how schools are doing.

The change is the result of Senate Bill 163, the Education Accountability Act, passed by the Legislature in 2009. It established four areas in which performance would be measured:

- Achievement (based on how students score on CSAP/TCAP tests)
- Growth (based on students' CSAP/TCAP growth)
- Gaps (based on differences in growth by race and other characteristics)
- College and Workforce Readiness (based on ACT scores, graduation rate, and dropout rate)

A complex point system is used to assign schools to one of four “SPF Plan Categories”: Performance, Improvement, Priority Improvement and Turnaround. One hundred percent of the schools in the District are in the top two plan categories. None of the District’s schools are in the bottom two categories. The District’s new system uses the State’s SPF as the basis for assigning schools to accreditation categories.

Federal “No Child Left Behind” Act

The Elementary and Secondary Education Act (ESEA) was reauthorized in 2001 as the No Child Left Behind (NCLB) Act. The primary focus in NCLB is on closing the pervasive difference in average performance – the “achievement gap” – between specific groups of students. Students who are Native American/Alaskan Native, Asian/Pacific Islander, Black, Hispanic, and White, limited English proficient, economically disadvantaged, and students with handicapping conditions define these eight student groups. Statewide Adequate Yearly Progress (AYP) targets were established for all students, and yearly determinations are made regarding whether each student group achieved the targeted goals. AYP is determined by student performance on the CSAP, along with other indicators, and is calculated separately for reading and math. To meet AYP, all schools and districts in Colorado must meet all target levels in reading and math for the overall group as well as for all eight subgroups (of 30 students or more). Target levels increase through 2014, when 100% of all students are to perform at the state-defined proficient level. Specific sanctions take effect for districts and schools that continue to fail to meet AYP. The District is committed to continue to increase

student achievement with an emphasis on closing the achievement gap.

During the 2011-2012 fiscal year, Colorado earned waivers from the Federal No Child Left Behind law. The waiver now gives Colorado the authority to use the State's accountability system in place of key federal accountability requirements. Colorado's State accountability system will now meet many of the No Child Left Behind requirements, including the requisite to annually determine school and district progress in meeting performance targets.

The Colorado Department of Education aggressively pursued the waiver and the flexibility it offered when the option was first announced by the U.S Department of Education. State officials see the waiver as a solid support to the State's education reform system aimed at getting students college- and career-ready upon graduation. For Colorado, an important aspect of the waiver flexibility was around holding schools accountable for student growth, especially with regard to historically disadvantaged subgroups of students such as English language learners, students with disabilities, and students who are not yet proficient.

In the past, Colorado used two different accountability systems - a State system and a Federal system. With the waiver granted, Colorado will now have one, unified accountability system which will better streamline schools' improvement work and it will be much easier for parents and the public to fully understand.



The State Department of Education plans to exercise its waiver flexibility quickly. Work on implementation planning will begin immediately. However, because Colorado's waiver application was based largely on its existing system, the current State accountability requirements as outlined in Colorado's Educational Accountability Act will remain in effect, with some small changes. Any changes in accountability determinations and sanctions will be in effect for the 2012-13 school year, based on the results of the 2011-12 assessments and the most recent postsecondary and workforce readiness measures. That begins in August 2012 when the federal Adequate Yearly Progress results are no longer calculated and consequences aren't based on those results. Rather, school accountability will be based on the results of Colorado's own accountability system.

#### American Recovery and Reinvestment Act of 2009

The District participated in funding available from the American Recovery and Reinvestment Act (ARRA). The District applied for and received ARRA funding in the amount of \$13.7 million for the 2009-2010 and the 2010-2011 school years for Title I, Part A; Title I, Part D; Title II, Part D and special education funding under IDEA. These funds are awarded to supplement current grant funding.

In addition to that funding, during fiscal year 2010-2011 the District also received \$9.7 million from the Education Job Funds Program, which was part of ARRA. The District also received \$3.7 million one-time Federal funding from ARRA as part of the 2010-2011 School Finance Act funding. As part of the budget balancing plan for the State, school funding was reduced by the amount districts were awarded from the Education Jobs Fund. Both of these Federal funding sources were used to offset teacher salaries that had been budgeted in the General Fund.

In April 2012, the District was awarded an additional \$318,365 from the Education Job Funds Program. This was the final funding released by the Colorado Department of Education relating to the American Recovery and

Reinvestment Act to save or create education jobs. This one time supplemental funding reflected in the Designated Purpose Grants Fund was used to offset teacher salaries that had been budgeted in the General Fund.

#### School Bond Election and School Facilities

Student enrollment growth requires the District to construct new school facilities. Over the last ten years, enrollment has grown by 16.3% or over 7,300 students. Current projections show that enrollment will continue to increase, although at a slower rate than the past few years. Enrollment for the 2012-2013 school year is projected at over 52,400 students.

To meet future student housing needs, community and staff representatives of the District Long Range Facility Planning Committee completed a five year needs assessment, covering 2012 to 2017. The Committee developed and presented facility planning recommendations for the construction of additional school buildings and other capital improvements to the Board of Education for their approval.

On April 16, 2012, the Cherry Creek School District Board of Education unanimously approved a resolution calling for a bond and budget election on November 6, 2012.

The budget election would provide \$25.0 million for operating expenses to:

- Maintain class size in the kindergarten through twelfth grades.
- Provide students with the curriculum and instruction necessary for success in college and the workplace.
- Continue the District's commitment to academic excellence and provide an educational program of the highest quality and standards.
- Utilize technology and computer applications to ensure student success in the 21st century.

The bond election would provide \$125.0 million for long-term costs, including:

- Provide facilities and equipment to increase student learning opportunities in Science, Technology, Engineering, and Math (STEM) focused classrooms.
- Repair, renovations and building additions across the District including modernizing wiring, fire protection, heat and air conditioning systems and plumbing.
- New technology including internet and network equipment.
- Safety and security.

The committee recommended expansions to Grandview and Cherokee Trail high schools, along with STEM focused programming at the remaining high schools instead of building a new high school at an estimated cost of \$125.0 million. Recommendations for renovations and facility upgrades include such items as architectural redesign, electrical, mechanical, and plumbing upgrades for facilities with extensive needs, and enhancement of the learning environment to better meet the needs of students and teachers. Renovations include items such as middle schools that were originally constructed in the 1970's and 1980's with an open classroom concept. Classrooms have since been divided with temporary walls that do not contain electricity or data to support a 21st century education. In addition, every high school will receive a complete review and enhancement of science, technology, engineering and mathematics (STEM) programming. This will allow all current and future students the opportunity to engage in an education that will prepare them for post-secondary and workforce readiness and success in the 21st century.

### Curriculum Overview

The Guaranteed and Viable Curriculum addresses the extent to which a school can “guarantee” that no matter who teaches a given course or a given grade level, certain content will be taught. The curriculum is “viable” in that teachers can adequately address the guaranteed content in the instructional time available to them. The process

of developing the Guaranteed and Viable Curriculum requires the District to determine what standards are essential for students to learn and specifically list what students must know when graduating from Cherry Creek Schools so that they are prepared for success in college or other educational endeavors.

The District is committed to providing a "world class" curriculum for all students. Emphasis is placed on ensuring that every student will be prepared for college or other postsecondary options. District standards, which are based on the Colorado State Standards, describe what students are expected to know and be able to do. The curriculum provides a program of instruction based on and designed to enable students to meet or exceed the Board-adopted standards for student performance. In order to meet the needs of all students, a variety of educational programs and instructional practices are offered. In addition, the curriculum is well-articulated district wide while at the same time flexible enough for individualized instruction.

Elementary School (K-5): The development of literacy and numeracy skills is the primary focus in elementary school. The curriculum also stresses fundamental skills and concept development in science and social studies. Elementary students enhance their education through the arts, physical education, technology and use of media resources.

Middle School (6-8): Middle school builds on the academic fundamentals of the elementary grades, ensuring a strong foundation for student achievement in high school and postsecondary education. Students must master a broad and thorough knowledge base in reading, writing, mathematics, science, history and geography. Students also may participate in enhanced core curriculum programs, including the arts, media skills, world languages, computers, applied technology, physical education, health and consumer and family studies.

High School (9-12): The high-school curriculum ensures students are prepared for college and careers. All students are encouraged to take the academic core classes as defined by ACT and SAT. ACT defines the specific courses listed below as comprising the academic core. SAT defines the core as the 20+ credits below plus a world language.

- English - four or more years
- Mathematics - three or more years (Algebra I & II and Geometry)
- Social Studies - three or more years (US History, World History and US Government, and World Geography are required for admission to the University of Colorado)
- Natural Sciences - three or more years (Physical/Earth Science, Biology, Chemistry, Physics)
- Physical Education/Health – two or more years
- Fine Arts or Career and Technical Education – one and a half years

All students are encouraged to complete the academic core program. Advanced and rigorous curriculum is offered in all high schools through International Baccalaureate, Advanced Placement, and Honors course work.

Guaranteed & Viable Technology (GVT) is a District initiative designed to provide and guarantee adequate and up-to-date technology to be used for instruction by teachers in classrooms. Its primary objective is to provide the tools that transform the teaching and learning experience.

Currently, the District has determined that the baseline of the GVT is to equip every teacher with a tablet mobile computer with high speed connection to the Internet in the classroom. In addition, every instructional classroom will contain a multimedia projector and sound system. Future GVT items will be determined by the Instructional Strategic Planning Team made up of building level technology integration specialists, school and district administrators, and members of Information Systems department.

The GVT presents a change from the past technology model with regards to technology purchases. Moving from a site-based to a centralized system will ensure a common District vision, equity, greater purchasing power, and better technological and improved instructional support.

While the GVT will initially focus on providing a baseline of technology for teachers and their classrooms, its intent is framed around the 21st century learning and National Education Technology Standards. The District is committed to best instructional practices which integrate technology effectively resulting in improved student achievement.

## The Teaching/Learning Cycle

Cherry Creek's Framework for World Class Instruction



*Dedicated to Excellence*  
Cherry Creek Schools

## The Teaching/Learning Cycle

The Cherry Creek School District's mission "To inspire every student to think, to learn, to achieve, to care" is a compelling charge. To fulfill that mission, the District must ensure that all teachers have the knowledge and skill to teach the current and future student population who will be living and working in a global economy. That calls for world-class instruction focused on preparing students for the 21st century and beyond. As a district, we are committed to giving all teachers the tools they need to work effectively with every student so that each child can reach his/her potential.

The Cherry Creek Teaching/Learning Cycle is a cycle with four key components: plan, teach, monitor, and adjust. While these components overlap to a degree, the framework outlines the key ideas within each one separately and links them to specific aspects of the Cherry Creek Teacher Observation Record.

## Excellence in Action

The Cherry Creek School District Performance Plan includes specific action steps, which will help the District accomplish its overarching goals, and enable the District to fulfill its promise to the students, families, and communities of the Cherry Creek School District.

That promise is best stated in the District's vision of "Dedicated to Excellence" and the mission "To inspire every student to think, to learn, to achieve, to care." The District promise is comprised of two overarching goals:

- Excellence & Equity – raising the academic achievement of all students, closing the gap between the highest- and lowest-performing students, and eliminating the predictability of achievement by race.

- College & Post-Secondary Preparedness and Success – preparing students for success in college and other post-secondary options including vocational education, the military, and the workforce.

The District has developed school performance targets for Excellence & Equity and College & Post-Secondary Preparedness and Success that it expects, and supports all schools in accomplishing.

The District Performance Plan is the result of a research-based, community engagement process involving 400 parents, District employees, and community members, who shared their best thinking about the aspects of the school experience that are most critical to student achievement and success.

The Cherry Creek School District community identified two fundamental areas – High Quality Instructional Programs and Supportive Learning Environments – which are essential if the District is to achieve its overarching goals.

High Quality Instructional Programs mean a well-rounded educational program that incorporates critical thinking, technological proficiency, and informational literacy skills for all students. High quality instructional programs require effective teachers, first-rate professional development, and resources aligned to meet the needs of the diverse student population for college and post-secondary preparedness.

Supportive Learning Environments mean every Cherry Creek student is expected to feel safe, respected as a learner, and connected with adult staff and other students in their school. The District must continue its effort to understand and respond to the diversity of the community as effective partnerships are created among students, families, and school staff.

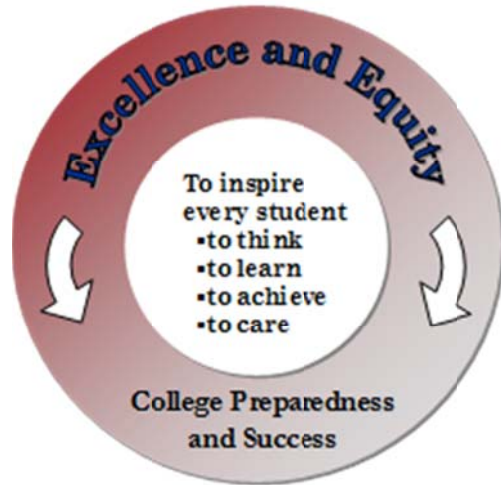
The District developed specific Action Steps in each of those fundamental areas, which are included in the District Performance Plan. This District Performance Plan ensures that all District improvement efforts reflect the Vision, Mission, and Values and support the District's long-term Goals.

Progress toward those goals is demonstrated by increasing the number of schools that meet the District targets for the Key Performance Indicators including Academic Achievement, Academic Growth and College Readiness.

All of these components build on and support one another. Taken together, they form a comprehensive improvement plan that will guide the Cherry Creek School District into the foreseeable future. This plan is based on the District's vision *Dedicated to Excellence*, its mission *To inspire every student to think, to learn, to achieve, to care* and its values:

- Placing the needs and welfare of students above all else.
- Providing safe and caring environments for learning.
- Holding high expectations for the growth and achievement of each student.
- Developing meaningful relationships with students and families.
- Respecting and understanding the diversity of the students and families we serve.
- Engaging students, parents, and community members as partners in the educational process.
- Promoting involvement and empowerment.
- Attracting quality personnel who reflect the diversity of our community, are knowledgeable, and care deeply about young people.
- Demonstrating a strong service orientation to students and parents.
- Encouraging creativity and innovation to attain the vision.
- Improving the organization continuously.

- Fostering a desire for lifelong learning, achievement, and service to others.



## District Strategic Goals and Objectives

### Excellence & Equity

*Excellence goal:* High academic performance and growth for every student.

*Objective:* Every school will meet or exceed District and State targets for academic performance and growth by 2012-13.

Schools can meet these targets by increasing the percent of students who demonstrate sufficient growth to achieve or maintain Proficient or Advanced levels of performance on State assessments.

*Equity goal:* Eliminate differences in academic performance and growth by race.

*Objective:* Every school will meet or exceed District and State targets for academic performance and growth for students of color by 2012-13.

Schools can meet these targets by increasing the percent of students of color who demonstrate sufficient growth to achieve or maintain Proficient or Advanced levels of performance on State assessments.

## College and Post-secondary Preparedness and Success

*College and Post-secondary Preparedness and Success goal:* Every student leaves high school ready for success in college and other post-secondary training.

*Objective:* Every school will meet District and State college readiness targets by 2012-13.

Schools can meet these targets by increasing the percent of students who meet specified benchmarks on CSAP Reading at grade 3 and on Explore and Colorado ACT tests at grades 8 and 11.

*Objective:* Every high school will meet or exceed District and State graduation rate targets by 2012-13.

Schools can meet these targets by increasing the graduation rates for all racial groups.

### **Major Improvement Strategies and Key Action Steps**

*Strategy:* Implement a program of science, technology, engineering, and math in every school by 2012-13.

*Action:* Ensure that every student and teacher has access to and training in the use of technology as an effective tool for teaching, learning, and problem solving.

*Action:* Implement Thinking Maps in all schools across the District.

*Action:* Implement the FOSS Science program at the elementary level.

*Strategy:* Revise curriculum offerings and instructional practices across all levels so that all students are prepared for success in college and other postsecondary training or are “on track” to do so.

*Action:* Align curriculum and programs with state standards and ACT benchmarks District-wide.

*Action:* Offer only courses that allow students to access the curriculum necessary for success in college and post-secondary training.

*Action:* Provide professional development about best practices in using data for instructional planning and monitoring and providing feedback to students.

*Strategy:* Increase teachers’ understanding and utilization of best practices in culturally responsive instruction (CRI).

*Action:* Share examples of culturally responsive lessons.

*Action:* Provide training in different models of CRI.

*Action:* Provide opportunities for all teachers to receive frequent, meaningful, and structured feedback and coaching on their instructional practice.

*Strategy:* Establish strong positive relationships between parents of color and school and District staff (focusing on helping parents to understand the educational system and advocate for their children).

*Action:* Implement an effective Partnership for Academically Successful Students (PASS) in every school.

*Action:* Implement an annual student and parent feedback process focused on the quality of the learning environment in every school.

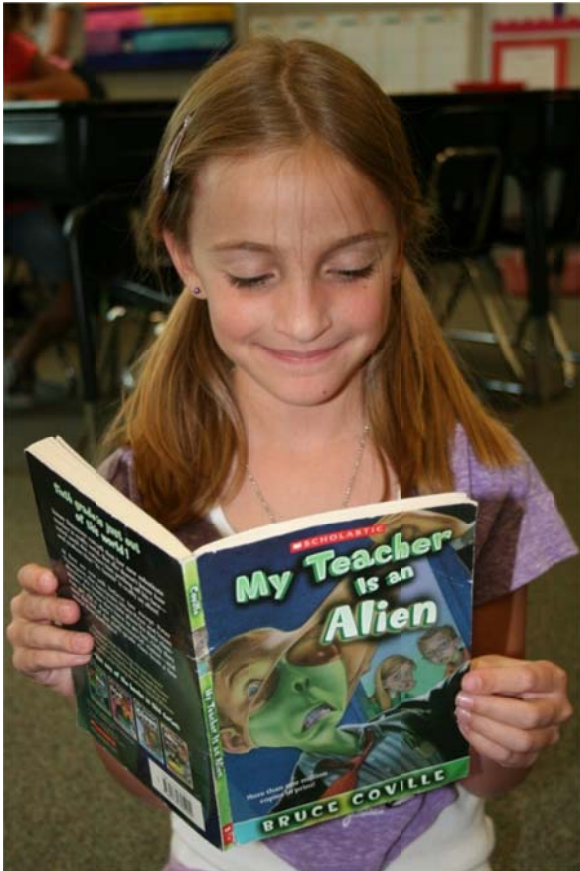
*Action:* Increase the number of African-American and Latino parents and community members on key district committees and groups (e.g. Parents’ Council, Parent Information Network, Leadership Cherry Creek).

*Strategy:* Revise curriculum offerings and instructional practices so that students with disabilities are prepared for success in college and post-secondary training.

*Action:* Train special education teachers to use research-based strategies in reading, writing, and math.

*Action:* Train special education teachers to develop standards-based Individual Education Plan (IEP) goals, monitor student progress, and how to plan to meet those goals.

*Action:* Provide opportunities for students with disabilities to participate in grade level math and language arts classes and receive the support they need to be successful.



## FINANCIAL INFORMATION

District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) and statutory requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit:** As a recipient of federal financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2012, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Budgetary Controls:** The District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. Activities of all funds are included in the District's financial plan. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level.

The District also maintains an encumbrance accounting system to account for commitments for goods and services, which have not yet been provided or rendered. Encumbrances outstanding at year-end are not reported as expenditures in the financial statements for GAAP purposes, but

are reported as assignment of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over. District policy requires recording of an encumbrance as a charge against appropriation in the accounting period in which a purchase order is issued, rather than in the accounting period when the goods or services are received as required by GAAP. These adjustments, as well as others to convert actual expenditures to the budgetary basis of accounting, are reflected in Note 4 - Budgetary Basis of Accounting - Legal Compliance, on pages 74-76.

Budgets for the Governmental Fund Types are adopted on a basis consistent with GAAP except that expenditures for budgetary purposes exclude changes in encumbrances as mentioned above, as well as excluding amounts for salaries and benefits earned but unpaid and the change in the current portion of the compensated absence payable for the General Fund. The budget for the Proprietary (Enterprise) Fund is prepared on a basis consistent with GAAP.

The District's financial plan, adopted in June of the year prior to the budget year, may be amended by the Board of Education or management. Management may amend individual lines within the budget. The Board of Education may revise the budget due to unforeseen circumstances, which did not exist at the time of the original budget adoption, such as emergencies or unanticipated revenues.

Accounting Policies: Detailed descriptions of the District's accounting policies are contained in the Notes to Basic Financial Statements on pages 65-94, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments, and other significant accounting information. No unusual situations or transactions occurred during the 2011-2012 fiscal year related to District accounting policies.

## OTHER INFORMATION

### Independent Audit

Under the provisions of the Colorado statutes, an annual audit of the District's financial statements must be performed by an independent public accounting firm licensed to practice in Colorado. The independent public accounting firm of CliftonLarsonAllen LLP was selected by the District's Audit Committee to perform the audit for the fiscal year ended June 30, 2012. In addition to meeting the requirements of the Colorado statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The Independent Auditor's Report on the basic financial statements, the combining and individual fund statements and schedules, and supplemental information included in the financial section is on pages 33-34 of the Financial Section. The Independent Auditor's Report related specifically to the single audit is included in the Single Audit Reports Section.



## Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement and the Certificate of Excellence, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement and the Certificate of Excellence are valid for a period of one year. The District has received a Certificate of Achievement and a Certificate of Excellence for the last nineteen consecutive fiscal years. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement and Certificate of Excellence programs' requirements and we are submitting it to GFOA and ASBO respectively to determine its eligibility for another certificate.

The Distinguished Budget Presentation award was conferred by GFOA to the District for its fiscal year 2011-2012 budget document. In addition, the ASBO awarded its Meritorious Budget Award to the District for the fiscal year 2011-2012 budget document.

## Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated services of the members of the staff of the Fiscal Services Division, as well as the independent auditors, the members of the Publications Department, and administrative staff. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the members of the Cherry Creek School District Board of Education for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Mary F. Chesley  
Superintendent



Guy G. Bellville  
Chief Financial Officer



CherryCreek  
Schools  
Dedicated to Excellence

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**Cherry Creek School District No. 5**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA  
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

Cherry Creek School  
District No. 5, Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Danison*

President

*Jeffrey R. Enos*

Executive Director

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

List of Elected and Appointed Officials  
as of July 1, 2011

**Elected Officials**

**Board of Education**

District A	Jim O'Brien
District B	Claudine R. McDonald
District C	David Willman
District D	Randy Perlis
District E	Jennifer Churchfield

**Appointed Officials**

**District Leadership Team**

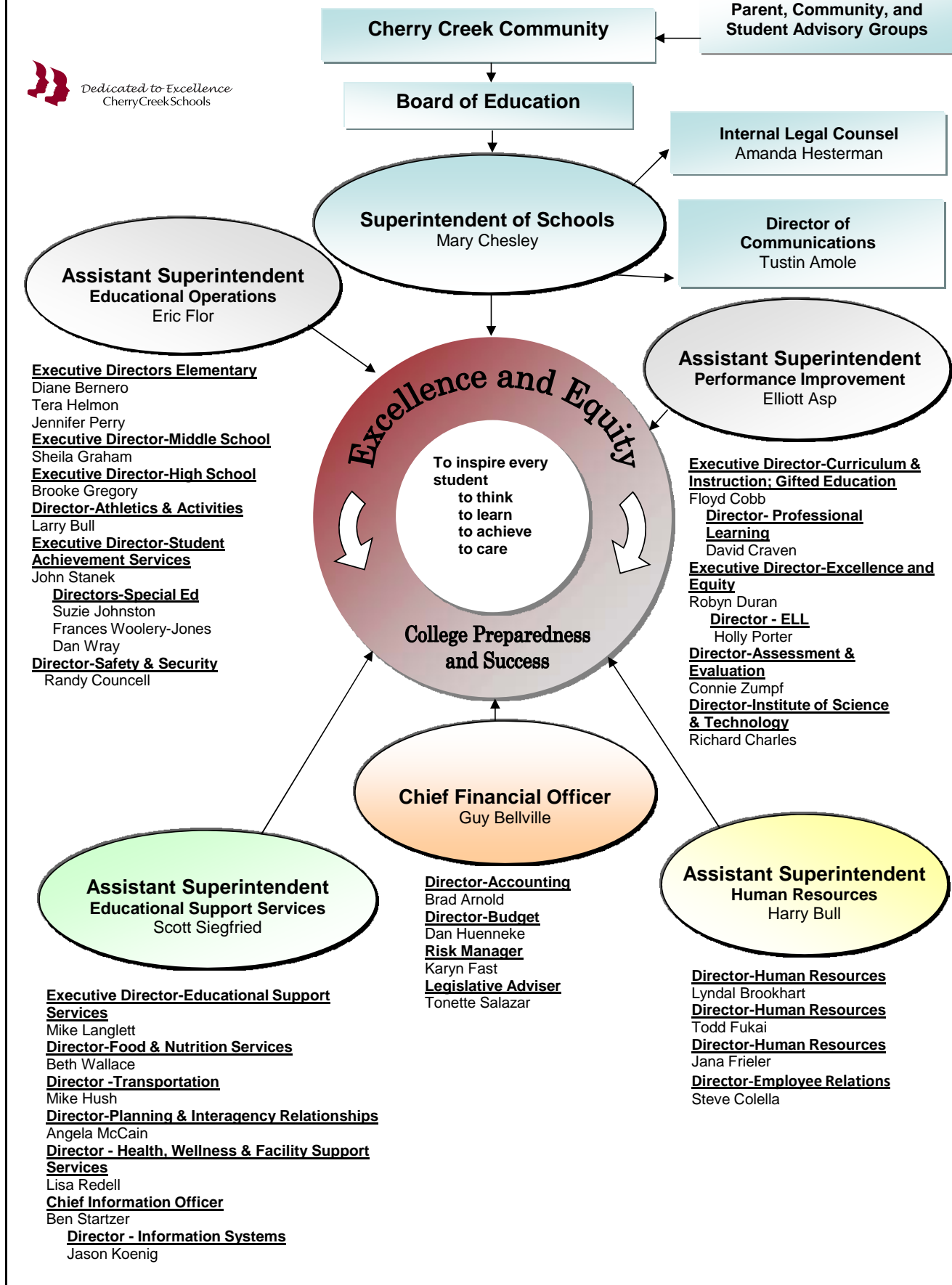
Superintendent	Mary F. Chesley
Assistant Superintendent	Eric Flor
Assistant Superintendent	Dr. Elliott Asp
Assistant Superintendent	Dr. Harry Bull
Assistant Superintendent	Dr. Scott Siegfried
Chief Financial Officer	Guy G. Bellville
Internal Legal Counsel	Amanda Hesterman

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**ADMINISTRATIVE ORGANIZATIONAL CHART**

as of July 1, 2012



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**ADMINISTRATIVE FUNCTIONS  
as of July 1, 2012**

Assistant Superintendent  
Educational Operations  
Eric Flor

Supervision of Schools

**Elementary**

Challenge School  
Cherry Creek Academy  
Elementary School Principals  
Extended Child Services

**Middle School**

Middle School Principals  
Endeavor Academy

**High School**

High School Principals  
North Area Achievement Support  
Endeavor Academy

**Athletics and Activities**

**Career and Technical Education**

**Student Achievement Services**

Colorado Preschool  
District Attendance  
Early Childhood  
Expulsion School  
Foote Detention Center  
Head Start  
Interdisciplinary Teams  
Mental Health  
Out-of-District Placements  
Prevention/Asset Building  
School Nurses

**Security**

Security Teams  
Crisis Response

Assistant Superintendent  
Human Resources  
Harry Bull

Administrative Leadership  
Background Checks  
Benefits-Health Insurance  
Employee Negotiations  
Employee Relations  
Licensure  
NCLB Liaison  
Personnel Investigations  
Post-Employment Certified  
Relations  
Pre-Employment Recruitment  
Student-Teacher Placement  
Substitutes  
Teacher and Administrator  
Recruitment  
Teacher and Classified Evaluations

Assistant Superintendent  
Performance Improvement  
Elliott Asp

Supervision of Departments  
Federal/State Grants

**Curriculum and Instruction**

Content Coordinators  
Reading Recovery®  
New Teacher Orientation  
Institute of Science & Technology

**Gifted & Talented**

**Professional Learning**

Media Services  
On-Line Learning  
STAR Mentor Program

**Excellence and Equity**

AVID  
English Language Acquisition  
Multicultural Services  
Civil Rights Compliance

**Assessment and Evaluation**

Districtwide Testing  
Performance Improvement  
Report

Chief Financial Officer  
Guy Bellville

Elections  
Fiscal Services  
Legislative Liaison

**Accounting**

Accounts Payable  
Accounting/Reporting  
General Fixed Assets  
Investments  
Payroll

**Budget**

Budget Preparation  
Financial Planning/Projections

**Risk Management**

Insurance - Property & Casualty  
Insurance - Workers  
Compensation  
Printing Services  
Purchasing  
Risk Assessment  
Workforce & Facility Safety Programs  
Warehouse/Mail Delivery

Assistant Superintendent  
Educational Support Services  
Scott Siegfried

Supervision of Educational  
Support Services

**Facilities Maintenance**

Construction/Renovation  
Custodial Maintenance  
Facility Planning  
Grounds/Carpentry

**Facility Support**

Utilities/Energy Conservation

**Food and Nutrition Services**

Catering  
Food Services Operations

**Transportation**

**Planning and Interagency**

**Relationships**

Admissions/Records  
Intra/Inter-District Choice  
Interagency Relations  
Planning/Boundaries

**Information Systems**

Business Information Systems  
Data Processing  
Instructional Technology  
Student Information Systems  
Technology Customer Service  
Telecommunications

**Safety**

School Safety Planning  
Safe School Design Team

**Health Services**

School Nurses  
Pandemic Planning

**Prevention/Bully-Prevention**

Positive Behavior Support

**Wellness**

Comprehensive Wellness Strategy  
Physical Wellness  
Psychological Wellness  
Environment Wellness



*Dedicated to Excellence*  
CherryCreekSchools



CherryCreek  
Schools  
Dedicated to Excellence

# Financial Section





## Independent Auditor's Report

Board of Education  
Cherry Creek School District No. 5  
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cherry Creek School District No. 5 as of and for the year ended June 30, 2012, which collectively comprise Cherry Creek School District No. 5's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cherry Creek School District No. 5's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cherry Creek Academy Charter School, which represents 100 percent of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cherry Creek Academy Charter School, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cherry Creek School District No. 5 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2012 on our consideration of Cherry Creek School District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 35 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cherry Creek School District No. 5's basic financial statements. The combining and individual fund financial statements and schedules and Auditor's Electronic Financial Data Integrity Check Figures report listed in the table of contents are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
October 23, 2012

Management's  
Discussion  
and  
Analysis



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Schools  
Dedicated to Excellence

**Management's Discussion and Analysis**  
**Cherry Creek School District No. 5**  
**Arapahoe County, Colorado**  
**June 30, 2012**

As management of the Cherry Creek School District No. 5, Arapahoe County, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 5-25.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$264.1 million (net assets).
- Net assets of the District include \$173.9 million invested in capital assets, net of related debt; net assets of \$60.6 million restricted for debt service payments and required emergency reserves; and an unrestricted net asset balance of \$29.6 million. The unrestricted balance is different than what would be reflected on a governmental fund accounting basis and a budgetary basis. This is due to the accounting treatment in the government-wide statements of accrued salaries and benefits earned but unpaid and compensated absences payable. Under governmental fund accounting, long term compensated absences are not recorded in governmental funds as a liability because they are not payable with current funds. Budgetary fund balance also excludes earned but unpaid salaries and benefits associated with teachers and other employee contracts that will not be paid until the following fiscal year as allowed under Colorado Revised Statutes.
- Business-type activities have unrestricted net assets of \$4.8 million, which may be used to meet the District's ongoing obligations of the enterprise related activities.
- The total net assets of the District increased by \$1.7 million during fiscal year 2011-2012. This increase in net assets on a government-wide basis compares to a decrease in fund balance on a governmental basis. The reconciliation between the two methods is found on page 59. The District spent a majority of the remaining bond proceeds from the 2008 election out of the Capital Projects-Building Fund for renovation projects and completion of a new elementary school. Depreciation expense begins on these projects upon completion which has the effect on the government-wide statements of reducing net assets. While the repayment of bond principal is an expenditure on a governmental basis, those payments reduce long term liabilities on the government-wide statements and do not reduce net assets. The District also refinanced \$49.5 million of Series 2004 bonds at a lower interest rate and a reduction of principal that will save the District's taxpayers over \$4.0 million over the next ten years. This refinancing is reflected as a liability on the government-wide statements and does not increase net assets. The net effect on net assets from capital related activity for the District is approximately break-even. On a government-wide basis the General Fund operations resulted in an increase in net assets while on a governmental basis showed a decrease in fund balance due to differences in the timing of property tax collections and changes in long term compensated absences payable. Nonmajor Governmental Funds also showed an increase in net assets.

- Fund balance of the District's governmental funds decreased by \$24.0 million resulting in an ending fund balance of \$124.1 million. Fund balance decreased under governmental accounting while net assets increased under government-wide accounting primarily due to the treatment of spending the bond proceeds from the Capital Projects – Building Fund and the treatment of principal payments and the issuance of debt in the Debt Service – Bond Redemption Fund. Fund balances decrease as the bond funds are depleted from the Building Fund, while net assets decrease in the government-wide statements based upon the depreciation on the projects which is spread over the life of the asset. Voters approved a \$203.5 million bond issue in November 2008 to repair and renovate 14 elementary schools, two middle schools, and two high schools which were built between 1958 and 1982; upgrades to wiring, fire protection, heating, air conditioning, and plumbing systems at 50 schools and other facilities; and construction of three elementary schools and other facilities. The District completed many of the projects funded by the bond issue during the current fiscal year, decreasing the fund balance by \$25.1 million. Bond principal payments are reflected as expenditure in the Bond Redemption Fund compared to no effect changing net assets on a government-wide basis. The issuance of new debt for the partial refinancing of the Series 2004 Bond Issue is reflected as sale of bonds and the payment of the bond proceeds to an escrow agent to refund the Series 2004 Bonds is reflected as a use of fund balance. The net result is an increase in fund balance of \$3.2 million for Bond Redemption Fund after the collection of property taxes offset by debt payments and the refinancing activity.
- During the current fiscal year, the fund balance in the General Fund decreased by \$2.6 million. This decrease is the net result of less funding by the State and reduced expenditures by the District. Due to the recession and the lack of available resources, the State reduced per pupil funding from \$6,740 in the 2010-2011 fiscal year by about 5% to \$6,403 for the 2011-

2012 fiscal year. This resulted in reduced funding to the District of approximately \$14.7 million. This reduction in funding along with projected expenditure increases for the year resulted in an approximate \$25.8 million funding gap. The District implemented a cost and resource management plan to reduce budgeted expenditures by \$14.9 million and use up to \$10.9 million in General Fund reserves. Due to positive budget variances and cost containment in both the 2010-2011 and 2011-2012 fiscal years, only approximately \$2.6 million of reserves were needed. The District was able to reduce actual expenditures by over \$2.9 million against budget. Total actual revenue received in the General Fund was positive to budgeted revenue by \$1.7 million due to higher than projected property and specific ownership tax collections. The positive expenditure variances include utilities, plant operations, general supplies and teacher salaries. Transportation expenditures were greater than anticipated.

- The District's long-term obligations decreased by \$29.8 million to \$513.7 million, which is primarily the result of the scheduled current year payments on existing debt. The District also refinanced \$49.5 million of Series 2004 bonds at a lower interest rate and a reduction of principal that will save the District's taxpayers over \$4.0 million over the next ten years.



## Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. This document also provides a comparison to the prior year's activity. The basic financial statements presented on pages 53-94 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This comprehensive annual financial report also contains other supplementary information in addition to the basic financial statements themselves.



## Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net assets and the statement of activities.

The statement of net assets presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or most of their costs from user fees and charges (business-type activities). Governmental activities consolidate governmental funds including the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue Funds. Business-type activities include the Food Service Fund.

The District's Capital Finance Corporation, although a legally separate entity, provides services entirely to the District with regard to the issuance of certificates of participation and related transactions. The Corporation has been included as an integral part of the primary government and is included within governmental activities.

The government-wide financial statements can be found on pages 53-55 of this report.

## Fund Financial Statements

Fund financial statements are designed 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 two of the three possible fund types. The fund types presented here are governmental funds and proprietary funds. The District currently does not use fiduciary fund types.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, 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.

Since the governmental funds and the governmental activities reports use the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains eight different governmental funds. The major funds are the General Fund, the Capital Projects - Building Fund, and the Debt Service – Bond Redemption Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled Nonmajor Governmental Funds. Individual fund information for the nonmajor governmental funds is presented as supplemental information elsewhere in this document.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund is included in the basic financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as supplemental information.

The basic governmental fund financial statements can be found on pages 56-60 of this report.

The District maintains one type of proprietary fund. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The fund financial statements of the enterprise fund provide the same information as the government-wide financial statements, only in more detail.

The District's enterprise fund, the Food Services Fund, is listed individually and is considered to be a major fund. The District also adopts an annual appropriated budget for the enterprise fund. The enterprise fund budgetary comparison is reported as other supplemental information.

The basic proprietary fund financial statements are presented on pages 61-63 of this report.

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective starting with the 2010-2011 fiscal year. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.



Special revenue funds are defined as funds used to account for and report the *proceeds of specific revenue sources* that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Funds should be reported as restricted when constraints placed on the use of resources are either: a) externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board should be reported as committed.

Currently the District has four Special Revenue Funds: Designated Purpose Grants Fund, Extended Child Services Fund, Pupil Activities Fund, and the Capital Finance Corporation Fund. The Designated Purpose Grant Fund is considered a restricted fund due to externally imposed restrictions by State and Federal grantors and the Capital Finance Corporation Fund is also considered a restricted fund due to externally imposed restrictions by creditors and their debt covenants. The Extended Child Services Fund and Pupil Activities Fund are classified as Special Revenue funds because the Board of Education committed these funds to specific purposes by Board resolution in June 2011.



Statement 54 defines five components of fund balance: 1) Nonspendable 2) Restricted 3) Committed 4) Assigned 5) Unassigned. Nonspendable fund balance is 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. Restricted fund balance is 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. Committed fund balance is defined as self-imposed limitations set in place by the highest level of decision making powers. Assigned fund balance is defined as amounts that are constrained by the school 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 has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is defined as the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 65-94 of this report.

### **Supplemental Information**

In addition to the basic financial statements and accompanying notes, this report also contains supplemental information concerning the District's non-major governmental funds and schedules required as part of the Colorado Public School Finance Act. Combining and individual fund statements and schedules can be found on pages 96-104 of this report. The additional schedules required as part of the Colorado Public School Finance Act can be found on pages 109-110 of this report.

## Government-Wide Financial Analysis

The assets of the District are classified as current assets and noncurrent assets. Cash, investments, receivables, inventories, and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives about 95% of the annual property tax assessment by the end of June.

Noncurrent assets include deferred charges which include bond issuance costs and capital assets used in the operations of the District. Capital assets are land, improvements, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled Capital Assets and Long-term Debt found elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2012-2013. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2012-2013.

The assets of the primary governmental and business activities exceed liabilities by \$264.1 million. Total net assets of the primary government do not include internal balances.

A net investment of \$173.9 million in land, improvements, buildings, equipment, and vehicles, which provide the services to the District's 51,820 public school students, represents 65.8% of the District's net assets. Net assets of \$47.0 million, accumulated due to voter approved bonded debt mill levy assessments, have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The required emergency reserves have also been restricted.

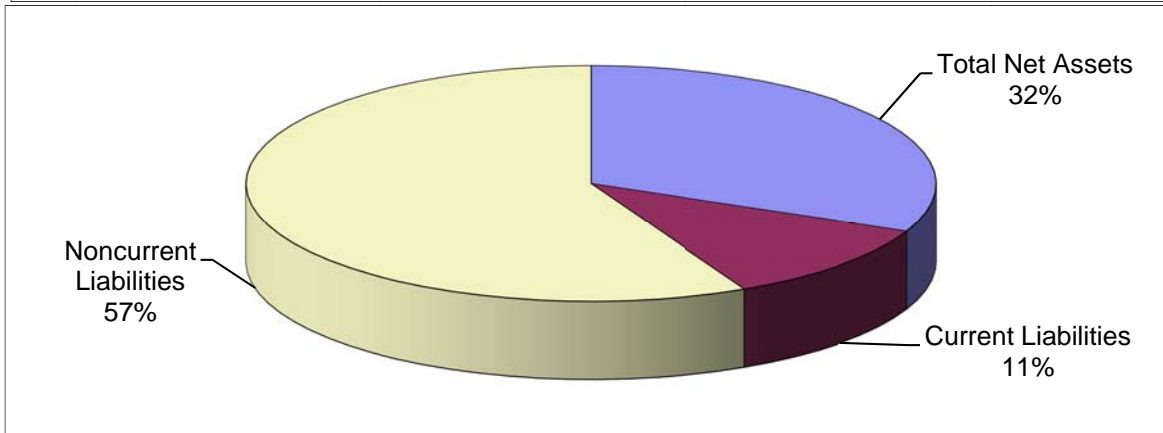
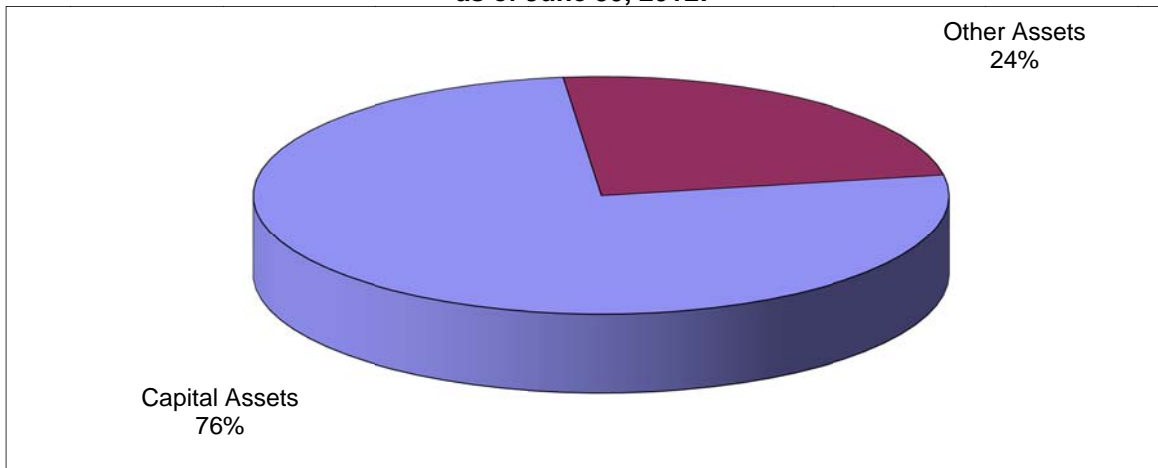
As mentioned earlier, unrestricted net assets are different than what would be reflected on a budgetary basis primarily due to the accounting treatment of accrued salaries and benefits earned but unpaid and compensated absences payable. The \$24.6 million long term portion of compensated absences is recorded as a liability on the government-wide statements, but not on the governmental or budgetary statements because they are not payable with current funds. The \$42.5 million of accrued salaries and benefits as of June 30, 2012 includes \$37.7 million of General Fund earned but unpaid salaries and benefits associated with teacher and other employee contracts for the 2011-2012 school year requiring resources from fiscal year 2012-2013 to liquidate. This practice was first adopted by the Board of Education in 1990 and is allowed under Colorado Revised Statutes.



Cherry Creek School District No. 5  
 Comparative Summary of Net Assets  
 as of June 30, 2012 and 2011  
 (in millions)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>						
Capital assets	\$ 633.1	\$ 638.9	\$ 1.3	\$ 1.1	\$ 634.4	\$ 640.0
Other assets	193.1	217.0	6.9	8.0	200.0	225.0
<b>Total assets</b>	<u>826.2</u>	<u>855.9</u>	<u>8.2</u>	<u>9.1</u>	<u>834.4</u>	<u>865.0</u>
<b>Liabilities:</b>						
Current liabilities	90.3	94.9	1.8	1.8	92.1	96.7
Noncurrent liabilities	478.2	505.9	-	-	478.2	505.9
<b>Total liabilities</b>	<u>568.5</u>	<u>600.8</u>	<u>1.8</u>	<u>1.8</u>	<u>570.3</u>	<u>602.6</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	172.6	175.6	1.3	1.1	173.9	176.7
Restricted	60.3	56.6	0.3	0.2	60.6	56.8
Unrestricted	24.8	22.9	4.8	6.0	29.6	28.9
<b>Total Net assets (restated)</b>	<u>\$ 257.7</u>	<u>\$ 255.1</u>	<u>\$ 6.4</u>	<u>\$ 7.3</u>	<u>\$ 264.1</u>	<u>\$ 262.4</u>

**Government-wide Total Assets as compared to Total Liabilities and Total Net Assets  
 as of June 30, 2012:**

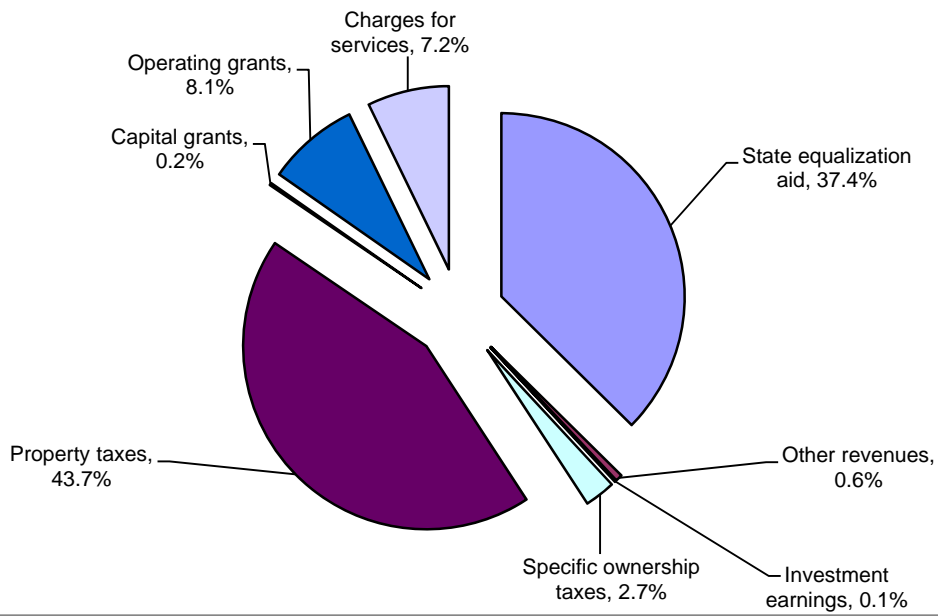


## Government-wide Activities

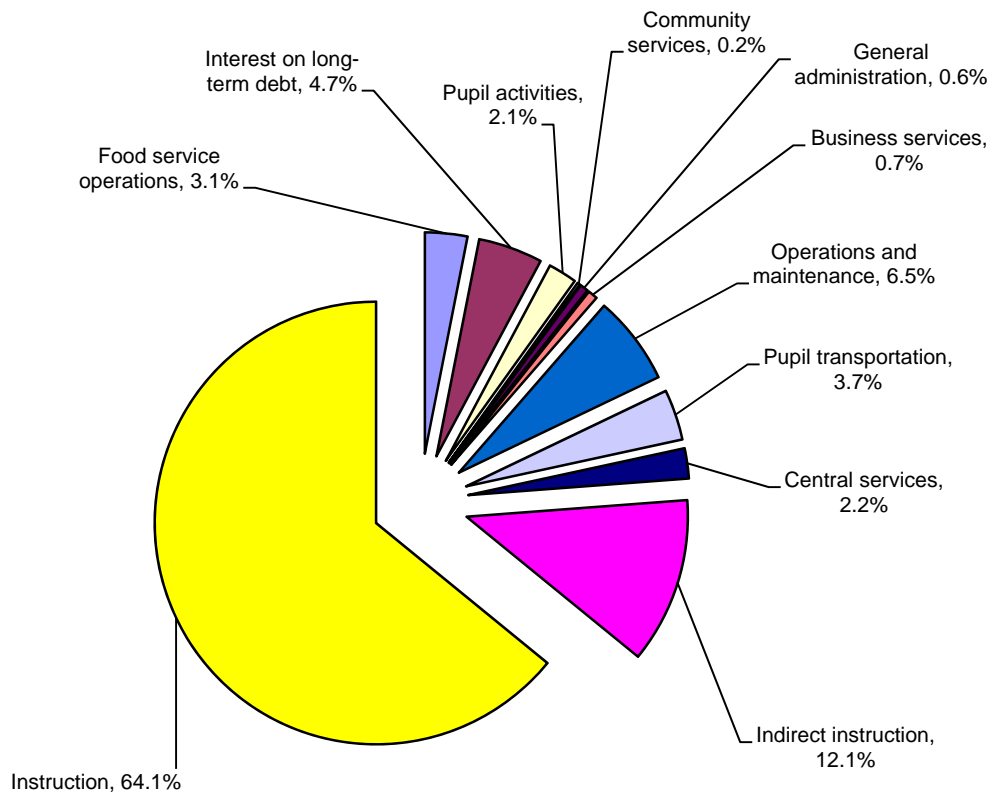
Governmental activities increased the net assets of the District by \$2.6 million accounting for the majority of total increase in the net assets of the District.

Cherry Creek School District No. 5 Comparative Schedule of Changes in Net Assets as of and for the fiscal year ended June 30, 2012 and 2011 (in millions)						
	Governmental		Primary Government		Total	
	Activities		Business-type			
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 30.2	\$ 29.5	\$ 8.0	\$ 8.3	\$ 38.2	\$ 37.8
Operating grants and contributions	35.3	50.9	7.4	7.4	42.7	58.3
Capital grants and contributions	1.2	0.9	-	-	1.2	0.9
<b>General unrestricted revenues</b>						
Property taxes	229.8	229.3	-	-	229.8	229.3
Specific ownership taxes	14.5	14.4	-	-	14.5	14.4
Investment earnings	0.5	0.7	-	-	0.5	0.7
Other revenues	3.2	3.0	-	-	3.2	3.0
State equalization aid	197.3	186.3	-	-	197.3	186.3
<b>Total revenues</b>	<b>512.0</b>	<b>515.0</b>	<b>15.4</b>	<b>15.7</b>	<b>527.4</b>	<b>530.7</b>
<b>Expenses:</b>						
<b>Governmental activities</b>						
Instruction	336.6	344.6	-	-	336.6	344.6
Indirect instruction	63.7	64.7	-	-	63.7	64.7
Supporting services	72.5	71.6	-	-	72.5	71.6
Community services	1.2	1.2	-	-	1.2	1.2
Pupil activities	10.8	10.7	-	-	10.8	10.7
Assets conveyed to other govts	-	2.8	-	-	-	2.8
Interest on long-term debt	24.6	23.1	-	-	24.6	23.1
<b>Business-type activities</b>						
Food services operations	-	-	16.3	15.3	16.3	15.3
<b>Total expenses</b>	<b>509.4</b>	<b>518.7</b>	<b>16.3</b>	<b>15.3</b>	<b>525.7</b>	<b>534.0</b>
Increase in net assets before transfers	2.6	(3.7)	(0.9)	0.4	1.7	(3.3)
Transfers	-	(0.1)	-	0.1	-	-
Changes in net assets	2.6	(3.8)	(0.9)	0.5	1.7	(3.3)
Net assets beginning of year (restated)	255.1	258.9	7.3	6.8	262.4	265.7
Net assets end of year (restated)	<b>\$ 257.7</b>	<b>\$ 255.1</b>	<b>\$ 6.4</b>	<b>\$ 7.3</b>	<b>\$ 264.1</b>	<b>\$ 262.4</b>

## Government-Wide Revenues fiscal year ended June 30, 2012



## Government-Wide Expenses fiscal year ended June 30, 2012



Key elements of the change in net assets for governmental activities are as follows:

- The Colorado Public School Finance Act provides for the majority of the funding of local school districts based on a funded pupil count formula and a maximum property tax mill levy determined for each school district. State equalization aid increased by \$11.0 million during the fiscal year, with property taxes increasing by \$0.5 million during the year. State equalization aid in the prior year was reduced by \$13.4 million, while Operating Grants and Contributions was increased by the same amount. The District was awarded \$9.7 million in a Federal grant from the Education Job Funds Program. This Federal grant was part of the American Recovery and Reinvestment Act to save or create education jobs for the 2010-2011 school year. As part of the budget balancing plan for the State, school funding was reduced by the amount districts were awarded from the Education Jobs Fund. In addition, the State allocated \$3.7 million one-time Federal funding from the American Recovery and Reinvestment Act as part of the 2010-2011 School Finance Act funding. Both of these Federal funding sources were used to offset teacher salaries that had been budgeted in the General Fund. Current year State equalization aid would show a reduction of \$2.4 million (1.2%) if the Federal funding had been reflected as State equalization aid in the prior year.

- Total funding for the District is based upon the State's School Finance Act passed each year by the legislature. The per pupil funding for the 2011-2012 school year would have been expected to be increased by the Consumer Price Index of the prior year, because of requirements under Amendment 23. However, due to the recession and the lack of available resources at the State level, the State has not been able to fund at that level and has introduced a negative factor into the State funding formula which reduces State per pupil funding. The per pupil funding for the District for fiscal year 2010-2011 was \$6,740 (as adjusted to include funding from the Education Jobs Funds Program and State Fiscal Stabilization Fund). This was reduced by about 5% to \$6,403 for the 2011-2012 fiscal year.
- The decrease in per pupil funding resulted in reduced funding to the District of \$14.7 million. This reduction in funding along with expenditure increases for the year resulted in an approximate \$25.8 million funding gap. The District implemented a cost and resource management plan to reduce budgeted expenditures by \$14.9 million and authorized the use of up to \$10.9 million in General Fund reserves. Due to positive budget variances and cost containment in both the 2010-2011 and 2011-2012 fiscal years, only \$2.6 million of reserves were needed.



- The District was awarded an additional \$0.3 million from the Education Job Funds Program during the 2011-2012 fiscal year. This was the final funding released by the Colorado Department of Education relating to the American Recovery and Reinvestment Act to save or create education jobs. This one time supplemental funding is reflected in the Designated Purpose Grants Fund and was used to offset teacher salaries that had been budgeted in the General Fund.
- The State did continue to provide partial funding of full day kindergarten for the 2011-2012 school year at an additional .08 FTE for each kindergartener enrolled. The District is continuing to provide full day kindergarten at six schools.
- Increased enrollment of 392.2 FTE (.8%) had the effect of increased funding in State equalization, based upon the lower per pupil funding described above. This enrollment increase amounts to approximately \$2.5 million in increased funding from the State's School Finance Act.
- The Bond Redemption Fund also had an increase in property taxes in proportion to higher debt payments required this year.
- School financial issues are discussed in more detail in the Letter of Transmittal on pages 12-14.
- Total governmental activities expenses decreased by 1.8%. District's expenses for the instruction and indirect instruction functions decreased by 2.2% for this fiscal year, while support services and other non-instructional functions decreased by 0.3% for this fiscal year. Instructional expenses increased as a result of increased enrollment of .8% and related staffing and direct expenses related to those students, along with employee's retirement cost increases. This increase was offset with the District's cost and resource management plan to reduce budgeted expenditures by \$14.9 million. Expenses in the Designated Purpose Grants Fund also decreased due to fewer funds remaining from the American Recovery and Reinvestment Act funding. Interest

expense increased as a result of scheduled debt payments on bond issues outstanding. In the prior year, the District funded \$2.8 million for capital improvements at the Cherry Creek Academy Charter School, along with \$.7 million contributed by Cherry Creek Academy. This contribution from the District is reflected as a conveyance to Cherry Creek Academy in the prior year.

Business-type activities increased the District's net assets slightly. Key elements of business type activities are as follows:

- The Food Services Fund operated at a loss of approximately \$916,000 and reflects a decrease in net assets as of the end of this fiscal year.



## Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$124.1 million, a decrease of \$24.0 million in comparison with the prior year. As discussed on page 36 expenditures related to the Capital Projects – Building Fund from spending the proceeds of the \$203.5 million bond issue voters approved in November 2008 accounts for a decrease in governmental fund balance of \$25.1 million. The General Fund had a decrease in fund balance of \$2.6 million from the planned use of reserves as the result of reduced State funding. Further discussion is also found on page 36. The Debt Services-Bond Redemption Fund had an increase in fund balance due to requirements of funding the next period debt payments. Nonmajor governmental funds show an increase in fund balance primarily from increases in fund balance reserves in the Pupil Activities and Extended Child Services Funds partially offset by the use of funds in the Capital Reserve Fund

The unassigned fund balance for the District at the end of the fiscal year includes \$6.6 million for the General Fund. The remainder of the fund balance is in other categories to indicate that it is not available for new spending because it is 1) nonspendable for inventories and prepayments, \$2.0 million; 2) restricted for construction, \$22.2 million; restricted to pay debt service, \$47.8 million; restricted cash reserved for the debt payment related to the purchase of buses, \$.9 million; and restricted for emergency reserves, \$13.2 million; 3) committed for next year expenditures and future year commitments, \$21.7 million; committed to specific Extended Child Services activities, \$2.4 million; and committed to Pupil Activity activities, \$4.8 million; and 4) for a variety of other assigned purposes, \$2.7 million.

The Debt Service - Bond Redemption Fund has adequate resources accumulated to make the December 2012 principal and interest payments. The mill levy to accumulate resources for the June 2013 and December 2013 principal and interest payments will be certified in December 2012.

The Capital Projects- Building Fund is used to record the proceeds, interest earnings, and corresponding construction expenditures for voter approved bond issues. This fund holds the remaining funding of the \$203.5 million capital improvement plan approved by voters in November 2008. Funds have been spent during the current year on those projects, resulting in a decrease in fund balance of \$25.1 million.

**Proprietary Fund.** The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activities.



## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget include supplemental budget appropriations approved at Board of Education meetings. The supplemental budget appropriations include certification of the mill rate for taxation purposes for the fiscal year.

The General Fund had a decrease in fund balance of \$2.6 million from the planned use of reserves as the result of reduced State funding. Further discussion is also found on page 36.

The unassigned fund balance for the General Fund at the end of the fiscal year is \$6.6 million for GAAP purposes. However, the current available resources for the General Fund can be computed as follows:

		(in millions)
Fund balance - GAAP basis		\$ 43.0
Plus effect of salaries earned but unpaid		37.7
Less effect of compensated absences payable		(0.8)
Less effect of encumbrances and other adjustments		(0.4)
Total fund balance (budgetary basis)		<u>79.5</u>
Nonspendable for: Prepayments and deposits		(0.1)
Inventory		(1.8)
Restricted for: Emergency reserve		(12.4)
Committed for: Future year expenditures		(21.7)
Assigned for: Other purposes		<u>(0.4)</u>
Unassigned fund balance (budgetary basis)		<u><u>\$ 43.1</u></u>

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total fund expenditures. Actual (budgetary basis) expenditures of the General Fund including

other financing uses amounted to \$410.8 million. Unassigned fund balance (budgetary basis) represents 10.5% of expenditures while total fund balance (budgetary basis) represents 19.4% of budget-based expenditures.



## Capital Assets and Long-term Debt

### Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$634.3 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles, and projects in progress. The total decrease in the District's investment in capital assets for the current fiscal year was \$5.7 million, or a 0.9% decrease. This decrease is the result of greater depreciation expense than capital asset additions during the fiscal year.

Major capital asset events during the current fiscal year included the following:

- Construction continued on various school and administration sites with projects in progress as of the close of the fiscal year at \$20.7 million.
- Major projects included work on the District's newest school, Black Forest Hills Elementary School, along with multiple school and facility renovations.

Cherry Creek School District No. 5 Capital Assets (net of accumulated depreciation) June 30, 2012 and 2011 (in millions)						
	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 19.4	\$ 19.4	\$ -	\$ -	\$ 19.4	\$ 19.4
Improvements	5.3	6.0	-	-	5.3	6.0
Buildings	576.8	590.3	-	-	576.8	590.3
Projects in progress	20.4	12.6	0.3	-	20.7	12.6
Equipment and vehicles	11.1	10.6	1.0	1.1	12.1	11.7
<b>Total capital assets</b>	<b><u>\$ 633.0</u></b>	<b><u>\$ 638.9</u></b>	<b><u>\$ 1.3</u></b>	<b><u>\$ 1.1</u></b>	<b><u>\$ 634.3</u></b>	<b><u>\$ 640.0</u></b>

Additional information on the District's capital assets can be found in Note 6 on pages 80-81, as well as on pages 105-107 of this report.



## Long-term Debt

At June 30, 2012, the District had total bonded debt outstanding of \$480.8 million backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for certificates of participation in the amount of \$1.8 million outstanding at the end of the current fiscal year.

The majority of the decrease in debt is due to the normal schedule of payments on existing debt. Certificates of participation also reflect normal debt payments.

The District also refinanced \$49.5 million of Series 2004 bonds at a lower interest rate and a reduction of principal that will save the District's taxpayers over \$4.0 million over the next ten years.

The District continues to maintain its AA rating from Standard & Poor's Corporation and received an upgrade by Moody's Investors Service from Aa2 to Aa1.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$860.7 million and the legal debt margin was \$442.5 million.

Cherry Creek School District No. 5 General Obligation Bonds and Certificates of Participation June 30, 2012 and 2011 (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 480.8	\$ 508.0	\$ -	\$ -	\$ 480.8	\$ 508.0
Certificates of participation	1.8	2.7	-	-	1.8	2.7
<b>Total</b>	<b>\$ 482.6</b>	<b>\$ 510.7</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 482.6</b>	<b>\$ 510.7</b>

Additional information on the District's long-term obligations can be found in Notes 9 and 10 on pages 83-88 of this report.



## Economic Factors and Next Year's Budget and Rates

The State Constitutional Amendment 23, passed by the voters in November 2000, is meant to provide an increase in per pupil funding by at least inflation plus 1% through the 2010 -2011 fiscal year and then at inflation thereafter. However, the State has not been able to fulfill that commitment the last three years.

- While the State still faces budget constraints, the economy improved during the 2011-2012 fiscal year and the State was able to fund the District at approximately the same per pupil funding for the 2012-2013 fiscal year. However, due to cost increases, the District continues with a funding gap of approximately \$21.7 million for the fiscal year 2012-2013 fiscal year which is being funded by the use of District reserves. The plan is consistent with the strategic mission and values of the District to address the State funding reductions and to achieve a balanced budget for fiscal year 2012-13.
- The District preserved instructional programs for the 2012-2013 fiscal year and is maintaining the staffing ratio at 18.5:1. Funding is provided for K-3 class size with a soft cap of 23:1. Supplemental staffing resources were preserved for targeted achievement.
- Cost containment for the 2012-2013 fiscal year includes no increase in the salary schedules, however, teachers received an experience step increase but no increase for additional education attainment. Other employee groups received a 1% salary increase. Health insurance contributions were maintained at existing levels. The District disbursed a one month premium reimbursement to employees in July 2012 that participate in the District's health insurance plan. The funds for this payment came from the Premium Deposit Account provided for in the various employee group agreements with the District. Costs increases for the Public Employees' Retirement Association continue to impact the District.
- Recent State economic forecasts indicate an increase in State revenues, although economic growth is expected to remain slow. The September 2012 Economic Forecast prepared by the Governor's Office of State Planning and Budgeting indicate that the fiscal year 2011-2012 had both increased revenues and decreased expenditures from the June 2012 projection which has caused a larger fund balance going into fiscal year 2012-2013. Per HB12-1338, revenues above the statutory reserve requirements at the end of fiscal year 2012-2013 would be transferred to the State Education Fund. With the anticipated distribution to the State Education Fund, it may be possible to accommodate inflation and growth in students in fiscal year 2013-2014 through the State Education Fund. Funding for the 2013-2014 fiscal year generally takes into consideration recent quarterly economic forecasts, primarily the March 2013 economic forecast. The School Finance Act is considered during the 2013 Legislative Session, which convenes in January 2013 and adjourns in May 2013.
- With the ongoing uncertainty with State funding the District continues to review budget reductions, cost containment measures, and funding reallocations to continue focusing its financial resources on student achievement in the classroom in its long term planning. The Board of Education has also called for a \$25.0 million budget election on November 6, 2012, to provide additional operational funding to the District along with a \$125.0 million bond election for long-term costs for facilities, equipment and repair and renovations throughout the District.
- The State continues to provide partial funding of full day kindergarten. The State is funding all kindergarten students at a .58 full time equivalent. This additional funding of .08 FTE per kindergarten student has allowed the District to provide full day kindergarten at 6 elementary schools. Originally, the legislature intended to increase this funding level each year to enable school districts to expand full day kindergarten. However, due to the economic downturn and State funding issues, the funding level of .58 will remain for the 2012-2013 school year.

- A funding allowance for all of the additional children (currently expected to be 581.0 FTE) who will be enrolled in our schools this fall will provide an additional \$3.7 million in fiscal year 2012-2013.
- The District has also taken advantage of provisions under State law that permits the District to secure a letter of credit for a portion of the District Emergency Reserve required by the Taxpayer's Bill of Rights (TABOR). The District has a standby letter of credit for up to \$12 million. This arrangement gives the District more flexibility in the event of a fiscal emergency.
- During the fiscal year ended June 30, 2012, unassigned fund balance in the General Fund decreased to \$6.6 million. For the current fiscal year, 2012-2013, the District's Cost and Resource Management Plan projects to utilize \$21.7 million of General Fund reserves to offset the budget shortfall. Through the use of General Fund reserves, instructional programs are preserved from expenditure reductions for the 2012-2013 fiscal year. Future year budgets will be negatively impacted without additional revenue to the District either from State funding or the passage of the budget mill levy election.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Fiscal Services  
Cherry Creek School District No. 5  
4850 South Yosemite Street  
Greenwood Village, Colorado 80111



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**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**STATEMENT OF NET ASSETS**

June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charter School
<b>ASSETS</b>				
Current Assets				
Cash	\$ 7,343,047	\$ 3,126,469	\$ 10,469,516	\$ 1,689,973
Cash held by county treasurer	1,391,489	-	1,391,489	-
Equity in pooled cash	92,951,543	902,222	93,853,765	-
Cash in trust	930,520	-	930,520	-
Investments	22,617,624	2,001,856	24,619,480	423,276
Investments with escrow agent	45,015,782	-	45,015,782	-
Receivables, net				
Property taxes	11,715,905	-	11,715,905	-
Other governments	4,571,494	120,955	4,692,449	-
Other	1,781,651	4,152	1,785,803	3,162
Prepayments and deposits	171,078	-	171,078	2,000
Inventories	1,825,601	757,731	2,583,332	-
Total Current Assets	<u>190,315,734</u>	<u>6,913,385</u>	<u>197,229,119</u>	<u>2,118,411</u>
Noncurrent Assets				
Deferred charges	2,826,123	-	2,826,123	115,774
Capital Assets				
Land	19,395,747	-	19,395,747	744,711
Improvements	23,209,007	-	23,209,007	540,653
Buildings	826,789,092	-	826,789,092	6,483,825
Equipment and vehicles	70,523,450	4,218,045	74,741,495	53,948
Projects in progress	20,398,295	302,591	20,700,886	-
Less accumulated depreciation	(327,275,407)	(3,227,024)	(330,502,431)	(1,106,968)
Total Noncurrent Assets	<u>635,866,307</u>	<u>1,293,612</u>	<u>637,159,919</u>	<u>6,831,943</u>
Total Assets	<u>826,182,041</u>	<u>8,206,997</u>	<u>834,389,038</u>	<u>8,950,354</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts and other current payables	8,738,702	361,477	9,100,179	165,323
Accrued interest payable	868,302	-	868,302	36,634
Accrued salaries and benefits	41,605,024	853,724	42,458,748	194,566
Unearned revenues	3,549,179	348,680	3,897,859	38,041
General obligation bonds	27,125,000	-	27,125,000	130,000
Certificates of participation	1,815,000	-	1,815,000	-
Compensated absences payable	6,584,772	225,716	6,810,488	-
Total Current Liabilities	<u>90,285,979</u>	<u>1,789,597</u>	<u>92,075,576</u>	<u>564,564</u>
Noncurrent Liabilities				
General obligation bonds	453,637,159	-	453,637,159	3,193,498
Compensated absences payable	24,577,015	-	24,577,015	-
Total Noncurrent Liabilities	<u>478,214,174</u>	<u>-</u>	<u>478,214,174</u>	<u>3,193,498</u>
Total Liabilities	<u>568,500,153</u>	<u>1,789,597</u>	<u>570,289,750</u>	<u>3,758,062</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	172,640,583	1,293,612	173,934,195	3,392,671
Restricted for:				
Debt service	46,960,062	-	46,960,062	333,094
Emergency reserve	13,244,000	274,000	13,518,000	97,605
Working capital	-	-	-	166,095
Repair and replacement	-	-	-	50,014
Unrestricted	24,837,243	4,849,788	29,687,031	1,152,813
Total Net Assets	<u>\$ 257,681,888</u>	<u>\$ 6,417,400</u>	<u>\$ 264,099,288</u>	<u>\$ 5,192,292</u>

See accompanying notes to basic financial statements.

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction	\$ 336,630,175	\$ 17,887,323	\$ 26,899,607	\$ 1,212,331
Indirect instruction	63,738,175	296,481	4,246,621	-
Support services				
General administration	3,226,398	-	-	-
Business services	3,773,499	172,925	-	-
Operations and maintenance	34,177,502	218,024	-	-
Pupil transportation	19,693,624	125,958	3,893,457	-
Central services	11,533,499	-	-	-
Community services	1,202,570	520,910	298,814	-
Pupil activities	10,807,898	11,002,470	-	-
Interest on long-term debt, unallocated	24,622,384	-	-	-
Total governmental activities	<u>509,405,724</u>	<u>30,224,091</u>	<u>35,338,499</u>	<u>1,212,331</u>
<b>Business-type activities:</b>				
Food services operations	16,270,439	7,975,985	7,376,254	-
Total business-type activities	<u>16,270,439</u>	<u>7,975,985</u>	<u>7,376,254</u>	<u>-</u>
Total primary government	<u>\$ 525,676,163</u>	<u>\$ 38,200,076</u>	<u>\$ 42,714,753</u>	<u>\$ 1,212,331</u>
Component unit - Charter School	<u>\$ 3,146,669</u>	<u>\$ 137,652</u>	<u>\$ 83,142</u>	<u>\$ -</u>

**General unrestricted revenues**

Taxes:

    Property taxes

    Specific ownership taxes

Investment earnings

Other revenues

State equalization aid

    Total general unrestricted revenues

Changes in net assets

Net assets, Beginning (restated)

Net assets, Ending

See accompanying notes to basic financial statements.

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charter School
\$ (290,630,914)	\$ -	\$ (290,630,914)	\$ (1,920,258)
(59,195,073)	-	(59,195,073)	-
(3,226,398)	-	(3,226,398)	(862,741)
(3,600,574)	-	(3,600,574)	-
(33,959,478)	-	(33,959,478)	-
(15,674,209)	-	(15,674,209)	-
(11,533,499)	-	(11,533,499)	-
(382,846)	-	(382,846)	-
194,572	-	194,572	-
(24,622,384)	-	(24,622,384)	(142,876)
(442,630,803)	-	(442,630,803)	(2,925,875)
-	(918,200)	(918,200)	-
-	(918,200)	(918,200)	-
(442,630,803)	(918,200)	(443,549,003)	-
-	-	-	(2,925,875)
229,771,527	-	229,771,527	-
14,509,101	-	14,509,101	-
440,924	2,015	442,939	14,299
3,179,402	-	3,179,402	39,413
197,308,106	-	197,308,106	2,982,325
445,209,060	2,015	445,211,075	3,036,037
2,578,257	(916,185)	1,662,072	110,162
255,103,631	7,333,585	262,437,216	5,082,130
<u>\$ 257,681,888</u>	<u>\$ 6,417,400</u>	<u>\$ 264,099,288</u>	<u>\$ 5,192,292</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012**

	<b>General Fund</b>	<b>Debt Service - Bond Redemption Fund</b>	<b>Capital Projects - Building Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash	\$ 20,850	\$ -	\$ -	\$ 7,322,197	\$ 7,343,047
Cash held by county treasurer	1,322,514	68,975	-	-	1,391,489
Equity in pooled cash	78,901,821	1,903,395	10,285,385	1,860,942	92,951,543
Cash in trust	-	-	-	930,520	930,520
Investments	5,426,726	-	14,224,106	2,966,792	22,617,624
Investments - escrow agent	-	45,015,782	-	-	45,015,782
Receivables, net					
Property taxes	10,549,995	1,165,910	-	-	11,715,905
Other governments	-	-	-	4,571,494	4,571,494
Other	1,049,008	22,692	703,105	6,846	1,781,651
Interfund receivables	23,660	-	-	-	23,660
Prepayments and deposits	137,553	-	-	33,525	171,078
Inventories	1,825,601	-	-	-	1,825,601
<b>Total Assets</b>	<b>\$ 99,257,728</b>	<b>\$ 48,176,754</b>	<b>\$ 25,212,596</b>	<b>\$ 17,692,316</b>	<b>\$ 190,339,394</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 4,793,176	\$ -	\$ 3,035,038	\$ 366,051	\$ 8,194,265
Other payables	544,437	-	-	-	544,437
Interfund payables	-	-	-	23,660	23,660
Accrued salaries and benefits	39,105,872	-	-	2,499,152	41,605,024
Deferred revenues	7,894,305	348,390	-	3,549,179	11,791,874
Compensated absences	3,908,814	-	-	125,958	4,034,772
<b>Total Liabilities</b>	<b>56,246,604</b>	<b>348,390</b>	<b>3,035,038</b>	<b>6,564,000</b>	<b>66,194,032</b>
<b>Fund balances</b>					
<b>Nonspendable for:</b>					
Prepayments and deposits	137,553	-	-	33,525	171,078
Inventories	1,825,601	-	-	-	1,825,601
<b>Restricted for:</b>					
Construction	-	-	22,177,558	-	22,177,558
Debt service	-	47,828,364	-	-	47,828,364
Sinking fund cash	-	-	-	914,392	914,392
Emergency Reserve	12,398,000	-	-	846,000	13,244,000
<b>Committed for:</b>					
Future year expenditures	21,660,000	-	-	-	21,660,000
Extended Child Services Fund activities	-	-	-	2,401,347	2,401,347
Pupil Activities Fund activities	-	-	-	4,861,403	4,861,403
<b>Assigned for:</b>					
Other purposes	370,243	-	-	-	370,243
Future year transfers	-	-	-	1,499,254	1,499,254
Capital Reserve Fund activities	-	-	-	572,395	572,395
Unassigned	6,619,727	-	-	-	6,619,727
<b>Total Fund balances</b>	<b>43,011,124</b>	<b>47,828,364</b>	<b>22,177,558</b>	<b>11,128,316</b>	<b>124,145,362</b>
<b>Total Liabilities and Fund balances</b>	<b>\$ 99,257,728</b>	<b>\$ 48,176,754</b>	<b>\$ 25,212,596</b>	<b>\$ 17,692,316</b>	<b>\$ 190,339,394</b>

See accompanying notes to basic financial statements.

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

June 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds		\$ 124,145,362
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 960,315,591	
Accumulated depreciation is	<u>(327,275,407)</u>	633,040,184
Deferred property taxes will be collected this year, but are not available to pay for the current period's expenditure, and therefore are not recorded as revenue in the funds.		8,242,695
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds payable	480,762,159	
Certificates of participation	1,815,000	
Compensated absences payable	<u>27,127,015</u>	(509,704,174)
Deferred charges from bond issuance costs were amortized in the governmental activities, but were recognized in full in the governmental funds.		2,826,123
Accrued interest payable was recognized for governmental activities, but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		<u>(868,302)</u>
Total net assets - governmental activities		<u><u>\$ 257,681,888</u></u>

*See accompanying notes to basic financial statements.*

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For The Year Ended June 30, 2012

	<b>General Fund</b>	<b>Debt Service - Bond Redemption Fund</b>	<b>Capital Projects - Building Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 174,898,550	\$ 53,324,553	\$ -	\$ -	\$ 228,223,103
Specific ownership taxes	14,509,101	-	-	-	14,509,101
Intergovernmental					
Federal - grants	-	-	-	18,648,653	18,648,653
Other federal	1,572,491	-	-	-	1,572,491
State - grants	-	-	-	351,072	351,072
State equalization aid	197,308,106	-	-	-	197,308,106
State transportation	3,893,457	-	-	-	3,893,457
State education of handicapped	8,756,893	-	-	-	8,756,893
State vocational education	1,999,301	-	-	-	1,999,301
Other state	903,765	-	-	-	903,765
Earnings on investments	286,827	29,397	72,969	51,731	440,924
Other					
Tuition	599,156	-	-	15,543,802	16,142,958
Fees and fines	1,218,083	-	-	-	1,218,083
Pupil activities	-	-	-	11,002,470	11,002,470
Donations	-	-	-	1,997,689	1,997,689
Miscellaneous	3,441,891	-	-	25,600	3,467,491
Total revenues	<u>409,387,621</u>	<u>53,353,950</u>	<u>72,969</u>	<u>47,621,017</u>	<u>510,435,557</u>
<b>EXPENDITURES</b>					
Current					
Instruction	281,329,868	-	-	29,163,175	310,493,043
Indirect instructional					
Pupil services	24,502,638	-	-	4,246,621	28,749,259
Instructional staff services	13,171,119	-	-	-	13,171,119
School administration	21,789,567	-	-	-	21,789,567
Support services					
General administration	3,175,239	-	-	-	3,175,239
Business services	3,373,804	-	-	259,742	3,633,546
Operations and maintenance	32,933,622	-	-	-	32,933,622
Pupil transportation	18,380,112	-	-	-	18,380,112
Central services	11,355,195	-	-	-	11,355,195
Community services	485,540	-	-	642,729	1,128,269
Pupil activities	-	-	-	10,807,898	10,807,898
Non-departmental	438,055	-	-	-	438,055
Capital outlay	304,492	-	23,290,738	1,797,931	25,393,161
Debt service					
Principal	-	30,455,000	-	885,000	31,340,000
Interest and fiscal charges	-	21,713,242	-	108,008	21,821,250
Total expenditures	<u>411,239,251</u>	<u>52,168,242</u>	<u>23,290,738</u>	<u>47,911,104</u>	<u>534,609,335</u>
Excess of revenues over (under) expenditures	<u>(1,851,630)</u>	<u>1,185,708</u>	<u>(23,217,769)</u>	<u>(290,087)</u>	<u>(24,173,778)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,234,091	1,897,183	-	2,032,299	5,163,573
Transfers out	(2,000,004)	-	(1,897,183)	(1,266,386)	(5,163,573)
Sale of bonds	-	48,855,000	-	-	48,855,000
Premium on bonds	-	4,870,000	-	-	4,870,000
Bond refunding escrow agent	-	(53,567,932)	-	-	(53,567,932)
Total other financing sources (uses)	<u>(765,913)</u>	<u>2,054,251</u>	<u>(1,897,183)</u>	<u>765,913</u>	<u>157,068</u>
Net change in fund balances	(2,617,543)	3,239,959	(25,114,952)	475,826	(24,016,710)
Fund balances, Beginning	45,628,667	44,588,405	47,292,510	10,652,490	148,162,072
Fund balances, Ending	<u>\$ 43,011,124</u>	<u>\$ 47,828,364</u>	<u>\$ 22,177,558</u>	<u>\$ 11,128,316</u>	<u>\$ 124,145,362</u>

See accompanying notes to basic financial statements.

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

Total net change in fund balances - governmental funds	\$ (24,016,710)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlay	\$ 18,017,605	
Depreciation expense	<u>(23,928,463)</u>	(5,910,858)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. They are, however, recorded as revenues in the statement of activities.

8,242,695

Deferred property taxes of the prior year received in the current year are recognized in the prior year statement of activities and in the current year fund statements.

(6,694,271)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - changes in long-term compensated absences payable.

2,799,556

Repayment of bond and certificates of participation principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

80,825,000

Governmental funds report the issuance of debt, including premiums, as an other financing source. In the governmental activities, however, the issuance of debt is reflected as a liability instead.

(53,725,000)

Premiums, discounts and deferred charges are amortized in the governmental activities, but are recognized as expenditures in the governmental funds.

957,815

Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and therefore, not reported as a liability in the governmental funds. The change in the liability is recognized in the statement of activities.

100,030

Total change in net assets - governmental activities	<u><u>\$ 2,578,257</u></u>
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*See accompanying notes to basic financial statements.*

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**GENERAL FUND**

For The Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 179,721,813	\$ 173,542,032	\$ 174,898,550	\$ 1,356,518
Specific ownership taxes	14,529,100	14,049,200	14,509,101	459,901
Intergovernmental - State				
State equalization aid	186,927,289	197,391,337	197,308,106	(83,231)
Transportation	3,935,800	3,804,688	3,893,457	88,769
Education of handicapped	8,427,000	8,712,271	8,756,893	44,622
Vocational education	1,715,900	1,999,301	1,999,301	-
Other state	959,150	914,576	903,765	(10,811)
Intergovernmental - Federal	1,572,500	1,572,491	1,572,491	-
Earnings on investments	350,200	329,761	286,827	(42,934)
Other				
Tuition	778,023	655,293	599,156	(56,137)
Fees and fines	989,300	1,093,654	1,218,083	124,429
Miscellaneous	2,879,550	3,062,393	2,941,210	(121,183)
Total revenues	<u>402,785,625</u>	<u>407,126,997</u>	<u>408,886,940</u>	<u>1,759,943</u>
<b>EXPENDITURES</b>				
Current				
Instruction	280,975,559	282,772,158	278,989,972	3,782,186
Indirect instructional				
Pupil services	24,026,344	24,532,811	24,355,110	177,701
Instructional staff services	15,072,076	13,368,352	13,194,370	173,982
School administration	23,960,307	22,350,191	21,677,248	672,943
Support services				
General administration	3,033,230	3,332,167	3,191,419	140,748
Business services	2,932,904	3,443,617	3,374,259	69,358
Operations and maintenance	33,280,328	33,598,034	32,949,931	648,103
Pupil transportation	15,220,268	15,557,918	18,399,386	(2,841,468)
Central services	11,998,920	11,475,562	11,399,359	76,203
Community services	304,465	483,287	480,627	2,660
County treasury fees	455,000	455,000	438,055	16,945
Facilities construction services	338,651	309,451	304,492	4,959
Total expenditures	<u>411,598,052</u>	<u>411,678,548</u>	<u>408,754,228</u>	<u>2,924,320</u>
Excess of revenues over expenditures	(8,812,427)	(4,551,551)	132,712	4,684,263
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,665,320	1,355,320	1,234,091	(121,229)
Transfers out	(2,080,500)	(2,000,004)	(2,000,004)	-
Total other financing sources (uses)	<u>(415,180)</u>	<u>(644,684)</u>	<u>(765,913)</u>	<u>(121,229)</u>
Net change in fund balance	(9,227,607)	(5,196,235)	(633,201)	4,563,034
Fund balance (Budgetary Basis), Beginning	75,642,789	80,094,279	80,094,279	-
Fund balance (Budgetary Basis), Ending	<u>\$ 66,415,182</u>	<u>\$ 74,898,044</u>	79,461,078	<u>\$ 4,563,034</u>
Less effect of salaries earned but unpaid			(37,659,242)	
Plus effect of compensated absences payable			810,402	
Plus effect of encumbrances and other adjustments			398,886	
Fund Balance (GAAP Basis), Ending			<u>\$ 43,011,124</u>	

See accompanying notes to basic financial statements.

CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2012

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Food Services Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 3,126,469
Equity in pooled cash	902,222
Investments	2,001,856
Receivables, net	
Other governments	120,955
Other	4,152
Inventories	<u>757,731</u>
Total Current Assets	6,913,385
Capital Assets	
Equipment, net of accumulated depreciation	<u>1,293,612</u>
Total Assets	<u>\$ 8,206,997</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 361,477
Accrued salaries and benefits	853,724
Unearned revenue	348,680
Compensated absences payable	<u>225,716</u>
Total Current Liabilities	<u>1,789,597</u>
<b>NET ASSETS</b>	
Invested in capital assets	1,293,612
Restricted for Emergency Reserve	274,000
Unrestricted	<u>4,849,788</u>
Total Net Assets	<u>\$ 6,417,400</u>

See accompanying notes to basic financial statements.

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**STATEMENT OF REVENUES, EXPENSES**

**AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND**

For The Year Ended June 30, 2012

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Food Services Fund</b>
<b>OPERATING REVENUES</b>	
Food sales - school meals	\$ 7,785,135
Other	<u>190,850</u>
Total operating revenues	<u>7,975,985</u>
<b>OPERATING EXPENSES</b>	
Purchases	6,429,357
Salaries and benefits	6,908,541
Donated commodities	1,004,399
Depreciation	176,709
Utilities	506,523
Workers' compensation insurance	97,288
Indirect costs	869,350
Other	<u>278,272</u>
Total operating expenses	<u>16,270,439</u>
Operating (loss)	<u>(8,294,454)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal aid	
Breakfast reimbursement	1,059,427
Lunch reimbursement	5,087,092
USDA commodity contribution	1,004,399
State aid	225,336
Earnings on investments	<u>2,015</u>
Total nonoperating revenues	<u>7,378,269</u>
Change in net assets	(916,185)
Total net assets, Beginning	<u>7,333,585</u>
Total net assets, Ending	<u>\$ 6,417,400</u>

See accompanying notes to basic financial statements.

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

For The Year Ended June 30, 2012

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Food Services Fund</b>
<b>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES</b>	
Receipts from sales	\$ 7,685,617
Payments to vendors	(6,162,919)
Payments to employees	(6,562,061)
Other operating revenues	190,850
Other operating expenses	(1,750,304)
Net cash (used for) operating activities	<u>(6,598,817)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grants received	6,396,566
Transfers in	-
Net cash provided from noncapital financing activities	<u>6,396,566</u>
<b>CASH FLOWS (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(357,024)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>712</u>
Net cash from investing activities	<u>712</u>
Net decrease in cash and cash equivalents	(558,563)
Cash and cash equivalents, Beginning	<u>4,587,255</u>
Cash and cash equivalents, Ending	<u>\$ 4,028,691</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (8,294,454)
Adjustments to reconcile operating (loss) to net cash from (used for) operating activities:	
Depreciation	176,709
Donated food	1,004,399
(Increase) decrease in receivables	1,165
(Increase) decrease in inventories	506,328
(Increase) decrease in prepaids	1,129
Increase (decrease) in accounts payable and accruals	(239,890)
Increase (decrease) in accrued salaries/benefits	346,480
Increase (decrease) in deferred revenue	(100,683)
Total adjustments	<u>1,695,637</u>
Net cash (used for) operating activities	<u>\$ (6,598,817)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Donated food commodities	\$ 1,004,399

*See accompanying notes to basic financial statements.*



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Notes to  
Basic  
Financial  
Statements



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## Notes to Basic Financial Statements

Cherry Creek School District No. 5

Arapahoe County, Colorado

June 30, 2012

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cherry Creek School District No. 5 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. In addition, the District conforms to the (Colorado) Financial Policies and Procedures Handbook in all material aspects as required by Colorado statutes. The following is a summary of the more significant accounting policies:

#### A) Financial Reporting Entity

Cherry Creek School District No. 5 is a political subdivision and body corporate of the State of Colorado duly organized and existing in accordance with the provisions of the School District Reorganization Act of 1949. The District began as a corporate body on August 26, 1950. The District operates under a five-member publicly elected board of education. The District includes 108 square miles and operates thirty-nine elementary schools, ten middle schools, six high schools, two K-8 schools (the Challenge School and Cherry Creek Academy Charter School, a discretely presented component unit), four alternative school programs (Endeavor Academy, Foote Youth Services Center, Intensive Treatment Program, and The I-Team Program), Institute of Science and Technology, two stadiums, three central administrative facilities, and seven support facilities providing educational services to almost 52,000 students.

Cherry Creek School District No. 5 meets the financial accountability criteria established by the Governmental Accounting Standards Board to be considered a governmental entity for financial reporting purposes. As required by generally accepted accounting principles, these financial statements present Cherry Creek School District No. 5 (the Primary Government) and its component units. Component units are legally separate organizations that are financially accountable to the primary government. The component units discussed in Notes 1(B) and 1(C) have been included in the District's financial reporting entity because of the significance of their operational or financial relationship with the District.

#### B) Blended Component Unit Disclosures

The Cherry Creek School District Capital Finance Corporation (Corporation) is a nonprofit organization whose sole purpose is to acquire and lease equipment to the District for governmental use. The Corporation is governed by a three-member board of directors comprising two outside directors that represent the District community and the Chief Financial Officer of the District. The Corporation provides services entirely to the District. Due to the above relationships, the Corporation is reported as if it was part of or blended with the District's operations. The Corporation is reported as a Special Revenue Fund of the District. No separate financial statements for the Corporation have been issued.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Discretely Presented Component Unit - Charter School**

The Legislature of the State of Colorado enacted the "Charter School Act - Colorado Revised Statutes (CRS) Section 22-30.5-10" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the Cherry Creek School District's Board of Education must approve all Charter School applications and budgets. The District currently has one Charter School in operation, Cherry Creek Academy. The Charter School is a discretely presented component unit because of the significance of their financial relationship with the District. The Cherry Creek Academy Charter School has an affiliated finance corporation that was formed to support and assist the Charter School in the leasing of its facilities separately from the District.

The Charter School has issued separate financial statements for the fiscal year ended June 30, 2012. Complete financial statements may be obtained at the school's administrative offices:  
Cherry Creek Academy, 6260 S. Dayton St.,  
Greenwood Village, CO 80111.

**D) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Debt Service - Bond Redemption Fund, and Capital Projects - Building Fund) are reported as separate columns in the fund financial statements.

**E) Measurement Focus, Basis of Accounting, and Financial Statement Presentations**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Governmental fund revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Property tax revenues are considered to be available if collected within 60 days after year end. Other revenues are recognized in the period earned if receipt of the money is expected within a year.

Property and specific ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts. Grant revenues are considered to be available at the point the expenditure is incurred.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service, which is recognized when due and certain sick and retirement pay which is accounted for as expenditures when the employee meets the criteria to be eligible to receive payment.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Measurement Focus, Basis of Accounting, and Financial Statement Presentations (Continued)**

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

**F) Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required legally or by sound financial management to be accounted for in another fund.

The *Debt Service - Bond Redemption Fund* accounts for the resources accumulated and payments made for principal, interest, and related costs on long-term general obligation debt of governmental funds.

The *Capital Projects - Building Fund* accounts for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The District reports the following major proprietary fund - business-type activities:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The *Food Services Fund* accounts for all financial activities associated with the District's school breakfast and lunch programs.

#### **G) Cash and Investments**

In order to facilitate the recording of cash transactions and to maximize earnings, the District has combined the cash resources of certain of its funds and maintains accountability for such funds' equity in the pooled cash. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, U.S. Agencies, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from the investment of pooled cash balances are allocated to individual funds based on their proportional equity in investments purchased. For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

#### **H) Receivables**

Property taxes levied in 2011 but not yet collected in 2012 are identified as property taxes receivable and deferred revenues in the governmental funds balance sheet at June 30, 2012, and are presented in the amount of \$8,242,695. Intergovernmental receivable of \$4,571,494 includes amounts due from grantors for specific program grants. Program grants are recorded as receivable and revenues at the time reimbursable project costs are incurred.

#### **I) Inventories**

Inventories are stated at average cost, except for commodities by the United States Department of Agriculture (USDA), which are stated at the specific items' donated value (the USDA's cost). Reported inventories of supplies and materials consist of supplies recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed. Fund equity is classified as nonspendable for the inventory balances in the General Fund in the amount of \$1,825,601.



**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J) Prepayments and Deposits**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District records prepaid items using the consumption method. Fund equity is classified as nonspendable for the prepayments and deposits in the amount of \$137,553 in the General Fund, and \$33,525 in the Extended Child Services Fund.

**K) Capital Assets**

Capital assets, which include property, vehicles, and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets.

The monetary threshold for capitalization of assets is \$1,000 for technology equipment and \$5,000 for all other capital assets. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Depreciation is recorded starting in the month

the asset is placed in service.

Estimated useful lives are:

Motor vehicles.....	8 to 10 years
Equipment, built-in.....	7 to 30 years
Equipment, movable.....	3 to 20 years
Site improvements.....	5 to 20 years
School buildings.....	50 years
Portable classrooms.....	25 years

**L) Property Taxes**

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. The District's property tax calendar for 2012 is as follows:

Tax Year

Beginning of fiscal year for taxes

- January 1

Assessed valuation initially certified by County Assessor

- August 25

Property tax levy by Board of Education for ensuing calendar year

- December 10

Tax levy certified to County

Commissioners

- December 15

County Commissioners certify levy to County Treasurer

- January 10

Collection Year

Mailing of tax bills (lien date)

- January 1

First installment due

- February 28

Taxes due in full (unless installments elected by taxpayer)

- April 30

Second installment due

- June 15

Property taxes are recorded initially at the budgeted collection rate as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected. The District has deferred revenue from property tax collection at June 30, 2012, in the amount of \$8,242,695. Property taxes are remitted to the District by the Arapahoe County Treasurer by the tenth of the month following collections by the county, except for the months of March, May, and June in which the District receives an additional remittance from the Arapahoe County Treasurer for collections through the twentieth of such months.

A fee of .25% on General Fund collections is retained by the County as compensation for collecting the taxes and is reflected as an expenditure in the General Fund.

#### **M) State Equalization Aid**

State equalization aid is revenue received from the State of Colorado computed in accordance with a funding formula as defined by State statute. The funding formula considers such factors as pupil enrollment and other revenue sources.

Under previous State statutes, the District was required to allocate a portion of State equalization aid to the Capital Reserve Fund. The State requirement to fund a capital reserve fund was discontinued starting with the fiscal year ending June 30, 2010. The District has continued to use this fund to account for the purposes allowed by State statute, including the acquisition of land or land improvements, construction of new facilities or additions, alterations and improvements to existing structures, acquisition of vehicles, equipment, software licensing agreements, computer equipment, and installment purchase or lease agreements. The Capital Reserve Fund is shown as a Capital Projects Fund.

#### **N) Long-term Liabilities**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bonds issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization, which approximates the effective interest method. Currently the District has no zero coupon bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District does not have any arbitrage liability as of June 30, 2012.

The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service - Bond Redemption Fund. The long-term compensated absences payable are serviced from property taxes and other revenues of the General Fund from future appropriations.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O) Compensated Absences**

Sick Leave

District policy allows unlimited accumulation of sick leave for all employee groups, as allowed according to their employment policies. Payment for unused sick leave is made upon the employee's retirement after ten to twelve years (depending on the employee group) of continuous employment with the District. Such payment is normally compensated for all accumulated sick leave at one-half of the current per diem rate for such employee. Additional options are granted to teachers and administrator groups that provide for a reduced rate for certain days or a different rate for days in excess of 30 days.

Early Retirement

Teachers have the option of receiving an early retirement payment based on years of service with the District. After having been employed by the District for no less than 19 years, remuneration will be based on a set payment schedule amount less amounts received based on a longevity schedule, subject to a maximum annual payout amount by the District. The liability at June 30, 2012, was \$7,975,303 with a current portion due within one year of \$1,225,203. These amounts are included in the compensated absences liability amount disclosed in Note 9.



Experience and Longevity

Administrators with no less than 20 years with the District have the option of participating in the experience and longevity plan for a period of up to four years. An administrator will be compensated up to a specific dollar amount per year.

The longevity plan provides for a set current year payment to teachers with no less than 19 years of service with the District. This annual amount per teacher ranges from \$1,000 to \$3,000 based on such years of service.

Vacation Leave

Bus drivers are granted vacation leave. Accrued vacation time must be used or it will be compensated for within the next fiscal year, including an additional liability for salary-related payments associated with such compensation.

**Q) Fund Equity**

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Education. The Board of Education is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Education.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board of Education’s adopted policy, only the Board of Education, Superintendent, and Chief Financial Officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

The details of the fund balances are included in the Governmental Funds Balance Sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

## 2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds sheet includes reconciliation between *fund balances - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation

between *net change in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

## 3) BUDGETARY INFORMATION

The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. On or before June 1, the Superintendent will submit to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Board of Education to obtain the comments of the District residents.
3. Prior to June 30, the budget will be adopted by the Board of Education.

### 3) BUDGETARY INFORMATION (Continued)

Budgetary amounts, in total, reported in the accompanying financial statements for the other funds are as originally adopted. The Superintendent and/or the Board of Education throughout the fiscal year may amend budgetary amounts within each fund. Individual amendments in the General and other Funds were not material in relation to the original appropriations.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds.

The encumbrance system of accounting is used wherein encumbrances outstanding at year-end are not reported as expenditures in the financial statements for generally accepted accounting principles purposes, but are reported as an assignment of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over. District policy requires recording of an encumbrance as a charge against appropriation in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received as required by generally accepted accounting principles.

In addition, the amounts for salaries and benefits earned but unpaid, as well as the change in the current portion of the compensated absence payable for the General Fund requires a reconciliation between the generally accepted accounting principles and the budgetary basis. Such adjustments to convert actual expenditures to the budgetary basis are reflected in the footnote on Budgetary Basis of Accounting - Legal Compliance (Note 4). In addition, encumbrances are not recorded in the financial statements for the proprietary fund type.

Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds, Debt Service Fund, and the Capital Projects Fund.

The budgets for the Proprietary Fund are prepared on a basis consistent with generally accepted accounting principles.

### 4) BUDGETARY BASIS OF ACCOUNTING - LEGAL COMPLIANCE

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. Total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenues. All appropriations lapse at the end of each fiscal year to the extent that they have not been expended or encumbered. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the District's Superintendent. Revised and/or supplemental appropriations that alter the total budget of any fund must be approved by the Board of Education.



The accompanying statement of revenues, expenditures, and changes in fund balance for the General Fund budget and actual has been prepared on a legally prescribed basis of accounting, which differs from GAAP. The following schedules identify these revenue and expenditure differences for governmental activities:

	General Fund
Revenues reported on a GAAP basis	\$ 409,387,621
(Deduct) instructional material fees abated for budgetary purposes	<u>(500,681)</u>
Revenues reported on a budgetary basis	<u>\$ 408,886,940</u>
Expenditures reported on a GAAP basis	\$ 411,239,251
Add current year encumbrances	370,243
(Deduct) expenditures on prior year's encumbrances	(984,656)
Add earned but unpaid compensation, July 1, 2011	36,374,389
(Deduct) earned but unpaid compensation, June 30, 2012	(37,659,242)
(Deduct) instructional material fees abated for budgetary purposes	(500,681)
(Deduct) for change in early retirement, sick and vacation liability	<u>(85,076)</u>
Expenditures reported on a budgetary basis	<u>\$ 408,754,228</u>

Teachers and certain other employees are employed under contracts of less than 12 months but are paid over a 12 month period. These salaries have been recorded as an expenditure of the District in the fiscal year earned rather than the fiscal year paid for generally accepted accounting principle's purposes.

Salaries and benefits earned but unpaid at June 30, 2012, are not required to be funded by Colorado statutes. Accordingly, for

budgetary purposes, the District considers accrued salaries and benefits aggregating \$37,659,242 for the General Fund to be permanently deferred and therefore available for budgetary purposes.

The District, for budgetary purposes, also records the full amount of the early retirement in the initial year. These annual payment amounts for generally accepted accounting principles are properly reflected as to the current and long-term portions.



**4) BUDGETARY BASIS OF ACCOUNTING - LEGAL COMPLIANCE (Continued)**

The General Fund equity available on a budgetary basis at June 30, 2012, is as follows:

Fund equity reported on a GAAP basis	\$ 43,011,124
Plus effect of salaries earned but unpaid	37,659,242
Less effect of compensated absences payable	(810,402)
Less effect of encumbrances and other adjustments	<u>(398,886)</u>
Fund equity available on a budgetary basis	79,461,078
Less nonspendable, restricted, committed, assigned fund balance	<u>(36,391,397)</u>
Unassigned fund equity available on a budgetary basis	<u>\$ 43,069,681</u>

A reconciliation of the annual budget to actual expenses included in the accompanying financial statements for the Proprietary (Enterprise) Food Services Fund is as follows:

Expenses, per GAAP financial statements	<u>\$ 16,270,439</u>
Expenses, per budgetary basis	<u>\$ 16,270,439</u>

**5) CASH AND INVESTMENTS**

DEPOSITS

The District's cash and deposit policies are approved by the Board of Education and governed by Colorado Statute. The Colorado Public Deposit Protection Act and the Savings and Loan Public Deposit Protection Act of Colorado (PDPA) require that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. At June 30, 2012, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the institution to create a single

collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the deposits.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The District policy is to only place deposits in an eligible public depository as defined by State regulators with collateral defined by the PDPA.

As of June 30, 2012, the District had bank deposits of \$109,084,567 and a carrying balance of \$105,253,801, the difference is checks issued but not yet cashed. The District had cash of \$1,391,489 held by the

county treasurer. Cash in trust is restricted for the acquisition of school buses and related equipment or for potential costs associated with the acquisition of property.

A reconciliation of the District's deposits as shown on the Statement of Net Assets follows:

Cash	\$ 10,469,516
Equity in pooled cash	93,853,765
Cash in trust	<u>930,520</u>
Total	<u>\$ 105,253,801</u>

Component unit:

As of June 30, 2012, the charter school had bank deposits of \$1,719,714 and a carrying balance of \$1,689,673 and cash on hand of \$300. At June 30, 2012, State regulatory commissioners have indicated that all financial institutions holding deposits for the charter school are eligible public depositories.

INVESTMENTS

The District's investment policy, which complies with Colorado statutes, permits investment in obligations of the United States and certain agency securities, general obligation and revenue bonds of any state or political subdivision of a state, banker's acceptances, commercial paper, certain local government investment pools, repurchase agreements collateralized by authorized securities, certain money market funds, and time deposit accounts and certificates with federally insured banks.



**5) CASH AND INVESTMENTS (Continued)**

Investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Investments held by the District	\$ 24,619,480
Investments held by an escrow agent	<u>45,015,782</u>
Total	<u>\$ 69,635,262</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating

organization. Presented below is the minimum rating required by the District's investment policy, and the actual rating at year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>% of Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year end Not Rated</u>
Federal Home Loan Bank	\$ 3,752,755	5%	N/A	\$ 3,752,755
Federal Home Loan Mtg. Corp	710,919	1%	N/A	710,919
Federal National Mtg. Assoc.	9,177,691	13%	N/A	9,177,691
Money market funds	45,015,782	65%	N/A	45,015,782
Federal Farm Credit Bank	<u>10,978,115</u>	<u>16%</u>	N/A	<u>10,978,115</u>
Total	<u>\$ 69,635,262</u>	<u>100%</u>		<u>\$ 69,635,262</u>

Federal Home Loan Bank, Federal Home Loan Mortgage Corp, Federal Farm Credit Bank, and Federal National Mortgage Association typically are government backed issues with a AAA rating. Due to the short term nature of the specific investments held by the District at June 30, 2012, the issuer chose not to have these securities rated. If the issuer had chosen to have the specific investments rated, the District believes these securities would warrant a rating of AAA.

invested in U.S. Government and government backed securities.



The money market funds are not rated. They are

**Concentration of Credit Risk**

In accordance with District policy, investments in any one issuer (other than U.S. Government securities and government agency securities) should represent 2% or less of total investments at the time of purchase. At the time of purchase no investment other than U.S. Government securities and government agency securities was greater than 2%.

The District's types of investments (other than U.S. government securities and government agency securities) should represent 20% or less of total investments. The money market fund only invests in U.S. Treasury obligations.

**Interest Rate Risk**

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally invests in short term investments which limits this type of risk and no investment may exceed two years without the written authorization from the District's Chief Financial Officer. Information about the sensitivity of the fair values of the District's investments (including investments held by escrow agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>		Remaining Maturity (in Months)	
			<u>12 Months Or Less</u>
Federal Home Loan Bank	\$ 3,752,755	\$	3,752,755
Federal Home Loan Mtg. Corp.	710,919		710,919
Federal National Mtg. Assoc.	9,177,691		9,177,691
Money market funds	45,015,782		45,015,782
Federal Farm Credit Bank	<u>10,978,115</u>		<u>10,978,115</u>
Total	<u>\$ 69,635,262</u>	<u>\$</u>	<u>69,635,262</u>

**Component Unit:**

At June 30, 2012, the charter school had invested \$423,276 in Colorado Government Liquid Asset Trust (COLOTRUST). Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by

U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrust is rated AAA by Standard and Poor's.

## 6) CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental activities</u>				
	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Non-depreciable assets:				
Land	\$ 19,387,111	\$ 8,636	\$ -	\$ 19,395,747
Projects in progress	<u>12,599,170</u>	<u>16,056,419</u>	<u>8,257,294</u>	<u>20,398,295</u>
Total non-depreciable assets	<u>31,986,281</u>	<u>16,065,055</u>	<u>8,257,294</u>	<u>39,794,042</u>
Depreciable assets:				
Land improvements	23,209,007	-	-	23,209,007
Buildings	820,970,787	5,818,305	-	826,789,092
Equipment & vehicles	<u>66,222,780</u>	<u>4,391,539</u>	<u>90,869</u>	<u>70,523,450</u>
Total depreciable assets	<u>910,402,574</u>	<u>10,209,844</u>	<u>90,869</u>	<u>920,521,549</u>
Less accumulated depreciation for:				
Land improvements	17,172,999	700,927	-	17,873,926
Buildings	230,746,579	19,198,383	-	249,944,962
Equipment & vehicles	<u>55,518,235</u>	<u>4,029,153</u>	<u>90,869</u>	<u>59,456,519</u>
Total accumulated depreciation	<u>303,437,813</u>	<u>23,928,463</u>	<u>90,869</u>	<u>327,275,407</u>
Total capital assets being depreciated, net	<u>606,964,761</u>	<u>(13,718,619)</u>	<u>-</u>	<u>593,246,142</u>
Net capital assets	<u>\$ 638,951,042</u>	<u>\$ 2,346,436</u>	<u>\$ 8,257,294</u>	<u>\$ 633,040,184</u>
<u>Business-type activities</u>				
A summary of changes in Enterprise Fund capital assets is as follows:				
	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets:				
Projects in progress	\$ -	\$ 302,591	\$ -	\$ 302,591
Equipment & Vehicles	4,220,367	54,433	(56,755)	4,218,045
Accumulated depreciation	<u>(3,107,070)</u>	<u>(176,709)</u>	<u>56,755</u>	<u>(3,227,024)</u>
Total capital assets, net	<u>\$ 1,113,297</u>	<u>\$ 180,315</u>	<u>\$ -</u>	<u>\$ 1,293,612</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	\$ 21,696,783
Indirect instruction	124,952
General administration	3,608
Business services	103,167
Operations and maintenance	856,886
Pupil transportation	1,035,815
Central services	67,822
Community services	2,177
Other support services	<u>37,253</u>
Total depreciation expense - governmental activities	<u>\$ 23,928,463</u>
Business-type activities:	
Food services	<u>\$ 176,709</u>
Total depreciation expense - business-type activities	<u>\$ 176,709</u>

Component unit activities

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Governmental activities:				
Land	\$ 744,711	\$ -	\$ -	\$ 744,711
Projects in progress	8,035	-	8,035	-
Buildings	6,483,825	-	-	6,483,825
Building improvements	520,653	20,000	-	540,653
Furniture and equipment	53,948	-	-	53,948
Accumulated depreciation	<u>(959,326)</u>	<u>(147,642)</u>	<u>-</u>	<u>(1,106,968)</u>
Total Capital Assets, net	<u>\$ 6,851,846</u>	<u>\$ (127,642)</u>	<u>\$ 8,035</u>	<u>\$ 6,716,169</u>

Construction commitments: The District has active construction projects as of June 30, 2012. The projects include renovation, new construction, and site improvements.

A list of significant commitments as of June 30, 2012, is as follows:

	Commitment <u>Total</u>	Completed <u>to Date</u>	Remaining <u>Commitment</u>
Elementary #42	\$ 12,242,938	\$ 12,210,307	\$ 32,631
Elementary #43	13,175,940	2,730,172	10,445,768
Buffalo Trail Elementary Boiler Room	299,900	194,910	104,990
Elementary #43 Infrastructure	2,884,795	1,943,752	941,043
Food Service Kitchen Remodels	589,650	243,625	<u>346,025</u>
			<u>\$ 11,870,457</u>

**7) INTERFUND TRANSACTIONS**

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or 2) use unrestricted

revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers during the 2011 - 2012 fiscal year were as follows:

	Transfers In			
	General Fund	Debt Service Fund	Food Services Fund	Nonmajor Funds Capital Reserve Fund
<u>Transfers Out</u>				
General Fund	\$ -	\$ -	\$ -	\$ 2,000,004
Building Fund	-	1,897,183	-	-
Nonmajor Funds:				
Capital Finance Corporation Fund	-	-	-	32,295
Extended Child Services Fund	1,234,091	-	-	-
<b>Total</b>	<b>\$ 1,234,091</b>	<b>\$ 1,897,183</b>	<b>\$ -</b>	<b>\$ 2,032,299</b>

Due To/Due From – Amounts owed to one fund or business-type activity by another which are due within one year are reported as due to other funds or business-type activities.

These balances arise during the normal course of business and the District's use of pooled cash. Due to/from funds at year-end were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Nonmajor Fund: Pupil Activities Fund	\$ 23,660
<b>Total</b>		<b>\$ 23,660</b>

**8) ACCRUED SALARIES AND BENEFITS**

The major component of accrued salaries and benefits relates to salaries and benefits of certain contractually employed personnel paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but unpaid at June 30, 2012, are estimated to be \$37,659,242 for the General Fund. Additional accrued salaries and benefits earned by non-contracted employees, including other hourly employees, are \$1,446,630 at June 30, 2012.

The change in the liability at June 30, 2012 from the prior year-end has been included in the expenditures of the General Fund for GAAP purposes. The remaining amounts in the accrued salaries and benefits account relates to salaries and benefits earned during the current fiscal year but not paid until after June 30, 2012, and are therefore reflected as a liability in the appropriate fund as of June 30, 2012.

**9) COMPENSATED ABSENCES PAYABLE**

As of June 30, 2012, compensated absences payable are as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Governmental activities	\$ 6,584,772	\$ 24,577,015	\$ 31,161,787
Proprietary fund (Food Service)	<u>225,716</u>	<u>-</u>	<u>225,716</u>
<b>Total</b>	<u>\$ 6,810,488</u>	<u>\$ 24,577,015</u>	<u>\$ 31,387,503</u>

The current portion for Governmental Funds and the total amount for Proprietary (Enterprise) Fund Types of accrued compensated absences have been recorded in the respective funds and as current liabilities in the governmental financial statements in the amount of \$4,260,488. District policy imposes an annual spending cap of \$2,550,000 for teachers and mental health employees related to compensated absences payable. This amount is also included as a current liability in the government-wide financial statements while

the remaining balance is reflected as a long term liability in the government-wide financial statements. The current portion of compensated absences payable are expected to be liquidated by the respective Governmental Funds within the next year. The majority of the Governmental Fund payments are made by the General Fund. Only compensated absences that have matured, i.e.: unused reimbursable leave still outstanding following an employee's resignation or retirement, are reported in governmental funds.

A summary of changes in compensated absences payable is as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Governmental funds, restated	<u>\$ 32,830,024</u>	<u>\$ 3,785,216</u>	<u>\$ 5,453,453</u>	<u>\$ 31,161,787</u>
Proprietary funds	<u>\$ 230,369</u>	<u>\$ 225,716</u>	<u>\$ 230,369</u>	<u>\$ 225,716</u>

The deletions shown above reflect the combination of an annual cap on the accrued compensated absences liability, the experience and longevity plan, and an increase in new retirees.

## 10) LONG-TERM DEBT

### General Obligation Bonds Payable

General obligation bonds payable at June 30, 2012, are as follows:

<u>Description, Interest Rates, and Maturity Dates</u>	<u>Principal Balance</u>
School building bonds in the original amount of \$100,000,000 (Series 2004) due in varying installments through December 15, 2023, interest at 2.0% - 5.0%	\$ 66,295,000
School building bonds in the original amount of \$67,500,000 (Series 2005A) due in varying installments through December 15, 2024, interest at 3.5% - 5.0%	53,415,000
Refunding bonds in the original amount of \$132,215,000 (Series 2005B) due in varying installments through December 15, 2019, interest at 3.5% - 7.0%	96,415,000
School building bonds in the original amount of \$101,775,000 (Series 2009) due in varying installments through December 15, 2028, interest at 3.0% - 5.0%	99,275,000
School building bonds in the original amount of \$15,045,000 (Series 2010A) due in varying installments through December 15, 2019, interest at 2.0% - 5.0%	15,045,000
School building bonds in the original amount of \$86,730,000 (Series 2010B) due in varying installments through December 15, 2029, interest at 4.6% - 5.6%	86,730,000
Refunding bonds in the original amount of \$48,855,000 (Series 2012) due in varying installments through December 15, 2023, interest at 4.5% - 5.25%	<u>48,855,000</u>
Total general obligation bonds payable	<u>\$ 466,030,000</u>

Long-term debt maturities for all general obligation bonds outstanding at June 30, 2012, including interest, are as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 27,125,000	\$ 20,056,909	\$ 47,181,909
2014	28,410,000	18,670,659	47,080,659
2015	30,125,000	17,218,984	47,343,984
2016	31,585,000	15,823,609	47,408,609
2017	32,615,000	14,602,339	47,217,339
2018-2022	139,275,000	56,427,046	195,702,046
2023-2027	116,130,000	29,716,686	145,846,686
2028-2030	<u>60,765,000</u>	<u>5,082,413</u>	<u>65,847,413</u>
Totals	<u>\$ 466,030,000</u>	<u>\$ 177,598,645</u>	<u>\$ 643,628,645</u>

## **Advance Refunding**

On March 1, 2012, the District issued \$48,855,000 of General Obligation Refunding Bonds, Series 2012. The proceeds of the Bonds, along with other available District funds, were used to refund \$49,485,000 aggregate principal amounts of the District's General Obligation Building Bonds, Series 2004 maturing on and after December 15, 2012 and to pay the costs of issuing the Bonds.

The net proceeds of the bond issues were deposited in irrevocable trusts with escrow agents to provide for future debt service payments on the refunded portion of the 2004 series bonds maturing after December 15, 2012. As a result a portion of the 2004 series bonds maturing after December 15, 2012 are considered to be defeased and the liability for the bonds is no longer reflected on the financial statements. The District refunded \$49,485,000 of the 2004 series bonds to take advantage of lower interest rates and to stabilize debt service and the property tax mill levy in future years. The change in the debt service payments between the refunding and refunded issues decrease over the next 10 years by \$3,934,017. The economic gain (difference between the present values of the debt service payments on the old and new debt) is \$4,178,061 for the 2004 series bonds.

## **Other**

Payment of principal and interest for general obligation bonds is made from the Bond Redemption Debt Service Fund. The legal debt limit and debt margin as of June 30, 2012, are \$860,654,724 and \$442,453,088, respectively. As of June 30, 2012, the management of the District is of the opinion that it is in compliance with all significant limitations and restrictions in the bond indentures.

## **Build America Bonds**

The 2010B Bonds were issued as Direct Pay Build America Bonds. Build America Bonds were created as part of the American Recovery and Reinvestment Act of 2009. Build America Bonds are taxable bonds to the bond holder. The District receives a direct federal subsidy in an amount equal to 35 percent of the interest payment on the Build America Bonds. The District received \$1,572,491 from the United States Treasury for the fiscal year ended June 30, 2012, related to the interest payable on these bonds. This subsidy is recorded in the General Fund.

## **Certificates of Participation**

In October of 2002, the Cherry Creek School District Capital Finance Corporation (Corporation) issued \$8,830,000, in certificates of participation for the purpose of the acquisition of approximately 110 buses and related equipment.

The buses and related equipment were purchased over a four-year period. The District simultaneously signed lease purchase agreements with the Corporation for the vehicles and equipment acquired during the current fiscal year. The base rentals and purchase option price of the lease are equivalent to the amounts required to meet the interest payments and retire the principal on the certificates of participation. The revenue to pay the debt will be from revenue in the Capital Projects (Capital Reserve) Fund.

The remaining proceeds from the certificates of participation to acquire additional school buses and related equipment in future years are accounted for in the Special Revenue (Capital Finance Corporation) Fund.

The certificates of participation have interest rates of between 2.00% and 5.00%, due in varying installments through December 15, 2012.

**10) LONG-TERM DEBT (Continued)**

**Certificates of Participation (Continued)**

Future lease payments are as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,815,000	\$ 45,375	\$ 1,860,375
Totals	<u>\$ 1,815,000</u>	<u>\$ 45,375</u>	<u>\$ 1,860,375</u>

**Changes in Long-term Debt**

During the fiscal year ended June 30, 2012, the following changes occurred in long-term debt:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2012</u>
Governmental Activities:				
General obligation bonds payable	\$ 497,115,000	\$ 48,855,000	\$ 79,940,000	\$ 466,030,000
Unamortized premiums	<u>10,893,072</u>	<u>4,870,000</u>	<u>1,030,912</u>	<u>14,732,160</u>
Total bonds payable	508,008,072	53,725,000	80,970,912	480,762,160
Certificates of participation	2,700,000	-	885,000	1,815,000
Compensated absences, restated	<u>32,830,024</u>	<u>3,785,216</u>	<u>5,453,453</u>	<u>31,161,787</u>
Total	<u>\$ 543,538,096</u>	<u>\$ 57,510,216</u>	<u>\$ 87,309,365</u>	<u>\$ 513,738,947</u>

<u>Due within one year:</u>	
Governmental activities:	
General obligation bonds payable	\$ 27,125,000
Certificates of participation	1,815,000
Compensated absences	<u>6,584,771</u>
Total	<u>\$ 35,524,771</u>

General obligation bonds payable and certificates of participation are discussed above. Compensated absences are discussed in more detail in Note 9.

## Component Unit Debt

### Equipment Lease

The Academy entered into a lease agreement to purchase computer equipment. Monthly payments of \$3,482 are due under the lease agreement, including interest accruing at 7.75% per annum. This lease was paid in full as of June 30, 2012. The capital asset leased had a carrying value of zero at June 30, 2012.

### Building lease

In May 2001, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$4,155,000 Charter School Revenue Bonds, Series 2001. Proceeds from the bonds were loaned to the Cherry Creek Academy Facility Corporation (Facility Corporation) under a lease agreement to purchase the charter school's building by refunding existing debt, and to make certain improvements to the building. The charter school is obligated under a lease agreement to make monthly lease payments to the Facility Corporation for use of the building. The Facility Corporation is required to make equal lease payments to a trustee for payment of the bonds. Monthly principal and interest payments are due under the lease agreement with interest accruing at rates ranging from 5.25% to 6.00%. The lease matures in May 2030.

In March 2012, CECFA issued the \$3,460,000 Charter School Revenue Refunding Bonds, Series 2012 to refund the Charter School Revenue Bonds, Series

2001, fund the debt service reserve and pay certain issuance costs. CECFA amended the loan to the Facility Corporation to include the refunded bonds. In addition, the Facility Corporation amended the lease with the charter school to reflect the refunded amount. The charter school is obligated to make monthly lease payments to the Facility Corporation for use of the building. The Facility Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. Interest accrues at rates of 2.0% to 4.75%. The lease matures in April 2030.

### Defeased Debt

Proceeds of the Charter School Revenue Refunding Bonds, Series 2012, in the amount of \$3,591,662 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the Charter School Revenue Bonds, Series 2001. Although the advance refunding resulted in the recognition of an accounting loss of \$116,662, the charter school obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$340,506. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. On April 23, 2012, the refunded bonds were called and paid in full.

**10) LONG-TERM DEBT (Continued)**

**Component Unit Debt (Continued)**

Future debt service requirements on the building lease are as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 130,000	\$ 146,130	\$ 276,130
2014	130,000	143,125	273,125
2015	135,000	140,525	275,525
2016	135,000	137,488	272,488
2017	140,000	132,088	272,088
2028-2022	805,000	570,437	1,375,437
2023-2027	990,000	381,425	1,371,425
2028-2030	995,000	109,012	1,104,012
Totals	<u>\$ 3,460,000</u>	<u>\$ 1,760,230</u>	<u>\$ 5,220,230</u>

During the year ended June 30, 2012, the following changes occurred in the charter school's long-term debt:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Building Lease, Series 2001	\$ 3,475,000	\$ -	\$ 3,475,000	\$ -
Building Lease, Series 2012	-	3,460,000	-	3,460,000
Lease Discount	-	(21,762)	(302)	(21,460)
Loss on Lease Refinancing	-	(116,662)	(1,620)	(115,042)
Total	<u>\$ 3,475,000</u>	<u>\$ 3,321,576</u>	<u>\$ 3,473,078</u>	<u>\$ 3,323,498</u>
Due within one year:				
Building Lease				<u>\$ 130,000</u>

**11) SHORT-TERM DEBT**

During the year ended June 30, 2012, the District borrowed \$36,019,455 from the State Treasurer's interest-free loan program.

The borrowing was necessary to finance seasonal cash flow requirements of the District during the fiscal year ended June 30, 2012. The amount borrowed was paid in full by the maturity date June 25, 2012.

## 12) DEFINED BENEFIT PENSION PLAN

### Plan Description

The District contributes to the School Division Trust Fund (SDTF), a cost sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at (303) 832-9550 or 1-800-759-PERA (7372).

### Basis of Accounting for the SDTF

The financial statements of SDTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenue in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the SDTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The SDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

### Funding Policy

Plan members and the District are required to contribute to the SDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District is 14.75% of covered salary from July 1, 2011 through December 31, 2011 and 15.65% from January 1, 2012 to June 30, 2012. The District contribution rate will increase to 16.55% on January 1, 2013 and will increase each January 1 through 2018 until reaching a contribution rate of 20.15%. The District's contributions to SDTF for the years ending June 30, 2012, 2011, and 2010 were \$47,116,084, \$44,407,372, and \$41,591,754, respectively, equal to its required contributions for each year. The employees' contributions to SDTF for the years ending June 30, 2012, 2011, and 2010 were \$24,364,970, \$24,580,314, and \$24,329,980, respectively, equal to its required contributions for each year.



### 13) POST-EMPLOYMENT HEALTH CARE BENEFITS

#### Plan Description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by PERA. The HCTF provides a health care premium subsidy to participating PERA benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at (303) 832-9550 or 1-800-759-PERA (7372).

#### Funding Policy

The District is required to contribute at a rate of 1.02% of covered salary for all PERA members set by statute. This contribution is a portion of the funding described in Note 12, not in addition to that funding. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's net contributions to the HCTF for the years ending June 30, 2012, 2011, and 2010, was \$3,261,380, \$3,165,470, and \$3,163,252, respectively, equal to its required contributions for each year.

### 14) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The agreement for formation of the Joint Pool and the Colorado Pool provides that the Pools will be self-sustaining through member premiums and will reinsure through commercial reinsurance companies for catastrophic losses. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

#### Joint School Districts Workers' Compensation Self-Insurance Pool

In 1986, the District joined with other school districts in the State to form the Joint School Districts Workers' Compensation Self-Insurance Pool (Joint Pool), a public entity risk pool currently operating as a common risk management and insurance program with four participating members. The District pays an annual contribution to the Joint Pool for its workers' compensation insurance coverage.

Each member of the Joint Pool is responsible for the first \$100,000 of each loss. Losses between \$100,000 and \$400,000 are pooled between the member districts, and losses in excess of \$400,000 are reinsured to statutory limits.



**Colorado School Districts Self-Insurance Pool**

In 1981, the District joined with other school districts in the State to form the Colorado School Districts Self-Insurance Pool (Colorado Pool), which was established by the Colorado Association of School Boards (CASB). The Colorado Pool is a public entity risk pool currently operating as a common risk management and insurance program with 176 member school districts, Boards of Cooperative Educational Services, and charter schools. The District pays an annual premium to the Colorado Pool for its property, casualty, and liability insurance coverage.

The Colorado Pool retains liability losses up to \$500,000 per occurrence and purchases reinsurance coverage of \$5,000,000 per occurrence in excess of the Pool retention. The Colorado Pool property insurance policy provides limits up to \$1,000,000,000 per occurrence subject to the Pool retention of \$1,000,000 per occurrence.

Flood and earthquake coverage provided by the Colorado Pool has limits of \$100,000,000 per occurrence/aggregate for the entire pool. Each Pool member can select individual deductible levels. The District has determined it will retain the first \$50,000 per occurrence for school entity liability losses, \$10,000 for automobile liability, and \$100,000 per occurrence for property losses.



At June 30, 2012, the amount of workers compensation liability was \$536,553. Changes in the reported liability for the years ended June 30, 2012, and 2011, were as follows:

	<u>2012</u>	<u>2011</u>
Beginning of fiscal year liability	\$ 166,558	\$ -
Current-year claims and changes in estimate	2,450,456	1,922,666
Claim payments	<u>(2,080,461)</u>	<u>(1,756,108)</u>
Balance at fiscal year-end liability	<u>\$ 536,553</u>	<u>\$ 166,558</u>

**Other**

The District continues to carry commercial insurance coverage for employee medical, disability, and term life insurance. The District also provides a cafeteria plan which includes those benefits along with dental and vision

insurance which is self-funded. Accordingly, no liability is reported for those claims. The amount of insurance coverage was consistent with the previous year. In addition, settlements have not exceeded insurance coverage for each of the past three fiscal years.

## 15) COMMITMENTS

### CONSTRUCTION COMMITMENTS

The District had commitments of \$11,870,457 for capital projects at June 30, 2012, of which \$11,870,457 have been encumbered through the purchase order process. Future expenditures related to these commitments are expected to be financed through available resources.

## 16) CONTINGENCIES

### FEDERAL GRANT PROGRAMS

The District participates in a number of federal grant programs, the most significant of which are the Elementary and Secondary Education Act, Title I, Title II-A, Title II-D, Title III, special education funding under IDEA, and National School Lunch and Breakfast Programs, along with funds received by the District as part of the American Recovery and Reinvestment Act including the Education Jobs program and funds received as part of the State's fiscal stabilization fund. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the District expects such amount, if any, to be immaterial.



### LITIGATION

The District is a defendant in a number of threatened and actual legal claims. The ultimate liability that might result from final resolution of these matters is not presently determinable. However, the District believes that the final settlement of these matters will not have a materially adverse effect on the financial position of the District.

### EMERGENCY RESERVE

At the general election held November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the State and local governments such as the District to increase revenues, debt, and spending and restricting property, income, and other taxes. In addition, the amendment requires that the State and local governments obtain voter approval to create any multiple fiscal year direct or indirect debt or other financial obligations without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, and salary or fringe benefit increases. These reserves are required to be 3 percent or more after 1994. The District has restricted a portion of its fund balance for emergencies as required under TABOR.

EMERGENCY RESERVE (Continued)

There are numerous uncertainties about the interpretation of the amendment and its application to particular governmental entities and their operations. It is possible that the constitutionality of the amendment as applied in some situations may be challenged on various grounds, including the argument that the amendment conflicts with other Constitutional provisions and that it violates the protections afforded by the federal constitution against impairment of contracts. There have been few court interpretations, and there is still a divergence of opinions about the interpretation of some provisions of the amendment.

At this time the amendment’s further impact on the District is unknown. However, based on the best information and opinions available, the District’s management believes it is in compliance with the provisions of the amendment.

The State of Colorado under Article X, Section 20(5) of the Colorado Constitution (the “Emergency Reserve Provision”), requires the District to reserve 3% or more of its fiscal year spending to use only for declared emergencies within the meaning of the

Emergency Reserve Provision (“Declared Emergencies”). Section 22-44-105, Colorado Revised Statutes, permits the District to secure a letter of credit from an investment grade bank for all or a portion of the District Emergency Reserve. In order to provide funding for a portion of the District Emergency Reserve, JP Morgan Chase Bank, N.A. (the “Bank”), which is an investment grade bank, issued a standby letter of credit in favor of the District up to \$12,000,000 effective on July 1, 2010, for an initial term of three years ending June 30, 2013. The Board of Education of the District (the “Board”) provided for an emergency reserve in the General Fund for the fiscal year at an amount equal to at least 3% of the amount budgeted to the District’s General Fund; and the Board has filed with the State Treasurer and the Department of Education a letter of intent that expresses the intent of the Board to satisfy its obligation to reimburse the Bank for moneys drawn on the letter of credit upon the occurrence of a Declared Emergency that are not reimbursed to the Bank within the same fiscal year by entering into a Lease-Purchase Agreement with respect to real property owned by the District. As of the date of this report, there have been no draws against this letter of credit.

As of June 30, 2012, the District has restricted 3 percent of its fiscal year 2011-2012 spending as follows:

Governmental Activities:	
General Fund	\$ 12,398,000
Capital Projects Fund: Capital Reserve Fund	84,000
Special Revenue Funds:	
Extended Child Services Fund	438,000
Pupil Activities Fund	324,000
Business-type Activities:	
Food Service Fund	<u>274,000</u>
Total	<u>\$ 13,518,000</u>

## 17) RELATED PARTY TRANSACTIONS

The District provides administrative and other services to its charter school, shown as a component unit. The amount of charges for services, in accordance with governing State statutes, for the fiscal year ended June 30, 2012, was \$231,876.

## 18) NEW PRONOUNCEMENTS

The GASB issued Statement No. 68 *Accounting and Financial Reporting for Pensions* (Statement No. 68), which revised and establishes new financial reporting requirements for most 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).

Statement No. 68 requires cost-sharing employers participating in the PERA program, such as the District, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of Statement No. 68 to record a portion of PERA's unfunded liability will negatively impact the District's future unrestricted net assets. Statement No. 68 is effective for fiscal year 2015. At this time, management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

## 19) RESTATEMENT

An adjustment was made to the July 1, 2011, beginning net assets for the governmental activities on the Statement of Activities for the amount of \$4,718,962 relating to an overstatement of compensated absences payable in the prior year.



# Supplemental Information

The Combining Financial Statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.



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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources including those requiring separate accounting because of legal or regulatory provisions that legally restrict expenditures to specified purposes

**Designated Purpose Grant Fund** - This fund is used to account for the many restricted or categorically funded grants and contracts that are obtained primarily to provide for specific instructional programs.

**Extended Child Services Fund** - This fund is used to account for the financial activities of Pre-School, Kindergarten Enrichment, Before and After School and Intersession/Year Round Enrichment programs along with academic and non-academic Summer School and instrumental music programs.

**Pupil Activities Fund** - This fund is provided to account for financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and activity related events.

**Capital Finance Corporation Fund** - This fund represents the blended, component unit, nonprofit organization that provided services directly to the District.

### **Capital Project Fund**

**Capital Reserve Fund** - This fund is used to account for the allocation of resources and other revenues for ongoing capital outlay needs of the District, such as equipment purchases.

## **Major Governmental Funds**

### **Debt Service - Bond Redemption Fund**

**Bond Redemption Fund** - This fund is used to account for resources received and used to pay general long-term debt principal, interest, and related costs.

### **Capital Projects - Building Fund**

**Building Fund** - This fund is used to account for financial resources to be used for major capital outlay relating to the acquisition, construction and remodeling of capital facilities

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2012

	<b>Capital Reserve Fund</b>	<b>Designated Purpose Grants Fund</b>	<b>Extended Child Services Fund</b>	<b>Pupil Activities Fund</b>	<b>Capital Finance Corporation Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>						
Cash	\$ -	\$ 250	\$ 2,041,549	\$ 5,280,398	\$ -	\$ 7,322,197
Equity in pooled cash	716,005	-	1,144,937	-	-	1,860,942
Cash in trust	16,128	-	-	-	914,392	930,520
Investments	-	-	2,966,792	-	-	2,966,792
Receivables, net						
Other governments	-	4,571,494	-	-	-	4,571,494
Other	3,443	-	2,223	1,180	-	6,846
Prepayments and deposits	-	-	33,525	-	-	33,525
<b>Total Assets</b>	<b>\$ 735,576</b>	<b>\$ 4,571,744</b>	<b>\$ 6,189,026</b>	<b>\$ 5,281,578</b>	<b>\$ 914,392</b>	<b>\$ 17,692,316</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 79,181	\$ 150,070	\$ 65,392	\$ 71,408	\$ -	\$ 366,051
Accrued salaries and benefits	-	1,658,831	839,214	1,107	-	2,499,152
Interfund payables	-	-	-	23,660	-	23,660
Deferred revenues	-	2,762,843	786,336	-	-	3,549,179
Compensated absences	-	-	125,958	-	-	125,958
<b>Total Liabilities</b>	<b>79,181</b>	<b>4,571,744</b>	<b>1,816,900</b>	<b>96,175</b>	<b>-</b>	<b>6,564,000</b>
<b>Fund balances</b>						
<b>Nonspendable for:</b>						
Prepayments and deposits	-	-	33,525	-	-	33,525
<b>Restricted for:</b>						
Sinking fund cash	-	-	-	-	914,392	914,392
Emergency reserve	84,000	-	438,000	324,000	-	846,000
<b>Committed for:</b>						
Extended Child Services Fund activities	-	-	2,401,347	-	-	2,401,347
Pupil Activities Fund activities	-	-	-	4,861,403	-	4,861,403
<b>Assigned for:</b>						
Future year transfers	-	-	1,499,254	-	-	1,499,254
Capital Reserve Fund activities	572,395	-	-	-	-	572,395
<b>Total Fund balances</b>	<b>656,395</b>	<b>-</b>	<b>4,372,126</b>	<b>5,185,403</b>	<b>914,392</b>	<b>11,128,316</b>
<b>Total Liabilities and Fund balances</b>	<b>\$ 735,576</b>	<b>\$ 4,571,744</b>	<b>\$ 6,189,026</b>	<b>\$ 5,281,578</b>	<b>\$ 914,392</b>	<b>\$ 17,692,316</b>

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2012**

	<b>Capital Reserve Fund</b>	<b>Designated Purpose Grants Fund</b>	<b>Extended Child Services Fund</b>	<b>Pupil Activities Fund</b>	<b>Capital Finance Corporation Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>						
Intergovernmental						
Federal - grants	\$ -	\$ 18,648,653	\$ -	\$ -	\$ -	\$ 18,648,653
State - grants	-	351,072	-	-	-	351,072
Tuition	-	-	15,543,802	-	-	15,543,802
Earnings on investments	9	-	3,651	12,466	35,605	51,731
Pupil activities	-	-	-	11,002,470	-	11,002,470
Cash in lieu of land	38,834	-	-	-	-	38,834
Donations	-	1,958,855	-	-	-	1,958,855
Other	-	-	25,600	-	-	25,600
<b>Total revenues</b>	<b>38,843</b>	<b>20,958,580</b>	<b>15,573,053</b>	<b>11,014,936</b>	<b>35,605</b>	<b>47,621,017</b>
<b>EXPENDITURES</b>						
Current						
Instruction	-	16,413,145	12,750,030	-	-	29,163,175
Pupil services	-	4,246,621	-	-	-	4,246,621
Business services	-	-	259,742	-	-	259,742
Community services	-	298,814	343,915	-	-	642,729
Pupil activities	-	-	-	10,807,898	-	10,807,898
Capital outlay	1,797,931	-	-	-	-	1,797,931
Debt service	-	-	-	-	-	-
Principal	885,000	-	-	-	-	885,000
Interest and fiscal charges	108,008	-	-	-	-	108,008
<b>Total expenditures</b>	<b>2,790,939</b>	<b>20,958,580</b>	<b>13,353,687</b>	<b>10,807,898</b>	<b>-</b>	<b>47,911,104</b>
Excess of revenues over (under) expenditures	<u>(2,752,096)</u>	<u>-</u>	<u>2,219,366</u>	<u>207,038</u>	<u>35,605</u>	<u>(290,087)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,032,299	-	-	-	-	2,032,299
Transfers out	-	-	(1,234,091)	-	(32,295)	(1,266,386)
<b>Total other financing sources (uses)</b>	<b>2,032,299</b>	<b>-</b>	<b>(1,234,091)</b>	<b>-</b>	<b>(32,295)</b>	<b>765,913</b>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(719,797)</u>	<u>-</u>	<u>985,275</u>	<u>207,038</u>	<u>3,310</u>	<u>475,826</u>
Fund balances, Beginning	<u>1,376,192</u>	<u>-</u>	<u>3,386,851</u>	<u>4,978,365</u>	<u>911,082</u>	<u>10,652,490</u>
Fund balances, Ending	<u><b>\$ 656,395</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,372,126</b></u>	<u><b>\$ 5,185,403</b></u>	<u><b>\$ 914,392</b></u>	<u><b>\$ 11,128,316</b></u>

**CHERRY CREEK SCHOOL DISTRICT NO.5  
ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE - BOND REDEMPTION FUND**

For The Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 52,483,874	\$ 52,483,874	\$ 53,324,553	\$ 840,679
Earnings on investments	60,000	60,000	29,397	(30,603)
Premium on bonds	-	4,870,000	4,870,000	-
Sale of bonds	-	48,855,000	48,855,000	-
Total revenues	<u>52,543,874</u>	<u>106,268,874</u>	<u>107,078,950</u>	<u>810,076</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	30,455,000	30,455,000	30,455,000	-
Interest	22,311,433	22,161,433	21,558,745	602,688
Fiscal charges	5,000	155,000	154,497	503
Transfer to escrow agent	-	53,567,932	53,567,932	-
Total expenditures	<u>52,771,433</u>	<u>106,339,365</u>	<u>105,736,174</u>	<u>603,191</u>
Excess of revenues (under) expenditures	(227,559)	(70,491)	1,342,776	1,413,267
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,897,183</u>	<u>1,897,183</u>	<u>1,897,183</u>	-
Total other financing sources (uses)	<u>1,897,183</u>	<u>1,897,183</u>	<u>1,897,183</u>	-
Net change in fund balance	1,669,624	1,826,692	3,239,959	1,413,267
Fund balance, Beginning	<u>42,477,839</u>	<u>44,588,405</u>	<u>44,588,405</u>	-
Fund balance, Ending	<u>\$ 44,147,463</u>	<u>\$ 46,415,097</u>	<u>\$ 47,828,364</u>	<u>\$ 1,413,267</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS - BUILDING FUND**

For The Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Earnings on investments	\$ 60,000	\$ 60,000	\$ 72,969	\$ 12,969
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>72,969</u>	<u>12,969</u>
<b>EXPENDITURES</b>				
Capital outlay				
Building and improvements	27,831,499	27,831,499	19,698,858	8,132,641
Furniture and equipment	2,635,498	2,635,498	2,623,441	12,057
Other	998,420	998,420	968,439	29,981
Total expenditures	<u>31,465,417</u>	<u>31,465,417</u>	<u>23,290,738</u>	<u>8,174,679</u>
Excess of revenues over (under) expenditures	<u>(31,405,417)</u>	<u>(31,405,417)</u>	<u>(23,217,769)</u>	<u>8,187,648</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,897,183)</u>	<u>(1,897,183)</u>	<u>(1,897,183)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,897,183)</u>	<u>(1,897,183)</u>	<u>(1,897,183)</u>	<u>-</u>
Net change in fund balance	(33,302,600)	(33,302,600)	(25,114,952)	8,187,648
Fund balance, Beginning	<u>37,981,635</u>	<u>47,292,510</u>	<u>47,292,510</u>	<u>-</u>
Fund balance, Ending	<u>\$ 4,679,035</u>	<u>\$ 13,989,910</u>	<u>\$ 22,177,558</u>	<u>\$ 8,187,648</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
CAPITAL PROJECTS - CAPITAL RESERVE FUND  
For The Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental				
Earnings on investments	\$ -	\$ -	\$ 9	\$ 9
Cash in lieu of land	-	-	38,834	38,834
Total revenues	<u>-</u>	<u>-</u>	<u>38,843</u>	<u>38,843</u>
<b>EXPENDITURES</b>				
Capital outlay				
Building and improvements	1,620,000	1,620,000	1,617,509	2,491
Furniture and equipment	57,474	57,474	55,469	2,005
Debt service				
Principal	885,000	885,000	885,000	-
Interest	108,008	108,008	108,008	-
Total expenditures	<u>2,670,482</u>	<u>2,670,482</u>	<u>2,665,986</u>	<u>4,496</u>
Excess of revenues over (under) expenditures	<u>(2,670,482)</u>	<u>(2,670,482)</u>	<u>(2,627,143)</u>	<u>43,339</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>2,040,000</u>	<u>2,040,000</u>	<u>2,032,299</u>	<u>(7,701)</u>
Total other financing sources	<u>2,040,000</u>	<u>2,040,000</u>	<u>2,032,299</u>	<u>(7,701)</u>
Net change in fund balances	(630,482)	(630,482)	(594,844)	35,638
Fund balance (Budgetary Basis), Beginning	<u>821,756</u>	<u>1,222,648</u>	<u>1,222,648</u>	<u>-</u>
Fund balance (Budgetary Basis), Ending	<u>\$ 191,274</u>	<u>\$ 592,166</u>	627,804	<u>\$ 35,638</u>
Add outstanding encumbrances ending			<u>28,591</u>	
Fund balance (GAAP Basis), Ending			<u>\$ 656,395</u>	

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE - DESIGNATED PURPOSE GRANTS FUND**

For The Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental				
Federal - Grants	\$ 21,391,200	\$ 21,709,600	\$ 18,648,653	\$ (3,060,947)
State - Grants	96,100	96,100	351,072	254,972
Donations	<u>2,660,000</u>	<u>2,660,000</u>	<u>1,958,855</u>	<u>(701,145)</u>
Total revenues	<u>24,147,300</u>	<u>24,465,700</u>	<u>20,958,580</u>	<u>(3,507,120)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	18,594,300	18,912,700	16,413,145	2,499,555
Pupil services	1,153,000	1,153,000	722,867	430,133
Instructional staff services	3,670,000	3,670,000	3,188,602	481,398
School administration	360,000	360,000	335,152	24,848
Community services	<u>370,000</u>	<u>370,000</u>	<u>298,814</u>	<u>71,186</u>
Total expenditures	<u>24,147,300</u>	<u>24,465,700</u>	<u>20,958,580</u>	<u>3,507,120</u>
Net change in fund balances	-	-	-	-
Fund balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL REVENUE - EXTENDED CHILD SERVICES FUND**

For The Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tuition	\$ 15,880,017	\$ 15,880,017	\$ 15,543,802	\$ (336,215)
Earnings on investments	5,000	5,000	3,651	(1,349)
Other	-	-	25,600	25,600
Total revenues	<u>15,885,017</u>	<u>15,885,017</u>	<u>15,573,053</u>	<u>(311,964)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	13,400,000	13,400,000	12,561,414	838,586
Instructional staff services	210,000	210,000	164,885	45,115
Business services	300,000	300,000	259,742	40,258
Community services	<u>346,780</u>	<u>346,780</u>	<u>343,929</u>	<u>2,851</u>
Total expenditures	<u>14,256,780</u>	<u>14,256,780</u>	<u>13,329,970</u>	<u>926,810</u>
Excess of revenues over expenditures	<u>1,628,237</u>	<u>1,628,237</u>	<u>2,243,083</u>	<u>614,846</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,500	80,500	-	(80,500)
Transfers out	<u>(1,665,320)</u>	<u>(1,665,320)</u>	<u>(1,234,091)</u>	<u>431,229</u>
Total other financing sources (uses)	<u>(1,584,820)</u>	<u>(1,584,820)</u>	<u>(1,234,091)</u>	<u>350,729</u>
Net change in fund balances	43,417	43,417	1,008,992	965,575
Fund balance, Beginning	<u>4,091,196</u>	<u>3,332,903</u>	<u>3,332,903</u>	<u>-</u>
Fund balance, Ending	<u>\$ 4,134,613</u>	<u>\$ 3,376,320</u>	<u>\$ 4,341,895</u>	<u>\$ 965,575</u>
Add outstanding encumbrances ending			<u>30,231</u>	
Fund balance (GAAP Basis), Ending			<u>\$ 4,372,126</u>	

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL REVENUE - PUPIL ACTIVITIES FUND**

For The Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Earnings on investments	\$ 20,000	\$ 20,000	\$ 12,466	\$ (7,534)
Pupil activities	12,055,000	12,055,000	11,002,470	(1,052,530)
Total revenues	<u>12,075,000</u>	<u>12,075,000</u>	<u>11,014,936</u>	<u>(1,060,064)</u>
<b>EXPENDITURES</b>				
Current				
Pupil activities	<u>12,075,000</u>	<u>12,075,000</u>	<u>10,807,898</u>	<u>1,267,102</u>
Net change in fund balances	-	-	207,038	207,038
Fund balance (Budgetary Basis), Beginning	<u>5,329,574</u>	<u>4,978,365</u>	<u>4,978,365</u>	<u>-</u>
Fund balance (Budgetary Basis), Ending	<u>\$ 5,329,574</u>	<u>\$ 4,978,365</u>	5,185,403	<u>\$ 207,038</u>
Add outstanding encumbrances ending			<u>-</u>	
Fund balance (GAAP Basis), Ending			<u>\$ 5,185,403</u>	

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE - CAPITAL FINANCE CORPORATION FUND**

For The Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Earnings on investments	\$ 40,000	\$ 40,000	\$ 35,605	\$ (4,395)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>35,605</u>	<u>(4,395)</u>
<b>EXPENDITURES</b>				
Capital outlay				
Other expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess of revenues over expenditures	<u>39,000</u>	<u>39,000</u>	<u>35,605</u>	<u>(3,395)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(32,295)</u>	<u>7,705</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(32,295)</u>	<u>7,705</u>
Net change in fund balances	(1,000)	(1,000)	3,310	4,310
Fund balance, Beginning	<u>906,771</u>	<u>911,082</u>	<u>911,082</u>	<u>-</u>
Fund balance, Ending	<u>\$ 905,771</u>	<u>\$ 910,082</u>	<u>\$ 914,392</u>	<u>\$ 4,310</u>

Capital Assets  
Used in the  
Operation of  
Governmental Funds



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CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

June 30, 2012

**GOVERNMENTAL FUNDS CAPITAL ASSETS**

Land	\$ 19,395,747
Improvements	23,209,007
Buildings	826,789,092
Projects in progress	20,398,295
Equipment and vehicles	<u>70,523,450</u>
Total Governmental Funds Capital Assets	<u>\$ 960,315,591</u>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS**

General Fund	\$ 18,554,956
Building Funds:	
Capital Projects Fund	796,956,805
Capital Reserve Fund	140,355,979
Special Revenue Funds:	
Designated Purpose Grants Fund	2,766,521
Extended Child Services Fund	<u>1,681,330</u>
Total Investment in Governmental Funds Capital Assets	<u>\$ 960,315,591</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**SCHEDULE BY FUNCTION AND ACTIVITY**

June 30, 2012

	<u>Land and Improvements</u>	<u>Buildings and Projects In Progress</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
Instruction				
Elementary education	\$ 12,264,226	\$ 303,625,734	\$ 11,907,907	\$ 327,797,867
Middle school education	5,258,362	192,616,778	5,681,913	203,557,053
High school education	18,536,312	239,476,174	10,383,202	268,395,688
Special programs	3,285,802	56,119,125	4,066,254	63,471,181
Support services				
Administrative	1,441,081	34,256,970	11,560,573	47,258,624
Maintenance	361,366	2,151,323	1,225,980	3,738,669
Transportation	1,150,312	17,807,087	25,029,741	43,987,140
Warehouse	307,293	1,134,196	667,880	2,109,369
Total capital assets	<u>\$ 42,604,754</u>	<u>\$ 847,187,387</u>	<u>\$ 70,523,450</u>	<u>\$ 960,315,591</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

For The Year Ended June 30, 2012

	<b>Governmental Funds Capital Assets June 30, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets June 30, 2012</b>
Instruction				
Elementary education	\$ 312,683,549	\$ 16,889,740	\$ 1,775,422	\$ 327,797,867
Middle school education	203,442,835	114,218	-	203,557,053
High school education	267,837,447	804,132	245,891	268,395,688
Special programs	63,076,677	394,504	-	63,471,181
Support services				
Administrative	45,487,905	8,006,701	6,235,982	47,258,624
Maintenance	3,738,669	-	-	3,738,669
Transportation	44,063,664	14,344	90,868	43,987,140
Warehouse	2,058,109	51,260	-	2,109,369
<b>Total capital assets</b>	<b>\$ 942,388,855</b>	<b>\$ 26,274,899</b>	<b>\$ 8,348,163</b>	<b>\$ 960,315,591</b>



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# State Required Schedules

## Enterprise Funds:

Food Service Fund - Schedule of Revenues, Expenses  
and Changes in Net Assets - Compared to Budget

## Other Information:

Fiscal Year Spending Under Section 20 of Article X of the State  
Constitution (TABOR) Worksheet - The TABOR worksheet is a  
fiscal year report to calculate compliance with the state constitution.  
Article 29 of the Colorado Revised Statutes requires that the  
audit report of each district contain this information.



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**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**COMPARED TO BUDGET**

**ENTERPRISE FUND - FOOD SERVICES FUND**

For The Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Food sales	\$ 8,832,276	\$ 8,832,276	\$ 7,785,135	\$ (1,047,141)
Earnings on investments	1,000	1,000	2,015	1,015
Other	176,340	176,340	190,850	14,510
Transfer in	-	-	-	-
State aid	236,769	236,769	225,336	(11,433)
Federal aid				
Reimbursement for meals	6,200,755	6,200,755	6,146,519	(54,236)
USDA commodities	884,800	884,800	1,004,399	119,599
Total revenues	<u>16,331,940</u>	<u>16,331,940</u>	<u>15,354,254</u>	<u>(977,686)</u>
<b>EXPENSES</b>				
Salaries and benefits	5,605,300	6,952,600	6,908,541	44,059
Purchased services	516,600	501,600	375,560	126,040
Supplies and materials	9,010,800	8,460,800	7,940,279	520,521
Depreciation	180,000	180,000	176,709	3,291
Indirect costs	854,400	869,400	869,350	50
Total expenses	<u>16,167,100</u>	<u>16,964,400</u>	<u>16,270,439</u>	<u>693,961</u>
Excess of revenues over expenses	164,840	(632,460)	(916,185)	(283,725)
Net Assets, Beginning	<u>7,011,061</u>	<u>7,333,585</u>	<u>7,333,585</u>	<u>-</u>
Net Assets, Ending	<u>\$ 7,175,901</u>	<u>\$ 6,701,125</u>	<u>\$ 6,417,400</u>	<u>\$ (283,725)</u>

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**FISCAL YEAR SPENDING UNDER SECTION 20 OF**

**ARTICLE X OF THE STATE CONSTITUTION**

**(TABOR) WORKSHEET (Cash Basis)**

For The Year Ended June 30, 2012

Total Expenditures for All Funds Listed Below  
(Total Expenditures, Plus Changes in Fund Balance, Less Transfers)

General Fund	\$ 408,062,119	
Designated-Purpose Grants Fund	22,150,953	
Capital Reserve Fund	35,400	
Extended Child Services Fund	15,981,731	
Pupil Activities Fund	11,014,006	
Other Special Revenue Funds	N/A	
Building Fund	N/A	
Bond Redemption Fund	52,803,904	
Food Service Fund	15,387,928	
	<hr/>	
Total Expenditures		\$ 525,436,041
Deduct the following expenditures included in totals above:		
Expenditures from Gifts/Foundations	1,958,855	
Expenditures from Federal Grants	25,987,545	
Amendment No. 23, November 2000	109,062,984	
Repayment of Voter-Approved Debt	52,803,904	
Post 1991 Voter-Approved Referendum	42,500,000	
	<hr/>	
Total Deductions		<u>232,313,288</u>
Total Spending Subject to TABOR for Current Year		<u>293,122,753</u>
Total Spending Subject to TABOR Prior Year		298,015,047
% Change in Denver/Boulder Consumer Price Index for Prior Year	3.70	
% Change in Student Enrollment	<u>0.78</u>	
Total % Change	<u><u>4.48</u></u>	
Change in Spending Permitted		<u>13,351,074</u>
Maximum Spending Subject to TABOR Allowed for Current Year		<u>311,366,121</u>
Spending Over (Under) Allowable Amount		<u><u>\$ (18,243,368)</u></u>

# Statistical Section



**CHERRY CREEK SCHOOL DISTRICT NO. 5**  
**ARAPAHOE COUNTY, COLORADO**  
**STATISTICAL SECTION TABLE OF CONTENTS**

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

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These schedules contain trend information to help the user understand how the District's financial position has changed over time.	
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<b>Operating Information:</b>	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 with the fiscal year beginning July 1, 2002.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

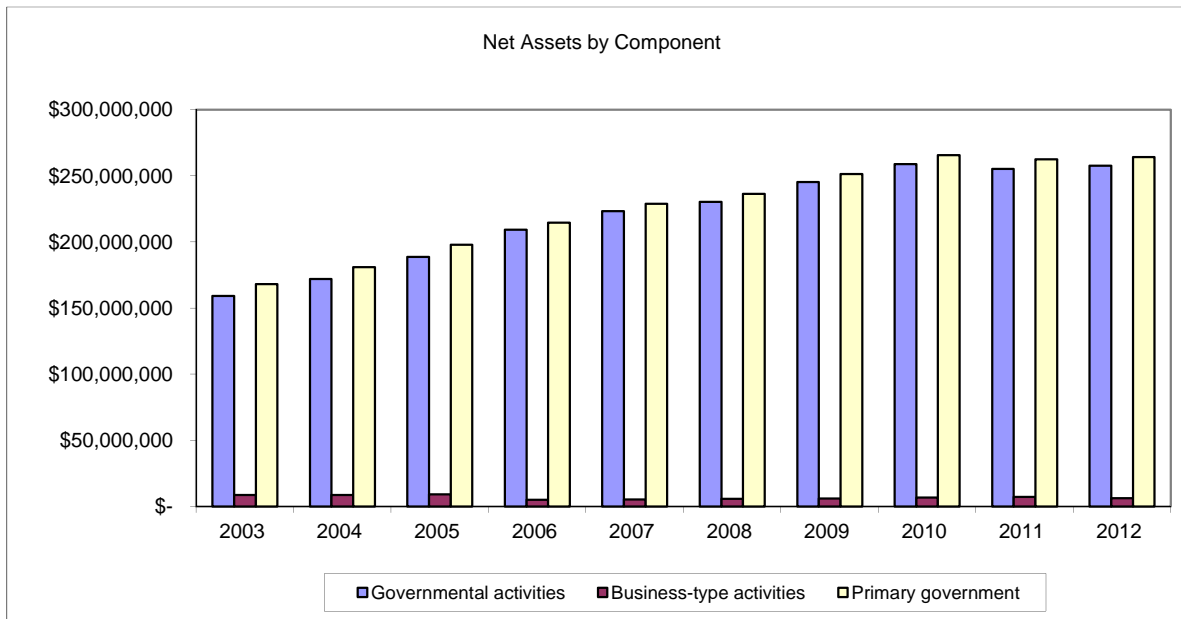
**Net Assets by Component,  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 133,414,414	\$ 145,356,110	\$ 149,094,843	\$ 157,731,564
Restricted	46,036,494	38,607,135	43,514,037	45,912,121
Unrestricted	<u>(20,185,640)</u>	<u>(11,859,650)</u>	<u>(4,017,444)</u>	<u>5,701,242</u>
<b>Total governmental activities net assets</b>	<b><u>\$ 159,265,268</u></b>	<b><u>\$ 172,103,595</u></b>	<b><u>\$ 188,591,436</u></b>	<b><u>\$ 209,344,927</u></b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 2,226,825	\$ 1,326,585	\$ 1,335,391	\$ 1,012,102
Restricted	586,000	580,000	580,000	252,000
Unrestricted	<u>5,965,511</u>	<u>6,908,533</u>	<u>7,442,401</u>	<u>3,945,411</u>
<b>Total business-type activities net assets</b>	<b><u>\$ 8,778,336</u></b>	<b><u>\$ 8,815,118</u></b>	<b><u>\$ 9,357,792</u></b>	<b><u>\$ 5,209,513</u></b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 135,641,239	\$ 146,682,695	\$ 150,430,234	\$ 158,743,666
Restricted	46,622,494	39,187,135	44,094,037	46,164,121
Unrestricted	<u>(14,220,129)</u>	<u>(4,951,117)</u>	<u>3,424,957</u>	<u>9,646,653</u>
<b>Total primary government net assets</b>	<b><u>\$ 168,043,604</u></b>	<b><u>\$ 180,918,713</u></b>	<b><u>\$ 197,949,228</u></b>	<b><u>\$ 214,554,440</u></b>

Notes:

(1) Includes all funds. (GAAP Basis)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 165,944,054	\$ 180,282,382	\$ 184,821,149	\$ 187,845,000	\$ 175,535,480	\$ 172,640,583
50,528,449	56,904,127	58,044,822	54,983,140	56,639,073	60,204,062
6,758,344	(6,849,551)	2,478,303	16,035,640	22,929,078	24,837,243
<u>\$ 223,230,847</u>	<u>\$ 230,336,958</u>	<u>\$ 245,344,274</u>	<u>\$ 258,863,780</u>	<u>\$ 255,103,631</u>	<u>\$ 257,681,888</u>
\$ 959,849	\$ 944,783	\$ 1,131,800	\$ 964,686	\$ 1,113,297	\$ 1,293,612
255,000	257,000	259,000	236,000	243,000	274,000
4,289,231	4,834,411	4,704,388	5,623,665	5,977,288	4,849,788
<u>\$ 5,504,080</u>	<u>\$ 6,036,194</u>	<u>\$ 6,095,188</u>	<u>\$ 6,824,351</u>	<u>\$ 7,333,585</u>	<u>\$ 6,417,400</u>
\$ 166,903,903	\$ 181,227,165	\$ 185,952,949	\$ 188,809,686	\$ 176,648,777	\$ 173,934,195
50,783,449	57,161,127	58,303,822	55,219,140	56,882,073	60,478,062
11,047,575	(2,015,140)	7,182,691	21,659,305	28,906,366	29,687,031
<u>\$ 228,734,927</u>	<u>\$ 236,373,152</u>	<u>\$ 251,439,462</u>	<u>\$ 265,688,131</u>	<u>\$ 262,437,216</u>	<u>\$ 264,099,288</u>



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Changes in Net Assets,  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses:</b>				
Governmental activities:				
Instruction	\$ 227,676,145	\$ 235,905,923	\$ 245,423,028	\$ 264,844,642
Indirect instruction				
Pupil services	20,035,017	21,828,063	21,082,513	21,568,550
Instructional staff services	14,585,725	11,709,948	13,897,657	13,843,270
School administration	18,517,073	18,701,486	19,121,067	19,962,085
Support services				
General administration	2,692,593	2,495,432	2,618,690	2,806,143
Business services	2,819,247	3,049,636	3,202,596	3,066,894
Operations and maintenance	26,606,279	29,017,856	30,147,954	32,809,665
Pupil transportation	10,864,066	11,697,136	13,188,614	13,093,193
Central services	9,075,464	8,064,414	9,072,623	9,965,888
Community services	403,383	373,704	350,923	875,268
Pupil activities	10,094,024	10,150,045	10,311,846	11,189,035
Non-departmental	513,460	202,116	1,135,871	595,535
Assets conveyed to other governments	-	-	-	-
Interest on long-term debt	18,624,110	19,920,516	18,897,061	20,111,698
Total governmental activities expenses	<u>362,506,586</u>	<u>373,116,275</u>	<u>388,450,443</u>	<u>414,731,866</u>
Business-type activities:				
Food services operations	11,327,147	12,961,936	11,661,626	12,658,997
Extended child services	9,930,680	9,747,873	10,620,946	-
Total business-type activities expenses	<u>21,257,827</u>	<u>22,709,809</u>	<u>22,282,572</u>	<u>12,658,997</u>
Total primary government expenses	<u>\$ 383,764,413</u>	<u>\$ 395,826,084</u>	<u>\$ 410,733,015</u>	<u>\$ 427,390,863</u>

Notes:

(1) Includes all funds. (GAAP Basis)

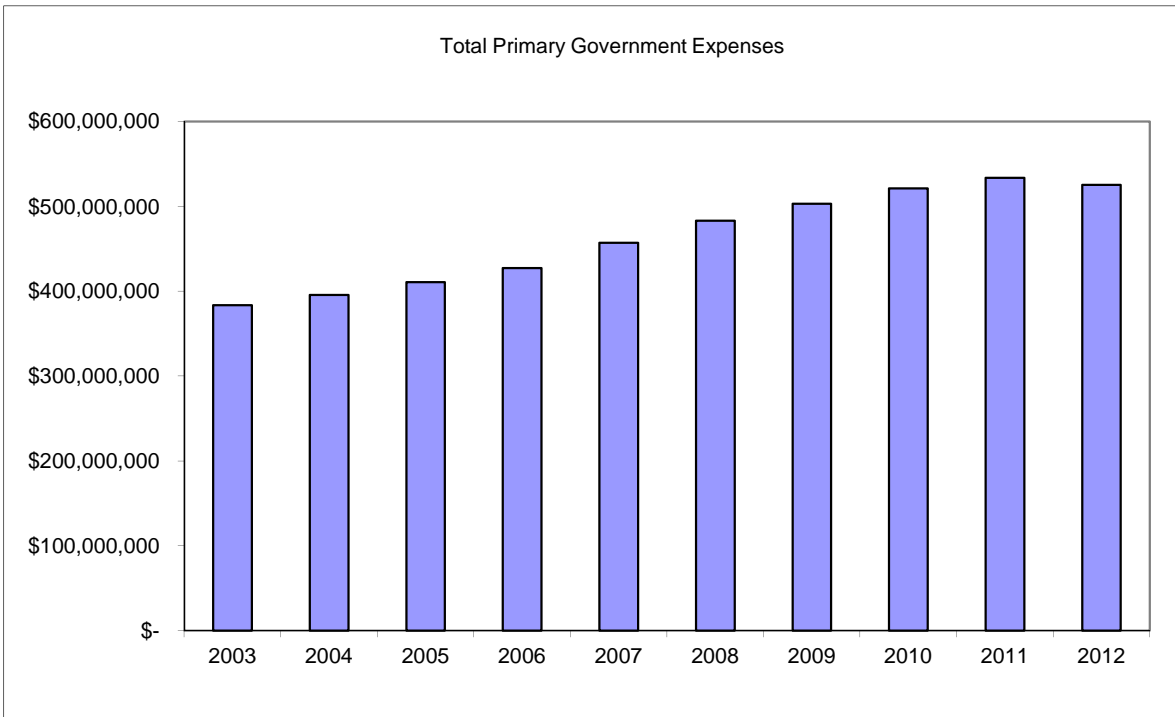
(2) Beginning with fiscal year 2006, the Extended Child Services Fund is reported within governmental activities.

(3) Beginning with fiscal year 2010, Non-departmental expenses are allocated to other functional expenses.

(4) The District funded capital improvements at the Cherry Creek Academy Charter School (a discretely presented component unit) completed in fiscal year 2011. The contribution from the District is reflected as assets conveyed to other governments.

Schedule 2

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 288,668,360	\$ 306,386,804	\$ 320,917,408	\$ 335,698,599	\$ 344,545,552	\$ 336,630,175
23,019,380	25,204,203	25,445,100	29,282,610	28,659,690	28,729,476
14,409,001	14,552,126	14,713,440	14,917,608	13,703,092	13,149,405
20,817,498	21,640,585	22,569,955	22,568,207	22,348,882	21,859,294
3,169,042	3,281,998	3,242,318	3,247,376	2,745,940	3,226,398
3,504,958	3,636,338	3,741,106	3,933,573	4,177,634	3,773,499
33,002,853	34,244,558	36,145,126	35,331,594	35,131,333	34,177,502
15,598,597	17,433,438	19,158,870	19,858,334	19,458,476	19,693,624
9,535,413	11,725,014	12,123,792	10,086,142	10,191,118	11,533,499
1,044,669	1,241,794	877,783	968,945	1,195,266	1,202,570
11,501,773	11,852,886	11,520,567	10,983,274	10,665,631	10,807,898
603,777	600,163	628,921	-	-	-
-	-	-	-	2,781,306	-
<u>19,023,785</u>	<u>17,775,387</u>	<u>17,770,954</u>	<u>19,969,292</u>	<u>23,104,156</u>	<u>24,622,384</u>
<u>443,899,106</u>	<u>469,575,294</u>	<u>488,855,340</u>	<u>506,845,554</u>	<u>518,708,076</u>	<u>509,405,724</u>
13,207,896	13,841,369	14,387,086	14,563,755	15,252,619	16,270,439
-	-	-	-	-	-
<u>13,207,896</u>	<u>13,841,369</u>	<u>14,387,086</u>	<u>14,563,755</u>	<u>15,252,619</u>	<u>16,270,439</u>
<u>\$ 457,107,002</u>	<u>\$ 483,416,663</u>	<u>\$ 503,242,426</u>	<u>\$ 521,409,309</u>	<u>\$ 533,960,695</u>	<u>\$ 525,676,163</u>



**CHERRY CREEK SCHOOL DISTRICT NO. 5**  
**ARAPAHOE COUNTY, COLORADO**

**Changes in Net Assets,  
Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 3,231,025	\$ 3,032,947	\$ 2,581,027	\$ 15,579,084
Pupil activities	10,903,532	10,891,854	10,674,825	11,300,849
Other activities	651,941	847,926	742,525	861,208
Operating grants and contributions	19,782,417	20,889,343	21,927,192	28,047,976
Capital grants and contributions	441,289	463,408	646,286	619,349
Total governmental activities program revenues	<u>35,010,204</u>	<u>36,125,478</u>	<u>36,571,855</u>	<u>56,408,466</u>
Business-type activities:				
Charges for services:				
Food services operations	7,730,994	7,909,899	7,775,879	8,264,051
Extended child services	11,029,028	11,701,225	11,584,062	-
Operating grants and contributions	2,930,433	3,456,783	3,929,896	4,447,409
Total business-type activities program revenues	<u>21,690,455</u>	<u>23,067,907</u>	<u>23,289,837</u>	<u>12,711,460</u>
Total primary government program revenues	<u>\$ 56,700,659</u>	<u>\$ 59,193,385</u>	<u>\$ 59,861,692</u>	<u>\$ 69,119,926</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (327,496,382)	\$ (336,990,797)	\$ (351,878,588)	\$ 56,408,466
Business-type activities	432,628	358,098	1,007,265	12,711,460
Total primary government net expense	<u>\$ (327,063,754)</u>	<u>\$ (336,632,699)</u>	<u>\$ (350,871,323)</u>	<u>\$ 69,119,926</u>

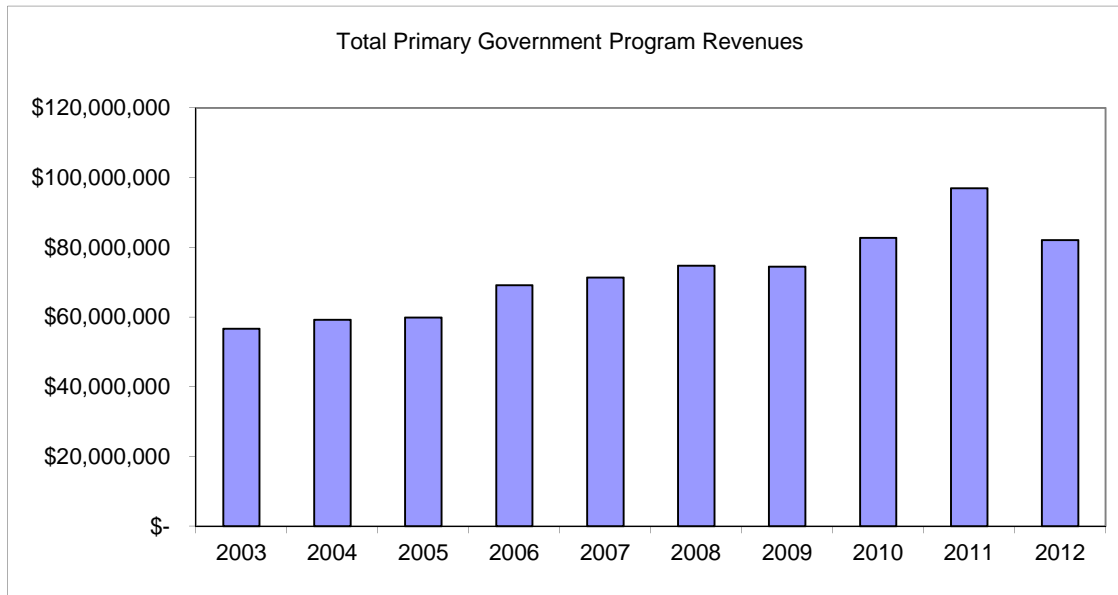
Notes:

(1) Includes all funds. (GAAP Basis)

(2) Beginning with fiscal year 2006, the Extended Child Services Fund is reported within governmental activities.

Schedule 2

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 17,022,126	\$ 18,118,834	\$ 17,672,587	\$ 18,117,416	\$ 17,306,277	\$ 17,887,323
11,571,481	11,571,446	11,464,290	11,217,970	10,744,849	11,002,470
1,151,383	1,476,045	1,385,941	1,576,975	1,466,473	1,334,298
27,846,901	28,940,825	29,333,487	35,984,390	50,919,702	35,338,499
<u>538,520</u>	<u>541,869</u>	<u>280,737</u>	<u>575,230</u>	<u>866,172</u>	<u>1,212,331</u>
<u>58,130,411</u>	<u>60,649,019</u>	<u>60,137,042</u>	<u>67,471,981</u>	<u>81,303,473</u>	<u>66,774,921</u>
8,353,484	8,631,867	8,269,413	8,344,224	8,266,385	7,975,985
-	-	-	-	-	-
<u>4,907,235</u>	<u>5,518,150</u>	<u>6,027,800</u>	<u>6,948,094</u>	<u>7,390,992</u>	<u>7,376,254</u>
<u>13,260,719</u>	<u>14,150,017</u>	<u>14,297,213</u>	<u>15,292,318</u>	<u>15,657,377</u>	<u>15,352,239</u>
<u>\$ 71,391,130</u>	<u>\$ 74,799,036</u>	<u>\$ 74,434,255</u>	<u>\$ 82,764,299</u>	<u>\$ 96,960,850</u>	<u>\$ 82,127,160</u>
\$ (385,768,695)	\$ (408,926,275)	\$ (428,718,298)	\$ (439,373,573)	\$ (437,404,603)	\$ (442,630,803)
<u>52,823</u>	<u>308,648</u>	<u>(89,873)</u>	<u>728,563</u>	<u>404,758</u>	<u>(918,200)</u>
<u>\$ (385,715,872)</u>	<u>\$ (408,617,627)</u>	<u>\$ (428,808,171)</u>	<u>\$ (438,645,010)</u>	<u>\$ (436,999,845)</u>	<u>\$ (443,549,003)</u>



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Changes in Net Assets,  
Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 181,706,969	\$ 187,689,061	\$ 193,916,033	\$ 191,435,995
Specific ownership taxes	18,280,862	18,082,240	17,984,695	17,658,917
Investment earnings	3,459,085	1,808,941	2,574,816	4,374,881
Other revenues	1,890,984	1,939,478	2,260,767	2,083,166
State equalization aid	124,971,830	139,947,621	151,055,322	159,224,806
Transfers	455,031	361,783	574,796	(178,352)
Total governmental activities	<u>330,764,761</u>	<u>349,829,124</u>	<u>368,366,429</u>	<u>374,599,413</u>
Business-type activities:				
Investment earnings	76,711	40,467	110,205	98,384
Transfers	(455,031)	(361,783)	(574,796)	178,352
Total business-type activities	<u>(378,320)</u>	<u>(321,316)</u>	<u>(464,591)</u>	<u>276,736</u>
Total primary government	<u>\$ 330,386,441</u>	<u>\$ 349,507,808</u>	<u>\$ 367,901,838</u>	<u>\$ 374,876,149</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 3,268,379	\$ 12,838,327	\$ 16,487,841	\$ 374,599,413
Business-type activities	54,308	36,782	542,674	276,736
Total primary government	<u>\$ 3,322,687</u>	<u>\$ 12,875,109</u>	<u>\$ 17,030,515</u>	<u>\$ 374,876,149</u>

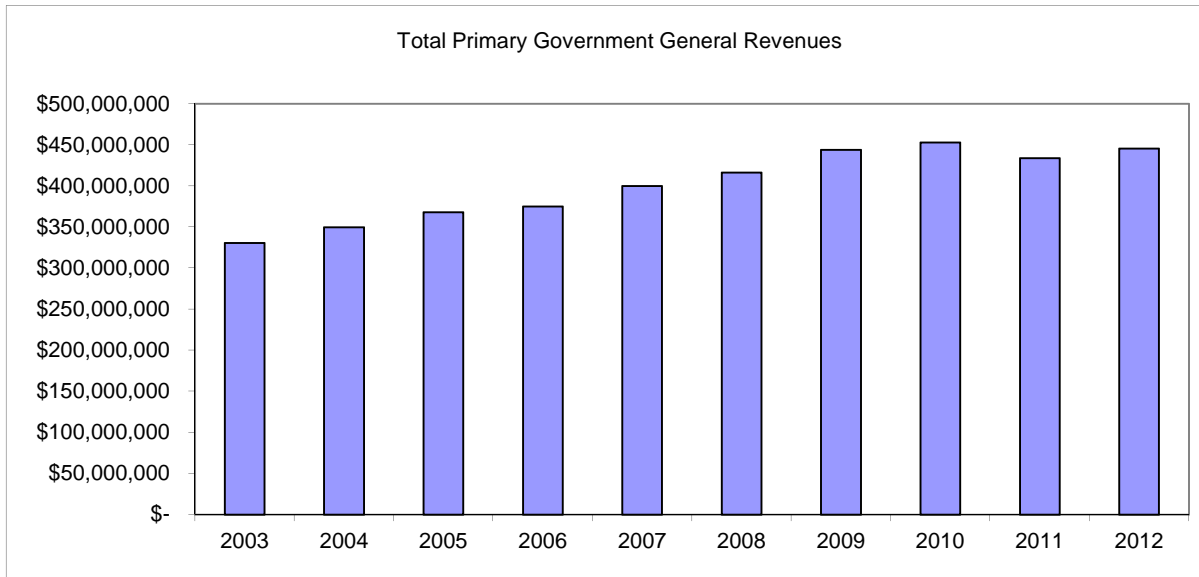
Notes:

(1) Includes all funds. (GAAP Basis)

(2) Beginning with fiscal year 2006, the Extended Child Services Fund is reported within governmental activities.

Schedule 2 (continued)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 200,318,318	\$ 206,915,772	\$ 222,411,349	\$ 223,752,825	\$ 229,323,293	\$ 229,771,527
17,450,360	16,768,029	15,903,660	15,360,501	14,449,208	14,509,101
4,740,873	2,895,107	1,745,780	1,687,500	751,113	440,924
2,151,510	1,776,439	3,596,646	2,908,257	2,960,316	3,179,402
175,076,405	187,758,523	200,186,015	209,183,996	186,263,975	197,308,106
(82,851)	(81,484)	(117,836)	-	(103,451)	-
<u>399,654,615</u>	<u>416,032,386</u>	<u>443,725,614</u>	<u>452,893,079</u>	<u>433,644,454</u>	<u>445,209,060</u>
158,893	141,982	31,031	600	1,025	2,015
82,851	81,484	117,836	-	103,451	-
<u>241,744</u>	<u>223,466</u>	<u>148,867</u>	<u>600</u>	<u>104,476</u>	<u>2,015</u>
<u>\$ 399,896,359</u>	<u>\$ 416,255,852</u>	<u>\$ 443,874,481</u>	<u>\$ 452,893,679</u>	<u>\$ 433,748,930</u>	<u>\$ 445,211,075</u>
\$ 13,885,920	\$ 7,106,111	\$ 15,007,316	\$ 13,519,506	\$ (3,760,149)	\$ 2,578,257
294,567	532,114	58,994	729,163	509,234	(916,185)
<u>\$ 14,180,487</u>	<u>\$ 7,638,225</u>	<u>\$ 15,066,310</u>	<u>\$ 14,248,669</u>	<u>\$ (3,250,915)</u>	<u>\$ 1,662,072</u>



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Schedule 3**

**General Fund**

<u>Fiscal Year</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
2003	\$ 1,157,929	\$ 8,931,000	\$ 1,129,767	\$ 1,947,130	\$ (16,795,741)	\$ (3,629,915)
2004	1,295,795	9,226,000	1,236,693	1,848,730	(8,998,403)	4,608,815
2005	1,487,614	9,491,000	1,122,200	2,041,512	(3,159,393)	10,982,933
2006	993,960	9,835,000	1,125,627	1,809,428	6,708,700	20,472,715
2007	951,031	10,583,000	884,229	1,626,099	8,262,903	22,307,262
2008	1,464,082	11,378,000	644,367	1,421,197	28,504	14,936,150
2009	1,273,443	11,878,000	1,271,676	1,566,593	7,489,957	23,479,669
2010	1,463,538	12,135,000	522,624	948,153	23,449,751	38,519,066
2011	1,642,672	12,017,000	11,190,705	984,656	19,793,634	45,628,667
2012	1,963,154	12,398,000	21,660,000	370,243	6,619,727	43,011,124

**All Other Governmental Funds**

<u>Fiscal Year</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
2003	\$ -	\$ 64,669,450	\$ 3,654,524	\$ 2,080,318	\$ -	\$ 70,404,292
2004	-	134,166,182	3,974,144	1,508,615	-	139,648,941
2005	-	133,589,235	4,380,099	2,217,472	-	140,186,806
2006	-	97,425,380	8,045,178	2,492,704	-	107,963,262
2007	-	70,451,576	8,697,324	2,828,239	-	81,977,139
2008	28,074	63,348,897	6,168,618	2,372,744	-	71,918,333
2009	3,972	161,876,850	5,870,358	3,017,460	-	170,768,640
2010	10,899	171,651,742	6,506,221	2,760,146	-	180,929,008
2011	14,735	93,793,997	6,158,259	2,566,414	-	102,533,405
2012	33,525	71,766,314	7,262,750	2,071,649	-	81,134,238

**Notes:**

(1) Other governmental funds from fiscal year 2003 through fiscal year 2005 include: Debt Service - Bond Redemption Fund, Capital Projects - Building Fund, Capital Reserve Fund, Designated Purpose Grants Fund, Pupil Activities Fund, and Capital Finance Corporation Fund. Beginning with fiscal year 2006, the Extended Child Services Fund is also reported within governmental funds.

(2) The District implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type definitions as of June 30, 2011. The fund balances of the governmental funds are now classified as follows: nonspendable, restricted, committed, assigned, or unassigned. The District has retroactively applied this statement for the purposes of this schedule.



CherryCreek  
Schools  
Dedicated to Excellence

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Local sources				
Property taxes	\$ 182,209,209	\$ 186,967,678	\$ 190,964,705	\$ 194,339,986
Specific ownership taxes	18,280,862	18,082,240	17,984,695	17,658,917
Tuition	940,862	936,605	770,158	13,713,445
Earnings on investments	3,459,085	1,808,941	2,574,816	4,374,881
Pupil activities	10,503,356	10,449,613	10,674,825	11,300,849
Other	6,719,299	6,114,307	7,484,071	7,322,820
State sources				
Equalization aid	124,971,830	139,947,621	151,055,322	159,224,806
Vocational education	903,278	996,075	1,113,314	2,002,053
Education of handicapped	5,017,061	5,254,446	5,417,924	7,149,487
Transportation	2,079,280	2,265,448	2,363,142	2,570,702
Other	1,678,682	1,576,622	1,243,568	1,090,670
Federal sources	9,068,970	10,471,840	9,745,340	13,350,891
Total revenues	<u>365,831,774</u>	<u>384,871,436</u>	<u>401,391,880</u>	<u>434,099,507</u>
<b>Expenditures</b>				
Instruction	207,279,122	215,019,643	220,457,921	240,390,990
Pupil services	20,102,006	22,237,540	21,135,995	21,549,955
Instructional staff services	12,127,646	11,149,839	13,529,753	13,431,218
School administration	18,462,674	18,828,858	18,690,096	20,189,689
General administration	2,586,707	2,596,437	2,641,443	2,774,131
Business services	2,763,206	2,729,878	2,885,117	2,979,475
Operations & maintenance	27,391,354	28,694,011	29,027,240	31,893,410
Pupil transportation	8,663,563	9,337,639	10,589,929	11,409,808
Central supporting services	9,180,097	8,296,417	8,878,048	9,967,331
Non-departmental	755,964	723,852	702,992	1,223,626
Pupil activities	10,094,024	10,150,045	10,311,846	11,189,035
Capital outlay	63,701,349	36,243,083	83,434,386	48,882,913
Debt service				
Interest	18,663,341	18,560,140	20,679,967	20,580,649
Principal	23,417,525	26,835,962	21,495,000	24,275,000
Total expenditures	<u>425,188,578</u>	<u>411,403,344</u>	<u>464,459,733</u>	<u>460,737,230</u>
Excess of revenues over (under) expenditures	(59,356,804)	(26,531,908)	(63,067,853)	(26,637,723)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,962,771	1,866,451	1,614,472	1,294,903
Transfers out	(1,507,740)	(1,504,668)	(1,039,676)	(1,473,255)
General obligation bonds issued	8,978,603	198,765,000	199,715,000	-
Bond premium	-	9,760,750	14,402,671	-
Bond refunding escrow agent	-	(104,897,505)	(144,743,873)	-
Equipment lease	135,650	-	-	-
Sale of assets	7,920	25,259	31,242	13,225
Other	(9,600)	-	-	-
Total other financing sources (uses)	<u>9,567,604</u>	<u>104,015,287</u>	<u>69,979,836</u>	<u>(165,127)</u>
Net change in fund balances	<u>\$ (49,789,200)</u>	<u>\$ 77,483,379</u>	<u>\$ 6,911,983</u>	<u>\$ (26,802,850)</u>
Debt service as a percentage of noncapital expenditures	11.5%	12.0%	10.7%	10.6%

Schedule 4

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 199,571,172	\$ 207,013,865	\$ 220,133,193	\$ 223,900,561	\$ 230,897,870	\$ 228,223,103
17,450,360	16,768,029	15,903,660	15,360,501	14,449,208	14,509,101
15,247,271	16,373,319	15,912,029	16,288,980	15,591,988	16,142,958
4,740,873	2,895,107	1,745,780	1,687,500	751,113	440,924
11,571,481	11,571,446	11,464,290	11,217,970	10,744,849	11,002,470
6,920,467	8,687,906	9,402,234	8,083,985	6,540,245	6,683,263
175,076,405	187,758,523	200,186,015	209,183,996	186,263,975	197,308,106
723,110	1,491,395	1,078,451	1,892,460	1,927,762	1,999,301
7,587,737	7,507,649	7,778,024	8,196,245	8,260,881	8,756,893
2,612,078	3,086,331	3,576,970	3,921,767	3,986,143	3,893,457
2,017,101	665,442	753,524	1,398,444	1,414,238	1,254,837
13,657,343	13,956,561	13,795,224	19,380,387	35,797,683	20,221,144
<u>457,175,398</u>	<u>477,775,573</u>	<u>501,729,394</u>	<u>520,512,796</u>	<u>516,625,955</u>	<u>510,435,557</u>
260,993,962	277,624,127	291,739,767	304,555,053	311,451,823	310,493,043
22,955,861	24,991,634	25,393,727	28,875,655	28,261,343	28,749,259
14,186,080	14,376,166	14,452,430	14,327,494	13,056,852	13,171,119
20,883,529	21,766,883	22,483,945	22,514,168	22,241,396	21,789,567
3,231,813	3,192,004	3,160,948	3,043,541	2,704,992	3,175,239
3,159,154	3,428,093	3,555,377	3,622,878	3,843,164	3,633,546
32,998,360	34,454,985	34,861,871	33,606,542	33,299,583	32,933,622
13,345,503	17,043,796	17,415,623	17,352,382	16,586,304	18,380,112
9,465,979	11,538,222	11,973,210	10,043,521	10,178,782	11,355,195
1,318,533	1,539,238	1,236,573	1,348,519	1,582,783	1,566,324
11,501,773	11,852,886	11,520,567	10,983,274	10,665,631	10,807,898
41,017,521	24,093,682	18,955,829	98,698,111	80,911,468	25,393,161
19,626,055	18,372,291	18,681,896	21,797,565	23,974,385	31,340,000
26,560,000	30,850,000	25,830,000	27,600,000	29,050,000	21,821,250
<u>481,244,123</u>	<u>495,124,007</u>	<u>501,261,763</u>	<u>598,368,703</u>	<u>587,808,506</u>	<u>534,609,335</u>
(24,068,725)	(17,348,434)	467,631	(77,855,907)	(71,182,551)	(24,173,778)
1,297,107	2,324,723	1,928,953	8,648,452	14,540,447	5,163,573
(1,379,958)	(2,406,207)	(2,046,789)	(8,648,452)	(14,643,898)	(5,163,573)
-	-	101,775,000	101,775,000	-	48,855,000
-	-	5,269,031	1,280,672	-	4,870,000
-	-	-	-	-	(53,567,932)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(82,851)</u>	<u>(81,484)</u>	<u>106,926,195</u>	<u>103,055,672</u>	<u>(103,451)</u>	<u>157,068</u>
<u>\$ (24,151,576)</u>	<u>\$ (17,429,918)</u>	<u>\$ 107,393,826</u>	<u>\$ 25,199,765</u>	<u>\$ (71,286,002)</u>	<u>\$ (24,016,710)</u>
10.3%	10.3%	9.0%	9.7%	10.1%	10.3%

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Schedule 4 (continued)**

Notes:

(1) Includes all funds. (GAAP Basis)

(2) For comparative analysis, transfers have not been included.

(3) Beginning with fiscal year 2006, the Extended Child Services Fund is reported within governmental activities.

(4) Debt service as a percentage of noncapital expenditures is calculated by dividing total debt service by total expenditures exclusive of all capital outlays as noted on the reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Tax Years  
(in thousands of dollars)**

**Schedule 5**

<u>Fiscal Year Ended June 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2003	1,784,056	1,789,326	564,790	220,329	3,917,843	4.7331	26,853,214	14.59%
2004	1,833,955	1,642,275	557,392	243,423	3,790,199	4.9654	29,783,850	12.73%
2005	1,891,841	1,636,079	700,540	396,753	3,831,707	5.1132	30,455,556	12.58%
2006	1,983,013	1,535,298	769,811	448,584	3,839,538	5.1575	31,312,387	12.26%
2007	2,049,580	1,561,760	777,387	456,753	3,931,974	5.1129	32,237,477	12.20%
2008	2,297,685	1,798,515	853,743	495,052	4,454,891	4.7397	36,303,602	12.27%
2009	2,364,816	1,819,533	853,281	506,148	4,531,482	4.9569	37,177,878	12.19%
2010	2,270,778	2,118,670	910,743	564,415	4,735,776	4.8825	37,037,726	12.79%
2011	2,292,978	2,094,183	896,936	563,344	4,720,753	5.0497	37,214,632	12.69%
2012	2,148,809	1,798,283	933,758	589,426	4,291,424	5.4367	34,422,583	12.47%

Source: Arapahoe County Assessor's Office.

Notes:

(1) Assessed value as per official notice from Arapahoe County Assessor.

(2) Other property includes vacant land, industrial, agricultural, state assessed, oil and gas, and other natural resources property.

(3) The assessment rate, expressed as a percent of estimated actual value for all taxable property in the State of Colorado, is as follows:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Base Year</u>
2003	9.15	29.0	2001
2004	7.96	29.0	2002
2005	7.96	29.0	2003
2006	7.96	29.0	2004
2007	7.96	29.0	2005
2008	7.96	29.0	2006
2009	7.96	29.0	2007
2010	7.96	29.0	2008
2011	7.96	29.0	2009
2012	7.96	29.0	2010

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Direct and Overlapping Property Tax Rates,  
Last Ten Tax Years  
(rate per \$1,000 of assessed value)**

**Schedule 6**

Collection Year	Cherry Creek School District Number 5			Total Cities and Towns	Total County	Total Special Districts (1)	Total (2)
	General Fund	Debt Service Fund	Total District				
2003	35.831	11.500	47.331	73.368	14.594	1,271.785	1,407.078
2004	39.574	10.080	49.654	70.370	15.140	1,327.965	1,463.129
2005	39.110	12.022	51.132	69.316	15.451	1,367.688	1,503.587
2006	39.787	11.788	51.575	79.370	15.420	1,378.795	1,525.160
2007	38.896	12.233	51.129	77.784	16.083	1,389.060	1,534.056
2008	35.550	11.847	47.397	74.106	15.217	1,294.426	1,431.146
2009	39.637	9.932	49.569	72.193	15.609	1,236.142	1,373.513
2010	38.924	9.901	48.825	72.410	15.672	1,262.792	1,399.699
2011	39.778	10.719	50.497	72.541	15.949	1,303.970	1,442.957
2012	41.667	12.700	54.367	73.908	17.316	1,371.749	1,517.340

Source: Arapahoe County Assessor's Office

Notes:

(1) This represents the gross millage of all special taxing entities within the District boundaries which range from 2.00 to 71.08 mills. The total is not representative of the mill levy assessed to an individual taxpayer.

(2) Overlapping rates are those of local and county governments that apply to property owners within the Cherry Creek School District. Not all overlapping rates apply to all District property owners; for example, although the county property taxes apply to all District property owners, only the city in which the property owner resides would apply.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Schedule 7**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value
Verizon Wireless	\$ 60,822,430	1	1.29%	\$ 56,639,200	1	1.46%
Qwest	52,237,800	2	1.11%	30,812,790	2	0.79%
Public Service Company of CO	51,279,530	3	1.09%	-		-
Greenwood Property Corporation	28,420,000	4	0.60%	29,000,000	3	0.75%
Property Colorado OBJLW One	18,415,000	5	0.39%	20,880,000	4	0.54%
Palazzo Verdi LLC	11,507,470	6	0.24%	-		-
5251 DTC Parkway LLC	11,223,000	7	0.24%	-		-
CSHV Denver Tech Center LLC	10,730,010	8	0.23%	-		-
CREF Tuscany Plaza LLC	10,440,000	9	0.22%	-		-
Legacy III Centennial LLC	10,150,000	10	0.21%	-		-
Cisco Systems Capital Corporation	-		-	19,211,180	5	0.50%
Galileo International	-		-	13,940,010	6	0.36%
EOP Quadrant LLC	-		-	13,485,000	7	0.35%
EOP - Millennium LLC	-		-	12,736,440	8	0.33%
Trinet Realty Investors V Inc	-		-	12,470,000	9	0.32%
Galleria Acquisition Inc.	-		-	12,179,990	10	0.32%
	<u>\$ 265,225,240</u>		<u>5.61%</u>	<u>\$ 221,354,610</u>		<u>5.72%</u>

Source: Arapahoe County Assessor's Office

Notes:

(1) The total net assessed valuation upon which the 2011 tax levy is based for collection in 2012 is \$4,291,424,053. The total assessed valuation upon which the 2002 tax levy is based for collection in 2003 is \$3,917,843,010.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Schedule 8**

Fiscal Year Ended June 30,	Taxes Levied For The Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	185,435,427	176,534,635	95.20%	5,806,968	182,341,603	98.33%
2004	188,198,530	182,624,336	97.04%	1,868,093	184,492,429	98.03%
2005	195,922,830	191,719,622	97.85%	908,508	192,628,130	98.32%
2006	198,024,067	193,962,837	97.95%	644,366	194,607,203	98.27%
2007	201,036,940	197,160,029	98.07%	1,217,865	198,377,894	98.68%
2008	211,148,521	206,670,244	97.88%	(290,062)	206,380,182	97.74%
2009	224,621,021	218,325,366	97.20%	1,942,896	220,268,262	98.06%
2010	231,224,256	223,701,797	96.75%	(460,239)	223,241,558	96.55%
2011	238,383,887	229,597,846	96.31%	2,261,532	231,859,378	97.26%
2012	233,311,851	227,541,817	97.53%	-	227,541,817	97.53%

Source: School District financial records and Arapahoe County Treasurer's Office

Notes:

(1) Includes General and Debt Service Funds.

(2) The current tax collections and delinquent tax collected amounts for the 2012 collection year include actual collections through June 30, 2012, only.

(3) Delinquent property taxes are advertised and subject to distraint, seizure, and sale after delinquent dates. When real estate is sold for taxes, the tax, plus interest, advertising, and certificate fees, draw interest from the date of the sale. After the sale, real estate may be redeemed at any time within three years from the date of sale or at any time before a tax deed is issued. Tax deeds may be legally issued three years after the date of sale.

(4) Collections in subsequent years show a negative amount for the fiscal years ended June 30, 2008 and 2010. This is due to a large amount of refunds related to those tax years paid back to tax payers during a subsequent fiscal year.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

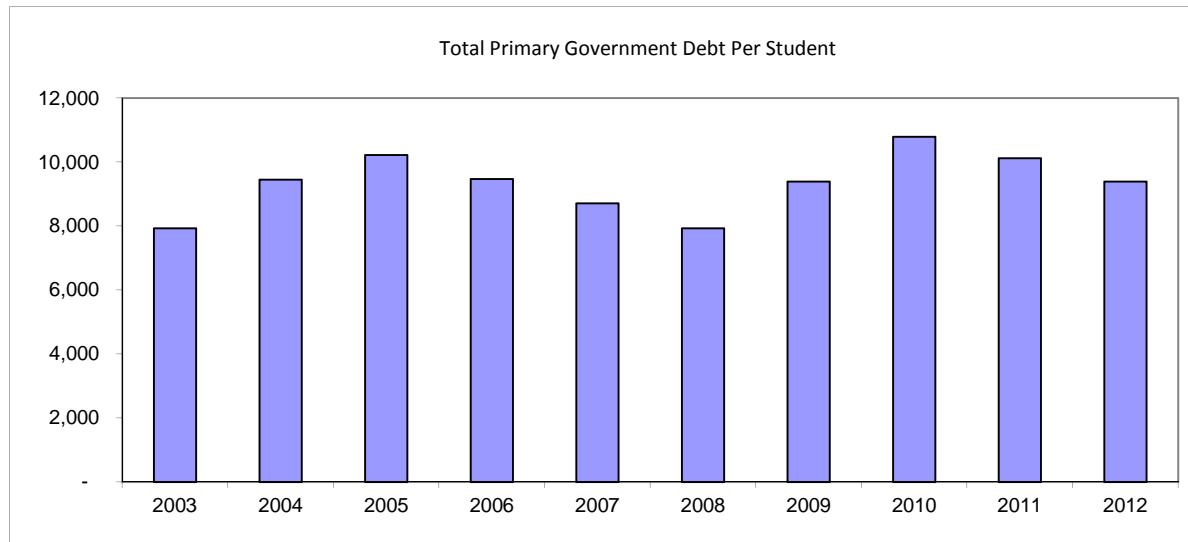
**Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years**  
*(dollars in thousands, except per student)*

**Schedule 9**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Estimated Actual Value of Taxable Property	Percentage of Arapahoe County Personal Income	Per Capita	Per Student
	General Obligation Bonds	Certificates of Participation	Capital Leases					
2003	330,705	12,565	133	343,403	1.28%	1.66%	1,516	7,928
2004	405,130	11,305	102	416,537	1.40%	1.69%	1,751	9,455
2005	450,425	10,005	69	460,499	1.51%	1.85%	1,880	10,221
2006	427,495	8,660	34	436,189	1.39%	1.65%	1,729	9,474
2007	402,325	7,270	-	409,595	1.27%	1.48%	1,594	8,709
2008	373,580	5,165	-	378,745	1.04%	1.35%	1,431	7,932
2009	450,320	4,370	-	454,690	1.22%	1.66%	1,523	9,394
2010	525,315	3,550	-	528,865	1.43%	1.93%	1,754	10,798
2011	497,115	2,700	-	499,815	1.34%		1,641	10,119
2012	466,030	1,815	-	467,845	1.36%		1,509	9,397

Notes:

- (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (2) See Schedule 5 for property value data.
- (3) Population, personal income, and student data can be found in Schedule 14.
- (4) Personal income information not available for 2011 and 2012.



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Ratios of General Bonded Debt Outstanding,  
Last Ten Fiscal Years**

**Schedule 10**

*(dollars in thousands, except per capita and per student)*

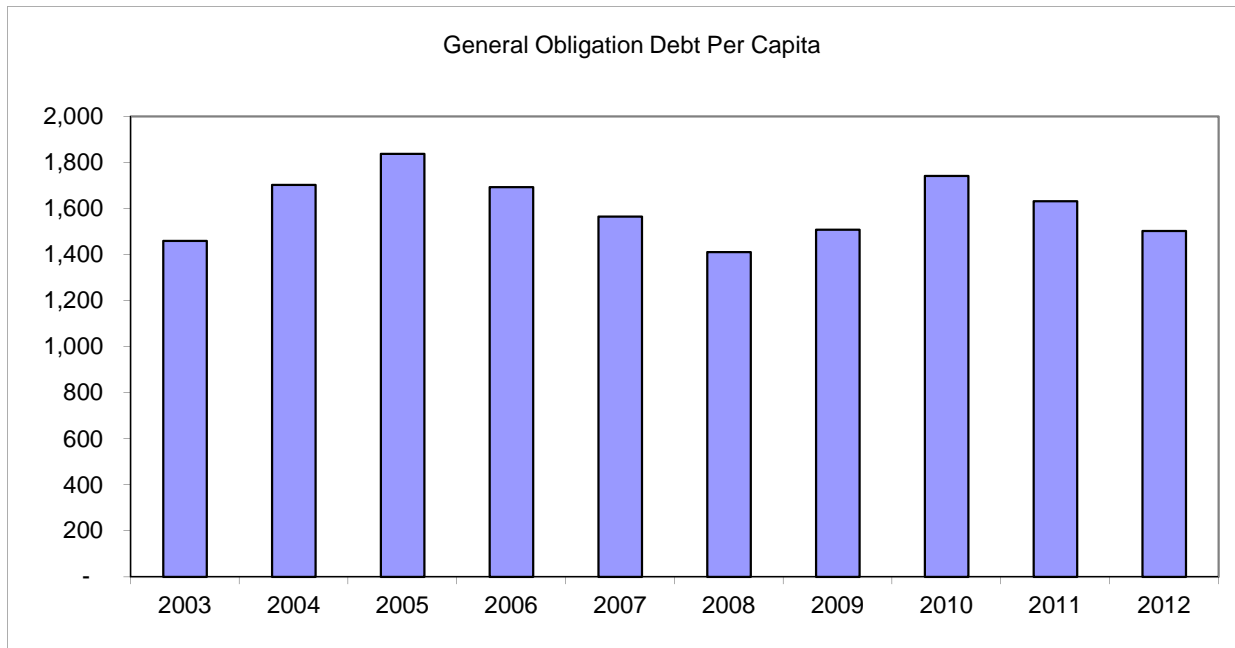
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Value of Taxable Property</u>	<u>Per Capita</u>	<u>Per Student</u>
2003	330,705	1.23%	1,460	7,635
2004	405,130	1.36%	1,703	9,196
2005	450,425	1.48%	1,838	9,997
2006	427,495	1.37%	1,694	9,285
2007	402,325	1.25%	1,565	8,554
2008	373,580	1.03%	1,412	7,823
2009	450,320	1.21%	1,509	9,304
2010	525,315	1.42%	1,742	10,725
2011	497,115	1.34%	1,633	10,064
2012	466,030	1.35%	1,503	9,360

**Notes:**

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements. The fund balance in the Debt Service - Bond Redemption Fund at June 30 is available for debt service payments in December, which are entirely interest payments. Principal payments are made in June of each year.

(2) See Schedule 5 for property value data.

(3) Population and student data can be found in Schedule 14.



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2012  
(dollars in thousands)**

**Schedule 11**

	Outstanding General Obligation Debt	Percentage Applicable To District	Amount Applicable To District
Overlapping debt:			
Antelope Water System General Improvement District	\$ 2,795	100.00 %	\$ 2,795
Arapahoe Park & Recreation District	9,800	100.00	9,800
Arapahoe Water & Wastewater Public Improvement District	109,604	100.00	109,604
Beacon Point Metropolitan District	17,000	100.00	17,000
Centennial 25 Metropolitan District	1,440	100.00	1,440
Cherry Creek Vista Metro Park & Rec District	4,515	100.00	4,515
City of Aurora	30,000	38.36	11,508
City of Englewood	10,083	3.63	366
Columbia Metropolitan District	1,220	100.00	1,220
Conservatory Metropolitan District	24,315	100.00	24,315
Dove Valley Metropolitan District	41,125	100.00	41,125
Eagle Bend Metropolitan District #A	36,620	100.00	36,620
East Quincy Highlands Metro District #1	3,220	100.00	3,220
East Smoky Hill Metro District #1	3,990	100.00	3,990
East Smoky Hill Metro District #2	8,170	100.00	8,170
Fiddler's Green Business Improve. District	59,075	100.00	59,075
Galleria Metropolitan District	5,425	100.00	5,425
Goldsmith Metropolitan District	10,065	47.76	4,807
Goodman Metropolitan District	4,160	100.00	4,160
Greenwood Metropolitan District	2,620	98.50	2,581
Heather Gardens Metropolitan District	9,760	40.16	3,920
High Plains Metropolitan District	23,675	100.00	23,675
Highline Glen Metropolitan District	130	100.00	130
Inverness Metropolitan Improvement District	5,995	71.10	4,262
Inverness Water & Sanitation District	21,315	69.32	14,776
Landmark Metropolitan District	550	100.00	550
Liverpool Metropolitan District	3,540	100.00	3,540
Panorama Metropolitan District	6,710	100.00	6,710
Parker Jordan Metropolitan District	12,000	100.00	12,000
Piney Creek Metropolitan District	2,490	100.00	2,490
Saddle Rock Metro District	10,770	100.00	10,770
Saddle Rock South Metropolitan District #2	4,580	100.00	4,580
Saddle Rock South Metropolitan District #3	41,000	100.00	41,000
Saddle Rock South Metropolitan District #4	7,675	100.00	7,675
Serenity Ridge Metropolitan District No. 2	14,385	100.00	14,385
Sorrel Ranch Metropolitan District	14,285	100.00	14,285
South Suburban Metropolitan Park & Recreation District	23,505	36.17	8,502
Southeast Public Improvement Metro District	7,265	57.70	4,192
Southgate Corporate Center Metropolitan District	455	100.00	455
Southlands Metropolitan District No. 1	56,725	100.00	56,725
Southlands Metropolitan District No. 2	2,295	100.00	2,295
Sundance Hills Metropolitan District	1,223	100.00	1,223
Town of Foxfield	293	100.00	293
Tallgrass Metropolitan District	17,635	100.00	17,635
Tallyn's Ranch Metropolitan District No. 2	5,484	100.00	5,484
Tallyn's Ranch Metropolitan District No. 3	26,985	100.00	26,985
Tollgate Crossing Metropolitan District No. 2	14,340	100.00	14,340
Willow Trace Metropolitan District	9,400	100.00	9,400
Total overlapping debt	729,707		664,013
Direct debt:			
Cherry Creek School District Number Five	466,030	100.00	466,030
Total	<u>\$ 1,195,737</u>		<u>\$ 1,130,043</u>

Source: Financial records of entities listed above and other sources.

Notes:

(1) Overlapping governments without general obligation debt are not shown.

(2) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Schedule 12**

**Legal Debt Margin Calculation For Fiscal Year 2012**

	Assessed Value
Assessed Value	\$ 4,303,273,620
Legal debt limit percentage	<u>20%</u>
Legal debt limit	<u>\$ 860,654,724</u>
Amount of debt applicable to debt limit:	
Total bonded debt	466,030,000
Less Debt Service Fund available	<u>47,828,364</u>
Total amount of debt applicable to debt limit	<u>418,201,636</u>
Legal debt margin	<u>\$ 442,453,088</u>

**Ten Year Summary**

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a % of Debt Limit</u>
2003	783,568,602	295,778,217	487,790,385	37.7%
2004	758,039,756	375,507,671	382,532,085	49.5%
2005	766,341,350	416,113,294	350,228,056	54.3%
2006	767,907,554	391,581,530	376,326,024	51.0%
2007	786,394,718	362,660,698	423,734,020	46.1%
2008	890,978,198	328,557,070	562,421,128	36.9%
2009	906,296,358	404,397,229	501,899,129	44.6%
2010	947,880,186	482,459,664	465,420,522	50.9%
2011	946,365,978	452,526,595	493,839,383	47.8%
2012	860,654,724	418,201,636	442,453,088	48.6%

Source: Arapahoe County Assessor's Office and School District records

**Note:**

(1) Under the Colorado Public School Finance Act of 1994, the limitation on bonded indebtedness is the greater of 20 percent of assessed value or 6 percent of actual value. Due to limitations of TABOR, the District is limited to the lower calculation of 20 percent of assessed value, which is presented on this schedule.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Demographic and Economic Statistics,  
Last Ten Fiscal Years**

**Schedule 14**

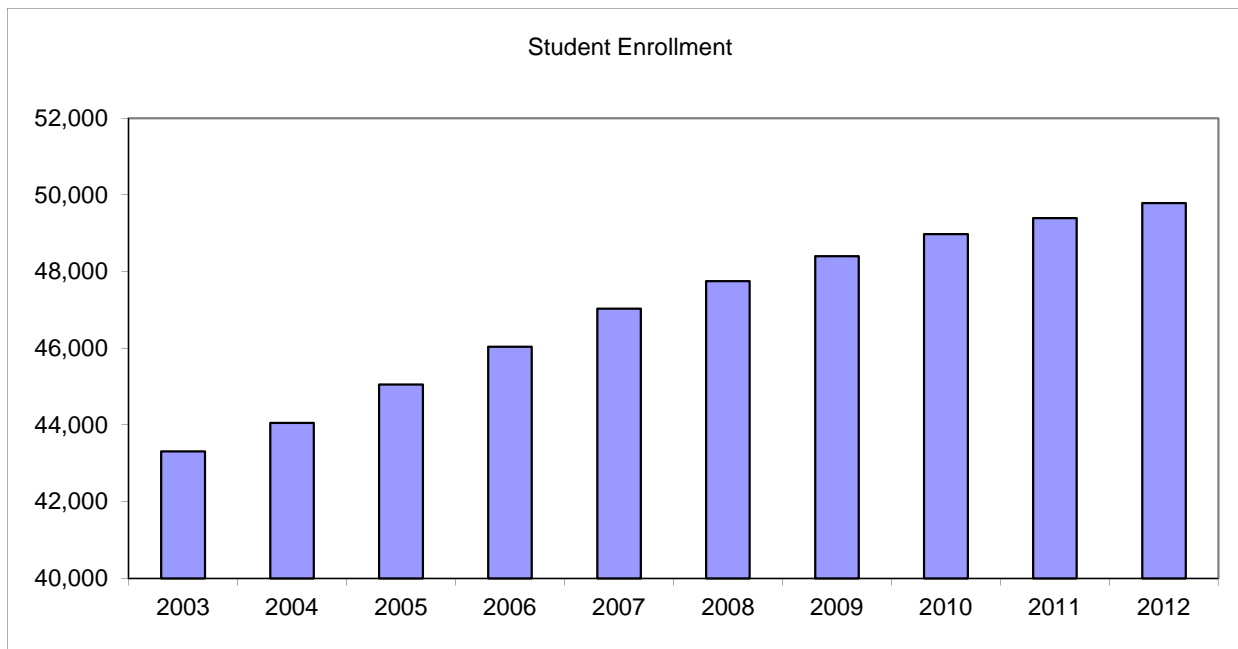
Fiscal Year	Arapahoe County				Cherry Creek School District	
	Population	Personal Income ( <i>millions of dollars</i> )	Per Capita Personal Income	Unemployment Rate	Population	FTE Student Enrollment
2003	515,206	20,650	43,914	5.8%	226,500	43,316
2004	524,414	24,663	45,330	6.3%	237,900	44,055
2005	531,741	24,898	47,039	5.6%	245,000	45,056
2006	543,033	26,421	49,458	5.1%	252,350	46,043
2007	551,724	27,680	50,947	4.3%	257,000	47,033
2008	561,388	28,122	50,727	5.4%	264,600	47,752
2009	573,762	27,408	48,480	7.7%	298,500	48,402
2010	572,153	27,426	47,704	8.1%	301,485	48,979
2011	584,948	-	-	8.8%	304,500	49,396
2012	585,000	-	-	8.2%	310,000	49,788

**Notes:**

(1) Arapahoe County population, personal income, per capita income, and unemployment rate is from the Bureau of Labor Statistics, U.S. Department of Labor and Bureau of Economic Analysis, U.S. Department of Commerce. Certain information was not available for fiscal year 2011 and 2012.

(2) District population information is based on 2000 census data and information provided by the District's Department of Planning and Community Services.

(3) Student enrollment is based on the full time equivalent (FTE), which is adjusted for preschool programs at one half time and kindergarten calculated at .5 FTE for fiscal years 2003 to 2008 and at .58 FTE for fiscal years 2009 to 2012. Student enrollment is as of the October count date of each year, as audited by the Colorado Department of Education.



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Denver Metropolitan Statistical Area (MSA) - Principal Employers  
Current Year and Nine Years Ago**

**Schedule 15**

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Metro Denver Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Metro Denver Employment</u>
U.S. Federal Government	39,983	1	3.12%	31,161	2	2.64%
State of Colorado	33,515	2	2.61%	31,589	1	2.67%
Wal-Mart Stores Inc.	24,900	3	1.94%	21,600	3	1.83%
University of Colorado System	16,131	4	1.26%	-		
Denver Public Schools	13,087	5	1.02%	14,114	5	1.20%
City & County of Denver	10,851	6	0.85%	12,963	7	1.10%
Safeway, Inc.	9,500	7	0.74%	11,137	9	0.94%
HCA-HealthOne, LLC	8,700	8	0.68%	9,000	10	0.76%
Qwest Communications	7,900	9	0.62%	13,200	6	1.12%
Wells Fargo	6,313	10	0.49%	-		
US Postal Service-CO/WY District	-		-	15,223	4	1.29%
Jefferson County Public Schools	-		-	11,986	9	1.01%
<b>Total</b>	<u><u>170,880</u></u>		<u><u>13.32%</u></u>	<u><u>171,973</u></u>		<u><u>14.56%</u></u>

**Source:**

Employer data was obtained from the Denver Business Journal "Top 25 Lists" Archives 2002-2003 and 2011-2012. The number of employees may equal number of Colorado employees instead of Denver-MSA employees. Participation in the survey conducted by the Denver Business Journal is voluntary and not all employers in the Denver-MSA may respond.

**Note:**

The District is located in the southern portion of the Denver metropolitan area encompassing portions of several cities and unincorporated portions of Arapahoe County. The population of the District is employed over a large geographic area covering the Denver metropolitan area, therefore, total employment for the Denver metropolitan area is the best representation of District workforce. Total employment for the Denver metropolitan area in 2012 was 1,283,025 and for 2003 was 1,181,038 per U.S. Department of Labor Bureau of Labor Statistics.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Full-time Equivalent Employees by Function/Program,  
Last Ten Fiscal Years**

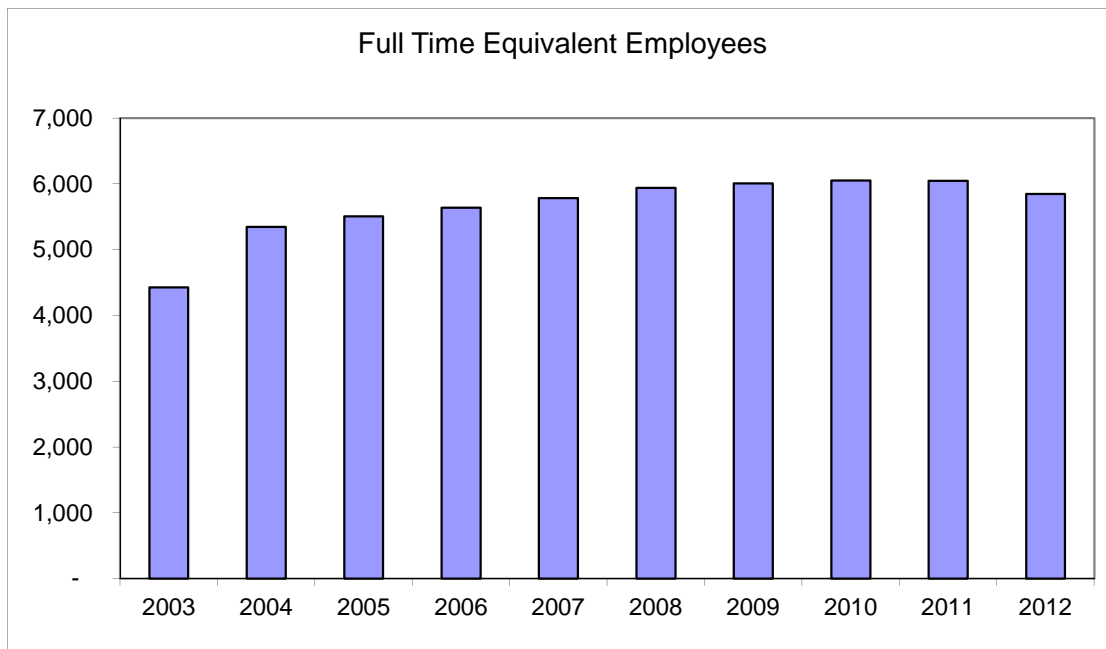
**Schedule 16**

	Full-time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Administrators	121	124	128	134	136	138	140	139	141	143
Teachers	2,904	2,941	3,020	3,080	3,157	3,241	3,262	3,262	3,285	3,188
Teacher Assistants & Aides	183	195	190	182	180	179	179	189	192	187
Staff Support	352	361	365	369	376	388	391	389	333	336
Secretarial	349	359	371	371	370	382	385	379	380	349
Maintenance	56	57	60	64	68	70	71	70	70	66
Custodians	82	85	85	89	90	91	92	94	90	89
Bus Drivers	164	178	195	209	223	241	252	259	222	222
Mechanics	16	19	20	20	20	21	21	22	22	22
Mental Health	80	83	86	90	93	94	95	96	96	95
Nurses	57	57	55	56	57	59	60	60	59	58
Bus Aides	64	68	76	76	80	80	81	101	88	87
Designated purpose grants		148	162	189	203	192	202	212	175	181
Extended child services		480	488	496	511	514	532	532	532	565
Other governmental funds		13	20	14	12	21	11	18	15	16
Food services operations		181	185	201	208	228	236	233	346	243
<b>Total</b>	<b>4,428</b>	<b>5,349</b>	<b>5,506</b>	<b>5,640</b>	<b>5,784</b>	<b>5,939</b>	<b>6,010</b>	<b>6,055</b>	<b>6,046</b>	<b>5,847</b>

Source: School District records

Notes:

- (1) Teacher assistants and aides are measured in equivalent teacher FTEs.
- (2) FTE information for funds other than the general fund is not available prior to 2004.
- (3) Extended child services represents total number of employees in that fund rather than full time equivalent.
- (4) Food service operations represents total number of employees in that fund rather than full time equivalent.



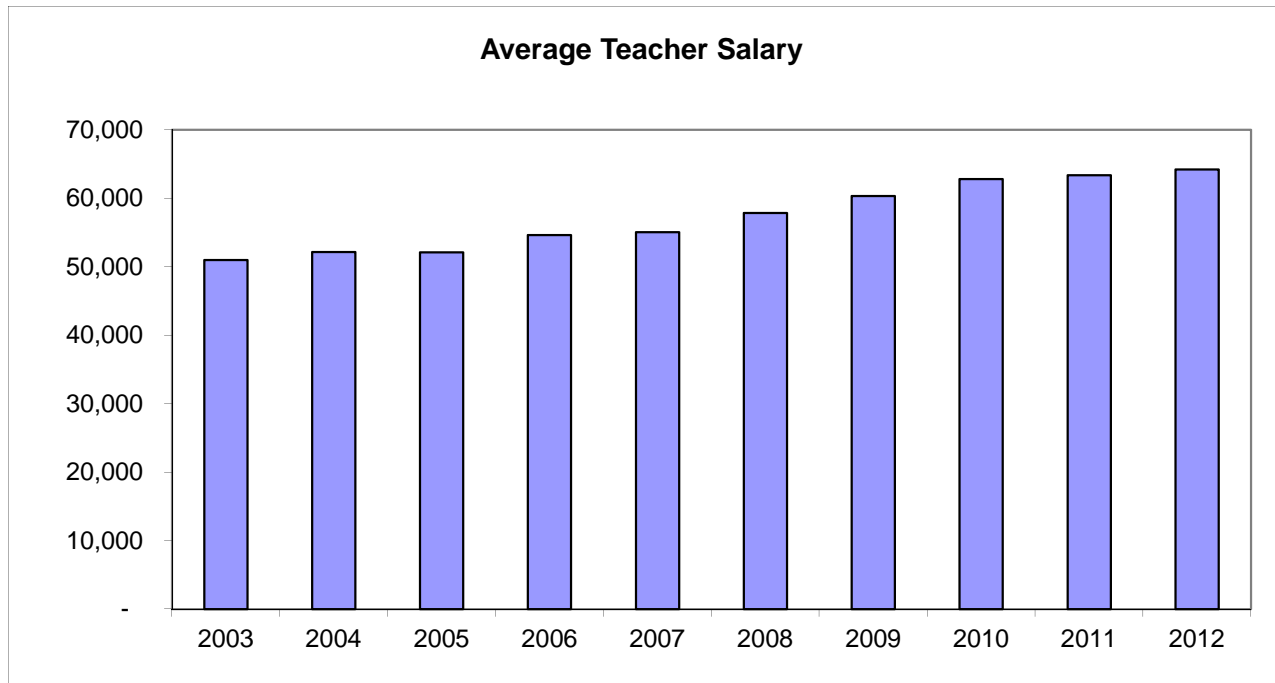
**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Teacher Salary  
Last Ten Fiscal Years**

**Schedule 17**

<u>Fiscal Year</u>	<u>Contract Length</u>	<u>Salary</u>		
		<u>Beginning Teacher</u>	<u>Maximum Teacher</u>	<u>Average Teacher</u>
2003	185	30,490	68,924	51,015
2004	185	30,632	69,268	52,145
2005	185	31,231	70,722	52,132
2006	185	31,435	71,217	54,651
2007	185	32,625	74,078	55,048
2008	185	34,044	77,299	57,884
2009	185	35,110	79,719	60,360
2010	185	35,634	80,909	62,811
2011	185	35,634	80,909	63,365
2012	185	35,812	81,314	64,233

Source: School District and Colorado Department of Education





CherryCreek  
Schools  
Dedicated to Excellence

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**Operating Statistics,  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Governmental Activities Expenses (in thousands)</u>	<u>FTE Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil FTE / Teacher Ratio</u>	<u>Students Receiving Free or Reduced Meals</u>	<u>Percent of Students Receiving Free or Reduced Meals</u>
2003	362,507	43,316	8,369	5.54%	2,904	14.9	5,963	13.8%
2004	373,116	44,055	8,469	1.20%	2,941	15.0	7,517	17.1%
2005	388,450	45,056	8,621	1.80%	3,020	14.9	8,151	18.1%
2006	414,732	46,043	9,007	4.48%	3,080	14.9	9,279	20.2%
2007	443,899	47,033	9,438	4.78%	3,157	14.9	10,145	21.6%
2008	469,575	47,752	9,834	4.19%	3,241	14.7	11,161	23.4%
2009	488,855	48,402	10,100	2.71%	3,262	14.8	11,511	23.8%
2010	506,846	48,979	10,348	2.46%	3,262	15.0	12,734	26.0%
2011	523,427	49,396	10,597	2.40%	3,285	15.0	14,396	29.1%
2012	509,406	49,788	10,232	-3.45%	3,188	15.6	14,628	29.4%

**Notes:**

(1) Includes all funds. (GAAP Basis)

(2) Student enrollment is based on the full time equivalent (FTE), which is adjusted for preschool programs at one half time and kindergarten calculated at .5 FTE for fiscal years 2003 to 2008 and at .58 FTE for fiscal years 2009 to 2012. Student enrollment is as of the October count date of each year, as audited by the Colorado Department of Education. Data is compiled by the District's Department of Planning.

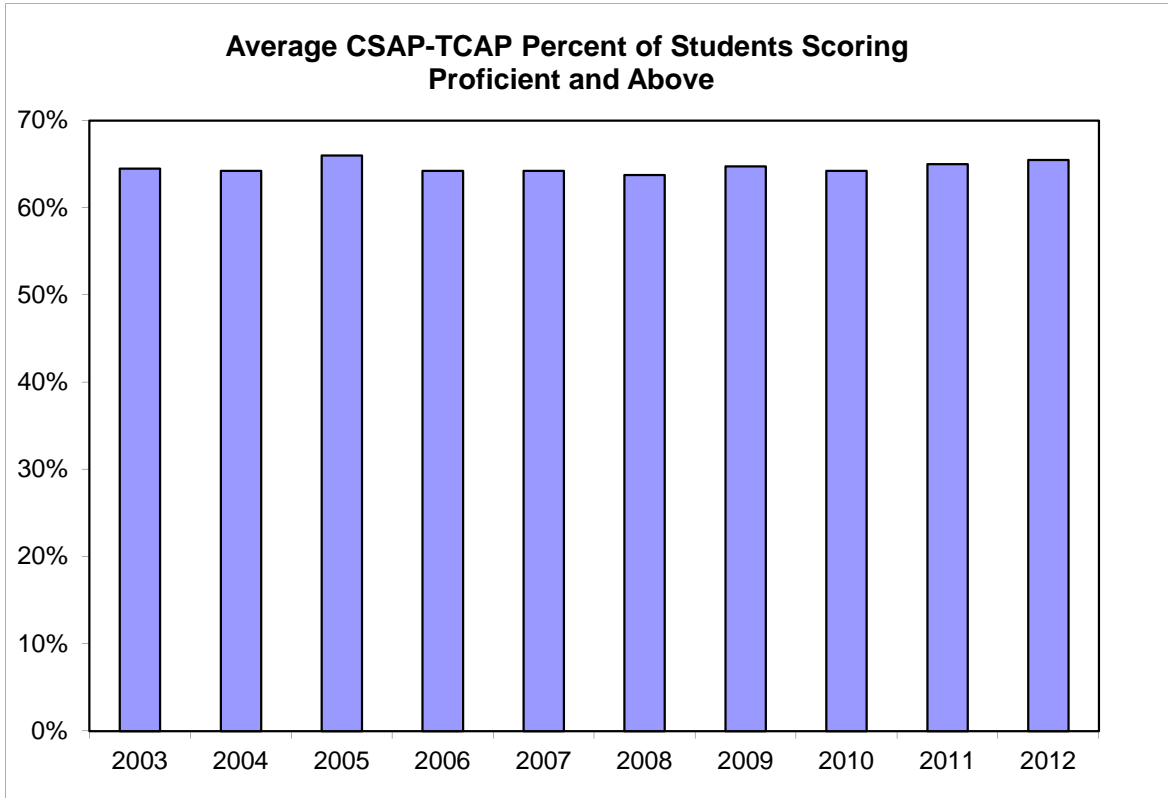
(3) Starting with fiscal year 2010, the Colorado Department of Education instituted the Colorado School Performance Framework (SPF). Results are released by the Colorado Department of Education annually for the prior fiscal year. The ratings are: Performance, Improvement, Priority Improvement, and Turnaround. Based upon information for fiscal years 2010 and 2011, the District has no schools rated in the Priority Improvement or Turnaround category. The new rating model was enacted by Legislature in 2009, replacing the old system of School Accountability Reports (SARs), therefore information prior to 2010 is not available with the current rating system. Data is obtained from the Colorado Department of Education.

(4) The State of Colorado tests student performance annually in the spring through the administration of the Transitional Colorado Assessment Program (TCAP). Prior to the 2011-2012 school year, these tests were known as Colorado Student Assessment Tests (CSAP). Students in grades 3 through 10 are tested in reading, writing, and math. Students in grades 5, 8 and 10 are tested in science. Students are rated as Advanced, Proficient, Partially Proficient, and Unsatisfactory. This table reflects District TCAP and CSAP performance collapsed across grades 3-10 for reading, writing, and math. Science results for fiscal years 2006 forward reflect the collapsed results for grades 5, 8, and 10. Prior to fiscal year 2006, only 8th grade was tested for science. Data is obtained from the Colorado Department of Education.

(5) Graduating seniors taking the American College Testing Program (ACT). Data is obtained from the District's Department of Assessment and Evaluation. ACT scores for fiscal year 2011 are not yet available.

(6) Data is obtained from the Colorado Department of Education. Graduation and dropout rates for fiscal year 2012 are not yet available.

Colorado School Performance Framework Number of Schools Rated		Student Assessment Program (CSAP-TCAP) Percent of Students Scoring Proficient and Above				American College Testing (ACT) Composite Score	Graduation Rate	Dropout Rate
Performance	Improvement	Reading	Writing	Math	Science			
-	-	76%	66%	55%	61%	21.9	90.2%	1.2%
-	-	75%	65%	55%	62%	21.7	91.8%	1.7%
-	-	75%	66%	62%	61%	21.5	90.1%	2.3%
-	-	76%	64%	62%	55%	21.6	88.8%	1.9%
-	-	75%	64%	63%	55%	21.8	89.0%	2.4%
-	-	75%	63%	62%	55%	21.6	86.8%	2.9%
-	-	75%	64%	63%	57%	22.0	85.5%	2.7%
54.00	4.00	75%	63%	64%	55%	22.1	84.7%	1.7%
56.00	3.00	75%	65%	65%	55%	22.0	84.4%	1.7%
55.00	4.00	76%	63%	65%	58%	-	-	-



**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

School Building Information,  
Last Ten Fiscal Years

Schedule 19

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>High Schools</b>										
<b>Cherokee Trail (2004)</b>										
Square feet		362,000	362,000	362,000	362,000	362,000	362,000	362,000	362,000	362,000
Capacity (students)		2,347	2,347	2,347	2,347	2,347	2,347	2,347	2,347	2,347
Enrollment		440	809	1,235	1,599	1,901	2,131	2,293	2,354	2,414
<b>Cherry Creek (1956)</b>										
Square feet	464,265	475,101	475,101	475,101	471,632	471,632	471,632	471,632	471,632	471,632
Capacity (students)	3,726	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735
Enrollment	3,546	3,483	3,601	3,619	3,732	3,659	3,490	3,437	3,379	3,387
<b>Eaglecrest (1989)</b>										
Square feet	338,752	359,752	355,300	355,300	352,584	352,584	352,584	352,584	352,584	352,584
Capacity (students)	2,270	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533
Enrollment	2,707	2,635	2,532	2,394	2,402	2,389	2,363	2,290	2,311	2,256
<b>Grandview (1999)</b>										
Square feet	343,440	343,440	352,672	349,552	353,024	353,024	353,024	353,024	353,024	353,024
Capacity (students)	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316
Enrollment	2,431	2,486	2,539	2,665	2,697	2,693	2,580	2,539	2,528	2,541
<b>Overland (1979)</b>										
Square feet	331,530	331,530	331,530	331,530	331,530	331,530	331,530	331,530	331,530	331,530
Capacity (students)	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173
Enrollment	1,942	1,984	2,026	2,014	2,036	2,084	1,995	2,088	2,139	2,193
<b>Smoky Hill (1976)</b>										
Square feet	379,904	379,904	376,960	376,960	376,960	376,960	376,960	376,960	376,960	376,960
Capacity (students)	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399
Enrollment	2,738	2,653	2,582	2,496	2,417	2,422	2,329	2,307	2,261	2,124
<b>Middle Schools</b>										
<b>Campus (1972)</b>										
Square feet	170,393	170,393	170,393	170,393	170,393	170,393	170,393	170,393	170,393	170,393
Capacity (students)	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590
Enrollment	1,313	1,361	1,317	1,238	1,270	1,348	1,443	1,408	1,421	1,400
<b>Falcon Creek (2000)</b>										
Square feet	148,960	148,960	144,320	144,320	144,320	144,320	144,320	144,320	144,320	144,320
Capacity (students)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	1,125	1,114	1,142	1,160	1,143	1,118	1,127	1,075	1,060	1,014
<b>Fox Ridge (2009)</b>										
Square feet							114,283	114,283	114,283	114,283
Capacity (students)							1,260	1,260	1,260	1,260
Enrollment							531	734	812	913
<b>Horizon Community (1983)</b>										
Square feet	168,500	168,500	168,500	168,500	168,500	168,500	168,500	168,500	168,500	168,500
Capacity (students)	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
Enrollment	1,348	1,406	1,442	1,264	1,183	1,130	1,038	1,000	947	950
<b>Laredo (1975)</b>										
Square feet	178,306	178,306	175,426	175,426	175,426	175,426	175,426	175,426	175,426	175,426
Capacity (students)	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530
Enrollment	1,440	1,368	1,398	1,346	1,286	1,227	1,207	1,168	1,163	1,155
<b>Liberty (2002)</b>										
Square feet	145,500	145,500	145,500	145,500	149,820	149,820	149,820	149,820	149,820	149,820
Capacity (students)	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Enrollment	740	1,010	1,123	1,169	1,233	1,211	964	951	1,046	1,055
<b>Prairie (1978)</b>										
Square feet	162,704	162,704	156,240	156,240	180,240	180,240	180,240	180,240	180,240	180,240
Capacity (students)	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440
Enrollment	1,560	1,604	1,536	1,534	1,523	1,568	1,507	1,530	1,552	1,692
<b>Sky Vista (2006)</b>										
Square feet				156,245	156,245	156,245	156,245	156,245	156,245	156,245
Capacity (students)				1,225	1,225	1,225	1,225	1,225	1,225	1,225
Enrollment				508	742	838	785	784	820	830
<b>Thunder Ridge (1993)</b>										
Square feet	177,792	177,792	183,168	181,376	179,584	179,584	179,584	179,584	179,584	179,584
Capacity (students)	1,620	1,620	1,620	1,620	1,620	1,620	1,620	1,620	1,620	1,620
Enrollment	1,567	1,513	1,486	1,266	1,170	1,159	1,137	1,197	1,172	1,214
<b>West (1967)</b>										
Square feet	158,500	158,500	158,500	158,500	158,500	158,500	158,500	158,500	158,500	158,500
Capacity (students)	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590
Enrollment	1,340	1,370	1,305	1,244	1,164	1,170	1,174	1,120	1,113	1,093

(continued)

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

School Building Information,  
Last Ten Fiscal Years

Schedule 19

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Elementary Schools</b>										
<b>Antelope Ridge (2000)</b>										
Square feet	60,915	60,915	60,915	60,915	60,915	60,915	60,915	60,915	60,915	60,915
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	685	659	673	672	692	682	698	699	700	647
<b>Arrowhead (1978)</b>										
Square feet	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320
Capacity (students)	744	744	719	719	719	719	719	719	719	719
Enrollment	599	575	593	613	597	587	597	597	593	577
<b>Aspen Crossing (2006)</b>										
Square feet				64,600	64,600	64,600	64,600	64,600	64,600	64,600
Capacity (students)				648	648	648	648	648	648	648
Enrollment				273	409	367	447	454	481	478
<b>Belleview (1955)</b>										
Square feet	36,126	51,120	51,120	51,120	54,240	54,240	54,240	54,240	54,240	54,240
Capacity (students)	510	592	592	592	592	592	592	592	592	592
Enrollment	480	485	502	510	513	531	528	563	537	543
<b>Buffalo Trail (2008)</b>										
Square feet						66,380	66,380	66,380	66,380	66,380
Capacity (students)						648	648	648	648	648
Enrollment						337	504	620	420	501
<b>Canyon Creek (2003)</b>										
Square feet	60,930	63,810	63,810	63,810	63,810	63,810	63,810	63,810	66,380	66,380
Capacity (students)	668	668	668	810	810	810	810	810	648	648
Enrollment	357	516	602	619	636	653	659	672	604	583
<b>Cherry Hills Village (1984)</b>										
Square feet	55,319	56,759	56,759	56,759	56,759	56,759	56,759	56,759	56,759	56,759
Capacity (students)	587	587	587	587	587	587	587	587	587	587
Enrollment	476	480	503	494	494	493	507	527	566	567
<b>Cimarron (1980)</b>										
Square feet	57,111	57,111	57,111	57,111	57,111	57,111	57,111	57,111	57,111	57,111
Capacity (students)	728	728	728	728	728	728	728	728	728	728
Enrollment	556	531	518	497	510	490	495	476	465	451
<b>Cottonwood Creek (1977)</b>										
Square feet	58,625	58,625	58,625	58,625	58,625	58,625	58,625	58,625	58,625	58,625
Capacity (students)	710	710	710	710	710	710	710	710	710	710
Enrollment	475	482	506	529	531	550	564	582	609	595
<b>Coyote Hills (2007)</b>										
Square feet					64,294	64,294	64,294	64,294	64,294	64,294
Capacity (students)					648	648	648	648	648	648
Enrollment					342	444	549	629	718	781
<b>Creekside (1987)</b>										
Square feet	61,416	61,416	61,416	61,416	61,416	61,416	61,416	61,416	61,416	61,416
Capacity (students)	671	839	839	839	671	671	671	671	671	671
Enrollment	656	719	810	684	535	586	610	648	652	656
<b>Dakota Valley (2000)</b>										
Square feet	63,155	63,155	63,155	63,155	63,155	63,155	63,155	63,155	63,155	63,155
Capacity (students)	643	804	804	804	804	804	804	804	804	804
Enrollment	636	698	730	722	761	750	747	754	741	748
<b>Dry Creek (1973)</b>										
Square feet	54,650	54,650	54,650	54,650	54,650	54,650	54,650	54,650	54,650	54,650
Capacity (students)	467	467	467	467	467	467	467	467	467	467
Enrollment	352	301	345	361	344	356	369	397	391	386
<b>Eastridge (1964)</b>										
Square feet	59,030	82,880	81,440	81,440	81,440	81,440	81,440	81,440	81,440	81,440
Capacity (students)	828	868	868	868	868	868	868	868	868	868
Enrollment	659	658	646	643	705	725	662	697	716	720
<b>Fox Hollow (2002)</b>										
Square feet	60,930	60,930	65,970	65,970	65,970	65,970	65,970	65,970	65,970	65,970
Capacity (students)	648	648	648	810	810	810	810	810	810	810
Enrollment	463	556	636	686	677	700	722	723	776	769
<b>Greenwood (1959)</b>										
Square feet	48,354	50,504	50,504	50,504	50,504	50,504	50,504	50,504	50,504	50,504
Capacity (students)	467	467	467	467	467	467	467	467	467	467
Enrollment	376	377	372	381	386	384	380	376	364	390
<b>Heritage (1977)</b>										
Square feet	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600
Capacity (students)	429	429	429	429	429	429	429	429	429	429
Enrollment	253	227	221	234	230	234	237	261	276	273

(continued)

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**School Building Information,  
Last Ten Fiscal Years**

**Schedule 19**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Elementary Schools (cont.)</b>										
<b>High Plains (1979)</b>										
Square feet	55,551	55,551	55,551	55,551	55,551	55,551	55,551	55,551	55,551	55,551
Capacity (students)	687	687	687	687	687	687	687	687	687	687
Enrollment	478	433	490	411	412	403	444	499	481	482
<b>Highline (1992)</b>										
Square feet	58,392	58,392	58,392	58,392	58,392	58,392	58,392	58,392	58,392	58,392
Capacity (students)	643	643	804	804	804	804	804	804	804	804
Enrollment	603	557	565	566	553	539	564	566	550	564
<b>Holly Hills (1959)</b>										
Square feet	38,292	38,292	38,292	38,292	38,292	38,292	38,292	38,292	38,292	38,292
Capacity (students)	339	339	339	339	339	339	339	339	339	339
Enrollment	226	213	231	261	261	262	273	221	236	324
<b>Holly Ridge (1963)</b>										
Square feet	39,686	39,686	41,126	41,126	41,126	41,126	41,126	41,126	41,126	41,126
Capacity (students)	320	320	320	320	320	320	320	320	320	320
Enrollment	185	209	218	221	210	214	256	289	292	263
<b>Homestead (1978)</b>										
Square feet	51,682	51,682	51,682	51,682	51,682	51,682	51,682	51,682	51,682	51,682
Capacity (students)	582	582	582	582	582	582	582	582	582	582
Enrollment	479	471	466	461	482	484	480	479	481	495
<b>Independence (1977)</b>										
Square feet	56,299	56,299	56,299	56,299	56,299	56,299	56,299	56,299	56,299	56,299
Capacity (students)	699	699	699	699	699	699	699	699	699	699
Enrollment	497	492	474	478	456	457	475	471	440	429
<b>Indian Ridge (1986)</b>										
Square feet	60,253	60,253	60,253	60,253	60,253	60,253	60,253	60,253	60,253	60,253
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	548	562	574	563	567	549	534	540	531	516
<b>Meadow Point (1983)</b>										
Square feet	56,332	56,332	56,332	56,332	56,332	56,332	56,332	56,332	56,332	56,332
Capacity (students)	638	638	638	638	638	638	638	638	638	638
Enrollment	516	503	517	515	543	513	502	451	404	374
<b>Mission Viejo (1974)</b>										
Square feet	77,390	77,390	79,070	79,070	79,070	79,070	79,070	79,070	79,070	79,070
Capacity (students)	995	995	995	995	995	995	995	995	995	995
Enrollment	634	631	664	671	656	637	604	606	584	579
<b>Peakview (1992)</b>										
Square feet	60,064	60,064	58,368	58,368	58,368	58,368	58,368	58,368	58,368	58,368
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	668	650	598	574	567	576	581	557	535	518
<b>Pine Ridge (2011)</b>										
Square feet									58,976	58,976
Capacity (students)									648	648
Enrollment									451	575
<b>Polton (1973)</b>										
Square feet	64,040	64,040	64,040	64,040	64,040	64,040	64,040	64,040	64,040	64,040
Capacity (students)	495	495	495	495	495	495	495	495	495	495
Enrollment	650	370	398	389	424	397	379	366	390	427
<b>Ponderosa (1978)</b>										
Square feet	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270
Capacity (students)	661	661	661	661	661	661	661	661	661	661
Enrollment	594	569	544	540	563	545	585	601	627	649
<b>Red Hawk Ridge (2006)</b>										
Square feet				73,800	73,800	73,800	73,800	73,800	73,800	73,800
Capacity (students)				648	648	648	648	648	648	648
Enrollment				369	446	508	504	542	609	629
<b>Rolling Hills (1997)</b>										
Square feet	63,052	63,052	63,052	63,052	63,052	63,052	63,052	63,052	63,052	63,052
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	742	719	749	761	736	723	683	657	625	619
<b>Sagebrush (1978)</b>										
Square feet	58,892	58,892	58,892	58,892	58,892	58,892	58,892	58,892	58,892	58,892
Capacity (students)	738	738	738	738	738	738	738	738	738	738
Enrollment	587	572	561	572	579	550	576	558	524	524
<b>Summit (1989)</b>										
Square feet	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800
Capacity (students)	699	699	699	699	699	699	699	699	699	699
Enrollment	547	521	509	493	491	489	479	445	428	421

**(continued)**

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

School Building Information,  
Last Ten Fiscal Years

Schedule 19

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Elementary Schools (cont.)</b>										
<b>Sunrise (1985)</b>										
Square feet	72,507	72,507	72,507	72,507	72,507	72,507	72,507	72,507	72,507	72,507
Capacity (students)	954	954	954	954	954	954	954	954	954	954
Enrollment	641	640	648	638	643	623	618	595	583	597
<b>Timberline (1987)</b>										
Square feet	58,176	58,176	58,176	58,176	58,176	58,176	58,176	58,176	58,176	58,176
Capacity (students)	874	874	874	874	874	874	874	874	874	874
Enrollment	648	626	646	640	638	590	609	607	578	576
<b>Trails West (1981)</b>										
Square feet	57,463	57,463	57,463	57,463	57,463	57,463	57,463	57,463	57,463	57,463
Capacity (students)	675	675	675	675	675	675	675	675	675	675
Enrollment	563	513	503	512	491	499	490	492	500	542
<b>Village East (1972)</b>										
Square feet	69,650	76,466	71,090	71,090	71,090	71,090	71,090	71,090	71,090	71,090
Capacity (students)	810	810	810	810	810	810	810	810	810	810
Enrollment	531	547	603	603	592	605	653	739	755	733
<b>Walnut Hills (1970)</b>										
Square feet	54,940	54,940	54,940	54,940	54,940	54,940	54,940	54,940	54,940	54,940
Capacity (students)	467	467	467	467	467	467	467	467	467	467
Enrollment	298	322	330	356	380	373	370	338	350	338
<b>Willow Creek (1978)</b>										
Square feet	51,970	51,970	51,970	51,970	51,970	51,970	51,970	51,970	51,970	51,970
Capacity (students)	551	551	551	551	551	551	551	551	551	551
Enrollment	298	322	330	356	491	492	494	513	508	499
<b>Alternative Schools</b>										
<b>Challenge (1996/2003)</b>										
Square feet	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Capacity (students)	555	555	555	555	555	555	555	555	555	555
Enrollment	486	522	538	527	522	523	525	526	524	523
<b>Cherry Creek Academy (1998)</b>										
Square feet	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	50,735
Capacity (students)	450	450	450	450	450	450	450	450	450	588
Enrollment	425	421	428	433	435	430	437	449	451	461
<b>Endeavor Academy (2001)</b>										
Square feet	48,380	48,380	48,380	48,380	48,380	48,380	48,380	48,380	48,380	48,380
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	288	333	333	387	398	396	461	460	461	461
<b>I-Teams - 3 facilities</b>										
Square feet	39,568	39,568	39,568	39,568	39,568	39,568	22,336	22,336	22,336	22,336
<b>Joliet (2002)</b>										
Square feet	13,860	13,860	4,320	14,297	14,297	14,297	14,297	14,297	14,297	14,297
Capacity (students)	40	40	20	90	90	90	90	90	90	90
Enrollment	28	43	36	27	28	30	41	33	23	26
<b>Administrative and Support</b>										
10 Current Facilities										
Square feet	212,809	212,809	220,089	220,089	220,089	220,089	220,089	220,089	280,089	280,089
<b>Stadiums</b>										
<b>Legacy (2004)</b>										
Square feet		13,725	13,725	13,725	13,725	13,725	13,725	13,725	13,725	13,725
Capacity (students)		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
<b>Stutler Bowl (1965)</b>										
Square feet	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Capacity (students)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**School Building Information,  
Last Ten Fiscal Years**

Source: District facilities planning and construction and district planning & interagency relations offices.

Notes:

(1) Fiscal year of original construction is shown in parentheses. Changes in square footage are the result of renovations and additions and the addition or removal of mobile classrooms.

(2) Capacity data is operational capacity estimated at 79% of full capacity per Cherry Creek School District Facility Utilization & Capacity Study. Capacity data is building capacity without mobiles. In some cases enrollment has gone above building capacity and the students have been housed in mobiles. Elementary schools changing to or from traditional calendars to year round calendars reflect changes in capacity to reflect the building's usage.

(3) Cherry Creek Academy data provided by Cherry Creek Academy. Cherry Creek Academy is a charter school operating within the District.

(4) The District has three I-Team facilities associated with the high schools. Enrollment and capacity for these programs are included within the respective high school.

(5) Administrative and support buildings include: Auxiliary Service Center (ASC), Admissions West/Career & Tech Ed, Educational Services Center (ESC), Nutrition Center, Maintenance West, Student Achievement Resource Center (SARC), Instructional Support Facility, Transportation/Maintenance Central, Transportation East, and Warehouse/Purchasing.



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**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF INSURANCE IN FORCE**

**June 30, 2012**

<u>Insurer</u>	<u>Policy Number</u>	<u>Type of Policy</u>	<u>Policy Period</u>
Colorado School Districts Self Insurance Pool	0305-11-00003	"All Risk" 1) Flood/Earth Movement (A) Property Insurance  (B) Inland Marine 1) Cameras, Projection Equipment, Films, etc. 2) Musical Instruments, etc. 3) Builder's Risk 4) Fine Arts 5) Radio Equipment 6) Electronic Data Processing -Equipment/Data/Media (C) Commercial Crime Coverage 1) Blanket Employee Theft 2) Forgery or Alteration 3) Theft of money and other property coverage 4) Computer Fraud 5) Counterfeit currency & money orders 6) Public Officials Coverage (Secretary - Board of Education) (Treasurer - Board of Education) (Asst. Secretary/Asst. Treasurer - Board of Education) (D) School Entity Liability Includes: 1) General Liability 2) School Leaders Errors & Omissions 3) Employment Practices Liability 4) Defense Limits unlimited other than Sexual Molestation (E) Commercial Auto Liability - Owned, Non Owned, Hired, Borrowed, or Leased Autos - Physical Damage - Garage Keepers Liability - Terminal Coverage (Comprehensive) - Auto Medical Pay (Buses) (F) Equipment Breakdown Insurance Extra Exp./Business Interruption Hazardous Substance/Spoilage Damage Expediting Expense	07-01-11 to 07-01-12
Joint School Districts Workers' Compensation Self Insurance Pool	26-C	Statutory Workers' Compensation Insurance	07-01-11 to 07-01-12
ACE USA	PHFD36755386	Foreign Liability Insurance	07-01-11 to 07-01-12
National Union Fire Insurance Co. of PA	SRG0009707468	Travel Accident Insurance	07-01-11 to 07-01-12

Limits		Deductible
Per Occurrence	\$ 1,000,000,000	(Pool limit)
	\$ 100,000,000	(Pool limit)
-Total Reported values		\$ 100,000 per occurrence
-Buildings	\$ 971,872,818	
-Contents	\$ 156,176,315	
	Included	\$ 100,000 per occurrence
	Included	\$ 100,000 per occurrence
Reported value		\$ 25,000 per occurrence
	Included	\$ 100,000 per occurrence
	Included	\$ 100,000 per occurrence
	Included	\$ 100,000 per occurrence
	\$ 600,000	\$ 500 per loss
	\$ 600,000	\$ 500 per loss
	\$ 600,000	\$ 500 per loss
	\$ 600,000	\$ 500 per loss
	\$ 600,000	\$ 500 per loss
	\$ 600,000	\$ 500 per loss
Per occurrence	\$ 2,000,000	\$ 50,000 per occurrence
Aggregate	\$ 5,000,000	
	Included	\$ 50,000 per occurrence
	Included	\$ 50,000 per occurrence
	Included	\$ 50,000 per occurrence
	Unlimited subject to a	\$2,500,000 Defense Limit for sexual molestation
Self Insured		
	Replacement Cost	\$ 1,000 per vehicle
		\$ 100,000 maximum deductible per loss
Per Person	\$ 5,000	\$ -
	\$ 100,000,000	\$ 10,000 damage to covered property
	Included	
	\$ 1,000,000	\$ 10,000 deductible
	\$ 5,000,000	\$ 10,000 deductible
Statutory/ \$1,000,000 Employers Liability		Each Pool Member retains first \$100,000 of each loss, losses between \$100,000 - \$400,000 are pooled with other members, losses between \$400,000 and statutory limits are reinsured.
Per occurrence/ aggregate	\$ 1,000,000	\$ 0 deductible per loss
Per accident	\$ 15,000	\$ 100 deductible



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# Single Audit Reports Section



# Single Audit

The Single Audit Act Amendments of 1996 mandate independent financial and compliance audits of federal award programs. In addition to the required independent auditor's reports, the schedules of expenditures of federal awards and summary of findings and questioned costs are provided to support the requirements for compliance with OMB Circular A-133.



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**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the fiscal year ended June 30, 2012**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	<u>Federal CFDA Number</u>	<u>State Grant Number</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Passed through State Department of Education		
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	4010/6010
Neglected and Delinquent State Agency and Local Education (Title I, Part D)	84.010	7010
Special Education--Grants to States (IDEA, Part B)	84.027	4027
Special Education--Preschool Grants (IDEA Preschool)	84.173	4173
Special Education--Preschool Grants (IDEA Preschool)	84.173	6173
Safe and Drug-Free Schools - State Grants (Title IV, Part A, Subpart 1 of ESEA)	84.186	4186
English Language Acquisition Grants (Title III)	84.365	4365
English Language Acquisition Grants (Title III, Set Aside)	84.365	7365
Improving Teacher Quality State Grants (Title IIA)	84.367	4367
Education Technology State Grants (Title IID)	84.318	4318
Special Education--Grants to States (IDEA, Part D)	84.323	4323
Graduation Pathways	84.360	4360
Race to the Top	84.413	4413
School Safety and Substance Abuse Prevention Project Grant	84.186B	4186
Title IA Reallocated	84.010	5010
Title I ARRA	84.389	4389
Title ID ARRA	84.389	7389
Title IID ARRA	84.386	4386
IDEA Pt. B ARRA	84.391	4391
IDEA Preschool ARRA	84.392	4392
JOBS Ed ARRA	84.410	4410
Passed through Colorado Community College and Occupational Education System		
Vocational Education - Basic Grants To States (Perkins III)	84.048	
Total U.S. Department of Education		
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed through State Department of Transportation		
Safe Routes	20.205	
Total U.S. Department of Transportation		
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed through State Department of Education		
School Breakfast Program	10.553	4553
National School Lunch Program	10.555	4555
Total U.S. Department of Agriculture		
<b>OTHER FEDERAL AWARDS</b>		
Passed through State Department of Human Services		
Rehabilitation Services - Vocational Rehabilitation Grants To States	84.126	6126
Passed through Other Agencies		
Through Sheridan School District No. 2		
Head Start	93.600	
Through Tri County		
CPPW ARRA	93.724	7724
Through Developmental Pathways		
Special Education -- Early Intervention Program ( IDEA Part C)	84.181	4181
Total Other Federal Awards		
Total Federal Awards		

Accrued (Deferred) Revenue 06/30/2011	Cash/ Inventory Receipts	Disbursements/ Expenditures	Accrued (Deferred) Revenue 06/30/2012
\$1,064,641	\$4,961,881	\$ 4,997,739	\$ 1,100,499
33,196	198,256	203,184	38,124
(275,647)	5,266,575	8,254,924	2,712,702
(9,584)	52,849	133,859	71,426
(8,000)	-	3,023	(4,977)
22,088	22,089	4,999	4,998
67,064	387,155	397,883	77,792
22,948	34,276	11,328	-
332,835	817,083	713,509	229,261
11,140	18,036	9,991	3,095
-	4,000	-	(4,000)
20,722	41,979	46,966	25,709
-	-	42,468	42,468
-	13,336	13,336	-
5,185	5,185	-	-
332,163	1,625,244	1,293,081	-
31,025	67,451	36,426	-
-	108,443	109,657	1,214
2,801,688	3,580,899	779,211	-
86,117	95,369	9,252	-
-	318,365	318,365	-
<u>61,971</u>	<u>180,506</u>	<u>226,709</u>	<u>108,174</u>
<u>4,599,552</u>	<u>17,798,977</u>	<u>17,605,910</u>	<u>4,406,485</u>
<u>-</u>	<u>36,040</u>	<u>36,040</u>	<u>-</u>
<u>-</u>	<u>36,040</u>	<u>36,040</u>	<u>-</u>
28,434	1,064,452	1,059,426	23,408
115,025	6,114,941	6,091,491	91,575
<u>143,459</u>	<u>7,179,393</u>	<u>7,150,917</u>	<u>114,983</u>
23,439	193,798	178,570	8,211
54,064	188,768	246,484	111,780
(134,546)	(27,555)	106,991	-
<u>(74,644)</u>	<u>84,344</u>	<u>91,062</u>	<u>(67,926)</u>
<u>(131,687)</u>	<u>439,355</u>	<u>623,107</u>	<u>52,065</u>
<u>\$ 4,611,324</u>	<u>\$ 25,453,765</u>	<u>\$ 25,415,974</u>	<u>\$ 4,573,533</u>

CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2012

1) **Basis of Presentation**

In the accompanying schedule of expenditures of federal awards, award revenues and expenditures have been prepared on the modified accrual basis of accounting, except for the U.S. Department of Agriculture grants, which have been prepared on the full accrual basis of accounting. The basis of accounting used for the schedule of expenditures of federal awards is consistent with the basis of accounting used for the annual financial report presentation.

2) **Noncash Federal Awards**

The District receives food commodities from the U. S. Department of Agriculture for use in its food service program. Commodities are recorded under CFDA # 10.555 on the Schedule of Federal Awards. The commodities, in the amount of \$1,004,399, are recognized as revenue when received. The commodities are recognized as expenditures when used by the schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as deferred revenue.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Education  
Cherry Creek School District No. 5  
Arapahoe County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cherry Creek School District No. 5 as of and for the year ended June 30, 2012, and have issued our report thereon dated October 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Cherry Creek Academy Charter School, as described in our report on Cherry Creek School District's financial statements. The financial statements of Cherry Creek Academy Charter School were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of Cherry Creek School District No. 5 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Cherry Creek School District No. 5's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cherry Creek School District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
October 23, 2012



**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Education  
Cherry Creek School District No. 5  
Arapahoe County, Colorado

**Compliance**

We have audited the compliance of Cherry Creek School District No. 5 with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Cherry Creek School District No. 5's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cherry Creek School District No. 5's management. Our responsibility is to express an opinion on Cherry Creek School District No. 5's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cherry Creek School District No. 5's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cherry Creek School District No. 5's compliance with those requirements.

In our opinion, Cherry Creek School District No. 5 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

## Internal Control Over Compliance

The management of Cherry Creek School District No. 5 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cherry Creek School District No. 5's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-01. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Cherry Creek School District No. 5's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Cherry Creek School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greenwood Village, Colorado  
October 23, 2012

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor’s report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Education Agencies (Title I, Part A of ESEA)
84.010	Neglected and Delinquent State Agency and Local Education (Title I, Part D)
84.389	Title I ARRA
84.389	Title ID ARRA
10.553	School Breakfast Program
10.555	National School Lunch Program
84.318	Education Technology State Grants (Title IID)
84.386	Title IID ARRA

Dollar threshold used to distinguish between type A and type B programs \$762,479

Auditee qualified as low-risk auditee?  yes  no

CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended June 30, 2012

**PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS**

There were no findings required to be reported under generally accepted government auditing standards.

**PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2012-01**

US DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Passed Through the U.S. Department of Agriculture  
School Breakfast Program – CDFA # 10.553  
National School Lunch Program – CFDA # 10.555

**Special Tests and Provisions  
Significant Deficiency, Noncompliance**

*Criteria:* Per the U.S. Department of Agriculture Food and Nutrition Service Child Nutrition Programs' Eligibility Manual for School Meals, it indicates that prior to any other verification activity, a Local Educational Agency (LEA) official, other than the official who made the initial eligibility determination, must review each approved application selected for verification to ensure that the initial determination was accurate.

*Condition:* A checklist called the "verification tracker" is completed for each application selected for verification of free and reduced price applications as required annually for the program under the Special Tests and Provisions compliance requirement. Through testing of twenty-four applications that had been selected for the District's verification procedures, we noted that the verification tracker checklists did not include a second party reviewer sign-off, which is used to demonstrate that the LEA official other than the official who made the initial eligibility determination review each approved application selected for verification to ensure that the initial determination was accurate. We noted that the applications and verification selections that were selected for testing were accurate and appropriately classified according to the program guidelines.

*Cause:* There was no evidence that an LEA official, other than the official who made the initial eligibility determination, reviewed each approved application selected for verification.

*Effect:* The District was not in compliance with the U.S. Department of Agriculture's Eligibility Manual requirements for the verification procedures for the program.

*Questioned Costs:* We noted no questioned costs relating to the above condition.

*Recommendation:* The District should complete all aspects of the verification tracker checklists for the applications selected to demonstrate that the second party reviewer process was completed and that the LEA official reviewing the initial eligibility determination is someone separate from the verifying official for those applications selected.

*Views of responsible officials and planned corrective actions:* The District completes a second party review of a sample of applications by an official other than the official who made the initial eligibility determination for verification to ensure that the initial determination was accurate. The District will ensure that all aspects of the verification tracker checklists for the applications selected are fully completed including sign-off to demonstrate that the second party reviewer process was completed. This process will be implemented immediately under the supervision of Beth Wallace, MBA, SNS, Director of Food and Nutrition Services, phone: 720.886.7175.

CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO

PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012

**Finding 2011-01**

US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Title I Grants to Local Educational Agencies – CFDA # 84.010

Title I Grants to Local Education Agencies ARRA – CFDA # 84.389

**Procurement, Suspension and Debarment  
Significant Deficiency, Noncompliance**

*Condition:* During testing of Procurement, Suspension, and Debarment compliance requirements, it was found that the EPLS.gov website was not reviewed for two out of four vendors selected to verify that the vendors were not suspended or debarred. It was noted through our verification, that these vendors were not listed on the website as being suspended or debarred; however, the District did not conduct this verification.

*Recommendation:* We recommend that the District implement a policy to ensure that vendors paid \$25,000 or more from federal funds are not suspended or debarred prior to entering into a contract. The District should either review the EPLS.gov website and retain a screen print from the website documenting this verification or add a clause or condition to the contract with the vendor so the vendor certifies to the District the vendor is not suspended or debarred.

*Current Status:* Implemented.



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# Data Integrity Check Figures Section



12/13/2012  
11:15 AM

Colorado Department of Education  
Fiscal Year 2011-2012  
Colorado School District/BOCES  
Auditor's Integrity Report

ARAPAHOE CHERRY CREEK 5  
District Code: 0130

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	45,628,666	404,334,664	406,952,208	43,011,122
18 Risk Mgmt Sub-Fund of General Fund	0	3,172,476	3,172,476	0
19 Colorado Preschool Program Fund	0	1,114,567	1,114,567	0
Subtotal				
11 Charter School Fund	45,628,666	408,621,708	411,239,252	43,011,122
20,26-29 Special Revenue Fund	1,238,976	3,256,655	3,194,892	1,300,739
21 Capital Reserve Spec Revenue Fund	4,297,931	14,342,275	13,353,686	5,286,519
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	4,978,365	20,958,579	20,958,579	0
24 Full Day Kindergarten Mill Levy Override	0	11,014,936	10,807,898	5,185,404
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	44,588,405	108,976,132	105,736,173	47,828,365
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	47,292,510	-1,824,214	23,290,738	22,177,558
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,842,500	5,859,724	6,626,088	1,076,136
TOTALS	149,867,353	571,205,795	595,207,305	125,865,843
Proprietary				
51 Food Service Fund	7,333,586	15,354,254	16,270,438	6,417,402
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	7,333,586	15,354,254	16,270,438	6,417,402
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	0	0	0	0

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.



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