

CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended June 30, 2011



*Dedicated to Excellence*  
Cherry Creek Schools

4700 SOUTH YOSEMITE STREET, GREENWOOD VILLAGE, CO 80111



*Dedicated to Excellence*  
Cherry Creek Schools



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

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CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

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**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**ARAPAHOE COUNTY, COLORADO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO  
BOARD OF EDUCATION  
2010-2011



From Left to Right Standing  
Jennifer Churchfield, Vice President  
Claudine R. McDonald, Secretary

From Left to Right Sitting  
Randy Perlis, Assistant Secretary/Treasurer  
Aagje C. Barber, President  
Jim O'Brien, Treasurer



CherryCreek  
Schools  
Dedicated to Excellence

*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.



CherryCreek  
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Letter  
of  
Transmittal



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October 21, 2011

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, 2011. 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, 2011 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 31-45.

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 Cherry Creek School 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 Cherry Creek School District No. 5 (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 School 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 572,000 residents, has the third largest population of the counties in Colorado. The District, with approximately 51,700 students projected for fiscal year 2011-2012, is currently the fourth largest of the 178 school districts in the state.

The following economic data was obtained from the September 2011 revenue forecast for the State of Colorado, prepared by the Governor's Office of State Planning and Budgeting.

Several sectors of the economy have continued to weaken due to the persistence of a combination of negative factors affecting households, businesses, investors, and governments. The economy continues to deal with high debt levels, elevated food and gas prices, a slumped housing market, and the stock market volatility resulting from sovereign debt problems. Private investment – an important ingredient for economic growth – has mostly languished in this environment and unfortunately signals that a stronger pickup in growth is unlikely in the near term. However, there are positive trends in the economy. The services industries continue to expand, exports remain strong, and bank loans to businesses are increasing.

Colorado appears to be weathering the negative factors weighing on the economy better than the nation overall. This likely stems from the favorable attributes of the State's economy, most notably its entrepreneurial culture, educated and versatile workforce, and its foothold in emerging and growing industries such as clean technology, aerospace, professional services, advanced manufacturing, and bioscience. Further, Colorado's tourism and oil and gas industries are helping bolster the State's economy.

Nonetheless, there is heightened downside risk that the economy could weaken further. Recent slowing in certain sectors of the economy, most notably in manufacturing, business investment, and the job market, combined with increased volatility in the financial markets warrant vigilance. At this time, however, the economy is not expected to contract.

The nation's job market has weakened over the course of 2011. It has steadily added fewer jobs each month, and no jobs were added in August. Further, initial claims for unemployment insurance remain elevated. However, Colorado's job market has generally performed better than the nation's. Colorado has added 18,700 jobs so far in 2011, though preliminary data from the U.S. Bureau of Labor Statistics indicate that Colorado lost 1,800 jobs in August. The State's better performance is likely due to its educated and versatile workforce, an attribute increasingly needed in the technologically advanced and dynamic global economy.

After losing jobs in both 2009 and 2010, Colorado is expected to post job growth at a rate of 0.8 percent in 2011. However, due to the recent trends showing weakening in the national and global economy, job growth is projected to slow to a 0.4 percent growth rate in 2012. Colorado's job market is forecast to slightly outpace the nation's due to expectations that the State economy will better weather the economic slowdown.

Despite some relatively positive trends in jobs for the State, stubbornly high unemployment continues, though the State's unemployment rate remains slightly lower than the nation's. Although the unemployment rate has retreated slightly from its peak, the national rate remains above 9.0 percent and the State's unemployment rate has been hovering around 8.5 percent.

Through the first quarter of 2011 personal income has expanded both nationally and in Colorado since the third quarter of 2009. Over this period, Colorado personal income has increased 6.5 percent and national personal income has increased 6.2 percent. Continued improvement in personal income is needed to contribute to an economic recovery as it will support further spending, savings and investment, and debt reduction.

Colorado personal income is forecast to increase 5.0 percent in 2011 and slow to a 2.7 percent growth pace in 2012 as heightened uncertainty and financial market volatility take their toll on economic activity. Colorado wage and salary growth is forecast to increase 3.5 percent in 2011 and 2.1 percent in 2012. As with the job market, projections for income and wage growth are slightly higher for the State compared with the nation.

With household earnings stagnating, continued high food and gasoline prices are stressing household budgets and squeezing out other consumer purchases that would enable businesses to increase production and expand. In addition, the housing component of the consumer price index (CPI) for the nation continues to experience a steady increase. This is a reflection of tightening rental markets and thus higher rents. In August, the CPI for the nation was 3.8 percent above the level in August of 2010.

Consumer price changes in Colorado generally closely track national trends. For the first half of 2011 (the last data available), the Denver-Boulder-Greeley CPI surged 3.8 percent over the first half of 2010. The Denver-Boulder-Greeley CPI will increase 3.5 percent in 2011 overall and 2.6 percent in 2012, similar to projections for national consumer price changes.

Recent sales tax data from the Colorado Department of Revenue indicate that consumer spending has slowed over the summer months. Consumer spending on durable goods typically makes up a little over a quarter of total State sales tax revenue. After growing 6.3 percent in 2010, Colorado retail trade sales are expected to increase 5.3 percent in 2011, but slow to a 3.0 percent growth rate in 2012.

The housing sector continues to struggle and could decline further before improving. A robust recovery in the housing market is dependent largely on improvement in the labor market and a decline in the high level of excess inventory of homes.

The Colorado real estate market remains weakened, but home prices continue to fare better than those of the nation. From the first quarter of 2011 to the second, national home prices decreased 0.6 percent while Colorado prices declined 0.3 percent.

Construction activity remains subdued across the State due to an excess supply in residential and nonresidential markets. Activity in the multifamily sector has picked up, but remains below historical levels. According to housing permit data released by the Census Bureau, almost all of new multifamily permitting activity this year has occurred in just three Colorado counties – Denver, El Paso, and Larimer.

Though there are many other important factors that affect unemployment, housing has traditionally been a key sector as there are many industries that benefit from housing construction, such as goods-producing industries, the financial industry, and retail. When housing construction leads to overall job creation, it

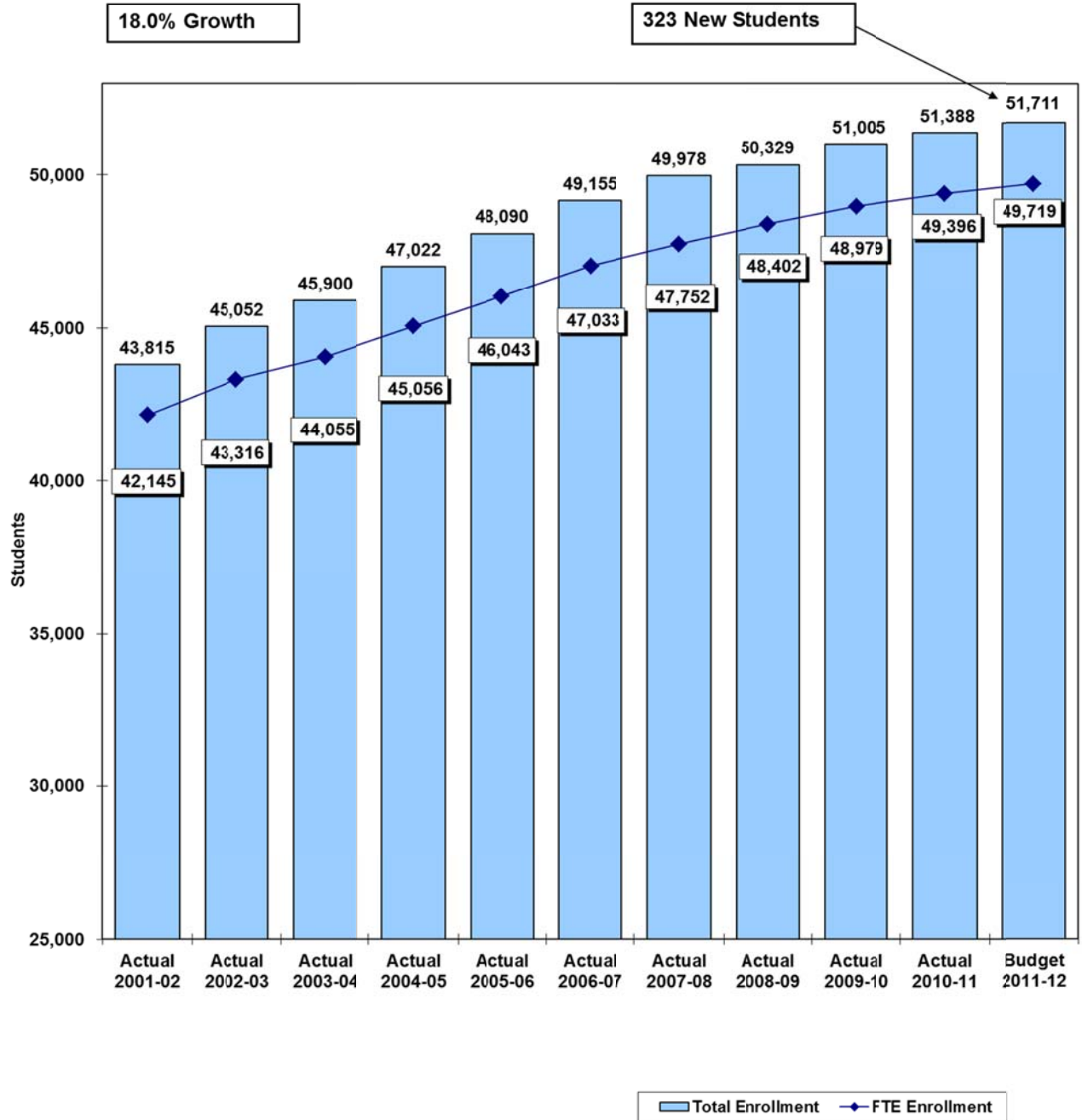
causes increases in household formation, creating a positive cycle of even more jobs and housing demand.

The sharp drop in housing construction after the boom coincided with the large increase in the unemployment rate. Since housing construction has been flat over the past couple of years and is likely to remain sluggish, the economy and the job market will likely continue to follow the same trend.

The economy's rocky recovery and rebuilding process from the Great Recession has shown some precarious signs of stalling. Continued high debt levels, the slumped housing market, and financial market volatility are proving to be a difficult combination of conditions for the economy to contend with. Further, higher levels of uncertainty have caused both hiring and business investment to be weak. Because the weakening in the economy has been across several sectors and has been persistent over several months, there is a growing risk that the economy may contract, though some sectors of the economy, most notably the housing and labor markets, are already near recessionary levels.

However, economic conditions, at least in some sectors, are not as dour as some economic headlines suggest. Services-related industries, the largest producing sector of the economy, showed signs of growth in August and the production of physical goods continues to expand, though at lower growth rates. Exports also continue to increase. Further, business loans from commercial banks are continuing to increase, which may lead to increased growth in the future. Nevertheless, the European sovereign debt and banking problems are precarious and pose a risk to the already sluggish economy. If the situation deteriorates and creates increased stress in the financial system, there would likely be negative reverberations in the national and Colorado economies that could cause them to slip into recession.

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



Note: 2011-2012 enrollment numbers are projected.

## Enrollment

District enrollment increased last fall by 383 students to put the District at 51,388 students for the 2010-2011 school year. The breakdown of those students includes 23,171 in elementary schools; 11,495 in middle schools; 15,309 in high schools; 488 in the District's charter school; 850 pre-school students and 75 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 416.5 FTE students to 49,395.8. 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 1,000 students per year. Since the 2008-2009 school year, the average growth is closer to 400 students. Enrollment for the 2011-2012 school year is budgeted to increase by 323 FTE. The most current enrollment information available indicates that the District enrollment increase should exceed 500 students. 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, specific ownership taxes from vehicle registration, and state equalization aid is approximately 95% of the District's General Fund revenues for fiscal year 2010-2011.

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% for 10 years.

The funding for the 2010-2011 school year would have been expected to be calculated at the Consumer Price Index of the prior year, which was deflation of .6% plus Amendment 23 funding of 1% to net to a .4% increase in funding. Due to the recession and the lack of available resources at the State level, the State Legislature passed School Finance Bill HB10-1369 reducing statewide funding by \$365 million, or 6.35% below statutory levels of Amendment 23 as one of the means used to balance the State's budget in light of declining income and sales tax revenue. Since the funding for the 2009-2010 school year was reduced by a rescission, the decrease in funding from the 2009-2010 school year actual payments to the 2010-2011 year is a reduction of 3.7%. The State further reduced funding by the amount school districts received during the 2010-2011 school year from certain Federal funding described below.

The District was awarded approximately \$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. The modified budget for the Designated Purpose Grants Fund was increased by \$13.5 million to reflect this federal funding and the General Fund modified budget was reduced by the same amount to reflect those expenditures that were paid from Federal funds in the Designated Purpose Grants Fund.

The State did continue to provide partial funding of full day kindergarten for the 2010-2011 school year at an additional .08 FTE for each kindergartener enrolled. The District is continuing to provide full day kindergarten at six schools.

The State still faces budget constraints resulting in further reduction to school funding for the 2011-2012 school year. Statewide funding for K-12 education was reduced by \$227.5 million. District funding reductions total \$14.7 million and reduce funding per pupil 5% from \$6,743 in 2010-11 to \$6,402 in 2011-12. Net total program funding decreased from \$332.9 million in 2010-11 to \$318.2 million in 2011-12.

In addition to reduced State funding, anticipated expenditure increases of \$12.0 million for 2011-2012, offset somewhat by a positive operating margin for 2010-2011, result in a \$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. 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 2011-12. Additional discussion of Economic Factors and Next Year's Budget can be found in the Management's Discussion and Analysis found on page 44-45.

State economic forecasts continue to reflect stagnant income tax and retail sales growth which affects the overall State budget and the ability to fund the District. The most recent economic data suggest that the State may further reduce school funding for fiscal year 2012-2013. With the ongoing problems 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 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

### Colorado Student Assessment Program Tests (CSAP)

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 CSAP tests at grades 3-10. 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 District Achievement Goal focuses on performance and growth on the CSAP tests. *Proficient* or higher is the target performance range for all students.

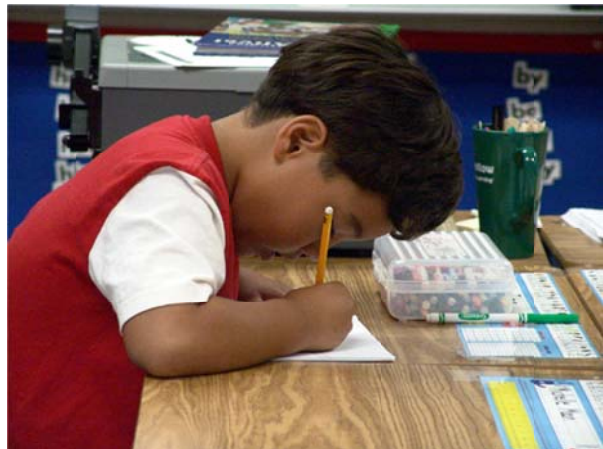
The state will replace CSAP with a transitional assessment during the 2011-2012 and 2012-2013 school years, which will be called the Transitional Colorado Assessment Program (TCAP). The TCAP will assess, where blueprint flexibility allows, only content that is shared by the Colorado Model Content Standards 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 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 tests)
- Growth (based on students' CSAP 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.

### American Recovery and Reinvestment Act of 2009

The District is participating 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-D and special education funding under IDEA. These funds are awarded to supplement current grant funding. The funds provided from this program must be spent by September 30, 2011.

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.

### 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 18.0% or over 7,500 students. Current projections show that enrollment will continue to increase, although at a slower rate than the past few years. Enrollment for the 2011-2012 school year is projected at over 51,700 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 2008 to 2012. 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.

In November 2008, voters approved a bond issue for additional resources to sustain and strengthen the District's commitment to excellence and prepare students for success in college and the workforce. With continued growth, the District needs to build schools as well as renovate and repair existing schools, and continue to strengthen curriculum and instruction. The bond election provided \$203.5 million for long-term costs, including: renovation of 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; improve technology throughout the District; build an Institute of Science and Technology Center; and construction of three elementary schools (one in 2010, the second in 2011 and third in future years) to handle projected student growth.

The District also funded \$2.8 million from the District's capital reserve for capital improvements at the Cherry Creek Academy Charter School. The Cherry Creek Academy contributed \$0.7 million toward the cost of the capital project from accumulated reserves.

District voters also approved an increase in property taxes in November 2008, that provides \$18.0 million for operating expenditures, including: maintaining class sizes in kindergarten through twelfth grade; provide curriculum and instruction necessary for success in college and the workplace; meet the increased costs of continuing the District's commitment to academic excellence and providing an educational program of the highest quality and standards; and utilize technology and computer applications to ensure student 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 successfully completes the academic core (language arts, mathematics, science, and social studies) prior to high school graduation. District standards describe what students are expected to know and be able to do at the completion of fifth, eighth, and 12th grades. The District curriculum is designed to ensure students achieve these standards.

Elementary School (K-5): The primary focus in elementary school is on the development of literacy and numeracy skills. In addition, the curriculum stresses fundamental skills and concept development in science and social studies. Elementary students enhance their education through participation in the arts,

physical education, technology, and use of media resources.

Middle School (6-8): The middle school program builds on the academic fundamentals of the elementary grades, ensuring a strong foundation for student achievement in high school and post-secondary education. Students must master a broad and thorough knowledge base in reading, writing, mathematics, science, history, and geography. To further enhance their education, students may also participate in enhanced core curriculum programs including the arts, media skills, foreign language, applied technology, physical education, health, and consumer and family studies.

High School (9-12): The high school curriculum is comprehensive and ensures students have the essential preparation for college and career. American College of Testing (ACT) defines the following specific courses as comprising the academic core:

- 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)
- SAT defines the academic core as the 20+ credits in the areas mentioned above plus foreign language.

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

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.

## The Teaching/Learning Cycle

Cherry Creek's Framework for World Class Instruction



Dedicated to Excellence  
Cherry Creek Schools

## 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.

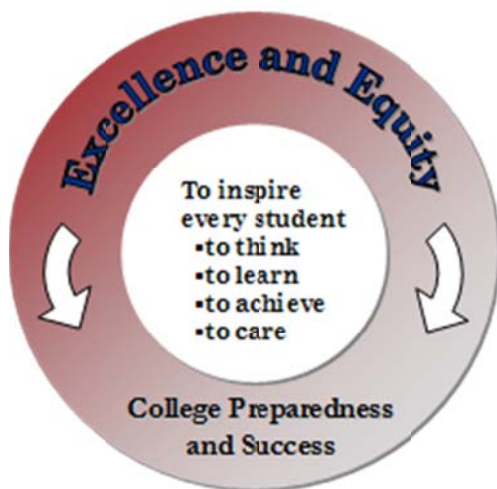
The Cherry Creek School District community identified two fundamental areas – High Quality Instructional Programs and Supportive Learning Environments – which are essential if the District is to achieve its overarching goals.

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, 2011 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 68-70.

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 59-88, 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 2010-2011 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 Clifton Gunderson LLP was selected by the District's Audit Committee to perform the audit for the fiscal year ended June 30, 2011. 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 29-30 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, 2010. 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 eighteen 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 2010-2011 budget document. In addition, the ASBO awarded its Meritorious Budget Award to the District for the fiscal year 2010-2011 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

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**CHERRY CREEK SCHOOL DISTRICT NO. 5**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Handwritten signature of Chuck Linderman in cursive.

President

Handwritten signature of John D. Russo in cursive.

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, 2010

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.



President

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**

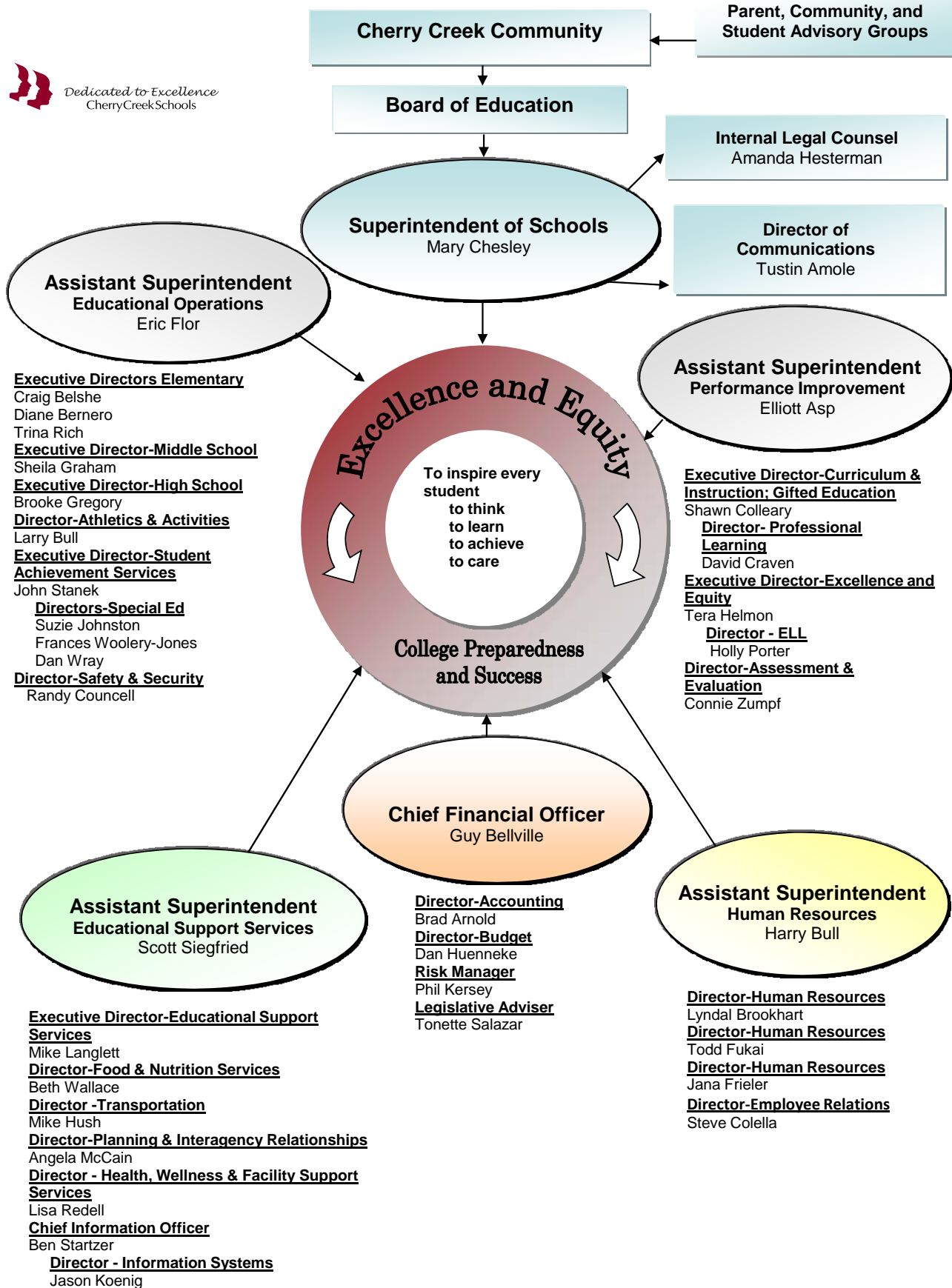
District A	Jim O'Brien
District B	Claudine R. McDonald
District C	Aagje C. Barber
District D	Randy Perlis
District E	Jennifer Churchfield

**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, 2011



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

**ADMINISTRATIVE FUNCTIONS  
as of July 1, 2011**

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**

Expulsion School  
High School Principals  
North Area Achievement Support  
Institute of Science and Technology

**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

**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



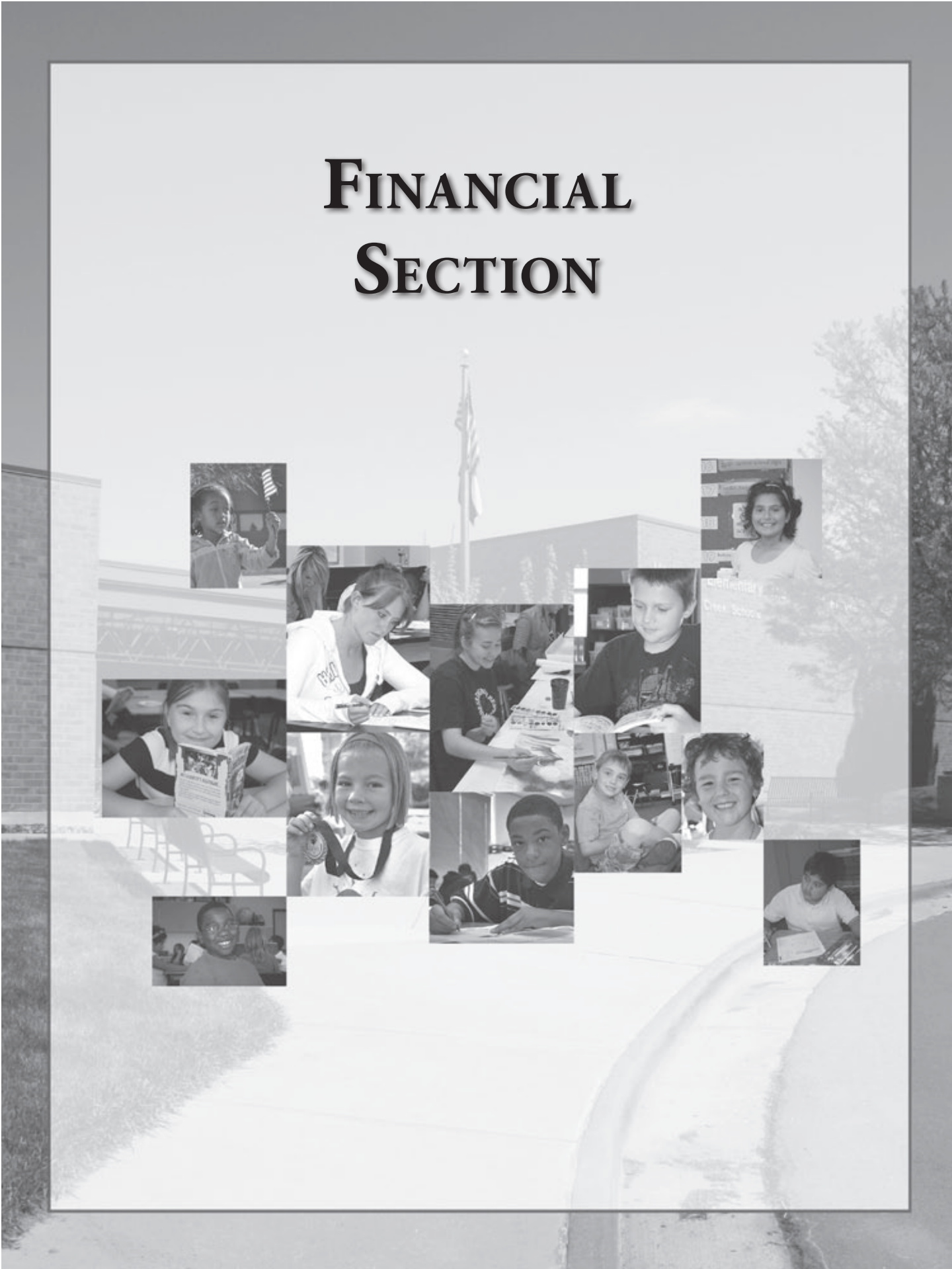
*Dedicated to Excellence*  
Cherry Creek Schools



CherryCreek  
Schools  
Dedicated to Excellence

# FINANCIAL SECTION

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, 2011, 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 Cherry Creek Academy Charter School 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 the other auditors provides 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, 2011, 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 21, 2011 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.

The management's discussion and analysis on pages 31 through 45 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 the Cherry Creek School District No. 5's basic financial statements. The combining and individual fund financial statements and schedules, Auditor's Electronic Financial Data Integrity Check Figures Report, and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables 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.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
October 21, 2011

Management's  
Discussion  
and  
Analysis



CherryCreek  
Schools  
Dedicated to Excellence



CherryCreek  
Schools  
Dedicated to Excellence

**Management's Discussion and Analysis**  
**Cherry Creek School District No. 5**  
**Arapahoe County, Colorado**  
**June 30, 2011**

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, 2011. 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 5-22.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$257.7 million (net assets).
- Net assets of the District include \$176.6 million invested in capital assets, net of related debt; net assets of \$56.9 million restricted for debt service payments and required emergency reserves; and an unrestricted net asset balance of \$24.2 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 \$6.0 million, which may be used to meet the District's ongoing obligations of the enterprise related activities.
- The total net assets of the District decreased by \$8.0 million during fiscal year 2011. The majority of this decrease is attributable to the District spending bond fund proceeds out of the Capital Projects-Building Fund. Many major renovation projects were completed during this fiscal year along with the new construction of an administrative building and the Institute of Science and Technology. Depreciation expense begins on these projects upon completion which has the effect on the Government-Wide statements of reducing net assets. The District also funded \$2.8 million for capital improvements at the Cherry Creek Academy Charter School, along with \$.7 million contributed by Cherry Creek Academy. This project was completed and the contribution from the District is reflected as a conveyance to Cherry Creek Academy, reducing net assets by that amount. The decreases in net assets from capital related activity are partially offset by operations in the General Fund. In response to decreases in State funding, the District actively implemented cost savings measures and budgeted to increase net assets of the General Fund due to forecasting further deterioration of State funding in future years.

- Fund balance of the District’s governmental funds decreased by \$71.3 million resulting in an ending fund balance of \$148.2 million. The decrease in fund balance under governmental accounting is larger than the decrease in net assets under government-wide accounting primarily due to the treatment of spending the bond proceeds from the Capital Projects – Building Fund. Fund balances decrease as the bond funds are depleted, 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 \$79.6 million. Total reduction in governmental fund balance is partially offset by positive operations in the General Fund.

- During the current fiscal year, the fund balance in the General Fund increased by \$7.1 million. This increase in fund balance is the result of several factors. A portion of the increase is the result of \$18.0 million in additional taxes approved in the 2009-2010 school year that were not fully spent to maintain a strong fund balance due to economic uncertainty and expected further deterioration of school funding. The District budgeted the General Fund balance to increase by about \$2.4 million. The District was able to reduce actual expenditures by over \$4.0 million against budget, improving the fund balance. The total actual revenue received in the General Fund approximated the final budget. The positive expenditure variances include utilities, plant operations and general supplies, and teacher salaries due to conservative staffing. Transportation expenditures were greater than anticipated.

- The District’s long-term obligations decreased by \$27.1 million to \$548.3 million, which is the result of the scheduled current year payments on existing debt.

## 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 47-88 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 47-49 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 Building Capital Projects Fund, and the Bond Redemption Debt Service Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other governmental funds. Individual fund information for the other governmental (non-major) 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 50-54 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 55-57 of this report.

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The changes in financial presentation required by this pronouncement are reflected in these statements.

GASB Statement No. 54 is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by

clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in school district financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a school district is bound to observe spending constraints.

Under Statement 54 the definition of certain fund types used by the District require further distinction and board authorization to maintain the current presentation of these funds. Special revenue funds are now defined as funds used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure 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. Under the new GASB Statement 54 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 restricted funds due to externally imposed restrictions by creditors and their debt covenants.

In order to continue classifying the Extended Child Services Fund and Pupil Activities Fund as Special Revenue funds the Board of Education, being the highest level of decision-making powers committed these funds to specific purposes by Board resolution in June 2011.

Statement 54 also redefines the categorization of fund balance. Under the new statement there are 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 59-88 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 90-98 of this report. The additional schedules required as part of the Colorado Public School Finance Act can be found on pages 103-104 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. 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.

The assets of the primary governmental and business activities exceed liabilities by \$257.7 million. Total net assets of the primary government do not include internal balances.

A net investment of \$176.7 million in land, improvements, buildings, equipment, and vehicles, which provide the services to the District's 51,388 public school students, represents 68.6% of the District's net assets. Net assets of \$43.6 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.

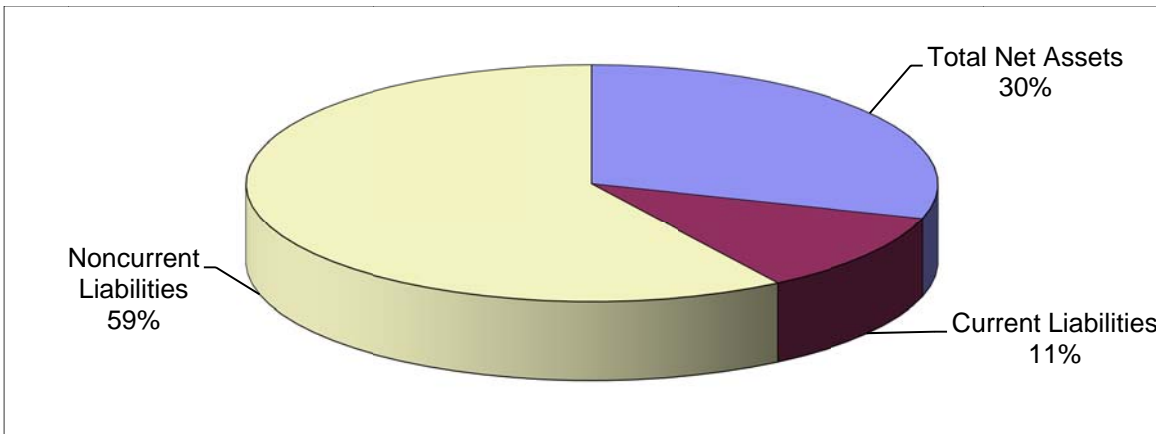
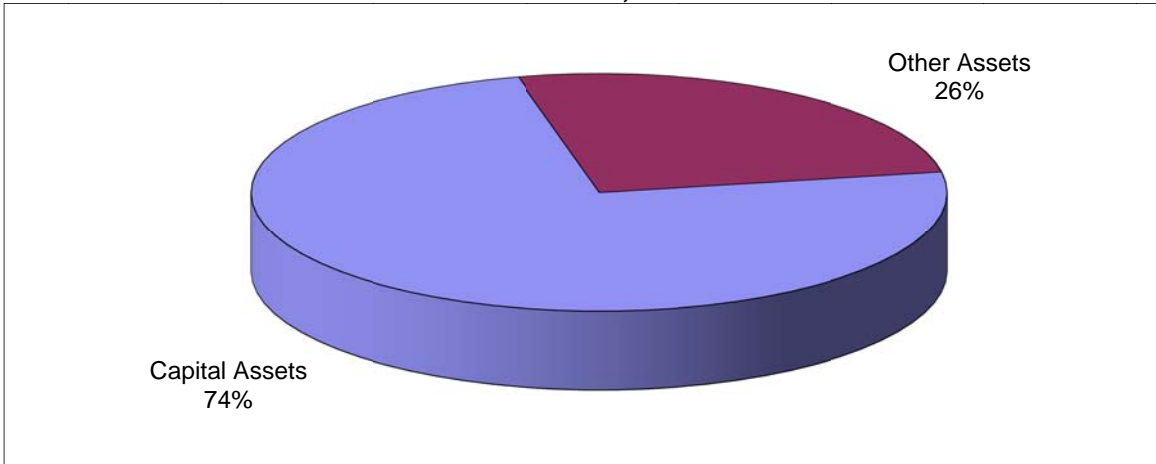
As mentioned earlier, unrestricted net assets are different than what would be reflected on a budgetary basis primarily due to the accounting treatment of accrued salaries and benefits earned but unpaid and compensated absences payable. The \$32.1 million long term portion of compensated absences is 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 \$41.2 million of accrued salaries and benefits as of June 30, 2011 includes \$36.4 million of general fund earned but unpaid salaries and benefits associated with teacher and other employee contracts for the 2011 school year requiring resources from fiscal year 2012 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, 2011 and 2010  
 (in millions)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Capital assets	\$ 638.9	\$ 601.5	\$ 1.1	\$ 1.0	\$ 640.0	\$ 602.5
Other assets	217.0	306.0	8.0	7.0	225.0	313.0
<b>Total assets</b>	<u>855.9</u>	<u>907.5</u>	<u>9.1</u>	<u>8.0</u>	<u>865.0</u>	<u>915.5</u>
<b>Liabilities:</b>						
Current liabilities	94.9	108.5	1.8	1.2	96.7	109.7
Noncurrent liabilities	510.6	540.1	-	-	510.6	540.1
<b>Total liabilities</b>	<u>605.5</u>	<u>648.6</u>	<u>1.8</u>	<u>1.2</u>	<u>607.3</u>	<u>649.8</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	175.6	187.8	1.1	1.0	176.7	188.8
Restricted	56.6	55.0	0.2	0.2	56.8	55.2
Unrestricted	18.2	16.1	6.0	5.6	24.2	21.7
<b>Total Net assets</b>	<u>\$ 250.4</u>	<u>\$ 258.9</u>	<u>\$ 7.3</u>	<u>\$ 6.8</u>	<u>\$ 257.7</u>	<u>\$ 265.7</u>

**Government-wide Total Assets as compared to Total Liabilities and Total Net Assets  
as of June 30, 2011:**

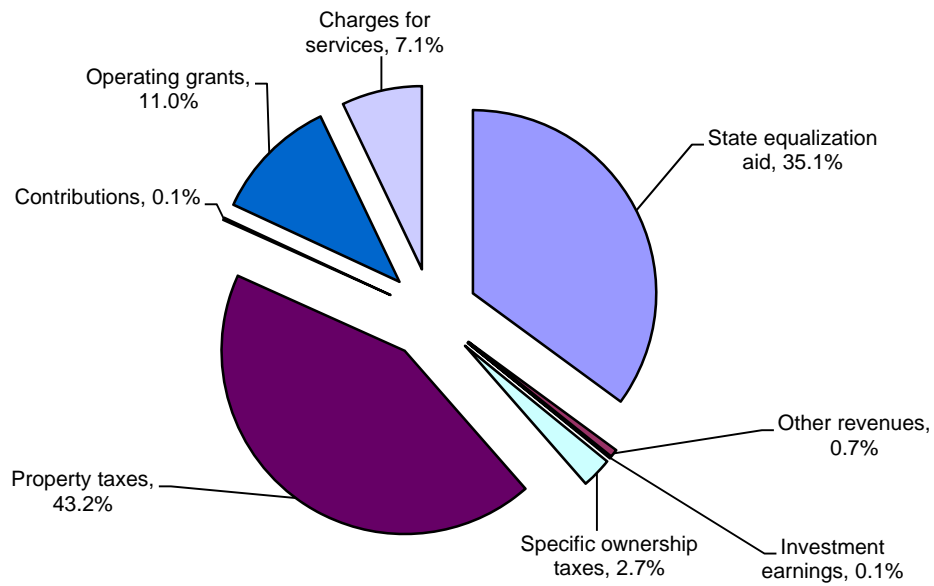


## Government-wide Activities

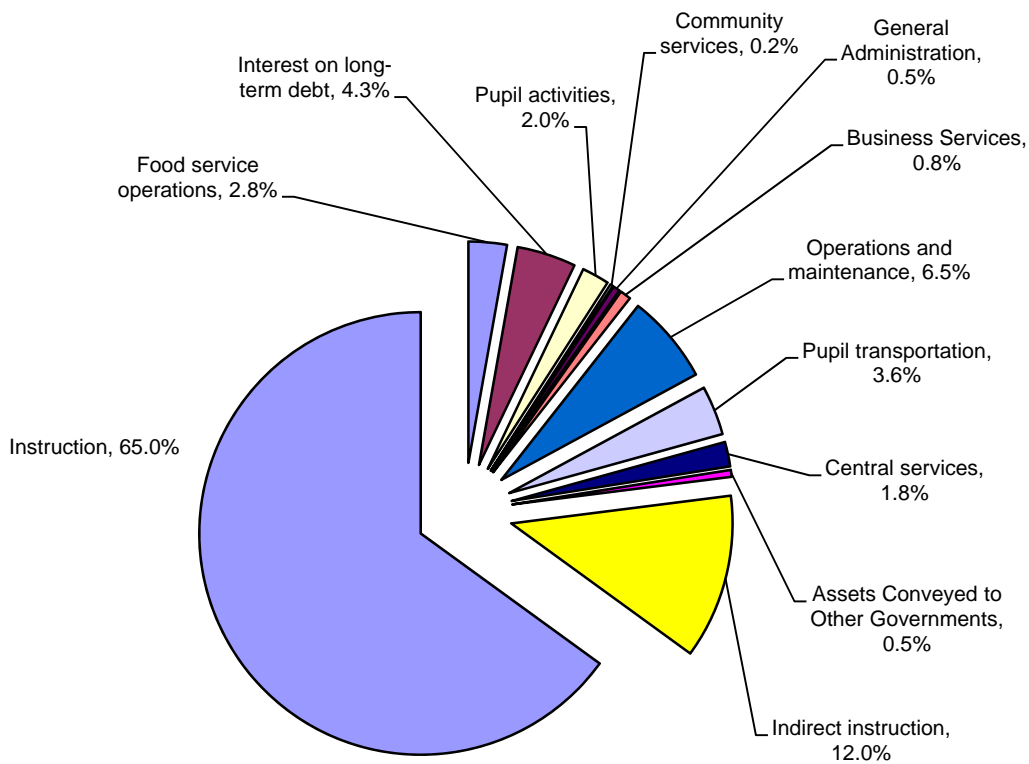
Governmental activities decreased the net assets of the District by \$8.5 million accounting for the majority of total reduction in the net assets of the District.

Cherry Creek School District No. 5						
Comparative Schedule of Changes in Net Assets						
as of and for the fiscal year ended June 30, 2011 and 2010						
(in millions)						
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 29.5	\$ 30.9	\$ 8.3	\$ 8.3	\$ 37.8	\$ 39.2
Operating grants and contributions	50.9	36.0	7.4	7.0	58.3	43.0
Capital grants and contributions	0.9	0.6	-	-	0.9	0.6
General unrestricted revenues						
Property taxes	229.3	223.8	-	-	229.3	223.8
Specific ownership taxes	14.4	15.4	-	-	14.4	15.4
Investment earnings	0.7	1.7	-	-	0.7	1.7
Other revenues	3.0	2.9	-	-	3.0	2.9
State equalization aid	186.3	209.2	-	-	186.3	209.2
Total revenues	<u>515.0</u>	<u>520.5</u>	<u>15.7</u>	<u>15.3</u>	<u>530.7</u>	<u>535.8</u>
<b>Expenses:</b>						
Governmental activities						
Instruction	349.3	335.7	-	-	349.3	335.7
Indirect instruction	64.7	66.8	-	-	64.7	66.8
Supporting services	71.6	72.4	-	-	71.6	72.4
Community services	1.2	1.0	-	-	1.2	1.0
Pupil activities	10.7	11.0	-	-	10.7	11.0
Assets conveyed to other governments	2.8	-	-	-	2.8	-
Interest on long-term debt	23.1	20.0	-	-	23.1	20.0
Business-type activities						
Food services operations	-	-	15.3	14.6	15.3	14.6
Total expenses	<u>523.4</u>	<u>506.9</u>	<u>15.3</u>	<u>14.6</u>	<u>538.7</u>	<u>521.5</u>
Change in net assets before transfers	(8.4)	13.6	0.4	0.7	(8.0)	14.3
Transfers	<u>(0.1)</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(8.5)	13.6	0.5	0.7	(8.0)	14.3
Net assets beginning of year	<u>258.9</u>	<u>245.3</u>	<u>6.8</u>	<u>6.1</u>	<u>265.7</u>	<u>251.4</u>
Net assets end of year	<u>\$ 250.4</u>	<u>\$ 258.9</u>	<u>\$ 7.3</u>	<u>\$ 6.8</u>	<u>\$ 257.7</u>	<u>\$ 265.7</u>

## Government-Wide Revenues fiscal year ended June 30, 2011



## Government-Wide Expenses fiscal year ended June 30, 2011



Key elements of the decrease 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 decreased by \$22.9 million (10.9%) during the fiscal year, with property taxes increasing by \$5.5 million (2.5%) during the year. Total funding for the District is based upon the State's School Finance Act passed each year by the legislature. The funding for the 2010-2011 school year would have been expected to be calculated at the Consumer Price Index of the prior year, which was deflation of .6% plus Amendment 23 funding of 1% to net to a .4% increase in funding. Due to the recession and the lack of available resources at the State level, the State Legislature passed School Finance Bill HB10-1369 reducing statewide funding by \$365 million, or 6.35% below statutory levels of Amendment 23 as one of the means used to balance the State's budget in light of declining income and sales tax revenue. Since the funding for the 2009-2010 school year was reduced by a rescission, the decrease in funding from the 2009-2010 school year actual payments to the 2010-2011 year is a reduction of 3.7%. The State further reduced funding by the amount school districts received during the 2010-2011 school year from certain Federal funding described below.
- The District was awarded approximately \$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.

The modified budget for the Designated Purpose Grants Fund was increased by \$13.6 million to reflect this federal funding and the General Fund modified budget was reduced by the same amount to reflect those expenditures that were paid from Federal funds in the Designated Purpose Grants Fund.

- The State did continue to provide partial funding of full day kindergarten for the 2010-2011 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 416.5 FTE (.85%) had the effect of increased funding in State equalization, based upon the lower per pupil funding described above. This enrollment increase amounts to approximately \$2.8 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 10-12.
- Total governmental activities expenses increased by 3.3%. District's expenses for the instruction and indirect instruction functions increased by 2.9% for this fiscal year, while support services and other non-instructional functions decreased by 1.1% for this fiscal year. The increase in instructional expenses is the result of increased enrollment of .85% and related staffing and direct expenses related to those students, along with employee's health benefit and retirement cost increases. Interest expense also increased as a result of debt payment on the bond issues approved by votes in November 2008. The District also funded \$2.8 million for capital improvements at the Cherry Creek Academy Charter School, along with \$.7 million contributed by Cherry Creek Academy. This project was completed and the contribution from the District is reflected as a conveyance to Cherry Creek Academy.

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 profit of approximately \$509,000 and reflects an increase 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 \$148.2 million, a decrease of \$71.3 million in comparison with the prior year. As discussed on page 32 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 \$79.6 million. The General Fund had an increase in fund balance of \$7.1 million primarily from cost containment efforts to partially offset the decrease. Further discussion is also found on page 32. The Debt Services-Bond Redemption Fund had an increase in fund balance due to requirements of funding the next period debt payments. Other governmental funds show a decrease in fund balance primarily from use of fund balance reserves in the Pupil Activities and Extended Child Services Funds.

The unassigned fund balance for the District at the end of the fiscal year includes \$19.8 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, \$1.6 million; 2) restricted for construction, \$47.3 million; restricted to pay debt service, \$44.6 million; restricted cash reserved for the debt payment related to the purchase of buses, \$.9 million; and restricted for emergency reserves, \$13.0 million; 3) committed for next year expenditures and future year commitments, \$11.2 million; committed to specific Extended Child Services activities, \$1.5 million; and committed to Pupil Activity activities, \$4.6 million; and 4) for a variety of other assigned purposes, \$3.6 million.

The Debt Service Fund - Bond Redemption Fund has adequate resources accumulated to make the December 2011 principal and interest payments. The mill levy to accumulate resources for the June 2012 and December 2012 principal and interest payments will be certified in December 2011.

The Capital Projects Fund - 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 \$79.6 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. As mentioned on page 39, the District was awarded approximately \$9.7 million in a Federal grant from the Education Job Funds Program. 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. The modified budget for the Designated Purpose Grants

Fund was increased by \$13.6 million to reflect this federal funding and the General Fund modified budget was reduced by the same amount to reflect those expenditures that were paid from Federal funds in the Designated Purpose Grants Fund.

The General Fund had an increase in fund balance of \$7.1 million primarily from cost containment efforts to partially offset the decrease. Further discussion is also found on page 32.

The unassigned fund balance for the General Fund at the end of the fiscal year is \$19.8 million for GAAP purposes. However, the current available resources for the General Fund can be computed as follows:

		(in millions)
Fund balance - GAAP basis		\$ 45.6
Plus effect of salaries earned but unpaid		36.4
Less effect of compensated absences payable		(0.9)
Less effect of encumbrances and other adjustments		(1.0)
Total fund balance (budgetary basis)		<u>80.1</u>
Nonspendable for:		
	Prepayments and deposits	(0.1)
	Inventory	(1.6)
Restricted for:		
	Emergency reserve	(12.0)
Committed for:		
	Multiple year commitments	(0.3)
	Future year expenditures	(10.9)
Assigned for:		
	Other purposes	<u>(1.0)</u>
Unassigned fund balance (budgetary basis)		<u><u>\$ 54.2</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 \$399.5 million. Unassigned fund balance (budgetary basis) represents 13.6% of expenditures while total fund balance (budgetary basis) represents 20.1% 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, 2011, amounts to \$640.0 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles, and projects in progress. The total increase in the District’s investment in capital assets for the current fiscal year was \$37.6 million, or a 6.2% increase.

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 \$12.6 million.
- Major projects include work on Institute of Science and Technology, Instructional Support Facility and multiple school and facility renovations.

Cherry Creek School District No. 5 Capital Assets (net of accumulated depreciation) June 30, 2011 and 2010 (in millions)						
	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 19.4	\$ 19.4	\$ -	\$ -	\$ 19.4	\$ 19.4
Improvements	6.0	6.8	-	-	6.0	6.8
Buildings	590.3	481.1	-	-	590.3	481.1
Projects in progress	12.6	83.2	-	-	12.6	83.2
Equipment and vehicles	<u>10.6</u>	<u>11.0</u>	<u>1.1</u>	<u>1.0</u>	<u>11.7</u>	<u>12.0</u>
Total capital assets	<u>\$ 638.9</u>	<u>\$ 601.5</u>	<u>\$ 1.1</u>	<u>\$ 1.0</u>	<u>\$ 640.0</u>	<u>\$ 602.5</u>

Additional information on the District’s capital assets can be found in Note 6 on pages 74-75, as well as on pages 99-101 of this report.

**Long-term Debt**

At June 30, 2011, the District had total bonded debt outstanding of \$508.0 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 \$2.7 million outstanding at the end of the current fiscal year.

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 continues to maintain its AA rating from Standard & Poor's Corporation and an Aa2 rating from Moody's Investors Service for general obligation bond issues.

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 \$946.4 million and the legal debt margin was \$493.8 million.

Cherry Creek School District No. 5 General Obligation Bonds and Certificates of Participation June 30, 2011 and 2010 (in millions)						
	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 508.0	\$ 537.0	\$ -	\$ -	\$ 508.0	\$ 537.0
Certificates of participation	<u>2.7</u>	<u>3.6</u>	<u>-</u>	<u>-</u>	<u>2.7</u>	<u>3.6</u>
Total	<u>\$ 510.7</u>	<u>\$ 540.6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510.7</u>	<u>\$ 540.6</u>

Additional information on the District's long-term obligations can be found in Notes 9 and 10 on pages 77-82 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%. However, the State has not been able to fulfill that commitment the last three years.

- The State still faces budget constraints resulting in further reduction to school funding for the 2011-2012 school year. Statewide funding for K-12 education was reduced by \$227.5 million. District funding reductions total \$14.7 million and reduce funding per pupil 5% from \$6,743 in 2010-11 to \$6,402 in 2011-12. Net total program funding decreased from \$332.9 million in 2010-11 to \$318.2 million in 2011-12.
- In addition to reduced State funding, anticipated expenditure increases of \$12.0 million for 2011-2012, offset somewhat by a positive operating margin for 2010-2011, result in a \$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. 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 2011-12.
- The District preserved instructional programs for the 2011-2012 year and adjusted the staffing ratio from 18:1 to 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 2011-2012 year includes no increase in the salary schedules. Health insurance contributions were maintained at existing levels. Costs increases for the Public Employees' Retirement Association continue to impact the District.
- State economic forecasts continue to reflect stagnant income tax and retail sales growth which affects the overall State budget and the ability to fund the District. The most recent economic data suggest that the State may further reduce school funding for fiscal year 2012-2013. With the continued problems 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 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 2010-2011 school year.
- A funding allowance for all of the additional children (currently expected to be approximately 500.0 FTE) who will be enrolled in our schools this fall will provide an additional \$3.2 million in fiscal year 2011-2012.
- 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, 2011, unassigned fund balance (budgetary basis) in the General Fund increased to \$54.2 million. For the current fiscal year, 2011-2012, the District's projections are within available funding to be in balance with expenditures. However, the State continues to struggle through a recession and current revenue projections for the State indicate lower State revenue. The District may revise the current year budget in the event of a State rescission.

### **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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charter School
<b>ASSETS</b>				
Current Assets				
Cash	\$ 5,408,569	\$ 25,051	\$ 5,433,620	\$ 1,406,064
Cash held by county treasurer	1,217,142	-	1,217,142	-
Equity in pooled cash	90,519,224	4,562,204	95,081,428	-
Cash in trust	927,210	-	927,210	-
Cash in savings	636	-	636	-
Investments	56,648,659	2,000,552	58,649,211	469,837
Investments with escrow agent	44,334,862	-	44,334,862	-
Receivables, net				
Property taxes	7,752,854	-	7,752,854	-
Other governments	4,952,702	145,666	5,098,368	-
Other	669,799	5,317	675,116	730
Prepayments and deposits	65,378	1,129	66,507	11,965
Inventories	1,592,029	1,264,059	2,856,088	-
Total Current Assets	<u>214,089,064</u>	<u>8,003,978</u>	<u>222,093,042</u>	<u>1,888,596</u>
Noncurrent Assets				
Deferred charges	2,899,222	-	2,899,222	-
Capital Assets				
Land	19,387,111	-	19,387,111	744,711
Improvements	23,209,007	-	23,209,007	520,653
Buildings	820,970,787	-	820,970,787	6,483,825
Equipment and vehicles	66,222,780	4,220,367	70,443,147	53,948
Projects in progress	12,599,170	-	12,599,170	8,035
Less accumulated depreciation	(303,437,813)	(3,107,070)	(306,544,883)	(959,326)
Total Noncurrent Assets	<u>641,850,264</u>	<u>1,113,297</u>	<u>642,963,561</u>	<u>6,851,846</u>
Total Assets	<u>855,939,328</u>	<u>9,117,275</u>	<u>865,056,603</u>	<u>8,740,442</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts and other current payables	12,380,492	596,714	12,977,206	22,328
Accrued interest payable	968,332	-	968,332	-
Accrued salaries and benefits	40,658,173	507,244	41,165,417	129,154
Unearned revenues	3,290,604	449,363	3,739,967	31,830
General obligation bonds	31,242,412	-	31,242,412	-
Revenue bonds	-	-	-	90,000
Certificates of participation	885,000	-	885,000	-
Compensated absences payable	5,453,453	230,369	5,683,822	-
Total Current Liabilities	<u>94,878,466</u>	<u>1,783,690</u>	<u>96,662,156</u>	<u>273,312</u>
Noncurrent Liabilities				
General obligation bonds	476,765,660	-	476,765,660	-
Revenue bonds	-	-	-	3,385,000
Certificates of participation	1,815,000	-	1,815,000	-
Compensated absences payable	32,095,533	-	32,095,533	-
Total Noncurrent Liabilities	<u>510,676,193</u>	<u>-</u>	<u>510,676,193</u>	<u>3,385,000</u>
Total Liabilities	<u>605,554,659</u>	<u>1,783,690</u>	<u>607,338,349</u>	<u>3,658,312</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	175,535,480	1,113,297	176,648,777	3,376,846
Restricted for:				
Debt service	43,620,073	-	43,620,073	466,308
Emergency Reserve	13,019,000	243,000	13,262,000	100,000
Unrestricted	18,210,116	5,977,288	24,187,404	1,138,976
Total Net Assets	<u>\$ 250,384,669</u>	<u>\$ 7,333,585</u>	<u>\$ 257,718,254</u>	<u>\$ 5,082,130</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction	\$ 349,264,514	\$ 17,306,277	\$ 42,571,564	\$ 866,172
Indirect instruction	64,711,664	325,850	4,032,100	-
Support services				
General administration	2,745,940	-	-	-
Business services	4,177,634	190,055	-	-
Operations and maintenance	35,131,333	239,622	-	-
Pupil transportation	19,458,476	138,435	3,986,143	-
Central services	9,664,300	-	-	-
Community services	1,195,266	572,511	329,895	-
Pupil activities	10,665,631	10,744,849	-	-
Assets conveyed to other governments	2,781,306	-	-	-
Interest on long-term debt, unallocated	23,104,156	-	-	-
Total governmental activities	<u>523,427,038</u>	<u>29,517,599</u>	<u>50,919,702</u>	<u>866,172</u>
<b>Business-type activities:</b>				
Food services operations	15,252,619	8,266,385	7,390,992	-
Total business-type activities	<u>15,252,619</u>	<u>8,266,385</u>	<u>7,390,992</u>	<u>-</u>
Total primary government	<u>\$ 538,679,657</u>	<u>\$ 37,783,984</u>	<u>\$ 58,310,694</u>	<u>\$ 866,172</u>
Component unit - Charter School	<u>\$ 3,432,427</u>	<u>\$ 157,786</u>	<u>\$ -</u>	<u>\$ 48,824</u>

**General unrestricted revenues**

Taxes:

    Property taxes

    Specific ownership taxes

Investment earnings

Other revenues

State equalization aid

Donation of assets

    Total general unrestricted revenues

Changes in net assets before transfers

Transfers

Changes in net assets

Net assets, Beginning

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
\$ (288,520,501)	\$ -	\$ (288,520,501)	\$ (2,001,375)
(60,353,714)	-	(60,353,714)	-
(2,745,940)	-	(2,745,940)	(1,008,717)
(3,987,579)	-	(3,987,579)	-
(34,891,711)	-	(34,891,711)	-
(15,333,898)	-	(15,333,898)	-
(9,664,300)	-	(9,664,300)	-
(292,860)	-	(292,860)	-
79,218	-	79,218	-
(2,781,306)	-	(2,781,306)	-
(23,104,156)	-	(23,104,156)	(215,725)
<u>(442,123,565)</u>	<u>-</u>	<u>(442,123,565)</u>	<u>(3,225,817)</u>
-	404,758	404,758	-
-	404,758	404,758	-
<u>(442,123,565)</u>	<u>404,758</u>	<u>(441,718,807)</u>	<u>-</u>
-	-	-	(3,225,817)
229,323,293	-	229,323,293	-
14,449,208	-	14,449,208	-
751,113	1,025	752,138	13,185
2,960,316	-	2,960,316	65,863
186,263,975	-	186,263,975	3,073,995
-	-	-	2,781,306
<u>433,747,905</u>	<u>1,025</u>	<u>433,748,930</u>	<u>5,934,349</u>
(8,375,660)	405,783	(7,969,877)	2,708,532
<u>(103,451)</u>	<u>103,451</u>	<u>-</u>	<u>-</u>
(8,479,111)	509,234	(7,969,877)	2,708,532
<u>258,863,780</u>	<u>6,824,351</u>	<u>265,688,131</u>	<u>2,373,598</u>
<u>\$ 250,384,669</u>	<u>\$ 7,333,585</u>	<u>\$ 257,718,254</u>	<u>\$ 5,082,130</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2011

	<b>General Fund</b>	<b>Debt Service - Bond Redemption Fund</b>	<b>Capital Projects - Building Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash	\$ 20,850	\$ -	\$ -	\$ 5,387,719	\$ 5,408,569
Cash held by county treasurer	1,216,147	995	-	-	1,217,142
Equity in pooled cash	82,761,471	-	3,996,045	3,761,708	90,519,224
Cash in trust	-	-	-	927,210	927,210
Cash in savings	636	-	-	-	636
Investments	5,400,753	-	48,284,647	2,963,259	56,648,659
Investments - escrow agent	-	44,334,862	-	-	44,334,862
Receivables, net					
Property taxes	6,455,354	1,297,500	-	-	7,752,854
Other governments	-	-	-	4,952,702	4,952,702
Other	644,855	17,615	-	7,329	669,799
Interfund receivables	324,881	-	-	-	324,881
Prepayments and deposits	50,643	-	-	14,735	65,378
Inventories	1,592,029	-	-	-	1,592,029
<b>Total Assets</b>	<b>\$ 98,467,619</b>	<b>\$ 45,650,972</b>	<b>\$ 52,280,692</b>	<b>\$ 18,014,662</b>	<b>\$ 214,413,945</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 6,587,853	\$ -	\$ 4,988,182	\$ 611,351	\$ 12,187,386
Other payables	193,106	-	-	-	193,106
Interfund payables	-	-	-	324,881	324,881
Accrued salaries and benefits	37,676,768	-	-	2,981,405	40,658,173
Deferred revenues	5,631,704	1,062,567	-	3,290,603	9,984,874
Compensated absences	2,749,521	-	-	153,932	2,903,453
<b>Total Liabilities</b>	<b>52,838,952</b>	<b>1,062,567</b>	<b>4,988,182</b>	<b>7,362,172</b>	<b>66,251,873</b>
<b>Fund balances</b>					
<b>Nonspendable for:</b>					
Prepayments and deposits	50,643	-	-	14,735	65,378
Inventories	1,592,029	-	-	-	1,592,029
<b>Restricted for:</b>					
Construction	-	-	47,292,510	-	47,292,510
Debt service	-	44,588,405	-	-	44,588,405
Sinking fund cash	-	-	-	911,082	911,082
Emergency Reserve	12,017,000	-	-	1,002,000	13,019,000
<b>Committed for:</b>					
Multiple year commitments	290,705	-	-	-	290,705
Future year expenditures	10,900,000	-	-	-	10,900,000
Extended Child Services Fund activities	-	-	-	1,512,894	1,512,894
Pupil Activities Fund activities	-	-	-	4,645,365	4,645,365
<b>Assigned for:</b>					
Other purposes	984,656	-	-	-	984,656
Future year transfers	-	-	-	1,389,222	1,389,222
Capital Reserve Fund activities	-	-	-	1,177,192	1,177,192
Unassigned	19,793,634	-	-	-	19,793,634
<b>Total Fund balances</b>	<b>45,628,667</b>	<b>44,588,405</b>	<b>47,292,510</b>	<b>10,652,490</b>	<b>148,162,072</b>
<b>Total Liabilities and Fund balances</b>	<b>\$ 98,467,619</b>	<b>\$ 45,650,972</b>	<b>\$ 52,280,692</b>	<b>\$ 18,014,662</b>	<b>\$ 214,413,945</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, 2011

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

Total fund balance - governmental funds		\$ 148,162,072
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	\$ 942,388,855	
Accumulated depreciation is	<u>(303,437,813)</u>	638,951,042
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.		6,694,270
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	508,008,072	
Certificates of participation	2,700,000	
Compensated absences payable	<u>34,645,533</u>	(545,353,605)
Deferred charges from bond issuance costs were amortized in the governmental activities, but were recognized in full in the governmental funds.		2,899,222
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>(968,332)</u>
Total net assets - governmental activities		<u><u>\$ 250,384,669</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, 2011

	<b>General Fund</b>	<b>Debt Service - Bond Redemption Fund</b>	<b>Capital Projects - Building Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 181,888,830	\$ 49,009,040	\$ -	\$ -	\$ 230,897,870
Specific ownership taxes	14,449,208	-	-	-	14,449,208
Intergovernmental					
Federal - grants	-	-	-	34,225,192	34,225,192
Other federal	1,572,491	-	-	-	1,572,491
State - grants	-	-	-	481,765	481,765
State equalization aid	186,263,975	-	-	-	186,263,975
State transportation	3,986,143	-	-	-	3,986,143
State education of handicapped	8,260,881	-	-	-	8,260,881
State vocational education	1,927,762	-	-	-	1,927,762
Other state	932,473	-	-	-	932,473
Earnings on investments	341,761	104,479	248,797	56,076	751,113
Other					
Tuition	655,293	-	-	14,936,695	15,591,988
Fees and fines	1,133,349	-	-	-	1,133,349
Pupil activities	-	-	-	10,744,849	10,744,849
Donations	-	-	-	1,971,659	1,971,659
Miscellaneous	3,409,637	-	-	25,600	3,435,237
Total revenues	<u>404,821,803</u>	<u>49,113,519</u>	<u>248,797</u>	<u>62,441,836</u>	<u>516,625,955</u>
<b>EXPENDITURES</b>					
Current					
Instruction	266,828,359	-	-	44,623,464	311,451,823
Indirect instructional					
Pupil services	24,024,821	-	-	4,236,522	28,261,343
Instructional staff services	13,056,852	-	-	-	13,056,852
School administration	22,241,396	-	-	-	22,241,396
Support services					
General administration	2,704,992	-	-	-	2,704,992
Business services	3,523,186	-	-	319,978	3,843,164
Operations and maintenance	33,299,583	-	-	-	33,299,583
Pupil transportation	16,586,304	-	-	-	16,586,304
Central services	10,178,782	-	-	-	10,178,782
Community services	412,706	-	-	714,413	1,127,119
Pupil activities	-	-	-	10,665,631	10,665,631
Non-departmental	455,664	-	-	-	455,664
Capital outlay	212,962	-	75,066,951	5,631,555	80,911,468
Debt service					
Principal	-	28,200,000	-	850,000	29,050,000
Interest and fiscal charges	-	23,832,970	-	141,415	23,974,385
Total expenditures	<u>393,525,607</u>	<u>52,032,970</u>	<u>75,066,951</u>	<u>67,182,978</u>	<u>587,808,506</u>
Excess of revenues over (under) expenditures	<u>11,296,196</u>	<u>(2,919,451)</u>	<u>(74,818,154)</u>	<u>(4,741,142)</u>	<u>(71,182,551)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,834,617	4,652,520	-	7,053,310	14,540,447
Transfers out	(7,021,212)	-	(4,755,971)	(2,866,715)	(14,643,898)
Total other financing sources (uses)	<u>(4,186,595)</u>	<u>4,652,520</u>	<u>(4,755,971)</u>	<u>4,186,595</u>	<u>(103,451)</u>
Net change in fund balances	7,109,601	1,733,069	(79,574,125)	(554,547)	(71,286,002)
Fund balances, Beginning	<u>38,519,066</u>	<u>42,855,336</u>	<u>126,866,635</u>	<u>11,207,037</u>	<u>219,448,074</u>
Fund balances, Ending	<u>\$ 45,628,667</u>	<u>\$ 44,588,405</u>	<u>\$ 47,292,510</u>	<u>\$ 10,652,490</u>	<u>\$ 148,162,072</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, 2011

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

Total net change in fund balances - governmental funds \$ (71,286,002)

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	\$ 64,421,495	
Depreciation expense	<u>(24,234,949)</u>	40,186,546

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.

6,694,270

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.

(8,268,847)

Transfers of capital improvements to other entities decrease net deficit in the statement of activities. This transaction is not reported in the governmental funds as it is not a current use of financial resources.

(2,781,306)

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.

(2,705,958)

Repayment of bond and capital lease 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.

29,050,000

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

571,322

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.

60,864

Total change in net assets - governmental activities

\$ (8,479,111)

*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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 181,142,048	\$ 182,122,024	\$ 181,888,830	\$ (233,194)
Specific ownership taxes	15,320,000	14,900,000	14,449,208	(450,792)
Intergovernmental - State				
State equalization aid	200,184,938	186,324,112	186,263,975	(60,137)
Transportation	3,823,700	3,823,700	3,986,143	162,443
Education of handicapped	8,173,300	8,173,300	8,260,881	87,581
Vocational education	1,447,470	1,447,470	1,927,762	480,292
Other state	907,700	907,700	932,473	24,773
Intergovernmental - Federal	1,572,500	1,572,491	1,572,491	-
Earnings on investments	346,600	346,600	341,761	(4,839)
Other				
Tuition	748,003	671,603	655,293	(16,310)
Fees and fines	979,500	956,500	1,133,349	176,849
Miscellaneous	3,069,333	2,918,742	2,854,298	(64,444)
Total revenues	<u>417,715,092</u>	<u>404,164,242</u>	<u>404,266,464</u>	<u>102,222</u>
<b>EXPENDITURES</b>				
Current				
Instruction	281,866,751	268,125,548	265,818,646	2,306,902
Indirect instructional				
Pupil services	23,104,701	24,007,846	23,944,911	62,935
Instructional staff services	14,178,757	13,213,221	13,077,045	136,176
School administration	23,750,471	22,667,316	22,237,242	430,074
Support services				
General administration	2,975,325	3,040,829	2,738,607	302,222
Business services	3,482,123	3,844,541	3,555,223	289,318
Operations and maintenance	34,377,389	34,743,996	33,270,254	1,473,742
Pupil transportation	14,726,349	14,994,831	16,585,963	(1,591,132)
Central services	10,616,638	10,787,602	10,178,782	608,820
Community services	312,334	413,134	412,706	428
County treasury fees	455,000	456,000	455,664	336
Facilities construction services	215,723	215,847	212,962	2,885
Total expenditures	<u>410,061,561</u>	<u>396,510,711</u>	<u>392,488,005</u>	<u>4,022,706</u>
Excess of revenues over expenditures	7,653,531	7,653,531	11,778,459	4,124,928
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,774,320	1,774,320	2,834,617	1,060,297
Transfers out	(7,024,800)	(7,024,800)	(7,021,212)	3,588
Total other financing sources (uses)	<u>(5,250,480)</u>	<u>(5,250,480)</u>	<u>(4,186,595)</u>	<u>1,063,885</u>
Net change in fund balance	2,403,051	2,403,051	7,591,864	5,188,813
Fund balance (Budgetary Basis), Beginning	67,573,674	72,502,415	72,502,415	-
Fund balance (Budgetary Basis), Ending	<u>\$ 69,976,725</u>	<u>\$ 74,905,466</u>	80,094,279	<u>\$ 5,188,813</u>
Less effect of salaries earned but unpaid			(36,374,389)	
Plus effect of compensated absences payable			895,478	
Plus effect of encumbrances and other adjustments			1,013,299	
Fund Balance (GAAP Basis), Ending			<u>\$ 45,628,667</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, 2011

	Business-Type Activities Enterprise Fund
	Food Services Fund
<b>ASSETS</b>	
Current Assets	
Cash	\$ 25,051
Equity in pooled cash	4,562,204
Investments	2,000,552
Receivables, net	
Other governments	145,666
Other	5,317
Prepays	1,129
Inventories	<u>1,264,059</u>
Total Current Assets	8,003,978
Capital Assets	
Equipment, net of accumulated depreciation	<u>1,113,297</u>
Total Assets	<u>\$ 9,117,275</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 596,714
Accrued salaries and benefits	507,244
Deferred revenue	449,363
Compensated absences payable	<u>230,369</u>
Total Current Liabilities	<u>1,783,690</u>
<b>NET ASSETS</b>	
Invested in capital assets	1,113,297
Restricted for Emergency Reserve	243,000
Unrestricted	<u>5,977,288</u>
Total Net Assets	<u>\$ 7,333,585</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, 2011

Business-Type Activities  
Enterprise Fund

Food  
Services  
Fund

**OPERATING REVENUES**

Food sales - school meals  
Other

\$ 8,075,176  
191,209

Total operating revenues

8,266,385

**OPERATING EXPENSES**

Purchases  
Salaries and benefits  
Donated commodities  
Depreciation  
Utilities  
Workers' compensation insurance  
Indirect costs  
Other

6,514,930  
5,797,640  
1,073,027  
190,562  
494,916  
97,904  
857,800  
225,840

Total operating expenses

15,252,619

Operating (loss)

(6,986,234)

**NONOPERATING REVENUES (EXPENSES)**

Federal aid  
Breakfast reimbursement  
Lunch reimbursement  
USDA commodity contribution  
State aid  
Earnings on investments

1,028,899  
5,054,160  
1,073,027  
234,906  
1,025

Total nonoperating revenues

7,392,017

Income before transfers

405,783

**TRANSFERS**

Transfers in

103,451

Total transfers in

103,451

Change in net assets

509,234

Total net assets, Beginning

6,824,351

Total net assets, Ending

\$ 7,333,585

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, 2011

	<b>Business-Type Activities Enterprise Fund</b>
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	<b>Food Services Fund</b>
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**CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES**

Receipts from sales	\$ 8,142,282
Payments to vendors	(6,281,032)
Payments to employees	(5,761,017)
Other operating revenues	191,209
Other operating expenses	(1,677,589)
Net cash (used for) operating activities	(5,386,147)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Grants received	6,359,340
Transfers in	103,451
Net cash provided from noncapital financing activities	6,462,791

**CASH FLOWS (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	(339,173)
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**CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES**

Purchase of investment securities	(2,000,000)
Interest received	1,177
Net cash used for investing activities	(1,998,823)

Net decrease in cash and cash equivalents	(1,261,352)
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Cash and cash equivalents, Beginning	5,848,607
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Cash and cash equivalents, Ending	\$ 4,587,255
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES**

Operating income (loss)	\$ (6,986,234)
Adjustments to reconcile operating (loss) to net cash from (used for) operating activities:	
Depreciation	190,562
Donated food	1,073,027
(Increase) decrease in receivables	12,092
(Increase) decrease in inventories	(280,694)
(Increase) decrease in prepaids	(1,129)
Increase (decrease) in accounts payable and accruals	514,592
Increase (decrease) in accrued salaries/benefits	36,623
Increase (decrease) in deferred revenue	55,014
Total adjustments	1,600,087
Net cash (used for) operating activities	\$ (5,386,147)

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Donated food commodities	\$ 1,073,027
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See accompanying notes to basic financial statements.



CherryCreek  
Schools  
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Notes to  
Basic  
Financial  
Statements



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CherryCreek  
Schools  
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## Notes to Basic Financial Statements

Cherry Creek School District No. 5

Arapahoe County, Colorado

June 30, 2011

### 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 over 51,000 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, 2011. 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, 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 2010 but not yet collected in 2011 are identified as property taxes receivable and deferred revenues in the governmental funds balance sheet at June 30, 2011, and are presented net of an allowance for uncollectible taxes in the amount of \$6,694,270. Intergovernmental receivable of \$4,952,702 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 \$1,592,029.



**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 \$50,643 in the General Fund, and \$14,735 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 2011 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, 2011 in the amount of \$6,694,270. 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, 2011.

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, 2011 was \$9,252,582 with a current portion due within one year of \$1,087,440. 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, 2011, 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.

The net transfers between the governmental activities and the business-type activities were \$103,451.

See Note 7 for a more detailed discussion of the interfund transfer activity between funds.

## 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	\$ 404,821,803
(Deduct) instructional material fees abated for budgetary purposes	<u>(555,339)</u>
Revenues reported on a budgetary basis	<u>\$ 404,266,464</u>
Expenditures reported on a GAAP basis	\$ 393,525,607
Add current year encumbrances	984,656
(Deduct) expenditures on prior year's encumbrances	(948,153)
Add earned but unpaid compensation, July 1, 2010	35,859,077
(Deduct) earned but unpaid compensation, June 30, 2011	(36,374,389)
(Deduct) instructional material fees abated for budgetary purposes	(555,339)
(Deduct) for change in early retirement, sick and vacation liability	<u>(3,454)</u>
Expenditures reported on a budgetary basis	<u>\$ 392,488,005</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, 2011 are not required to be funded by Colorado statutes. Accordingly, for

budgetary purposes, the District considers accrued salaries and benefits aggregating \$36,374,389 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, 2011 is as follows:

Fund equity reported on a GAAP basis	\$ 45,628,667
Plus effect of salaries earned but unpaid	36,374,389
Less effect of compensated absences payable	(895,478)
Less effect of encumbrances and other adjustments	<u>(1,013,299)</u>
Fund equity available on a budgetary basis	80,094,279
Less nonspendable, restricted, committed, assigned fund balance	<u>(25,835,033)</u>
Unassigned fund equity available on a budgetary basis	<u>\$ 54,259,246</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>\$ 15,252,619</u>
Expenses, per budgetary basis	<u>\$ 15,252,619</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, 2011, 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, 2011, the District had bank deposits of \$104,276,550 and a carrying balance of \$101,442,894, the difference is checks issued but not yet cashed. The District had cash of \$1,217,142 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	\$ 5,433,620
Equity in pooled cash	95,081,428
Cash in trust	927,210
Cash in savings	<u>636</u>
Total	<u>\$ 101,442,894</u>

Component unit:

As of June 30, 2011, the charter school had bank deposits of \$1,554,004 and a carrying balance of \$1,405,764, and cash on hand of \$300. At June 30, 2011, 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, 2011 are classified in the accompanying financial statements as follows:

Investments held by the District	\$ 58,649,211
Investments held by an escrow agent	<u>44,334,862</u>
Total	<u>\$ 102,984,073</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</u>
				<u>Year end</u>
				<u>Not Rated</u>
Federal Home Loan Bank	\$ 5,619,710	5	N/A	\$ 5,619,710
Federal Home Loan Mtg. Corp	5,796,771	6	N/A	5,796,771
Federal National Mtg. Assoc.	9,185,797	9	N/A	9,185,797
Flexible repurchase agreement	34,070,714	33	N/A	34,070,714
Money market funds	44,335,566	43	N/A	44,335,566
Federal Farm Credit Bank	<u>3,975,515</u>	<u>4</u>	N/A	<u>3,975,515</u>
Total	<u>\$ 102,984,073</u>	<u>100%</u>		<u>\$ 102,984,073</u>

Federal Home Loan Bank, Federal Home Loan Mortgage Corp, 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, 2011, 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.

The money market funds are not rated. They are invested in U.S. Government and government backed securities.

**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>	<u>Remaining Maturity</u>	
	<u>(in Months)</u>	
	<u>12 Months</u>	
		<u>Or Less</u>
Federal Home Loan Bank	\$ 5,619,710	\$ 5,619,710
Federal Home Loan Mtg. Corp.	5,796,771	5,796,771
Federal National Mtg. Assoc.	9,185,797	9,185,797
Flexible repurchase agreement	34,070,714	34,070,714
Money market funds	44,335,566	44,335,566
Federal Farm Credit Bank	<u>3,975,515</u>	<u>3,975,515</u>
Total	<u>\$ 102,984,073</u>	<u>\$ 102,984,073</u>

**Component Unit:**

At June 30, 2011, the charter school had invested \$466,308 in a money market fund. The fund only invests in U.S. Treasury obligations and is rated AAm by Standard and Poor's.

The Academy has invested \$3,529 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. Colotruster 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, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Non-depreciable assets:				
Land	\$ 19,387,111	\$ -	\$ -	\$ 19,387,111
Projects in progress	<u>83,161,671</u>	<u>12,521,383</u>	<u>83,083,884</u>	<u>12,599,170</u>
Total non-depreciable assets	<u>102,548,782</u>	<u>12,521,383</u>	<u>83,083,884</u>	<u>31,986,281</u>
Depreciable assets:				
Land improvements	23,209,007	-	-	23,209,007
Buildings	692,622,382	128,348,405	-	820,970,787
Equipment & vehicles	<u>62,574,939</u>	<u>3,854,285</u>	<u>206,444</u>	<u>66,222,780</u>
Total depreciable assets	<u>778,406,328</u>	<u>132,202,690</u>	<u>206,444</u>	<u>910,402,574</u>
Less accumulated depreciation for:				
Land improvements	16,380,495	792,504	-	17,172,999
Buildings	211,451,442	19,295,137	-	230,746,579
Equipment & vehicles	<u>51,577,371</u>	<u>4,147,308</u>	<u>206,444</u>	<u>55,518,235</u>
Total accumulated depreciation	<u>279,409,308</u>	<u>24,234,949</u>	<u>206,444</u>	<u>303,437,813</u>
Total capital assets being depreciated, net	<u>498,997,020</u>	<u>107,967,741</u>	<u>-</u>	<u>606,964,761</u>
Net capital assets	<u>\$ 601,545,802</u>	<u>\$ 120,489,124</u>	<u>\$ 83,083,884</u>	<u>\$ 638,951,042</u>
<u>Business-type activities</u>				
A summary of changes in Enterprise Fund capital assets is as follows:				
	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets:				
Equipment & Vehicles	\$ 3,881,194	\$ 339,173	\$ -	\$ 4,220,367
Accumulated depreciation	<u>(2,916,508)</u>	<u>(190,562)</u>	<u>-</u>	<u>(3,107,070)</u>
Total capital assets, net	<u>\$ 964,686</u>	<u>\$ 148,611</u>	<u>\$ -</u>	<u>\$ 1,113,297</u>

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

Governmental activities:	
Instruction	\$ 21,291,914
Indirect instruction	205,123
General administration	5,433
Business services	126,301
Operations and maintenance	981,432
Pupil transportation	1,514,718
Central services	57,050
Community services	2,107
Other support services	<u>50,871</u>
Total depreciation expense - governmental activities	<u>\$ 24,234,949</u>
Business-type activities:	
Food services	<u>\$ 190,562</u>
Total depreciation expense - business-type activities	<u>\$ 190,562</u>

Component unit activities

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Governmental activities:				
Land	\$ 744,711	\$ -	\$ -	\$ 744,711
Projects in progress	500,000	8,035	500,000	8,035
Buildings	3,002,519	3,481,306	-	6,483,825
Building improvements	520,653	-	-	520,653
Furniture and equipment	53,948	-	-	53,948
Accumulated depreciation	<u>(818,154)</u>	<u>(141,172)</u>	<u>-</u>	<u>(959,326)</u>
Total Capital Assets, net	<u>\$ 4,003,677</u>	<u>\$ 3,348,169</u>	<u>\$ 500,000</u>	<u>\$ 6,851,846</u>

Construction commitments: The District has active construction projects as of June 30, 2011. The projects include renovation, new construction, and site improvements.

A list of significant commitments as of June 30, 2011 is as follows:

	Commitment <u>Total</u>	Completed <u>to Date</u>	Remaining <u>Commitment</u>
Elementary #42	\$ 12,672,887	\$ 4,518,340	\$ 8,154,547
Elementary #43 Design	686,880	117,400	569,480
Institute of Science and Technology	14,226,375	13,336,760	889,615
Instructional Support Facility	10,576,754	10,049,936	526,818
Education Service Center Renovation	3,902,002	2,890,086	1,011,916
Fiscal Services Center Renovation	40,000	28,963	11,037
Legacy Stadium Turf Replacement	426,680	214,517	212,163
Lawson Software Conversion	4,424,413	4,348,874	<u>75,539</u>
			<u>\$ 11,451,115</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 2010 - 2011 fiscal year were as follows:

	Transfers In				
	General Fund	Debt Service Fund	Food Services Fund	Nonmajor Funds	
				Capital Reserve Fund	Extended Child Services Fund
<u>Transfers Out</u>					
General Fund	\$ -	\$ -	\$ -	\$ 6,944,304	\$ 76,908
Building Fund	-	4,652,520	103,451	-	-
Nonmajor Funds:					
Capital Finance Corporation Fund	-	-	-	32,098	-
Pupil Activities Fund	446,625	-	-	-	-
Extended Child Services Fund	2,387,992	-	-	-	-
<b>Total</b>	<b>\$ 2,834,617</b>	<b>\$ 4,652,520</b>	<b>\$ 103,451</b>	<b>\$ 6,976,402</b>	<b>\$ 76,908</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: Designated Purpose Grant Fund	\$	316,101
General Fund	Nonmajor Fund: Pupil Activities Fund		8,780
<b>Total</b>		<b>\$</b>	<b>324,881</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, 2011 are estimated to be \$36,374,389 for the General Fund.

The change in the liability at June 30, 2011 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, 2011, and are therefore reflected as a liability in the appropriate fund as of June 30, 2011.

**9) COMPENSATED ABSENCES PAYABLE**

As of June 30, 2011, compensated absences payable are as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Governmental activities	\$ 5,453,453	\$ 32,095,533	\$ 37,548,986
Proprietary fund (Food Service)	<u>230,369</u>	<u>-</u>	<u>230,369</u>
<b>Total</b>	<u>\$ 5,683,822</u>	<u>\$ 32,095,533</u>	<u>\$ 37,779,355</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 government-wide financial statements. The long-term portion is included in the District's long-term liabilities in the government-wide financial statements, less the amount that will be due within one year or \$2,550,000 for governmental activities, which is the annual cap amount and is included with

the current portion. 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, ie: 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, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental funds	<u>\$ 34,806,381</u>	<u>\$ 8,159,410</u>	<u>\$ 5,416,805</u>	<u>\$ 37,548,986</u>
Proprietary funds	<u>\$ 234,206</u>	<u>\$ 230,369</u>	<u>\$ 234,206</u>	<u>\$ 230,369</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, 2011 are as follows:

<u>Description, Interest Rates, and Maturity Dates</u>	<u>Principal Balance</u>
Refunding bonds in the original amount of \$79,750,000 (Series 2004) due in varying installments through December 15, 2023, interest at 4.5% - 5.25%	\$ 27,470,000
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%	100,000,000
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%	56,490,000
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%	110,695,000
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%	100,685,000
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%	<u>86,730,000</u>
Total general obligation bonds payable	<u>\$ 497,115,000</u>

Long-term debt maturities for all general obligation bonds outstanding at June 30, 2011, including interest, are as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 30,455,000	\$ 22,311,432	\$ 52,766,432
2013	31,125,000	20,716,507	51,841,507
2014	31,610,000	19,150,257	50,760,257
2015	33,160,000	17,483,982	50,643,982
2016	25,345,000	15,980,557	41,325,557
2017-2021	143,780,000	63,062,267	206,842,267
2022-2026	122,735,000	35,005,398	157,740,398
2027-2030	<u>78,905,000</u>	<u>8,798,943</u>	<u>87,703,943</u>
Totals	<u>\$ 497,115,000</u>	<u>\$ 202,509,343</u>	<u>\$ 699,624,343</u>

## 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, 2011, are \$946,365,978 and \$493,839,383, respectively. As of June 30, 2011, 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, 2011 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>
2012	\$ 885,000	\$ 108,008	\$ 993,008
2013	<u>1,815,000</u>	<u>45,375</u>	<u>1,860,375</u>
Totals	<u>\$ 2,700,000</u>	<u>\$ 153,383</u>	<u>\$ 2,853,383</u>

**Changes in Long-term Debt**

During the fiscal year ended June 30, 2011, the following changes occurred in long-term debt:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2011</u>
Governmental Activities:				
General obligation bonds payable	\$ 525,315,000	\$ -	\$ 28,200,000	\$ 497,115,000
Unamortized premiums	<u>11,702,437</u>	<u>-</u>	<u>809,365</u>	<u>10,893,072</u>
Total bonds payable	537,017,437	-	29,009,365	508,008,072
Certificates of participation	3,550,000	-	850,000	2,700,000
Compensated absences	<u>34,806,381</u>	<u>8,159,410</u>	<u>5,416,805</u>	<u>37,548,986</u>
Total	<u>\$ 575,373,818</u>	<u>\$ 8,159,410</u>	<u>\$ 35,276,170</u>	<u>\$ 548,257,058</u>

<u>Due within one year:</u>	
Governmental activities:	
General obligation bonds payable	\$ 31,242,412
Certificates of participation	885,000
Compensated absences	<u>5,453,453</u>
Total	<u>\$ 37,580,865</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, 2011. The capital asset leased had a carrying value of zero at June 30, 2011.

### 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.



**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>
2012	\$ 90,000	\$ 208,500	\$ 298,500
2013	95,000	203,100	298,100
2014	100,000	197,400	297,400
2015	110,000	191,400	301,400
2016	115,000	184,800	299,800
2017-2021	685,000	812,400	1,497,400
2022-2026	925,000	579,000	1,504,000
2027-2030	<u>1,355,000</u>	<u>242,700</u>	<u>1,597,700</u>
Totals	<u>\$ 3,475,000</u>	<u>\$ 2,619,300</u>	<u>\$ 6,094,300</u>

During the year ended June 30, 2011, the following changes occurred in the charter school's long-term debt:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Building Lease	\$ 3,560,000	\$ -	\$ 85,000	\$ 3,475,000
Equipment Lease	<u>35,565</u>	<u>-</u>	<u>35,565</u>	<u>-</u>
Total	<u>\$ 3,595,565</u>	<u>\$ -</u>	<u>\$ 120,565</u>	<u>\$ 3,475,000</u>
Due within one year: Building Lease				<u>\$ 90,000</u>

**11) SHORT-TERM DEBT**

During the year ended June 30, 2011, the District borrowed \$43,218,969 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, 2011. The amount borrowed was paid in full by the maturity date June 25, 2011.

## 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 13.85% of covered salary from July 1, 2010 through December 31, 2010 and 14.75% from January 1, 2011 to June 30, 2011. The District contribution rate will increase to 15.65% on January 1, 2012 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, 2011, 2010, and 2009 were \$44,407,372, \$41,591,754, and \$37,474,844, respectively, equal to its required contributions for each year. The employees' contributions to SDTF for the years ending June 30, 2011, 2010, and 2009 were \$24,580,314, \$24,329,980, and \$23,306,371, 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, 2011, 2010, and 2009, was \$3,165,470, \$3,163,252, and \$3,054,724, 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, 2011, the amount of workers compensation liability was \$166,558. Changes in the reported liability for the years ended June 30, 2011, and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Beginning of fiscal year liability	\$ -	\$ 300,000
Current-year claims and changes in estimate	1,922,666	1,500,316
Claim payments	<u>(1,756,108)</u>	<u>(1,800,316)</u>
Balance at fiscal year-end liability	<u>\$ 166,558</u>	<u>\$ -</u>

**Other**

The District continues to carry commercial insurance coverage and additional options under a cafeteria plan for employee medical, dental, disability, term life, and vision insurance. 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. Effective July 1, 2003, the District self-funds the dental and vision coverage for employees under the District's cafeteria plan.

## 15) COMMITMENTS

### CONSTRUCTION COMMITMENTS

The District had commitments of approximately \$11,451,115 for capital projects at June 30, 2011, of which \$11,451,115 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, 2011, the District has restricted 3 percent of its fiscal year 2010-2011 spending as follows:

Governmental Activities:	
General Fund	\$ 12,017,000
Capital Projects Fund: Capital Reserve Fund	199,000
Special Revenue Funds:	
Extended Child Services Fund	470,000
Pupil Activities Fund	333,000
Business-type Activities:	
Food Service Fund	<u>243,000</u>
Total	<u>\$ 13,262,000</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, 2011 was \$178,478.

## 18) NEW PRONOUNCEMENTS

As of June 30, 2011, the District adopted the following Governmental Accounting Standards Board (GASB) statement:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the District beginning with its fiscal year ended June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

# 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, 2011

	<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	\$ 327,500	\$ 5,059,969	\$ -	\$ 5,387,719
Equity in pooled cash	1,574,832	-	2,186,876	-	-	3,761,708
Cash in trust	16,128	-	-	-	911,082	927,210
Investments	-	-	2,963,259	-	-	2,963,259
Receivables, net						
Other governments	-	4,952,702	-	-	-	4,952,702
Other	-	-	7,329	-	-	7,329
Prepayments and deposits	-	-	14,735	-	-	14,735
<b>Total Assets</b>	<b>\$ 1,590,960</b>	<b>\$ 4,952,952</b>	<b>\$ 5,499,699</b>	<b>\$ 5,059,969</b>	<b>\$ 911,082</b>	<b>\$ 18,014,662</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 214,768	\$ 193,994	\$ 130,809	\$ 71,780	\$ -	\$ 611,351
Accrued salaries and benefits	-	2,034,994	945,367	1,044	-	2,981,405
Interfund payables	-	316,101	-	8,780	-	324,881
Deferred revenues	-	2,407,863	882,740	-	-	3,290,603
Compensated absences	-	-	153,932	-	-	153,932
<b>Total Liabilities</b>	<b>214,768</b>	<b>4,952,952</b>	<b>2,112,848</b>	<b>81,604</b>	<b>-</b>	<b>7,362,172</b>
<b>Fund balances</b>						
<b>Nonspendable for:</b>						
Prepayments and deposits	-	-	14,735	-	-	14,735
<b>Restricted for:</b>						
Sinking fund cash	-	-	-	-	911,082	911,082
Emergency reserve	199,000	-	470,000	333,000	-	1,002,000
<b>Committed for:</b>						
Extended Child Services Fund activities	-	-	1,512,894	-	-	1,512,894
Pupil Activities Fund activities	-	-	-	4,645,365	-	4,645,365
<b>Assigned for:</b>						
Future year transfers	-	-	1,389,222	-	-	1,389,222
Capital Reserve Fund activities	1,177,192	-	-	-	-	1,177,192
<b>Total Fund balances</b>	<b>1,376,192</b>	<b>-</b>	<b>3,386,851</b>	<b>4,978,365</b>	<b>911,082</b>	<b>10,652,490</b>
<b>Total Liabilities and Fund balances</b>	<b>\$ 1,590,960</b>	<b>\$ 4,952,952</b>	<b>\$ 5,499,699</b>	<b>\$ 5,059,969</b>	<b>\$ 911,082</b>	<b>\$ 18,014,662</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, 2011**

	<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	\$ -	\$ 34,225,192	\$ -	\$ -	\$ -	\$ 34,225,192
State - grants	-	481,765	-	-	-	481,765
Tuition	-	-	14,936,695	-	-	14,936,695
Earnings on investments	16	-	4,450	16,198	35,412	56,076
Pupil activities	-	-	-	10,744,849	-	10,744,849
Cash in lieu of land	58,740	-	-	-	-	58,740
Donations	-	1,912,919	-	-	-	1,912,919
Other	-	-	25,600	-	-	25,600
<b>Total revenues</b>	<b>58,756</b>	<b>36,619,876</b>	<b>14,966,745</b>	<b>10,761,047</b>	<b>35,412</b>	<b>62,441,836</b>
<b>EXPENDITURES</b>						
Current						
Instruction	-	32,257,881	12,365,583	-	-	44,623,464
Pupil services	-	4,032,100	204,422	-	-	4,236,522
Business services	-	-	319,978	-	-	319,978
Community services	-	329,895	384,518	-	-	714,413
Pupil activities	-	-	-	10,665,631	-	10,665,631
Capital outlay	5,631,552	-	-	-	3	5,631,555
Debt service	-	-	-	-	-	-
Principal	850,000	-	-	-	-	850,000
Interest and fiscal charges	141,415	-	-	-	-	141,415
<b>Total expenditures</b>	<b>6,622,967</b>	<b>36,619,876</b>	<b>13,274,501</b>	<b>10,665,631</b>	<b>3</b>	<b>67,182,978</b>
Excess of revenues over (under) expenditures	<u>(6,564,211)</u>	<u>-</u>	<u>1,692,244</u>	<u>95,416</u>	<u>35,409</u>	<u>(4,741,142)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	6,976,402	-	76,908	-	-	7,053,310
Transfers out	-	-	(2,387,992)	(446,625)	(32,098)	(2,866,715)
<b>Total other financing sources (uses)</b>	<b>6,976,402</b>	<b>-</b>	<b>(2,311,084)</b>	<b>(446,625)</b>	<b>(32,098)</b>	<b>4,186,595</b>
Excess of revenues and other sources over (under) expenditures and other uses	412,191	-	(618,840)	(351,209)	3,311	(554,547)
Fund balances, Beginning	964,001	-	4,005,691	5,329,574	907,771	11,207,037
Fund balances, Ending	<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>

**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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 46,888,916	\$ 46,888,916	\$ 49,009,040	\$ 2,120,124
Earnings on investments	115,000	115,000	104,479	(10,521)
Total revenues	<u>47,003,916</u>	<u>47,003,916</u>	<u>49,113,519</u>	<u>2,109,603</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	28,200,000	28,200,000	28,200,000	-
Interest	23,828,933	23,828,933	23,828,931	2
Fiscal charges	5,000	5,000	4,039	961
Total expenditures	<u>52,033,933</u>	<u>52,033,933</u>	<u>52,032,970</u>	<u>963</u>
Excess of revenues (under) expenditures	(5,030,017)	(5,030,017)	(2,919,451)	2,110,566
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,652,520	4,652,520	4,652,520	-
Total other financing sources (uses)	<u>4,652,520</u>	<u>4,652,520</u>	<u>4,652,520</u>	<u>-</u>
Net change in fund balance	(377,497)	(377,497)	1,733,069	2,110,566
Fund balance, Beginning	<u>45,512,149</u>	<u>42,855,336</u>	<u>42,855,336</u>	<u>-</u>
Fund balance, Ending	<u>\$ 45,134,652</u>	<u>\$ 42,477,839</u>	<u>\$ 44,588,405</u>	<u>\$ 2,110,566</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, 2011

	<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	\$ 200,000	\$ 200,000	\$ 248,797	\$ 48,797
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>248,797</u>	<u>48,797</u>
<b>EXPENDITURES</b>				
Capital outlay				
Building and improvements	113,357,370	108,686,399	66,687,422	41,998,977
Furniture and equipment	7,975,835	7,975,835	6,918,567	1,057,268
Other	<u>2,666,795</u>	<u>2,666,795</u>	<u>1,460,962</u>	<u>1,205,833</u>
Total expenditures	<u>124,000,000</u>	<u>119,329,029</u>	<u>75,066,951</u>	<u>44,262,078</u>
Excess of revenues over (under) expenditures	<u>(123,800,000)</u>	<u>(119,129,029)</u>	<u>(74,818,154)</u>	<u>44,310,875</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(85,000)</u>	<u>(4,755,971)</u>	<u>(4,755,971)</u>	<u>-</u>
Total other financing sources (uses)	<u>(85,000)</u>	<u>(4,755,971)</u>	<u>(4,755,971)</u>	<u>-</u>
Net change in fund balance	(123,885,000)	(123,885,000)	(79,574,125)	44,310,875
Fund balance, Beginning	<u>151,330,342</u>	<u>126,866,635</u>	<u>126,866,635</u>	<u>-</u>
Fund balance, Ending	<u>\$ 27,445,342</u>	<u>\$ 2,981,635</u>	<u>\$ 47,292,510</u>	<u>\$ 44,310,875</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, 2011**

	<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	\$ -	\$ -	\$ 16	\$ 16
Cash in lieu of land	-	-	58,740	58,740
Total revenues	<u>-</u>	<u>-</u>	<u>58,756</u>	<u>58,756</u>
<b>EXPENDITURES</b>				
Capital outlay				
Building and improvements	2,282,225	4,883,980	4,846,410	37,570
Furniture and equipment	3,670,659	1,068,905	756,441	312,464
Debt service				
Principal	850,000	850,000	850,000	-
Interest	141,416	141,415	141,415	-
Total expenditures	<u>6,944,300</u>	<u>6,944,300</u>	<u>6,594,266</u>	<u>350,034</u>
Excess of revenues over (under) expenditures	<u>(6,944,300)</u>	<u>(6,944,300)</u>	<u>(6,535,510)</u>	<u>408,790</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>6,984,300</u>	<u>6,984,300</u>	<u>6,976,402</u>	<u>(7,898)</u>
Total other financing sources	<u>6,984,300</u>	<u>6,984,300</u>	<u>6,976,402</u>	<u>(7,898)</u>
Net change in fund balances	40,000	40,000	440,892	400,892
Fund balance (Budgetary Basis), Beginning	<u>1,325,707</u>	<u>781,756</u>	<u>781,756</u>	<u>-</u>
Fund balance (Budgetary Basis), Ending	<u>\$ 1,365,707</u>	<u>\$ 821,756</u>	1,222,648	<u>\$ 400,892</u>
Add outstanding encumbrances ending			<u>153,544</u>	
Fund balance (GAAP Basis), Ending			<u>\$ 1,376,192</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, 2011

	<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	\$ 28,453,000	\$ 41,889,705	\$ 34,225,192	\$ (7,664,513)
State - Grants	375,000	390,000	481,765	91,765
Donations	2,330,000	2,429,145	1,912,919	(516,226)
Total revenues	<u>31,158,000</u>	<u>44,708,850</u>	<u>36,619,876</u>	<u>(8,088,974)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	24,027,900	39,908,900	32,257,881	7,651,019
Pupil services	1,154,650	1,500,000	1,272,281	227,719
Instructional staff services	4,873,850	2,500,000	2,432,734	67,266
School administration	449,700	399,950	327,085	72,865
Community services	651,900	400,000	329,895	70,105
Total expenditures	<u>31,158,000</u>	<u>44,708,850</u>	<u>36,619,876</u>	<u>8,088,974</u>
Net change in fund balances	-	-	-	-
Fund balance, Beginning	-	-	-	-
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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tuition	\$ 17,164,400	\$ 17,164,400	\$ 14,936,695	\$ (2,227,705)
Earnings on investments	-	-	4,450	4,450
Other	-	-	25,600	25,600
Total revenues	<u>17,164,400</u>	<u>17,164,400</u>	<u>14,966,745</u>	<u>(2,197,655)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	13,700,000	13,808,280	12,382,694	1,425,586
Instructional staff services	200,000	210,000	204,464	5,536
Business services	1,048,280	326,000	319,978	6,022
Community services	400,000	390,000	384,518	5,482
Total expenditures	<u>15,348,280</u>	<u>14,734,280</u>	<u>13,291,654</u>	<u>1,442,626</u>
Excess of revenues over expenditures	<u>1,816,120</u>	<u>2,430,120</u>	<u>1,675,091</u>	<u>(755,029)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,500	80,500	76,908	(3,592)
Transfers out	<u>(1,774,320)</u>	<u>(2,388,320)</u>	<u>(2,387,992)</u>	<u>328</u>
Total other financing sources (uses)	<u>(1,693,820)</u>	<u>(2,307,820)</u>	<u>(2,311,084)</u>	<u>(3,264)</u>
Net change in fund balances	122,300	122,300	(635,993)	(758,293)
Fund balance, Beginning	<u>3,775,805</u>	<u>3,968,896</u>	<u>3,968,896</u>	<u>-</u>
Fund balance, Ending	<u>\$ 3,898,105</u>	<u>\$ 4,091,196</u>	<u>\$ 3,332,903</u>	<u>\$ (758,293)</u>
Add outstanding encumbrances ending			<u>53,948</u>	
Fund balance (GAAP Basis), Ending			<u>\$ 3,386,851</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, 2011

	<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	\$ 15,000	\$ 15,000	\$ 16,198	\$ 1,198
Pupil activities	12,340,000	12,340,000	10,744,849	(1,595,151)
Total revenues	<u>12,355,000</u>	<u>12,355,000</u>	<u>10,761,047</u>	<u>(1,593,953)</u>
<b>EXPENDITURES</b>				
Current				
Pupil activities	<u>12,355,000</u>	<u>11,905,000</u>	<u>10,665,631</u>	<u>1,239,369</u>
Excess of revenues (under) expenditures	-	450,000	95,416	(354,584)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>(450,000)</u>	<u>(446,625)</u>	<u>3,375</u>
Net change in fund balances	-	-	(351,209)	(351,209)
Fund balance (Budgetary Basis), Beginning	<u>5,053,125</u>	<u>5,329,574</u>	<u>5,329,574</u>	<u>-</u>
Fund balance (Budgetary Basis), Ending	<u>\$ 5,053,125</u>	<u>\$ 5,329,574</u>	4,978,365	<u>\$ (351,209)</u>
Add outstanding encumbrances ending			<u>-</u>	
Fund balance (GAAP Basis), Ending			<u>\$ 4,978,365</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, 2011

	<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	\$ 35,412	\$ (4,588)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>35,412</u>	<u>(4,588)</u>
<b>EXPENDITURES</b>				
Capital outlay				
Other expenditures	<u>1,000</u>	<u>1,000</u>	<u>3</u>	<u>997</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>3</u>	<u>997</u>
Excess of revenues over expenditures	<u>39,000</u>	<u>39,000</u>	<u>35,409</u>	<u>(3,591)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(32,098)</u>	<u>7,902</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(32,098)</u>	<u>7,902</u>
Net change in fund balances	(1,000)	(1,000)	3,311	4,311
Fund balance, Beginning	<u>903,461</u>	<u>907,771</u>	<u>907,771</u>	<u>-</u>
Fund balance, Ending	<u>\$ 902,461</u>	<u>\$ 906,771</u>	<u>\$ 911,082</u>	<u>\$ 4,311</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, 2011

**GOVERNMENTAL FUNDS CAPITAL ASSETS**

Land	\$ 19,387,111
Improvements	23,209,007
Buildings	820,970,787
Projects in progress	12,599,170
Equipment and vehicles	<u>66,222,780</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 942,388,855</u></u>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS**

General Fund	\$ 18,221,843
Building Funds:	
Capital Projects Fund	766,332,117
Capital Reserve Fund	153,789,359
Special Revenue Funds:	
Designated Purpose Grants Fund	2,389,327
Extended Child Services Fund	<u>1,656,209</u>
 Total Investment in Governmental Funds Capital Assets	 <u><u>\$ 942,388,855</u></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, 2011

	<u>Land and Improvements</u>	<u>Buildings and Projects In Progress</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
Instruction				
Elementary education	\$ 12,255,589	\$ 288,820,965	\$ 11,606,995	\$ 312,683,549
Middle school education	5,258,362	192,584,129	5,600,344	203,442,835
High school education	18,536,312	239,097,733	10,203,402	267,837,447
Special programs	3,366,581	57,808,398	3,976,666	65,151,645
Support services				
Administrative	1,360,303	34,206,405	7,846,229	43,412,937
Maintenance	361,366	2,151,323	1,225,980	3,738,669
Transportation	1,150,312	17,807,087	25,106,265	44,063,664
Warehouse	307,293	1,093,917	656,899	2,058,109
Total capital assets	<u>\$ 42,596,118</u>	<u>\$ 833,569,957</u>	<u>\$ 66,222,780</u>	<u>\$ 942,388,855</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, 2011

	<b>Governmental Funds Capital Assets June 30, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets June 30, 2011</b>
Instruction				
Elementary education	\$ 294,370,986	\$ 55,307,732	\$ 36,995,169	\$ 312,683,549
Middle school education	196,108,178	23,195,953	15,861,296	203,442,835
High school education	259,366,067	23,512,392	15,041,012	267,837,447
Special programs	57,793,716	19,069,666	11,711,737	65,151,645
Support services				
Administrative	23,940,885	22,512,574	3,040,522	43,412,937
Maintenance	3,956,293	75,954	293,578	3,738,669
Transportation	43,373,772	896,411	206,519	44,063,664
Warehouse	2,045,213	153,391	140,495	2,058,109
<b>Total capital assets</b>	<b>\$ 880,955,110</b>	<b>\$ 144,724,073</b>	<b>\$ 83,290,328</b>	<b>\$ 942,388,855</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, 2011

	<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	\$ 9,515,750	\$ 9,515,750	\$ 8,075,176	\$ (1,440,574)
Earnings on investments	1,000	1,000	1,025	25
Other	222,000	222,000	191,209	(30,791)
Transfer in	85,000	85,000	103,451	18,451
State aid	243,200	243,200	234,906	(8,294)
Federal aid				
Reimbursement for meals	5,649,930	5,649,930	6,083,059	433,129
USDA commodities	836,250	836,250	1,073,027	236,777
Total revenues	<u>16,553,130</u>	<u>16,553,130</u>	<u>15,761,853</u>	<u>(791,277)</u>
<b>EXPENSES</b>				
Salaries and benefits	5,379,980	5,834,980	5,797,640	37,340
Purchased services	533,500	503,500	323,743	179,757
Supplies and materials	9,402,940	8,969,940	8,082,874	887,066
Depreciation	200,000	200,000	190,562	9,438
Indirect costs	850,000	858,000	857,800	200
Total expenses	<u>16,366,420</u>	<u>16,366,420</u>	<u>15,252,619</u>	<u>1,113,801</u>
Excess of revenues over expenses	186,710	186,710	509,234	322,524
Net Assets, Beginning	<u>6,170,468</u>	<u>6,824,351</u>	<u>6,824,351</u>	<u>-</u>
Net Assets, Ending	<u>\$ 6,357,178</u>	<u>\$ 7,011,061</u>	<u>\$ 7,333,585</u>	<u>\$ 322,524</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, 2011

Total Expenditures for All Funds Listed Below

(Total Expenditures, Plus Changes in Fund Balance, Less Transfers)

General Fund	\$ 405,431,273	
Designated-Purpose Grants Fund	37,076,061	
Capital Reserve Fund	58,756	
Extended Child Services Fund	15,543,629	
Pupil Activities Fund	10,761,297	
Other Special Revenue Funds	N/A	
Building Fund	N/A	
Bond Redemption Fund	49,151,137	
Food Service Fund	<u>15,766,883</u>	
 Total Expenditures		 \$ 533,789,036
 Deduct the following expenditures included in totals above:		
Expenditures from Gifts/Foundations	1,912,919	
Expenditures from Federal Grants	40,764,436	
Amendment No. 23, November 2000	101,445,497	
Repayment of Voter-Approved Debt	49,151,137	
Post 1991 Voter-Approved Referendum	<u>42,500,000</u>	
 Total Deductions		 <u>235,773,989</u>
 Total Spending Subject to TABOR for Current Year		 <u>298,015,047</u>
 Total Spending Subject to TABOR Prior Year		 323,038,791
 % Change in Denver/Boulder Consumer Price Index for Prior Year	1.90	
 % Change in Student Enrollment	<u>0.85</u>	
 Total % Change	<u><u>2.75</u></u>	
 Change in Spending Permitted		 <u>8,883,567</u>
 Maximum Spending Subject to TABOR Allowed for Current Year		 <u>331,922,358</u>
 Spending Over (Under) Allowable Amount		 <u><u>\$ (33,907,311)</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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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**

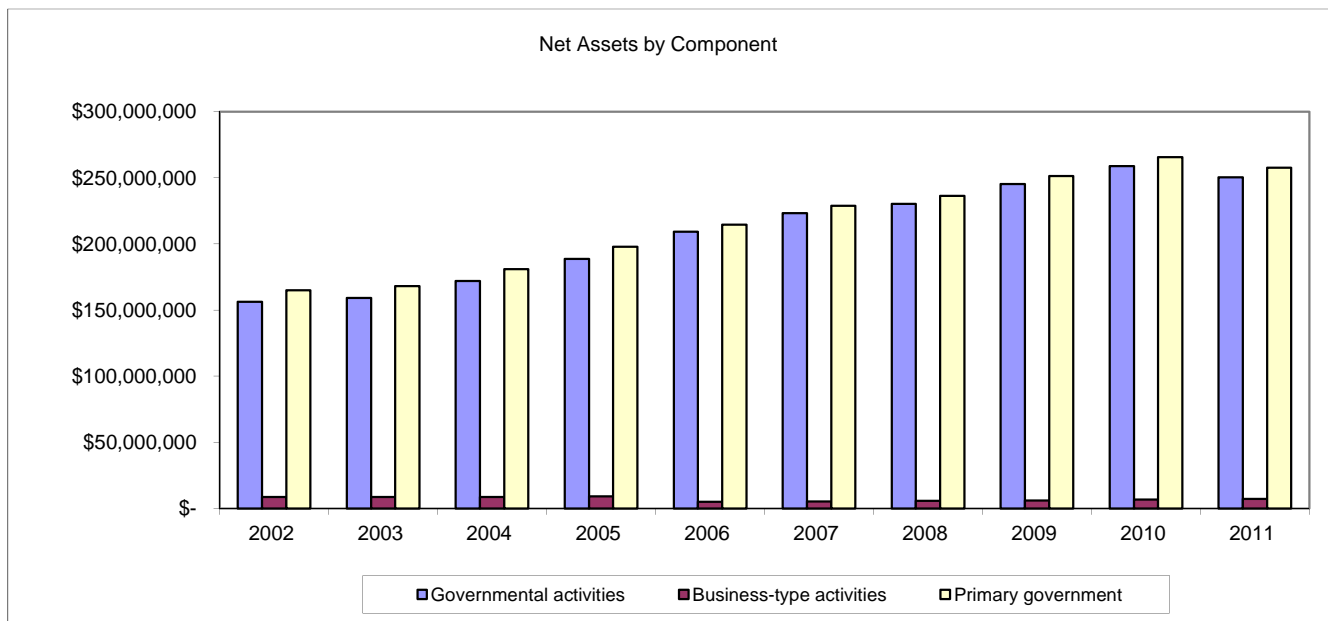
**Net Assets by Component,  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 60,346,221	\$ 133,414,414	\$ 145,356,110	\$ 149,094,843
Restricted	112,426,692	46,036,494	38,607,135	43,514,037
Unrestricted	<u>(16,470,063)</u>	<u>(20,185,640)</u>	<u>(11,859,650)</u>	<u>(4,017,444)</u>
<b>Total governmental activities net assets</b>	<u>\$ 156,302,850</u>	<u>\$ 159,265,268</u>	<u>\$ 172,103,595</u>	<u>\$ 188,591,436</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 2,065,859	\$ 2,226,825	\$ 1,326,585	\$ 1,335,391
Restricted	672,709	586,000	580,000	580,000
Unrestricted	<u>5,985,460</u>	<u>5,965,511</u>	<u>6,908,533</u>	<u>7,442,401</u>
<b>Total business-type activities net assets</b>	<u>\$ 8,724,028</u>	<u>\$ 8,778,336</u>	<u>\$ 8,815,118</u>	<u>\$ 9,357,792</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 62,412,080	\$ 135,641,239	\$ 146,682,695	\$ 150,430,234
Restricted	113,099,401	46,622,494	39,187,135	44,094,037
Unrestricted	<u>(10,484,603)</u>	<u>(14,220,129)</u>	<u>(4,951,117)</u>	<u>3,424,957</u>
<b>Total primary government net assets</b>	<u>\$ 165,026,878</u>	<u>\$ 168,043,604</u>	<u>\$ 180,918,713</u>	<u>\$ 197,949,228</u>

Notes:

(1) Includes all funds. (GAAP Basis)

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 157,731,564	\$ 165,944,054	\$ 180,282,382	\$ 184,821,149	\$ 187,845,000	\$ 175,535,480
45,912,121	50,528,449	56,904,127	58,044,822	54,983,140	56,639,073
5,701,242	6,758,344	(6,849,551)	2,478,303	16,035,640	18,210,116
<u>\$ 209,344,927</u>	<u>\$ 223,230,847</u>	<u>\$ 230,336,958</u>	<u>\$ 245,344,274</u>	<u>\$ 258,863,780</u>	<u>\$ 250,384,669</u>
\$ 1,012,102	\$ 959,849	\$ 944,783	\$ 1,131,800	\$ 964,686	\$ 1,113,297
252,000	255,000	257,000	259,000	236,000	243,000
3,945,411	4,289,231	4,834,411	4,704,388	5,623,665	5,977,288
<u>\$ 5,209,513</u>	<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>
\$ 158,743,666	\$ 166,903,903	\$ 181,227,165	\$ 185,952,949	\$ 188,809,686	\$ 176,648,777
46,164,121	50,783,449	57,161,127	58,303,822	55,219,140	56,882,073
9,646,653	11,047,575	(2,015,140)	7,182,691	21,659,305	24,187,404
<u>\$ 214,554,440</u>	<u>\$ 228,734,927</u>	<u>\$ 236,373,152</u>	<u>\$ 251,439,462</u>	<u>\$ 265,688,131</u>	<u>\$ 257,718,254</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Expenses:</b>				
Governmental activities:				
Instruction	\$ 206,693,537	\$ 227,676,145	\$ 235,905,923	\$ 245,423,028
Indirect instruction				
Pupil services	16,749,922	20,035,017	21,828,063	21,082,513
Instructional staff services	11,638,668	14,585,725	11,709,948	13,897,657
School administration	17,771,319	18,517,073	18,701,486	19,121,067
Support services				
General administration	2,560,781	2,692,593	2,495,432	2,618,690
Business services	2,833,584	2,819,247	3,049,636	3,202,596
Operations and maintenance	25,514,137	26,606,279	29,017,856	30,147,954
Pupil transportation	9,341,624	10,864,066	11,697,136	13,188,614
Central services	8,145,780	9,075,464	8,064,414	9,072,623
Community services	335,856	403,383	373,704	350,923
Pupil activities	9,344,837	10,094,024	10,150,045	10,311,846
Non-departmental	2,114,047	513,460	202,116	1,135,871
Assets conveyed to other governments	-	-	-	-
Interest on long-term debt	21,147,756	18,624,110	19,920,516	18,897,061
Total governmental activities expenses	<u>334,191,848</u>	<u>362,506,586</u>	<u>373,116,275</u>	<u>388,450,443</u>
Business-type activities:				
Food services operations	11,206,629	11,327,147	12,961,936	11,661,626
Extended child services	9,837,400	9,930,680	9,747,873	10,620,946
Total business-type activities expenses	<u>21,044,029</u>	<u>21,257,827</u>	<u>22,709,809</u>	<u>22,282,572</u>
Total primary government expenses	<u>\$ 355,235,877</u>	<u>\$ 383,764,413</u>	<u>\$ 395,826,084</u>	<u>\$ 410,733,015</u>

Notes:

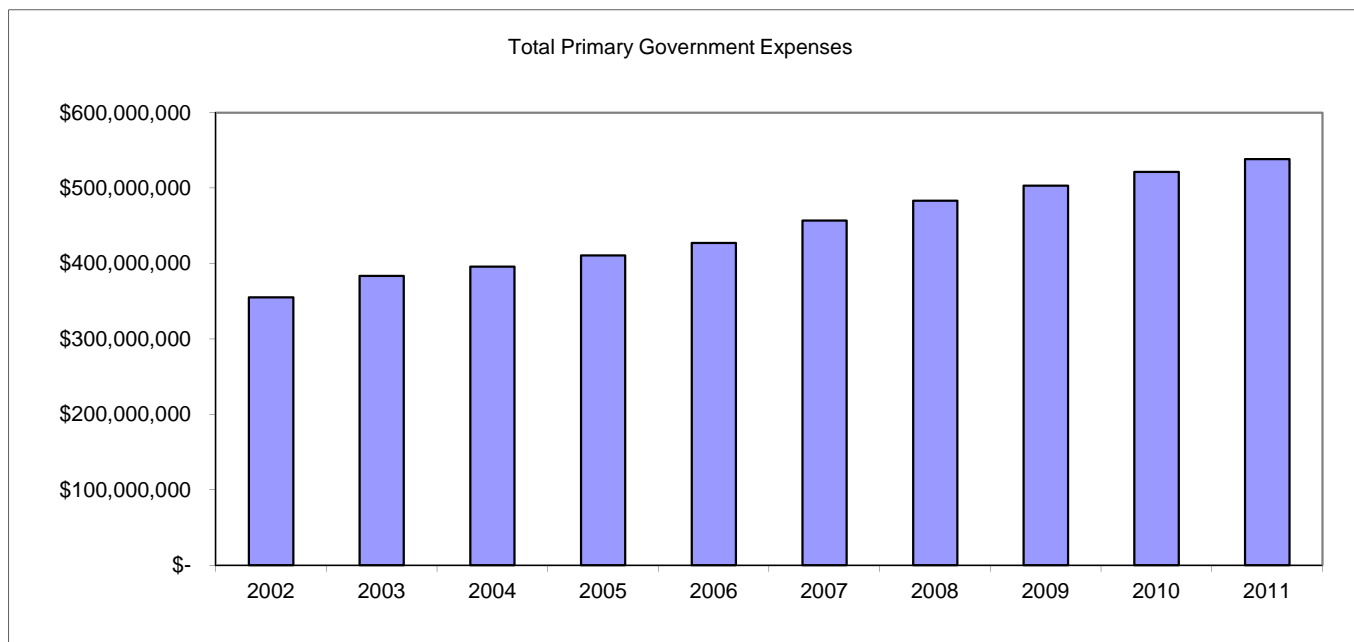
(1) Includes all funds. (GAAP Basis)

(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 reflectd as assets conveyed to other governments.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 264,844,642	\$ 288,668,360	\$ 306,386,804	\$ 320,917,408	\$ 335,698,599	\$ 349,264,514
21,568,550	23,019,380	25,204,203	25,445,100	29,282,610	28,659,690
13,843,270	14,409,001	14,552,126	14,713,440	14,917,608	13,703,092
19,962,085	20,817,498	21,640,585	22,569,955	22,568,207	22,348,882
2,806,143	3,169,042	3,281,998	3,242,318	3,247,376	2,745,940
3,066,894	3,504,958	3,636,338	3,741,106	3,933,573	4,177,634
32,809,665	33,002,853	34,244,558	36,145,126	35,331,594	35,131,333
13,093,193	15,598,597	17,433,438	19,158,870	19,858,334	19,458,476
9,965,888	9,535,413	11,725,014	12,123,792	10,086,142	10,191,118
875,268	1,044,669	1,241,794	877,783	968,945	1,195,266
11,189,035	11,501,773	11,852,886	11,520,567	10,983,274	10,665,631
595,535	603,777	600,163	628,921	-	-
-	-	-	-	-	2,781,306
<u>20,111,698</u>	<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>414,731,866</u>	<u>443,899,106</u>	<u>469,575,294</u>	<u>488,855,340</u>	<u>506,845,554</u>	<u>523,427,038</u>
12,658,997	13,207,896	13,841,369	14,387,086	14,563,755	15,252,619
-	-	-	-	-	-
<u>12,658,997</u>	<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>\$ 427,390,863</u>	<u>\$ 457,107,002</u>	<u>\$ 483,416,663</u>	<u>\$ 503,242,426</u>	<u>\$ 521,409,309</u>	<u>\$ 538,679,657</u>



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

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

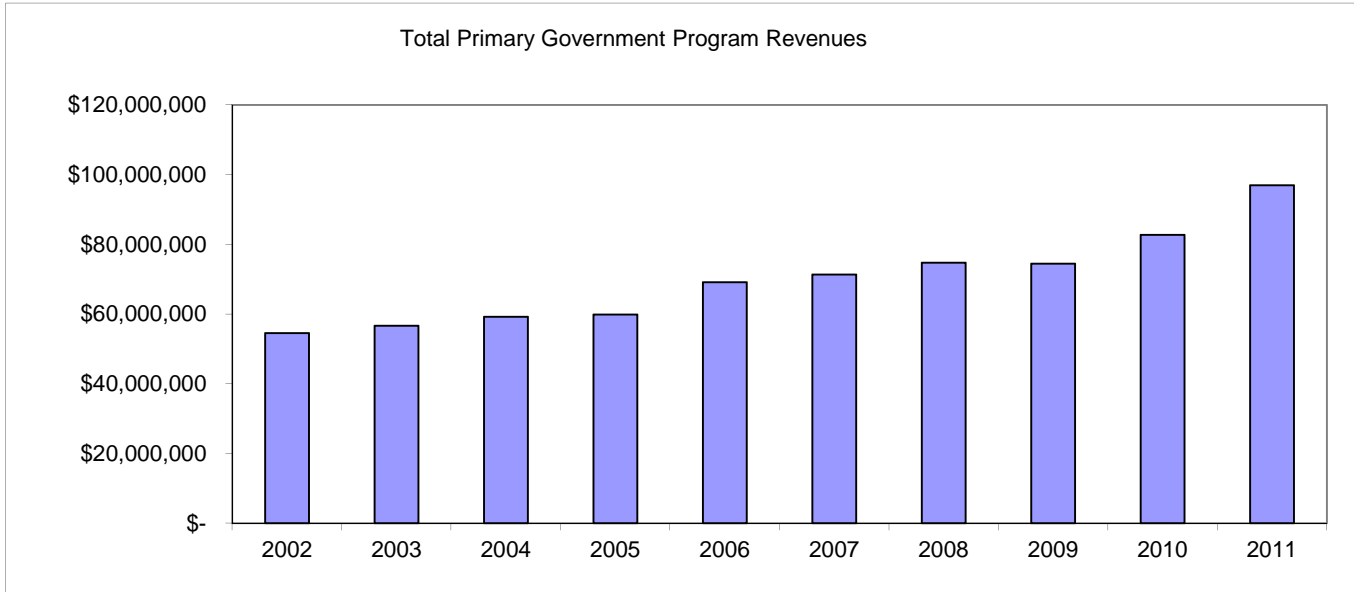
	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 2,717,538	\$ 3,231,025	\$ 3,032,947	\$ 2,581,027
Pupil activities	9,369,174	10,903,532	10,891,854	10,674,825
Other activities	973,796	651,941	847,926	742,525
Operating grants and contributions	19,349,780	19,782,417	20,889,343	21,927,192
Capital grants and contributions	<u>782,818</u>	<u>441,289</u>	<u>463,408</u>	<u>646,286</u>
Total governmental activities program revenues	<u>33,193,106</u>	<u>35,010,204</u>	<u>36,125,478</u>	<u>36,571,855</u>
Business-type activities:				
Charges for services:				
Food services operations	8,115,013	7,730,994	7,909,899	7,775,879
Extended child services	10,261,707	11,029,028	11,701,225	11,584,062
Operating grants and contributions	<u>2,965,471</u>	<u>2,930,433</u>	<u>3,456,783</u>	<u>3,929,896</u>
Total business-type activities program revenues	<u>21,342,191</u>	<u>21,690,455</u>	<u>23,067,907</u>	<u>23,289,837</u>
Total primary government program revenues	<u>\$ 54,535,297</u>	<u>\$ 56,700,659</u>	<u>\$ 59,193,385</u>	<u>\$ 59,861,692</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$(300,998,742)	\$(327,496,382)	\$(336,990,797)	\$(351,878,588)
Business-type activities	<u>298,162</u>	<u>432,628</u>	<u>358,098</u>	<u>1,007,265</u>
Total primary government net expense	<u>\$(300,700,580)</u>	<u>\$(327,063,754)</u>	<u>\$(336,632,699)</u>	<u>\$(350,871,323)</u>

Notes:

(1) Includes all funds. (GAAP Basis)

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 15,579,084	\$ 17,022,126	\$ 18,118,834	\$ 17,672,587	\$ 18,117,416	\$ 17,306,277
11,300,849	11,571,481	11,571,446	11,464,290	11,217,970	10,744,849
861,208	1,151,383	1,476,045	1,385,941	1,576,975	1,466,473
28,047,976	27,846,901	28,940,825	29,333,487	35,984,390	50,919,702
619,349	538,520	541,869	280,737	575,230	866,172
<u>56,408,466</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>
8,264,051	8,353,484	8,631,867	8,269,413	8,344,224	8,266,385
-	-	-	-	-	-
4,447,409	4,907,235	5,518,150	6,027,800	6,948,094	7,390,992
<u>12,711,460</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>\$ 69,119,926</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>
\$ (332,041,977)	\$ (385,768,695)	\$ (408,926,275)	\$ (428,718,298)	\$ (439,373,573)	\$ (442,123,565)
(9,571,112)	52,823	308,648	(89,873)	728,563	404,758
<u>\$ (341,613,089)</u>	<u>\$ (385,715,872)</u>	<u>\$ (408,617,627)</u>	<u>\$ (428,808,171)</u>	<u>\$ (438,645,010)</u>	<u>\$ (441,718,807)</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 177,665,501	\$ 181,706,969	\$ 187,689,061	\$ 193,916,033
Specific ownership taxes	19,172,994	18,280,862	18,082,240	17,984,695
Investment earnings	8,287,360	3,459,085	1,808,941	2,574,816
Other revenues	1,898,158	1,890,984	1,939,478	2,260,767
State equalization aid	109,144,312	124,971,830	139,947,621	151,055,322
Transfers	881,236	455,031	361,783	574,796
Total governmental activities	<u>317,049,561</u>	<u>330,764,761</u>	<u>349,829,124</u>	<u>368,366,429</u>
Business-type activities:				
Investment earnings	227,364	76,711	40,467	110,205
Transfers	(881,236)	(455,031)	(361,783)	(574,796)
Total business-type activities	<u>(653,872)</u>	<u>(378,320)</u>	<u>(321,316)</u>	<u>(464,591)</u>
Total primary government	<u>\$ 316,395,689</u>	<u>\$ 330,386,441</u>	<u>\$ 349,507,808</u>	<u>\$ 367,901,838</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 16,050,819	\$ 3,268,379	\$ 12,838,327	\$ 16,487,841
Business-type activities	<u>(355,710)</u>	<u>54,308</u>	<u>36,782</u>	<u>542,674</u>
Total primary government	<u>\$ 15,695,109</u>	<u>\$ 3,322,687</u>	<u>\$ 12,875,109</u>	<u>\$ 17,030,515</u>

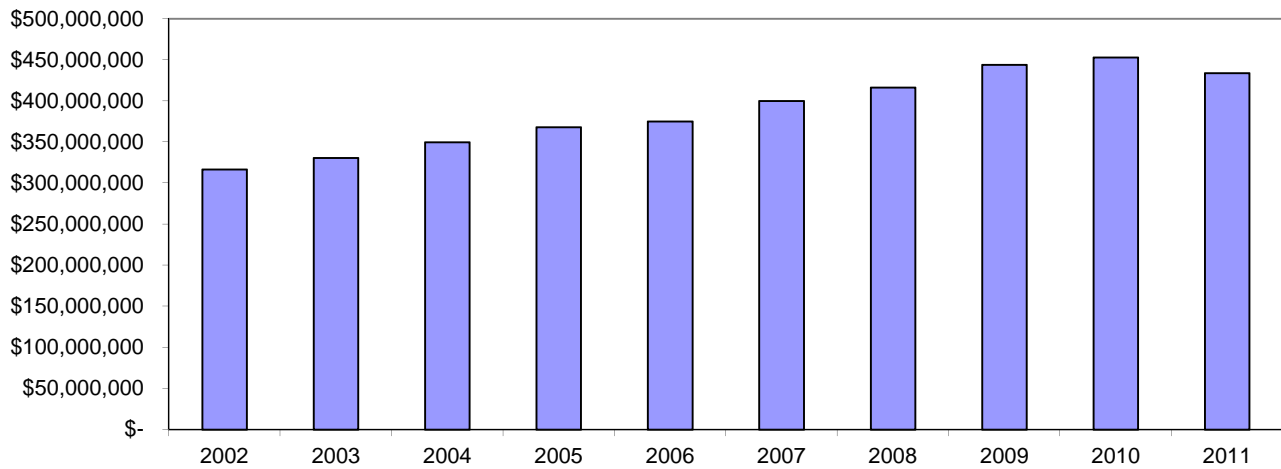
Notes:

(1) Includes all funds. (GAAP Basis)

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 191,435,995	\$ 200,318,318	\$ 206,915,772	\$ 222,411,349	\$ 223,752,825	\$ 229,323,293
17,658,917	17,450,360	16,768,029	15,903,660	15,360,501	14,449,208
4,374,881	4,740,873	2,895,107	1,745,780	1,687,500	751,113
2,083,166	2,151,510	1,776,439	3,596,646	2,908,257	2,960,316
159,224,806	175,076,405	187,758,523	200,186,015	209,183,996	186,263,975
(178,352)	(82,851)	(81,484)	(117,836)	-	(103,451)
<u>374,599,413</u>	<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>
98,384	158,893	141,982	31,031	600	1,025
178,352	82,851	81,484	117,836	-	103,451
<u>276,736</u>	<u>241,744</u>	<u>223,466</u>	<u>148,867</u>	<u>600</u>	<u>104,476</u>
<u>\$ 374,876,149</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>
\$ 22,720,825	\$ 13,885,920	\$ 7,106,111	\$ 15,007,316	\$ 13,519,506	\$ (8,479,111)
1,284,001	294,567	532,114	58,994	729,163	509,234
<u>\$ 24,004,826</u>	<u>\$ 14,180,487</u>	<u>\$ 7,638,225</u>	<u>\$ 15,066,310</u>	<u>\$ 14,248,669</u>	<u>\$ (7,969,877)</u>

Total Primary Government General Revenues



**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>
2002	\$ 1,077,593	\$ 8,715,000	\$ 970,320	\$ 2,166,476	\$ (7,040,654)	\$ 5,888,735
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

**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>
2002	\$ -	\$ 101,973,290	\$ 3,202,355	\$ 5,805,158	\$ -	\$ 110,980,803
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

**Notes:**

(1) Other governmental funds from fiscal year 2002 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			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Revenues</b>				
Local sources				
Property taxes	\$ 175,900,512	\$ 182,209,209	\$ 186,967,678	\$ 190,964,705
Specific ownership taxes	19,172,994	18,280,862	18,082,240	17,984,695
Tuition	1,023,438	940,862	936,605	770,158
Earnings on investments	8,287,360	3,459,085	1,808,941	2,574,816
Pupil activities	9,369,174	10,503,356	10,449,613	10,674,825
Other	8,310,746	6,719,299	6,114,307	7,484,071
State sources				
Equalization aid	109,144,312	124,971,830	139,947,621	151,055,322
Vocational education	854,825	903,278	996,075	1,113,314
Education of handicapped	4,687,976	5,017,061	5,254,446	5,417,924
Transportation	1,820,053	2,079,280	2,265,448	2,363,142
Other	1,358,249	1,678,682	1,576,622	1,243,568
Federal sources	7,480,318	9,068,970	10,471,840	9,745,340
<b>Total revenues</b>	<b>347,409,957</b>	<b>365,831,774</b>	<b>384,871,436</b>	<b>401,391,880</b>
<b>Expenditures</b>				
Instruction	193,973,501	207,279,122	215,019,643	220,457,921
Pupil services	18,119,212	20,102,006	22,237,540	21,135,995
Instructional staff services	11,544,196	12,127,646	11,149,839	13,529,753
School administration	17,330,929	18,462,674	18,828,858	18,690,096
General administration	2,525,173	2,586,707	2,596,437	2,641,443
Business services	2,717,960	2,763,206	2,729,878	2,885,117
Operations & maintenance	25,939,683	27,391,354	28,694,011	29,027,240
Pupil transportation	7,409,636	8,663,563	9,337,639	10,589,929
Central supporting services	8,126,108	9,180,097	8,296,417	8,878,048
Non-departmental	661,110	755,964	723,852	702,992
Pupil activities	9,344,837	10,094,024	10,150,045	10,311,846
Capital outlay	91,123,939	63,701,349	36,243,083	83,434,386
Debt service				
Interest	21,189,313	18,663,341	18,560,140	20,679,967
Principal	20,841,393	23,417,525	26,835,962	21,495,000
<b>Total expenditures</b>	<b>430,846,990</b>	<b>425,188,578</b>	<b>411,403,344</b>	<b>464,459,733</b>
Excess of revenues over (under) expenditures	(83,437,033)	(59,356,804)	(26,531,908)	(63,067,853)
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,005,301	1,962,771	1,866,451	1,614,472
Transfers out	(1,124,065)	(1,507,740)	(1,504,668)	(1,039,676)
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	203,560	135,650	-	-
Sale of assets	221,783	7,920	25,259	31,242
Other	-	(9,600)	-	-
<b>Total other financing sources (uses)</b>	<b>1,306,579</b>	<b>9,567,604</b>	<b>104,015,287</b>	<b>69,979,836</b>
<b>Net change in fund balances</b>	<b>\$ (82,130,454)</b>	<b>\$ (49,789,200)</b>	<b>\$ 77,483,379</b>	<b>\$ 6,911,983</b>
Debt service as a percentage of noncapital expenditures	12.2%	11.5%	12.0%	10.7%

## Schedule 4

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 194,339,986	\$ 199,571,172	\$ 207,013,865	\$ 220,133,193	\$ 223,900,561	\$ 230,897,870
17,658,917	17,450,360	16,768,029	15,903,660	15,360,501	14,449,208
13,713,445	15,247,271	16,373,319	15,912,029	16,288,980	15,591,988
4,374,881	4,740,873	2,895,107	1,745,780	1,687,500	751,113
11,300,849	11,571,481	11,571,446	11,464,290	11,217,970	10,744,849
7,322,820	6,920,467	8,687,906	9,402,234	8,083,985	6,540,245
159,224,806	175,076,405	187,758,523	200,186,015	209,183,996	186,263,975
2,002,053	723,110	1,491,395	1,078,451	1,892,460	1,927,762
7,149,487	7,587,737	7,507,649	7,778,024	8,196,245	8,260,881
2,570,702	2,612,078	3,086,331	3,576,970	3,921,767	3,986,143
1,090,670	2,017,101	665,442	753,524	1,398,444	1,414,238
13,350,891	13,657,343	13,956,561	13,795,224	19,380,387	35,797,683
<u>434,099,507</u>	<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>
240,390,990	260,993,962	277,624,127	291,739,767	304,555,053	311,451,823
21,549,955	22,955,861	24,991,634	25,393,727	28,875,655	28,261,343
13,431,218	14,186,080	14,376,166	14,452,430	14,327,494	13,056,852
20,189,689	20,883,529	21,766,883	22,483,945	22,514,168	22,241,396
2,774,131	3,231,813	3,192,004	3,160,948	3,043,541	2,704,992
2,979,475	3,159,154	3,428,093	3,555,377	3,622,878	3,843,164
31,893,410	32,998,360	34,454,985	34,861,871	33,606,542	33,299,583
11,409,808	13,345,503	17,043,796	17,415,623	17,352,382	16,586,304
9,967,331	9,465,979	11,538,222	11,973,210	10,043,521	10,178,782
1,223,626	1,318,533	1,539,238	1,236,573	1,348,519	1,582,783
11,189,035	11,501,773	11,852,886	11,520,567	10,983,274	10,665,631
48,882,913	41,017,521	24,093,682	18,955,829	98,698,111	80,911,468
20,580,649	19,626,055	18,372,291	18,681,896	21,797,565	23,974,385
24,275,000	26,560,000	30,850,000	25,830,000	27,600,000	29,050,000
<u>460,737,230</u>	<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>
(26,637,723)	(24,068,725)	(17,348,434)	467,631	(77,855,907)	(71,182,551)
1,294,903	1,297,107	2,324,723	1,928,953	8,648,452	14,540,447
(1,473,255)	(1,379,958)	(2,406,207)	(2,046,789)	(8,648,452)	(14,643,898)
-	-	-	101,775,000	101,775,000	-
-	-	-	5,269,031	1,280,672	-
-	-	-	-	-	-
-	-	-	-	-	-
13,225	-	-	-	-	-
-	-	-	-	-	-
<u>(165,127)</u>	<u>(82,851)</u>	<u>(81,484)</u>	<u>106,926,195</u>	<u>103,055,672</u>	<u>(103,451)</u>
<u>\$ (26,802,850)</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>
10.6%	10.3%	10.3%	9.0%	9.7%	10.1%

**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>
2002	1,693,516	1,862,792	531,704	217,181	3,870,831	4.6889	26,013,957	14.88%
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%

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>
2002	9.15	29.0	2000
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

**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				
2002	35.883	11.006	46.889	47.175	14.028	1,193.480	1,301.572
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

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	2011			2002		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value
Qwest Corporation	\$ 52,402,200	1	1.11%	\$ 56,639,200	1	1.46%
Xcel Energy	45,994,000	2	0.97%	30,812,790	2	0.79%
Verizon FKA Airtouch Comm.	45,843,780	3	0.97%	-		-
Greenwood Property Corporation	30,450,000	4	0.64%	29,000,000	3	0.75%
Property Colorado OBJLW One	27,550,000	5	0.58%	20,880,000	4	0.54%
Legacy III Centennial LLC	16,965,000	6	0.36%	-		-
CSHV Denver Tech Center LLC	15,080,010	7	0.32%	-		-
5251 DTC Parkway LLC	14,500,000	8	0.31%	-		-
Crescent Peakview Tower	13,050,000	9	0.28%	-		-
FSP Greenwood Plaza Corp	12,760,010	10	0.27%	-		-
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>\$ 274,595,000</u>		<u>5.81%</u>	<u>\$ 221,354,610</u>		<u>5.72%</u>

Source: Arapahoe County Assessor's Office

Notes:

(1) The total assessed valuation upon which the 2010 tax levy is based for collection in 2011 is \$4,731,829,890. The total assessed valuation upon which the 2001 tax levy is based for collection in 2002 is \$3,870,830,740.

**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
2002	181,499,382	166,909,534	91.96%	8,946,672	175,856,206	96.89%
2003	185,435,427	176,534,635	95.20%	5,797,182	182,331,817	98.33%
2004	188,198,530	182,624,336	97.04%	1,867,336	184,491,672	98.03%
2005	195,922,830	191,719,622	97.85%	1,096,348	192,815,970	98.41%
2006	198,024,067	193,962,837	97.95%	617,826	194,580,663	98.26%
2007	201,036,940	197,160,029	98.07%	1,213,314	198,373,343	98.68%
2008	211,148,521	206,670,244	97.88%	(197,043)	206,473,201	97.79%
2009	224,621,021	218,325,366	97.20%	1,966,864	220,292,230	98.07%
2010	231,224,256	223,701,797	96.75%	2,062,444	225,764,241	97.64%
2011	238,383,887	229,597,846	96.31%	-	229,597,846	96.31%

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 2011 collection year include actual collections through June 30, 2011 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 year ended June 30, 2008. This is due to a large amount of refunds related to that tax year paid back to tax payers during the fiscal year ended June 30, 2010.

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

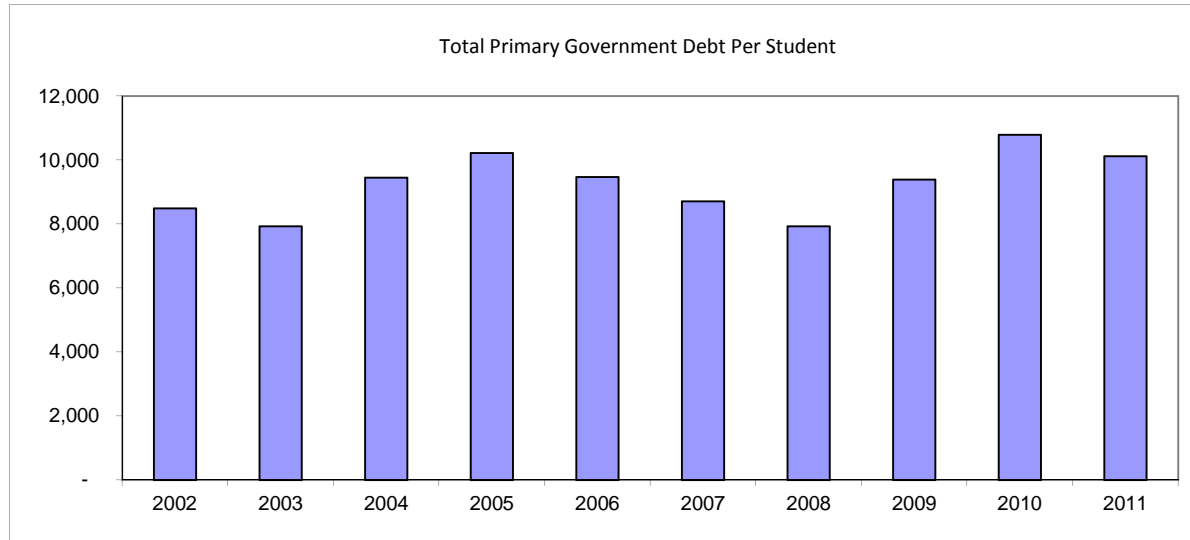
**Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years**  
*(dollars in thousands, except per student)*

**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					
2002	353,435	4,270	150	357,855	1.38%	1.58%	1,664	8,491
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	1.56%	1.85%	1,880	10,221
2006	427,495	8,660	34	436,189	1.43%	1.65%	1,729	9,474
2007	402,325	7,270	-	409,595	1.31%	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%		1,754	10,798
2011	497,115	2,700	-	499,815	1.34%		1,641	10,119

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 2010 and 2011.



**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)*

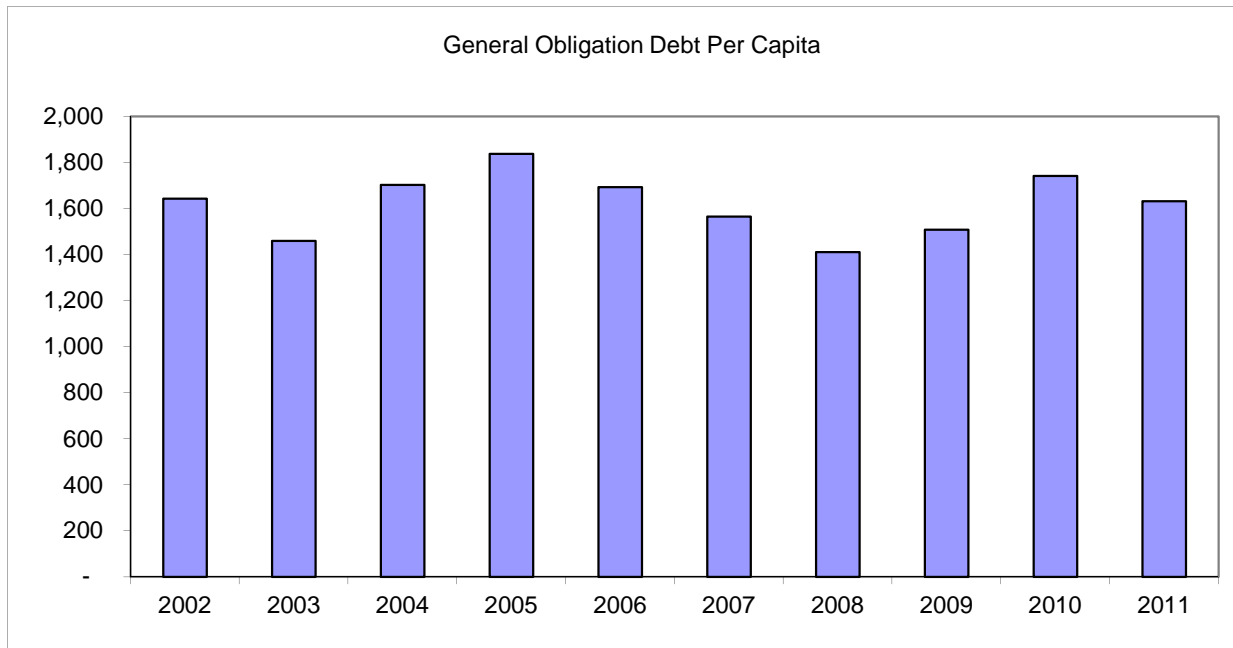
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Value of Taxable Property</u>	<u>Per Capita</u>	<u>Per Student</u>
2002	353,435	1.36%	1,644	8,386
2003	330,705	1.23%	1,460	7,635
2004	405,130	1.36%	1,703	9,196
2005	450,425	1.52%	1,838	9,997
2006	427,495	1.41%	1,694	9,285
2007	402,325	1.28%	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

**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, 2011  
(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	\$ 2,860	100.00 %	\$ 2,860
Arapahoe Park & Recreation District	13,040	100.00	13,040
Arapahoe Water & Wastewater Public Improvement District	154,697	100.00	154,697
Beacon Point Metropolitan District	17,055	100.00	17,055
Centennial 25 Metropolitan District	1,675	100.00	1,675
Cherry Creek Vista Metro Park & Rec District	4,740	100.00	4,740
City of Aurora	21,035	38.36	8,069
City of Englewood	15,915	3.63	578
Columbia Metropolitan District	1,500	100.00	1,500
Conservatory Metropolitan District	24,595	100.00	24,595
Dove Valley Metropolitan District	50,510	100.00	50,510
Eagle Bend Metropolitan District #A	35,945	100.00	35,945
East Cherry Creek Valley Water & Sanitation	996	100.00	996
East Quincy Highlands Metro District #1	3,300	100.00	3,300
East Smoky Hill Metro District #1	4,055	100.00	4,055
East Smoky Hill Metro District #2	8,610	100.00	8,610
Fiddler's Green Business Improve. District	49,415	100.00	49,415
Galleria Metropolitan District	5,695	100.00	5,695
Goldsmith Metropolitan District	14,195	47.76	6,780
Goodman Metropolitan District	4,400	100.00	4,400
Greenwood Metropolitan District	3,085	98.50	3,039
Heather Gardens Metropolitan District	9,800	40.16	3,936
High Plains Metropolitan District	23,000	100.00	23,000
Highline Glen Metropolitan District	190	100.00	190
Inverness Metropolitan Improvement District	2,870	71.10	2,041
Inverness Water & Sanitation District	22,480	69.32	15,583
Landmark Metropolitan District	1,300	100.00	1,300
Liverpool Metropolitan District	6,685	100.00	6,685
Panorama Metropolitan District	7,585	100.00	7,585
Parker Jordan Metropolitan District	16,460	100.00	16,460
Piney Creek Metropolitan District	5,595	100.00	5,595
Saddle Rock Metro District	11,250	100.00	11,250
Saddle Rock South Metropolitan District #2	4,810	100.00	4,810
Saddle Rock South Metropolitan District #3	4,165	100.00	4,165
Saddle Rock South Metropolitan District #4	7,815	100.00	7,815
Serenity Ridge Metropolitan District No. 2	6,710	100.00	6,710
Sorrel Ranch Metropolitan District	14,335	100.00	14,335
South Suburban Metropolitan Park & Recreation District	25,910	36.17	9,372
Southeast Public Improvement Metro District	4,030	57.70	2,325
Southgate Corporate Center Metropolitan District	665	100.00	665
Southlands Metropolitan District No. 1	57,595	100.00	57,595
Southlands Metropolitan District No. 2	2,295	100.00	2,295
Sundance Hills Metropolitan District	660	100.00	660
Town of Foxfield	1,610	100.00	1,610
Tallgrass Metropolitan District	17,780	100.00	17,780
Tallyn's Ranch Metropolitan District No. 2	5,794	100.00	5,794
Tallyn's Ranch Metropolitan District No. 3	18,740	100.00	18,740
Tollgate Crossing Metropolitan District No. 2	14,580	100.00	14,580
Willow Trace Metropolitan District	9,555	100.00	9,555
Total overlapping debt	741,582		673,985
Direct debt:			
Cherry Creek School District Number Five	497,115	100.00	497,115
Total	<u>\$ 1,238,697</u>		<u>\$ 1,171,100</u>

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

Note: Overlapping governments without general obligation debt are not shown.

**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 2011**

	Assessed Value
Assessed Value	\$ 4,731,829,890
Legal debt limit percentage	<u>20%</u>
Legal debt limit	<u>\$ 946,365,978</u>
Amount of debt applicable to debt limit:	
Total bonded debt	497,115,000
Less Debt Service Fund available	<u>44,588,405</u>
Total amount of debt applicable to debt limit	<u>452,526,595</u>
Legal debt margin	<u>\$ 493,839,383</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>
2002	774,166,148	321,777,094	452,389,054	41.6%
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%

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**

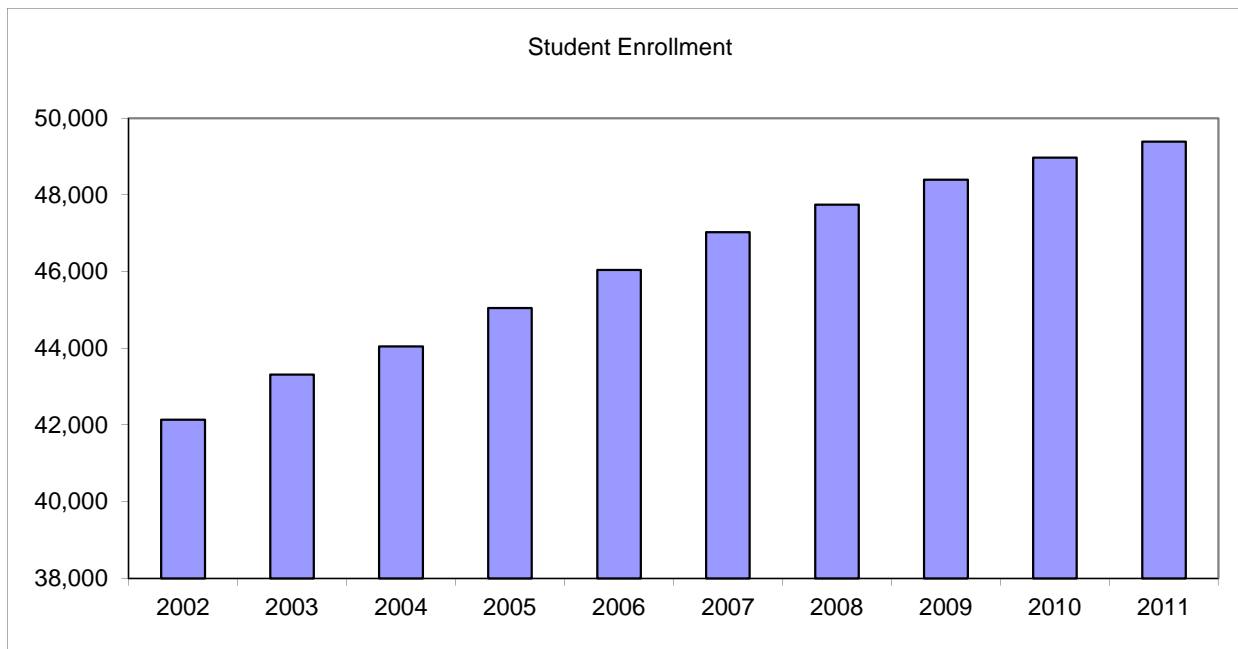
Fiscal Year	Arapahoe County				Cherry Creek School District	
	Population	Personal Income ( <i>millions of dollars</i> )	Per Capita Personal Income	Unemployment Rate	Population	FTE Student Enrollment
2002	502,814	\$ 22,710	\$ 44,511	3.7%	215,000	42,145
2003	515,206	20,650	43,914	5.8%	226,500	43,316
2004	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	578,444			8.1%	301,485	48,979
2011	565,360			8.8%	304,500	49,396

**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 2010 and 2011.

(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 2001 to 2008 and at .58 FTE for fiscal years 2009 to 2011. 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**

Employer	2011			2002		
	Employees	Rank	Percentage of Metro Denver Employment	Employees	Rank	Percentage of Metro Denver Employment
U.S. Federal Government	36,878	1	2.93%	35,343	1	2.95%
State of Colorado	33,476	2	2.66%	27,010	2	2.26%
Wal-Mart Stores Inc.	24,487	3	1.95%	-	-	-
University of Colorado System	15,205	4	1.21%	-	-	-
Denver Public Schools	13,587	5	1.08%	16,539	4	1.38%
City & County of Denver	12,000	6	0.95%	18,000	3	1.50%
Safeway, Inc	10,000	7	0.80%	12,000	10	1.00%
Centura Health	9,802	8	0.78%	12,377	9	1.03%
King Soopers, Inc.	9,658	9	0.77%	15,928	5	1.33%
HCA-Health One LLC	8,700	10	0.69%	-	-	-
US Postal Service-CO/WY District	-	-	-	15,602	6	1.30%
Qwest Communications	-	-	-	14,400	7	1.20%
Jefferson County Public Schools	-	-	-	12,490	8	1.04%
<b>Total</b>	<u>173,793</u>		<u>13.83%</u>	<u>179,689</u>		<u>15.02%</u>

**Source:**

Employer data was obtained from the Denver Business Journal "Top 25 Lists" Archives 2001-2002 and 2010-2011. The number of employees may equal number of Colorado employees instead of Denver-MSA employees.

**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 2011 was 1,256,866 and for 2002 was 1,196,084 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**

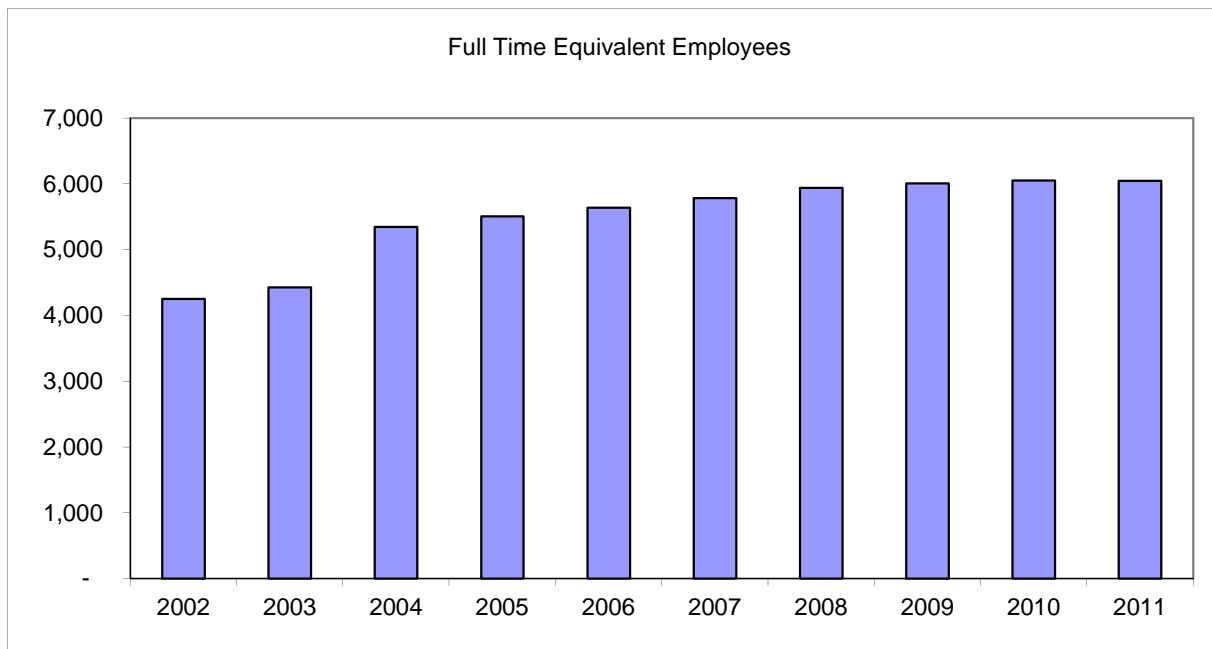
**Schedule 16**

	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Administrators	112	121	124	128	134	136	138	140	139	141
Teachers	2,783	2,904	2,941	3,020	3,080	3,157	3,241	3,262	3,262	3,285
Teacher Assistants & Aides	180	183	195	190	182	180	179	179	189	192
Staff Support	338	352	361	365	369	376	388	391	389	333
Secretarial	342	349	359	371	371	370	382	385	379	380
Maintenance	54	56	57	60	64	68	70	71	70	70
Custodians	80	82	85	85	89	90	91	92	94	90
Bus Drivers	154	164	178	195	209	223	241	252	259	222
Mechanics	15	16	19	20	20	20	21	21	22	22
Mental Health	76	80	83	86	90	93	94	95	96	96
Nurses	56	57	57	55	56	57	59	60	60	59
Bus Aides	63	64	68	76	76	80	80	81	101	88
Designated purpose grants			148	162	189	203	192	202	212	175
Extended child services			480	488	496	511	514	532	532	532
Other governmental funds			13	20	14	12	21	11	18	15
Food services operations			181	185	201	208	228	236	233	346
<b>Total</b>	<b>4,253</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>

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.



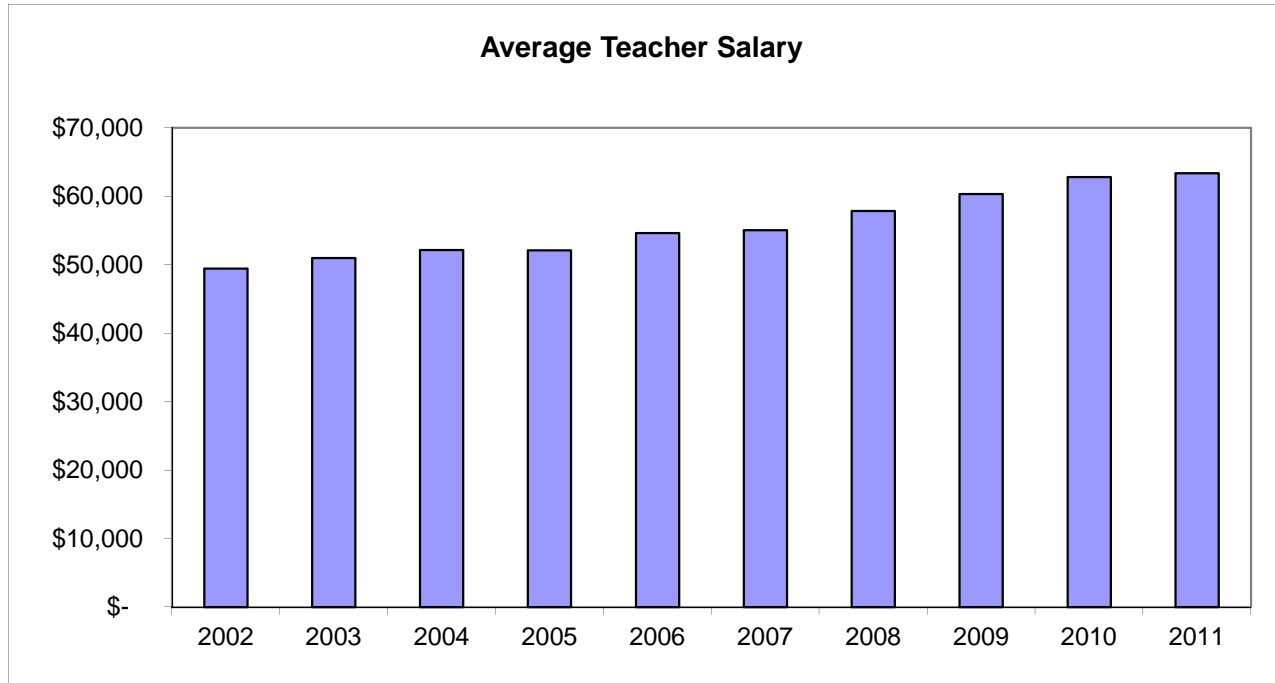
**CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO**

**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>
2002	185	\$ 29,112	\$ 65,578	\$ 49,440
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

Source: School District and Colorado Department of Education





CherryCreek  
Schools  
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**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>
2002	\$ 334,192	42,145	\$ 7,930		2,783	15.1	5,603	13.3%
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%

**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 2000 to 2008 and at .58 FTE for fiscal years 2009 to 2011. 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.

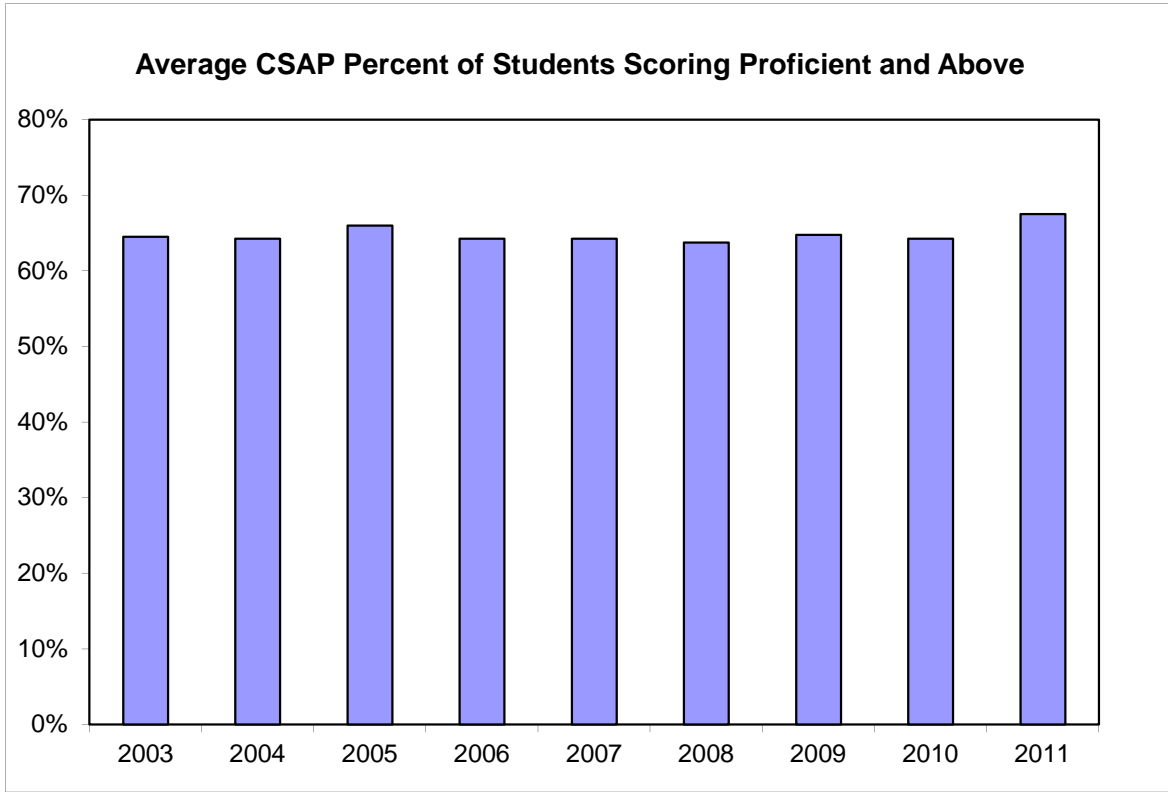
(3) Starting with fiscal year 2010, the Colorado Department of Education instituted the Colorado School Performance Framework (SPF). Results are released by the Colorado Department of Education annually for the prior fiscal year. The ratings are: Performance, Improvement, Priority Improvement, and Turnaround. 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 Colorado Student Assessment Program (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 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. Collapsed data is not available prior to fiscal year 2003. 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 2011 are not yet available.

Colorado School Performance Framework		Colorado Student Assessment Program (CSAP) Percent of Students Scoring Proficient and Above				American College Testing (ACT) Composite Score	Graduation Rate	Dropout Rate
Number of Schools Rated		Reading	Writing	Math	Science			
Performance	Improvement							
-	-					21.6	93.0%	0.6%
-	-	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	77%	67%	67%	59%	-	-	-



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

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

**Schedule 19**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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
Capacity (students)			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
<b>Cherry Creek (1956)</b>										
Square feet	464,265	464,265	475,101	475,101	475,101	471,632	471,632	471,632	471,632	471,632
Capacity (students)	3,726	3,726	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735
Enrollment	3,462	3,546	3,483	3,601	3,619	3,732	3,659	3,490	3,437	3,379
<b>Eaglecrest (1989)</b>										
Square feet	338,752	338,752	359,752	355,300	355,300	352,584	352,584	352,584	352,584	352,584
Capacity (students)	2,270	2,270	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533
Enrollment	2,392	2,707	2,635	2,532	2,394	2,402	2,389	2,363	2,290	2,311
<b>Grandview (1999)</b>										
Square feet	343,440	343,440	343,440	352,672	349,552	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	2,281	2,431	2,486	2,539	2,665	2,697	2,693	2,580	2,539	2,528
<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	2,022	1,942	1,984	2,026	2,014	2,036	2,084	1,995	2,088	2,139
<b>Smoky Hill (1976)</b>										
Square feet	379,904	379,904	379,904	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	2,781	2,738	2,653	2,582	2,496	2,417	2,422	2,329	2,307	2,261
<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	1,292	1,313	1,361	1,317	1,238	1,270	1,348	1,443	1,408	1,421
<b>Falcon Creek (2000)</b>										
Square feet	148,960	148,960	148,960	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	1,475	1,125	1,114	1,142	1,160	1,143	1,118	1,127	1,075	1,060
<b>Fox Ridge (2009)</b>										
Square feet								114,283	114,283	114,283
Capacity (students)								1,260	1,260	1,260
Enrollment								531	734	812
<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	1,298	1,348	1,406	1,442	1,264	1,183	1,130	1,038	1,000	947
<b>Laredo (1975)</b>										
Square feet	178,306	178,306	178,306	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	1,460	1,440	1,368	1,398	1,346	1,286	1,227	1,207	1,168	1,163
<b>Liberty (2002)</b>										
Square feet	145,500	145,500	145,500	145,500	145,500	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	146	740	1,010	1,123	1,169	1,233	1,211	964	951	1,046
<b>Prairie (1978)</b>										
Square feet	162,704	162,704	162,704	156,240	156,240	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	1,517	1,560	1,604	1,536	1,534	1,523	1,568	1,507	1,530	1,552
<b>Sky Vista (2006)</b>										
Square feet					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
Enrollment					508	742	838	785	784	820
<b>Thunder Ridge (1993)</b>										
Square feet	177,792	177,792	177,792	183,168	181,376	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	1,503	1,567	1,513	1,486	1,266	1,170	1,159	1,137	1,197	1,172
<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	1,383	1,340	1,370	1,305	1,244	1,164	1,170	1,174	1,120	1,113

(continued)

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

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

**Schedule 19**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	828	685	659	673	672	692	682	698	699	700
<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	744	719	719	719	719	719	719	719
Enrollment	590	599	575	593	613	597	587	597	597	593
<b>Aspen Crossing (2006)</b>										
Square feet					64,600	64,600	64,600	64,600	64,600	64,600
Capacity (students)					648	648	648	648	648	648
Enrollment					273	409	367	447	454	481
<b>Bellevue (1955)</b>										
Square feet	36,126	36,126	51,120	51,120	51,120	54,240	54,240	54,240	54,240	54,240
Capacity (students)	510	510	592	592	592	592	592	592	592	592
Enrollment	466	480	485	502	510	513	531	528	563	537
<b>Buffalo Trail (2008)</b>										
Square feet							66,380	66,380	66,380	66,380
Capacity (students)							648	648	648	648
Enrollment							337	504	620	420
<b>Canyon Creek (2003)</b>										
Square feet		60,930	63,810	63,810	63,810	63,810	63,810	63,810	63,810	63,810
Capacity (students)		668	668	668	810	810	810	810	810	810
Enrollment		357	516	602	619	636	653	659	672	604
<b>Cherry Hills Village (1984)</b>										
Square feet	55,319	55,319	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	472	476	480	503	494	494	493	507	527	566
<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	551	556	531	518	497	510	490	495	476	465
<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	498	475	482	506	529	531	550	564	582	609
<b>Coyote Hills (2007)</b>										
Square feet						64,294	64,294	64,294	64,294	64,294
Capacity (students)						648	648	648	648	648
Enrollment						342	444	549	629	718
<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	671	839	839	839	671	671	671	671	671
Enrollment	694	656	719	810	684	535	586	610	648	652
<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	643	804	804	804	804	804	804	804	804
Enrollment	488	636	698	730	722	761	750	747	754	741
<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	365	352	301	345	361	344	356	369	397	391
<b>Eastridge (1964)</b>										
Square feet	59,030	59,030	82,880	81,440	81,440	81,440	81,440	81,440	81,440	81,440
Capacity (students)	828	828	868	868	868	868	868	868	868	868
Enrollment	660	659	658	646	643	705	725	662	697	716
<b>Fox Hollow (2002)</b>										
Square feet	60,930	60,930	60,930	65,970	65,970	65,970	65,970	65,970	65,970	65,970
Capacity (students)	648	648	648	648	810	810	810	810	810	810
Enrollment	259	463	556	636	686	677	700	722	723	776
<b>Greenwood (1959)</b>										
Square feet	48,354	48,354	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	383	376	377	372	381	386	384	380	376	364
<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	287	253	227	221	234	230	234	237	261	276

(continued)

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

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

**Schedule 19**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	489	478	433	490	411	412	403	444	499	481
<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	643	804	804	804	804	804	804	804
Enrollment	577	603	557	565	566	553	539	564	566	550
<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	249	226	213	231	261	261	262	273	221	236
<b>Holly Ridge (1963)</b>										
Square feet	39,686	39,686	39,686	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	204	185	209	218	221	210	214	256	289	292
<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	474	479	471	466	461	482	484	480	479	481
<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	507	497	492	474	478	456	457	475	471	440
<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	565	548	562	574	563	567	549	534	540	531
<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	510	516	503	517	515	543	513	502	451	404
<b>Mission Viejo (1974)</b>										
Square feet	77,390	77,390	77,390	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	640	634	631	664	671	656	637	604	606	584
<b>Peakview (1992)</b>										
Square feet	60,064	60,064	60,064	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	708	668	650	598	574	567	576	581	557	535
<b>Pine Ridge (2011)</b>										
Square feet										58,976
Capacity (students)										648
Enrollment										451
<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	365	650	370	398	389	424	397	379	366	390
<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	599	594	569	544	540	563	545	585	601	627
<b>Red Hawk Ridge (2006)</b>										
Square feet					73,800	73,800	73,800	73,800	73,800	73,800
Capacity (students)					648	648	648	648	648	648
Enrollment					369	446	508	504	542	609
<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	708	742	719	749	761	736	723	683	657	625
<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	607	587	572	561	572	579	550	576	558	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	560	547	521	509	493	491	489	479	445	428

**(continued)**

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

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

**Schedule 19**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	665	641	640	648	638	643	623	618	595	583
<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	648	626	646	640	638	590	609	607	578
<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	575	563	513	503	512	491	499	490	492	500
<b>Village East (1972)</b>										
Square feet	44,816	69,650	76,466	71,090	71,090	71,090	71,090	71,090	71,090	71,090
Capacity (students)	648	810	810	810	810	810	810	810	810	810
Enrollment	538	531	547	603	603	592	605	653	739	755
<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	325	298	322	330	356	380	373	370	338	350
<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	325	298	322	330	356	491	492	494	513	508
<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	462	486	522	538	527	522	523	525	526	524
<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	44,500
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	417	425	421	428	433	435	430	437	449	451
<b>Endeavor Academy (2001)</b>										
Square feet	46,940	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	288	333	333	387	398	396	461	460	461
<b>I-Teams - 3 facilities</b>										
Square feet	39,568	39,568	39,568	39,568	39,568	39,568	39,568	22,336	22,336	22,336
<b>Joliet (2002)</b>										
Square feet	13,860	13,860	13,860	4,320	14,297	14,297	14,297	14,297	14,297	14,297
Capacity (students)	40	40	40	20	90	90	90	90	90	90
Enrollment	29	28	43	36	27	28	30	41	33	23
<b>Administrative and Support</b>										
10 Current Facilities										
Square feet	212,809	212,809	212,809	220,089	220,089	220,089	220,089	220,089	220,089	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
Capacity (students)			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 85% 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) Challenge School data reflects FY 2002 data while at the Cunningham Building and FY 2003 data to the present at their current facility.

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

(5) 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.

(6) 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, 2011**

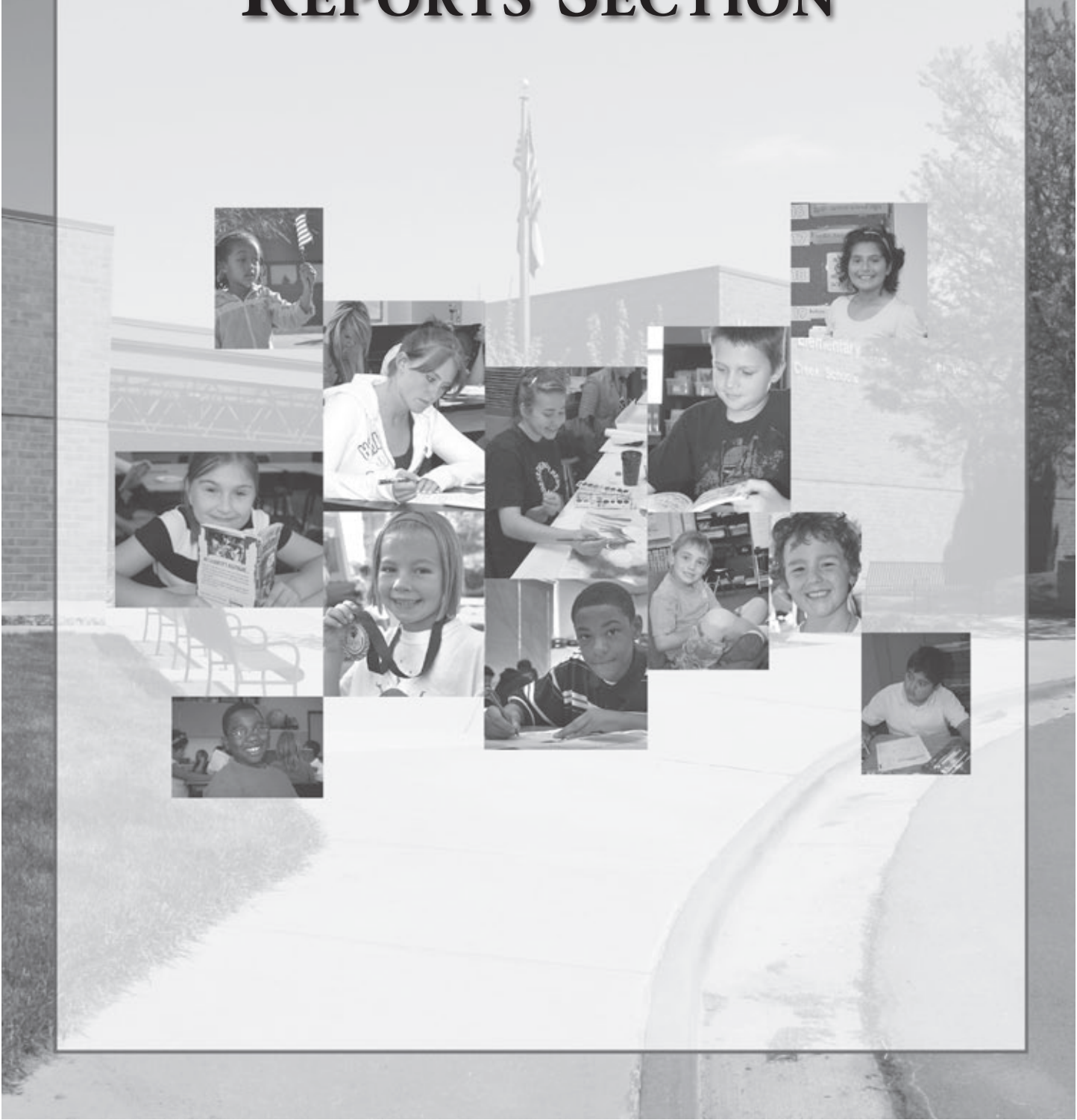
<u>Insurer</u>	<u>Policy Number</u>	<u>Type of Policy</u>	<u>Policy Period</u>
Colorado School Districts Self Insurance Pool	0305-10-00003	"All Risk" 1) Flood/Earth Movement (A) Property Insurance  (B) Inland Marine 1) Cameras, Projection Equipment, Films, etc. 2) Musical Instruments, etc. 3) Builder's Risk 4) Contractor's Equipment 5) Fine Arts 6) Radio Equipment 7) 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/Perishable Goods Expediting Expense	07-01-10 to 07-01-11
Joint School Districts Workers' Compensation Self Insurance Pool	25-C	Statutory Workers' Compensation Insurance	07-01-10 to 07-01-11
ACE USA	PHFD36755386	Foreign Liability Insurance	07-01-10 to 07-01-11

<u>Limits</u>		<u>Deductible</u>
Per Occurrence	\$ 1,000,000,000	(Pool limit)
	\$ 100,000,000	(Pool limit)
-Total Reported values		\$ 100,000 per occurrence
-Buildings	\$ 901,315,184	
-Contents	\$ 145,683,478	
	Included	\$ 100,000 per occurrence
	\$ 1,274,123	\$ 100,000 per occurrence
Reported value		\$ 25,000 per occurrence
	\$ 2,716,091	\$ 100,000 per occurrence
	Included	\$ 100,000 per occurrence
	Included	\$ 100,000 per occurrence
	\$ 1,454,085	\$ 100,000 per occurrence
	\$ 500,000	\$ 500 per loss
	\$ 500,000	\$ 500 per loss
	\$ 500,000	\$ 500 per loss
	\$ 500,000	\$ 500 per loss
	\$ 500,000	\$ 500 per loss
	\$ 500,000	\$ 500 per loss
Per occurrence	\$ 2,000,000	\$ 50,000 per occurrence
Aggregate	\$ 5,000,000	
Per occurrence	\$ 2,500,000	
Per occurrence	\$ 1,000,000	\$ 10,000 per occurrence
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	
	\$ 5,000,000	
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



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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, 2011**

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
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
Graduation Pathways	84.360	4360
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
State Stabilization ARRA	84.394	4394
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 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 06/30/2010	Cash/ Inventory Receipts	Disbursements/ Expenditures	Accrued (Deferred) Revenue 06/30/2011
\$1,128,873	\$4,027,236	\$ 3,963,004	\$ 1,064,641
101,728	247,795	179,263	33,196
1,785,842	7,149,022	5,087,533	(275,647)
15,747	153,651	120,320	(17,584)
22,176	27,981	27,893	22,088
73,876	340,035	333,223	67,064
58,153	107,505	72,300	22,948
303,581	965,427	994,681	332,835
16,350	30,196	24,986	11,140
-	-	20,722	20,722
-	6,092	11,277	5,185
456,301	1,395,998	1,271,860	332,163
4,839	22,041	48,227	31,025
-	9,386	9,386	-
892,466	5,200,656	7,109,878	2,801,688
4,740	220,292	301,669	86,117
-	9,708,777	9,708,777	-
-	3,727,878	3,727,878	-
<u>71,476</u>	<u>217,779</u>	<u>208,274</u>	<u>61,971</u>
<u>4,936,148</u>	<u>33,557,747</u>	<u>33,221,151</u>	<u>4,599,552</u>
31,046	1,031,511	1,028,899	28,434
<u>144,987</u>	<u>6,157,059</u>	<u>6,127,097</u>	<u>115,025</u>
<u>176,033</u>	<u>7,188,570</u>	<u>7,155,996</u>	<u>143,459</u>
22,316	178,803	179,926	23,439
56,277	240,069	237,856	54,064
-	214,802	80,256	(134,546)
<u>(29,361)</u>	<u>151,061</u>	<u>105,778</u>	<u>(74,644)</u>
<u>49,232</u>	<u>784,735</u>	<u>603,816</u>	<u>(131,687)</u>
<u>\$ 5,161,413</u>	<u>\$ 41,531,052</u>	<u>\$ 40,980,963</u>	<u>\$ 4,611,324</u>

CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2010

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 # 10.553 on the Schedule of Federal Awards. The commodities, in the amount of \$1,073,027, 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, 2011, and have issued our report thereon dated October 21, 2011. 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**

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 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 would not necessarily 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.

*Clifton Henderson LLP*

Greenwood Village, Colorado  
October 21, 2011

**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, 2011. 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 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, 2011. 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 2011-01.

## 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 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 certain 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 2011-01. *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'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.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
October 21, 2011

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011**

**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
84.389	Title I Grants to Local Education Agencies ARRA
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.391	Special Education – Grants to States ARRA
84.392	Special Education - Preschool Grants ARRA
84.394	State Fiscal Stabilization Fund (SFS)- Education ARRA
84.410	Education Jobs Fund (Ed Jobs) ARRA

Dollar threshold used to distinguish between type A and type B programs \$1,229,429

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, 2010

**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 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**

*Criteria:* Per OMB Circular A-133 requirements, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

*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.

*Cause:* The employees responsible for verifying suspension and debarment did not retain the screen shot for two vendors.

*Effect:* The District violated A-133 requirements by not verifying the vendors were not suspended or debarred.

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

*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.

*Views of responsible officials and planned corrective actions:* The District's purchasing department has implemented procedures to verify vendors are not suspended or debarred prior into entering into a contract to purchase goods or services. The purchasing department is checking the EPLS website for all transactions in excess of \$20,000 related to all Federal grants and retaining a screen print copy of the results of that verification and retaining that screen print with a copy of the District's Board resolution related to that transaction. The purchasing department is verifying transaction at the \$20,000 level rather than the minimum \$25,000 level for consistency with District policy which requires a Board resolution for transactions of \$20,000 or greater. The purchasing department is also monitoring vendors on a monthly basis to determine if cumulative purchases during the year are approaching the \$20,000 level and checking the EPLS website for those vendors.

CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO

PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

**Finding 2010-01**

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

Special Education Grants to Local Educational Agencies – CFDA # 84.027

Special Education Preschool Grants – CFDA # 84.173

Special Education Grants to Local Education Agencies ARRA – CFDA # 84.391

Special Education Preschool Grants– CFDA # 84.392

Title II Improving Teacher Quality State Grants – CFDA # 84.367

**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 the seven 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 more than \$25,000 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:* This finding has been partially resolved for the fiscal year ending June 30, 2011. The finding was repeated for the Title I programs. See finding 2011-01. The finding was resolved for the IDEA and Title II programs.



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Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) & Ending Fund Balance
<b>Governmental</b>				
10 General Fund	38,519,056	396,757,294	389,647,684	45,628,666
18 Risk Mgmt Sub-Fund of General Fund	-0	2,772,900	2,772,900	0
19 Colorado Preschool Program Fund	-0	1,105,015	1,105,015	0
Subtotal	38,519,056	400,635,209	393,525,599	45,628,666
11 Charter School Fund	1,499,338	3,359,580	3,619,942	1,238,976
20,26-29 Special Reserve Fund	4,913,461	12,658,974	13,274,505	4,297,931
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	-1	36,619,876	36,619,875	0
23 Pupil Activity Special Revenue Fund	5,329,574	10,314,422	10,665,631	4,978,366
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	42,855,337	53,766,039	52,032,971	44,588,405
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	126,866,635	-4,507,174	75,066,952	47,292,510
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,430,149	10,114,586	9,702,235	1,842,500
TOTALS	221,413,550	522,961,512	594,507,709	149,867,354
<b>Proprietary</b>				
51 Food Service Fund	6,824,353	15,761,852	15,252,618	7,333,587
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	6,824,353	15,761,852	15,252,618	7,333,587
<b>Fiduciary</b>				
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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