



*Dedicated to Excellence*

Cherry Creek Schools

# **Board of Education Study Session Annual Report**

December 3, 2025

# Agenda

- **Annual Comprehensive Financial Report**
- **Financial Results**
  - Governmental Fund Financial Statements
  - Government-Wide Financial Statements
- **Audit Requirement**
  - Auditor Report finalized
- **Addendum**
  - Supplemental Schedules

# Annual Report Defined

## **GAAP Required Financial Documents**

- Management's Discussion & Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information (RSI)

## **Best practice is to prepare the Annual Comprehensive Financial Report (Annual Report)**

Provides critical information regarding the financial condition of the entity in four sections

- Introductory
- Financial
- Statistical
- Compliance Report

# Financial Report Awards

## Government Finance Officers Association

- Certificate of Achievement for Excellence in Financial Reporting
  - **Received for 2024 Annual Report – 32<sup>nd</sup> consecutive year**

## Association of School Business Officials

- Certificate of Excellence in Financial Reporting
  - **Received for 2024 Annual Report – 32<sup>nd</sup> consecutive year**

# Financial Statements

Two types of statements required to be presented

- Governmental Fund Financial Statements – modified accrual reporting basis
- Government -Wide Statements (GASB 34) – full accrual basis of accounting to parallel private sector reporting

## Governmental Fund Financial Statements

- Shows short term position using current financial resources measurement focus
- Include the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances
- Budget adoption uses the modified accrual reporting basis

# Financial Statements

## Government-Wide

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

## Government-Wide Statement of Activities

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

# Governmental Funds

## General Fund as of June 30, 2025

### Page 110 of Annual Report

- The General Fund budget included a one-time use of \$15 million in fund balance for salary increases across all employee groups
- District's General Fund balance decreased by \$22.8 million.
- Fund balance decreased by more than expected due to higher than anticipated costs in Special Populations, Health Services, and Healthy School Meals for All
- The Universal Preschool state program implemented in fiscal year 2023-24 continues to be massively underfunded and the District had to subsidize this program by over \$3 million.

# General Fund – Fund Balance

The District meets all Board and statutory reserve requirements.

|                                                        | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|--------------------------------------------------------|----------------------|----------------------|
| Nonspendable:                                          |                      |                      |
| Prepayments and Deposits                               | \$809,093            | \$4,767,238          |
| Inventories                                            | 1,736,561            | 1,786,045            |
| Restricted for: TABOR Reserve                          | 24,687,000           | 22,769,000           |
| Committed:                                             |                      |                      |
| Multiple year commitments                              | 1,440,252            | 1,383,996            |
| Assigned for:                                          |                      |                      |
| Future year purchases                                  | 1,523,726            | 1,691,989            |
| Budget carry forward for future year expenditures      | 1,251,910            | 6,523,800            |
| Appropriated fund balance for future year expenditures | 12,602,289           | 14,938,607           |
| Board reserve                                          | 24,687,000           | 22,769,000           |
| Unassigned                                             | 2,462,440            | 17,412,582           |
| Total Fund Balance                                     | <u>\$71,200,271</u>  | <u>\$94,042,257</u>  |

# Government-Wide Statement of Activities

**Key Elements: Primary Government as of June 30, 2025**

**Pages 36 and 37 of Annual Report**

**Total revenue increased \$82.0 million**

- Property taxes and state equalization aid increased \$87.1 million
- Per pupil funding increase of \$750 to \$11,428
- Decreased enrollment of funded FTE 740 due to State averaging

**Total governmental expenses increased \$89.0 million**

- Changes in long-term liabilities, including PERA net pension liability, GO bonds, leases, and compensated absences
- Depreciation and non-capitalized expenses from projects funded by the 2020 and 2024 Bond elections

# Government-Wide Statement of Activities

## Primary Government

| (in millions)                    | Fiscal Year<br>2024-2025 | Fiscal Year<br>2023-2024 | Increase/<br>(Decrease) |
|----------------------------------|--------------------------|--------------------------|-------------------------|
| Total Revenues                   | \$1,066.2                | \$984.2                  | \$82.0                  |
| Total Expenses                   | <u>1,095.0</u>           | <u>1,006.0</u>           | <u>89.0</u>             |
| Change in Net Position           | (28.8)                   | (21.8)                   | (6.4)                   |
| Net Position Beginning of Year * | <u>(654.4)</u>           | <u>(619.1)</u>           | <u>35.3</u>             |
| Net Position End of Year         | <u>\$(683.2)</u>         | <u>\$(640.9)</u>         | <u>(\$42.3)</u>         |

\* The prior year net position is restated by (\$13.5) million from the implementation of GASB 101. This new accounting standard establishes a single, unified model for recognizing and measuring liabilities for compensated absences, such as leave time.

Refer to Management's Discussion and Analysis for discussion of variances from year to year on pages 21 to 33 of Annual Report.

# Audit Report

## **Audit is required by State statute and debt covenants**

### **Required to comply with**

- Generally Accepted Accounting Principles (GAAP)
- Governmental Accounting Standards Board (GASB)
- Colorado Department of Education – Financial Policies & Procedures
- U.S. Office of Management and Budget – Federal Grant Compliance

# External Audit Results

## Independent Auditors' Report for Fiscal Year June 30, 2025

### Scope of the Audit

- Financial Statement Audit – Annual Report
- Findings and Recommendations
- Single Audit – Pending due to delays from the federal government – a separate report will be issued
  - Major program determination:
    - Child Nutrition Cluster (CNC)
    - Title IIA
  - Schedule of Expenditures of Federal Awards (SEFA)

# External Audit Results

## Independent Auditors' Report for Fiscal Year June 30, 2025

- Independent Auditors' Report: unmodified audit opinion (aka a clean opinion)
- Audit adjustments – None
- Passed adjustments (immaterial item) – None
- Required communications with Governance
- Findings and Recommendations
  - Financial audit – None
  - Single audit – Currently pending due to federal delays; a separate report will be issued once the Compliance Supplement is released.

# Questions



# Addendum



*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

# Cherry Creek School District

Financial Statement Audit

Fiscal Year 2025

Audit Committee Meeting

November 17, 2025

# *Agenda*

- Auditors' Responsibilities
- Audit scope and process
- Audit opinions and communications
- Industry insights
- Upcoming GASB pronouncements
- Thought leadership and upcoming webinars



# Responsibilities under US Generally Accepted Auditing Standards (GAAS)

Expressing opinions on whether financial statements are in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects.

Expressing opinions only over information identified in our report.

Performing audit in accordance with required auditing standards

Communication of significant matters related to audit



# Audit Scope



Report on the organization's financial statements



Internal control/management letter (if applicable)



Required governance communications letter



Report on internal control over compliance with major program requirements (federal awards) - **PENDING**



Findings and Recommendations (if applicable)



## AUDIT OPINIONS

### Financial statements

Financial statement audit opinion is **unmodified**.



## AUDIT RESULTS

### Financial statements

No material weaknesses noted.  
No significant deficiencies noted.





# Management Letter Recommendations – two written comments

## Information technology

- Two written recommendations were provided to management.



# Governance Communications

## Overall

- Implementation of GASB 101, *Compensated Absences*

## Difficulties

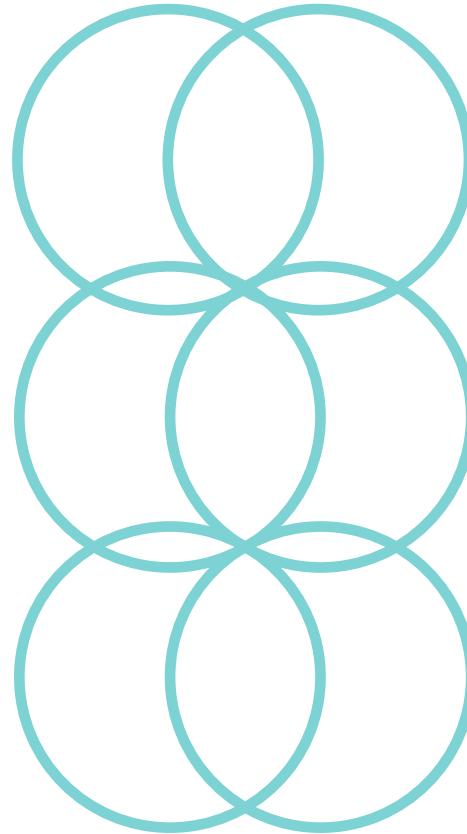
- None noted.

## Uncorrected Misstatement

- None

## Corrected Misstatement

- None



## Estimates

- No estimates that are particularly sensitive or required substantial judgments by management.

## Other

- No disagreements with management.
- Signed management representation letter attached.

## Restatements of Beginning Net Position

- Implementation of GASB 101 – change in accounting principle
- Removal of Colorado Skies Academy – change in reporting entity



# Industry Insights

1 Economic conditions and volatile markets

2 Labor shortages, turnover and retention

3 Cybersecurity and technology costs

4 Business succession and transition

5 Cash management

6 Political and legislative uncertainty

State and Local Government



# *Insights*

Stay informed and  
prepare for what's next.





# Upcoming GASB Pronouncements



# GASB 103 Financial Reporting Module

**CLA can help by**  
assisting with or  
evaluating financial  
statement  
disclosure updates



Effective date  
**June 30, 2026**



## **Impacts financial statement presentation**

Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information



# GASB 104 – Disclosure of Certain Capital Assets



Effective date  
**June 30, 2026**



**Will clarify how capital assets are disclosed in financials:**

- Capital assets held for sale and related pledged debt
- Leased assets
- Subscription assets
- Right to Use PPP assets
- Other intangible assets



**CLA can help by**  
assisting with or evaluating  
financial statement  
disclosure updates



# GASB Implementation Guide 2025-1



Effective date  
**June 30, 2026, except  
for Question 4.16,  
which is effective  
immediately**



**Will provide explanatory  
guidance in the following  
areas:**

- Cash flow reporting
- Subsidies
- Lease term and modifications
- Accounting changes and error corrections



**CLA can help by**  
assisting with or evaluating  
accounting and financial  
statement presentation  
and disclosure updates



A background image showing a group of people in a bright, modern setting. In the foreground, a man and a woman are smiling and hugging. In the background, several other people are visible, some with their arms raised in a celebratory gesture. The overall mood is positive and collaborative.

# *Questions and Feedback*

We appreciate the opportunity to serve you  
and welcome any feedback relative to our  
performance and to the engagement.



Allison Slife, CPA  
Principal, State and Local  
Government  
Allison.Sliffe@CLAconnect.com |  
303-439-6018

Amr Sakka, CPA  
Manager, State and Local  
Government  
Amr.Sakka@CLAconnect.com |  
303-265-7838

Molly Quinn, CPA  
Manager, State and Local  
Government  
Molly.Quinn@CLAconnect.com |  
303-265-7882



CLAconnect.com



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# Supplemental Information

## Addendum II

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

# GASB Statement No. 68

- GASB 68 continues to have a significant impact on the financial statements of the District.
- GASB 68 revised and established financial reporting requirements for governments that provide their employees with pension benefits. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).
- Among other requirements, the District is required to report its proportionate share of the total PERA net pension liability (NPL) in its Government-Wide Financial Statements. The District's share of the PERA NPL is \$1.3 billion as of June 30, 2025 down from \$1.4 billion as of June 30, 2024.
  - Long-term investment rate of return 7.25%

# GASB Statement No. 68

- Inclusion of this figure in the Government-Wide Financial Statements does not indicate that the District has a liability to pay the amount shown. The District's liability is limited to the annually required contributions established by the State Legislature.
- Due to the effect of GASB 68, the District has a negative net position. The governmental liabilities and deferred inflows of resources exceed its assets and deferred outflows of resources by \$683.2 million.
- Effect of GASB 68 increased current year pension expense in the Government-Wide Financial Statements from the impact in changes to the NPL from the prior year.
- Fund level statements, including the General Fund statements, are not impacted by GASB 68 reporting.

# GASB Statement No. 75

- Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) administered by PERA. This program is known as PERACare.
- Provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans.
- Eligibility to enroll is voluntary upon retirement.
- District is required to contribute at a rate of 1.02 percent of PERA- includable salary into the HCTF.
- At June 30, 2025, the District reported a liability of \$23.5 million for its proportionate share of the net OPEB.

# Short Term Obligations

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

- The District borrowed \$43.7 million which was paid in full by the maturity date June 25, 2025.
- Authorized to borrow up to \$100.0 million during FY 2025-2026.

# Government-Wide Statement of Net Position

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

# Government-Wide Statement of Net Position

## Key Elements: Primary Government as of June 30, 2025

### Page 35 of Annual Report

- Capital assets increased from the completion of construction projects funded by the November 2020 bond election and new construction projects funded by the 2024 bond election.
- Deferred outflow of resources decreased by \$125.1 million.
- Pension liability decreased by \$61.2 million.
- Deferred inflow of resources decreased by \$40.8 million.
- Deferred Outflow and Deferred Inflow of resources changed as a result of changes in the Pension Liability. (Outlined in Note 13 Defined Pension Plan on page 73 of Annual Report).
- Liabilities and deferred inflows exceed assets and deferred outflows by \$683.2 million (net position) due to the effects of GASB 68 (net pension liability) and GASB 75 (OPEB).

# Governmental Fund Financial Statements

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

Refer to Management's Discussion and Analysis for discussion of variances from year to year on pages 21 to 33 of Annual Report.

# GASB 54:

## Fund Balance Reporting

### Five Components of Fund Balance

1. Nonspendable

Defined as a) assets that will never convert to cash b) assets that will not convert to cash soon enough to affect the current period and c) resources that must be maintained intact pursuant to legal or contractual requirements

2. Restricted

Defined as a) limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments and b) limitations imposed by law through constitutional provisions or enabling legislation

3. Committed

Defined as self-imposed limitations set in place by the highest level of decision making powers

4. Assigned

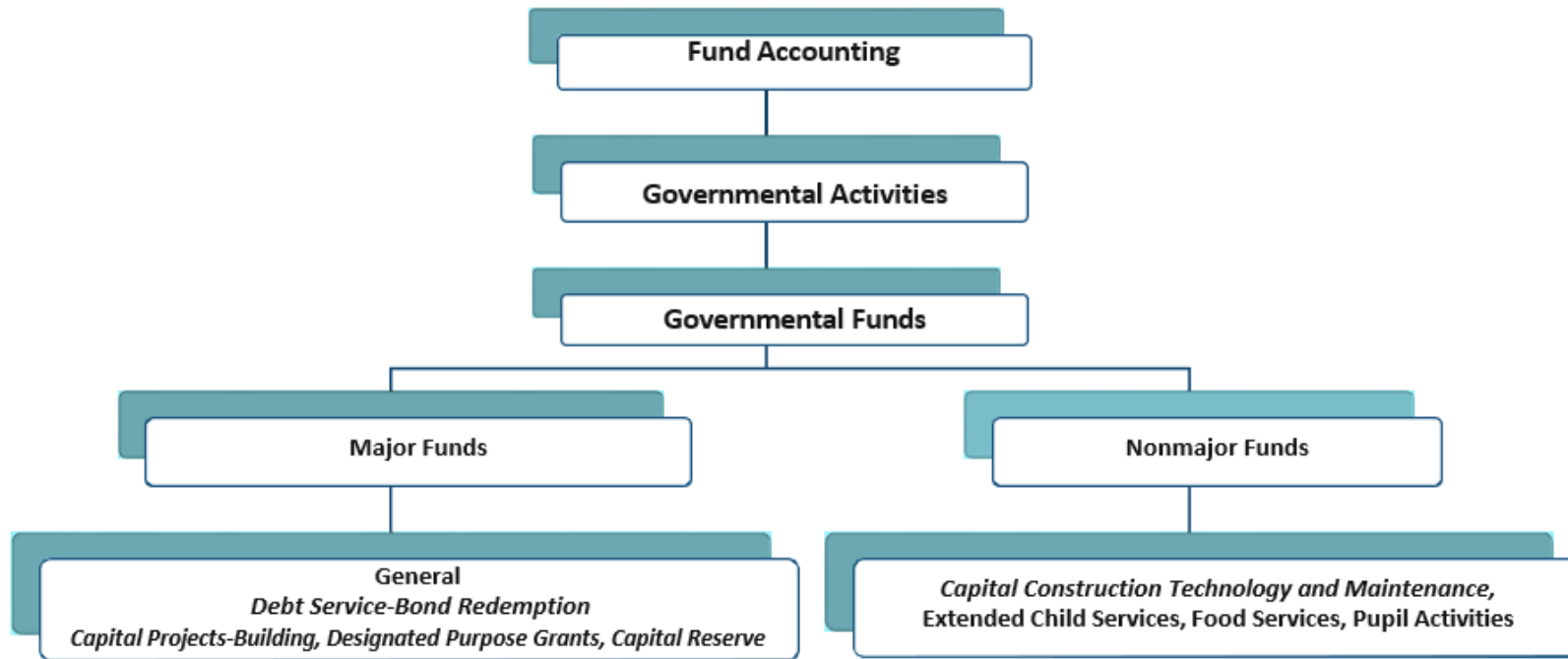
Defined as amounts that are constrained by the District's intent to be used for specific purposes. Assigned fund balances should be expressed by a) the school board b) an official to whom the school board had delegated the authority to assign amounts to be used for specific purposes

5. Unassigned

Defined as the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned. Only the General Fund may present positive unassigned fund balance

# Basis of Presentation

## Governmental Fund Accounting



# General Fund Revenues

## FY 2024-2025 vs. FY 2023-2024

| (in millions)                | Fiscal Year<br>2024-2025 | Percent of<br>Total | Fiscal Year<br>2023-2024 | Percent of<br>Total | Increase/<br>Decrease |
|------------------------------|--------------------------|---------------------|--------------------------|---------------------|-----------------------|
| Property & SO Taxes*         | \$345.3                  | 43.1%               | \$330.0                  | 43.8%               | \$15.3                |
| State                        | 439.0                    | 54.9%               | 408.8                    | 54.3%               | 30.2                  |
| Other/Including<br>Transfers | <u>15.8</u>              | <u>2.0%</u>         | <u>14.7</u>              | <u>1.9%</u>         | <u>1.1</u>            |
| Totals                       | <u>\$800.1</u>           | <u>100.0%</u>       | <u>\$753.5</u>           | <u>100.0%</u>       | <u>\$46.6</u>         |

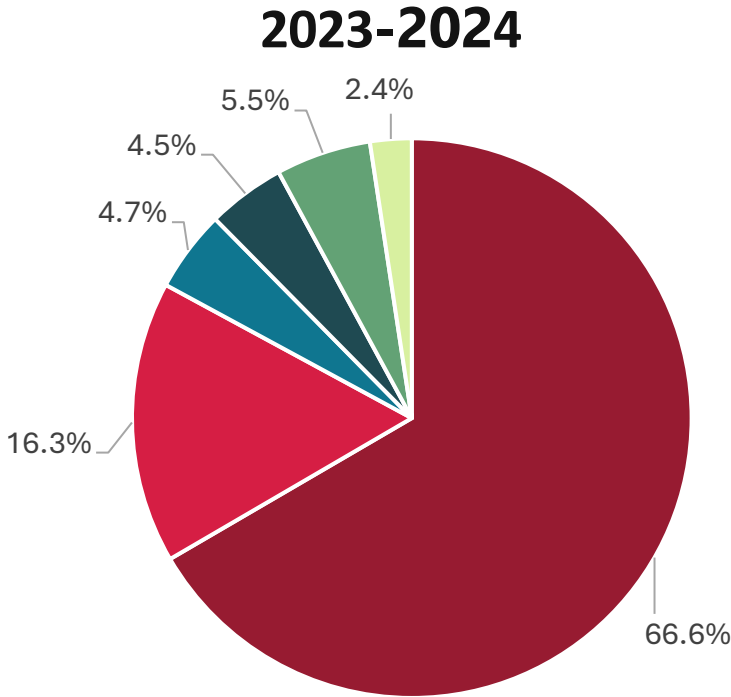
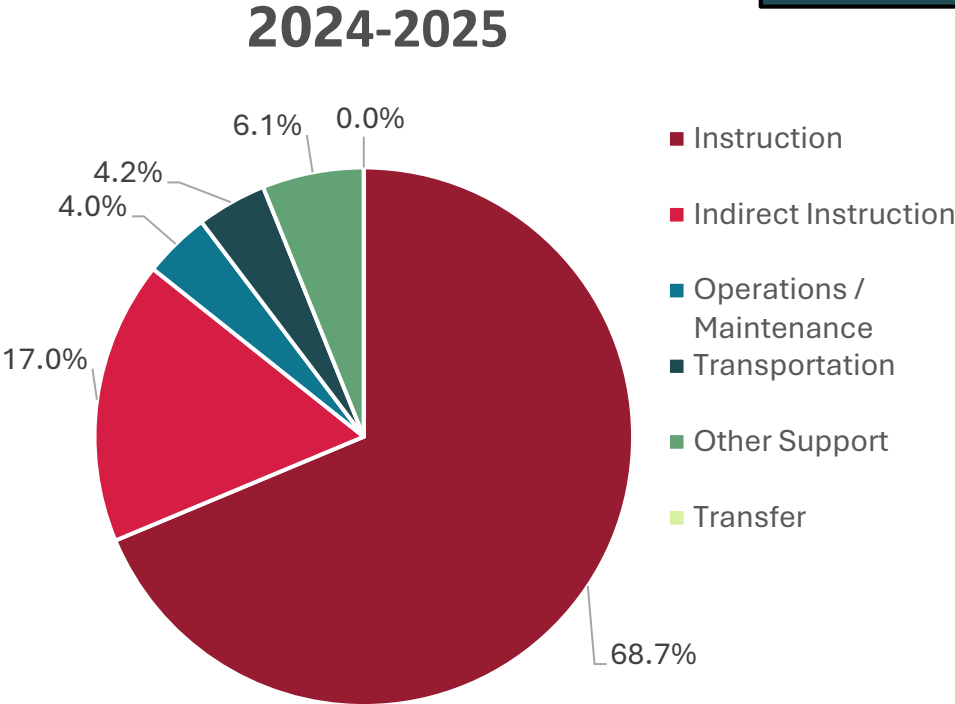
\*Property & SO Taxes includes mill levy override revenue

# General Fund Expenditures by Function – FY 2024-2025 vs. FY 2023-2024

| (in millions)          | Fiscal Year<br>2024-2025 | Percent<br>of Total | Fiscal Year<br>2023-2024 | Percent<br>of Total | Increase/<br>(Decrease) |
|------------------------|--------------------------|---------------------|--------------------------|---------------------|-------------------------|
| Instruction            | \$565.6                  | 68.7%               | \$505.3                  | 66.6%               | \$60.3                  |
| Indirect Instruction   | 139.7                    | 17.0%               | 123.8                    | 16.3%               | 15.9                    |
| Operations/Maintenance | 33.1                     | 4.0%                | 35.9                     | 4.7%                | (2.8)                   |
| Transportation         | 34.6                     | 4.2%                | 33.9                     | 4.5%                | 0.7                     |
| Other Support Services | 49.9                     | 6.1%                | 42.1                     | 5.5%                | 7.8                     |
| Transfers              | <u>0.0</u>               | <u>0.0%</u>         | <u>18.0</u>              | <u>2.4%</u>         | <u>(18.0)</u>           |
| Total                  | <u>\$822.90</u>          | <u>100.0%</u>       | <u>\$759.0</u>           | <u>100.0%</u>       | <u>\$63.9</u>           |

# General Fund Expenditures by Function FY 2024-2025 vs. FY 2023-2024

**Instruction**  
2024-2025 = 85.7%  
2023-2024 = 82.9%



# Debt Service Fund

| (in millions)              | Fiscal Year<br>2024-2025 | Fiscal Year<br>2023-2024 | Increase<br>(Decrease) |
|----------------------------|--------------------------|--------------------------|------------------------|
| Beginning Fund Balance     | <u>\$ 79.6</u>           | <u>\$ 63.9</u>           | <u>\$15.7</u>          |
| Revenues                   | 110.0                    | 71.0                     | 39.0                   |
| Expenditures               | 63.0                     | 55.3                     | 7.7                    |
| Net Change in Fund Balance | <u>47.0</u>              | <u>15.7</u>              | <u>31.3</u>            |
| Ending Fund Balance        | <u><u>\$126.6</u></u>    | <u><u>\$79.6</u></u>     | <u><u>\$47.0</u></u>   |

# Capital Projects Building Fund

| (in millions)                       | Fiscal Year<br>2024-2025 | Fiscal Year<br>2023-2024 | Increase<br>(Decrease) |
|-------------------------------------|--------------------------|--------------------------|------------------------|
| Beginning Fund Balance              | <u>\$18.9</u>            | <u>\$48.6</u>            | <u>\$(29.7)</u>        |
| Revenues/Other Financing<br>Sources | 366.2                    | 1.0                      | 365.2                  |
| Expenditures                        | <u>84.2</u>              | <u>30.7</u>              | <u>53.5</u>            |
| Net Change in Fund Balance          | <u>282.0</u>             | <u>(29.7)</u>            | <u>311.7</u>           |
| Ending Fund Balance                 | <u>\$300.9</u>           | <u>\$18.9</u>            | <u>\$282.0</u>         |

# Credit Ratings

## Standard and Poor's

- AA General Obligation Bonds
- AA- Certificates of Participation

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

## Moody's Investors Service

- Aa2 General Obligation Bonds
- Aa3 Certificates of Participation

Obligations rated Aa2 are judged to be of high quality and are subject to very low credit risk.