Dedicated to Excellence
Cherry Creek Schools

Board of Education Study Session Annual Report

November 16, 2026

Agenda

- **Annual Comprehensive Financial Report**
- **Financial Results**
  - Governmental Fund Financial Statements
  - Governmental-Wide Financial Statements
- **Audit Requirements**
- **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 2025 Annual Report – 33rd consecutive year**

Association of School Business Officials

- Certificate of Excellence in Financial Reporting
  - **Received for 2025 Annual Report – 33rd 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
- Includes 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
- Includes 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

Financial Results

Governmental Funds
General Fund as of June 30, 2026

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- The General Fund original budget included a one-time use of $15.4 million in fund balance for salary increases across all employee groups authorized by the Board
- To strengthen reserves and support long-term financial stability, the Board approved a one-time $12.0 million transfer of investment earnings from the Bond Redemption Fund to the General in April 2026
- Higher-than-anticipated costs in Special Populations, Health Services, and Healthy School Meals for All were largely offset through expenditure savings and careful budget management in other areas
- Year-end actuals in the General Fund reflect a use of $3.7 million in total fund balance

General Fund – Fund Balance

The District meets all Board and statutory reserve requirements.

	June 30, 2026	June 30, 2025
Nonspendable:		
Prepayments and Deposits	$258,066	$809,093
Inventories	1,712,337	1,736,561
Restricted for: TABOR Reserve	25,289,000	24,687,000
Committed:		
Multiple year commitments	-	1,440,252
Assigned for:		
Future year purchases	1,406,983	1,523,726
Budget carry forward for future year expenditures	1,088,145	1,251,910
Appropriated fund balance for future year expenditures	-	12,602,289
Board reserve	25,289,000	24,687,000
Unassigned	12,429,877	2,462,440
Total Fund Balance	$67,473,408	$71,200,271

Government-Wide Statement of Activities

Key Elements: Primary Government as of June 30, 2026

Pages 37 and 38 of Annual Report

Total revenue increased $49.6 million

- Property taxes and state equalization aid increased $25.7 million
- Per pupil funding increase of $383 to $11,811
- Decreased enrollment of funded FTE 930 due to State averaging

Total governmental expenses increased $96.5 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 2024 Bond election

Government-Wide Statement of Activities Primary Government

(in millions)	Fiscal Year 2025-2026	Fiscal Year 2024-2025	Increase/ (Decrease)
Total Revenues	$1,115.8	$1,066.2	$49.6
Total Expenses	1,191.5	1,095.0	96.5
Change in Net Position	(75.7)	(28.8)	(46.9)
Net Position Beginning of Year	(683.2)	(654.4)	(28.8)
Net Position End of Year	$(758.9)	$(683.2)	($75.7)

Refer to Management's Discussion and Analysis for discussion of variances from year to year on pages 21 to 35 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

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Cherry Creek School District

Financial Statement Audit

Fiscal Year 2026

Audit Committee Meeting

November 12, 2026

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Agenda

- Auditors' Responsibilities
- Audit scope and process
- Audit opinions and communications

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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

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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)

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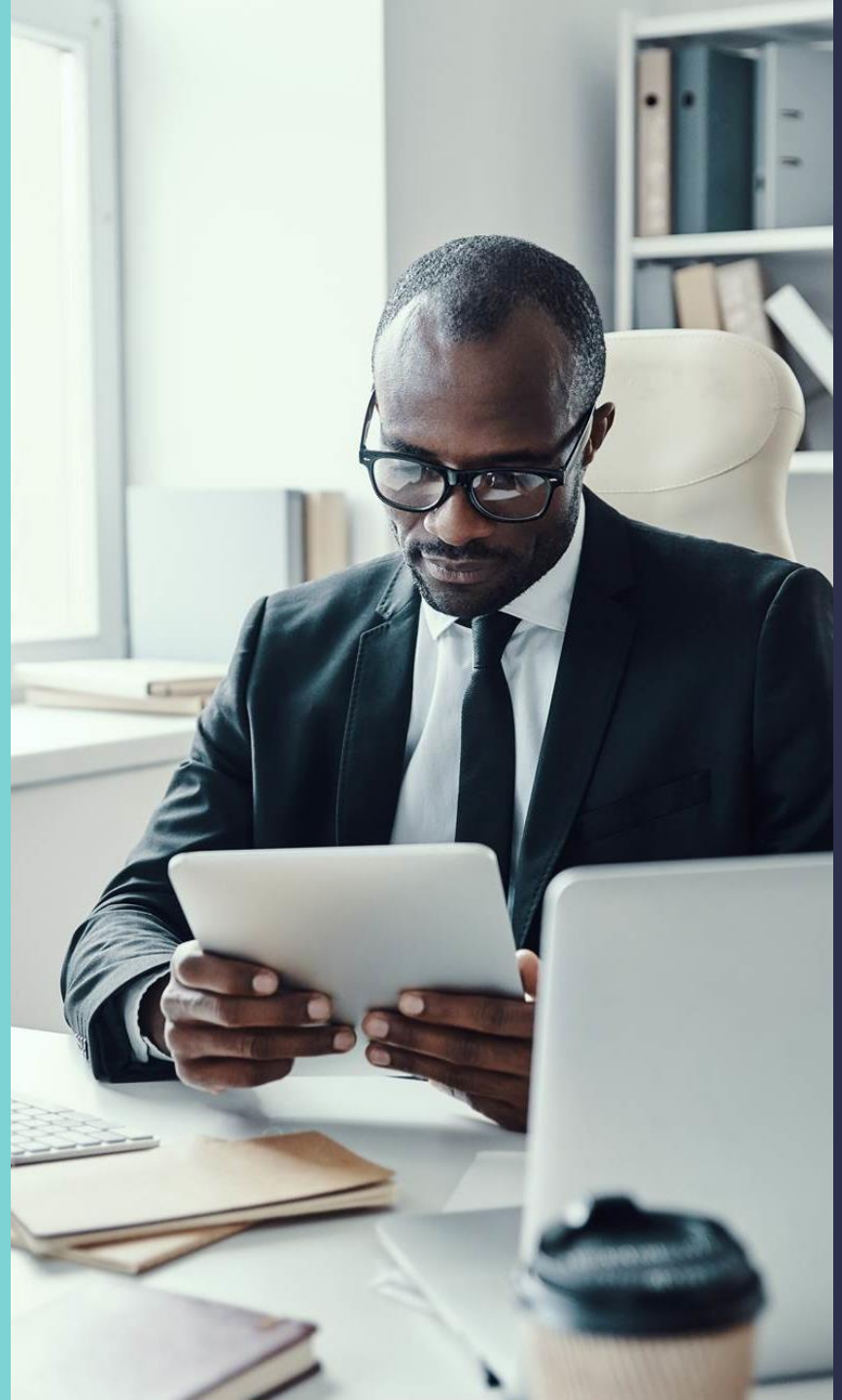
AUDIT OPINIONS

Financial statements

Financial statement audit opinion is **unmodified**.



AUDIT RESULTS

Financial statements

No material weaknesses noted.
No significant deficiencies noted.

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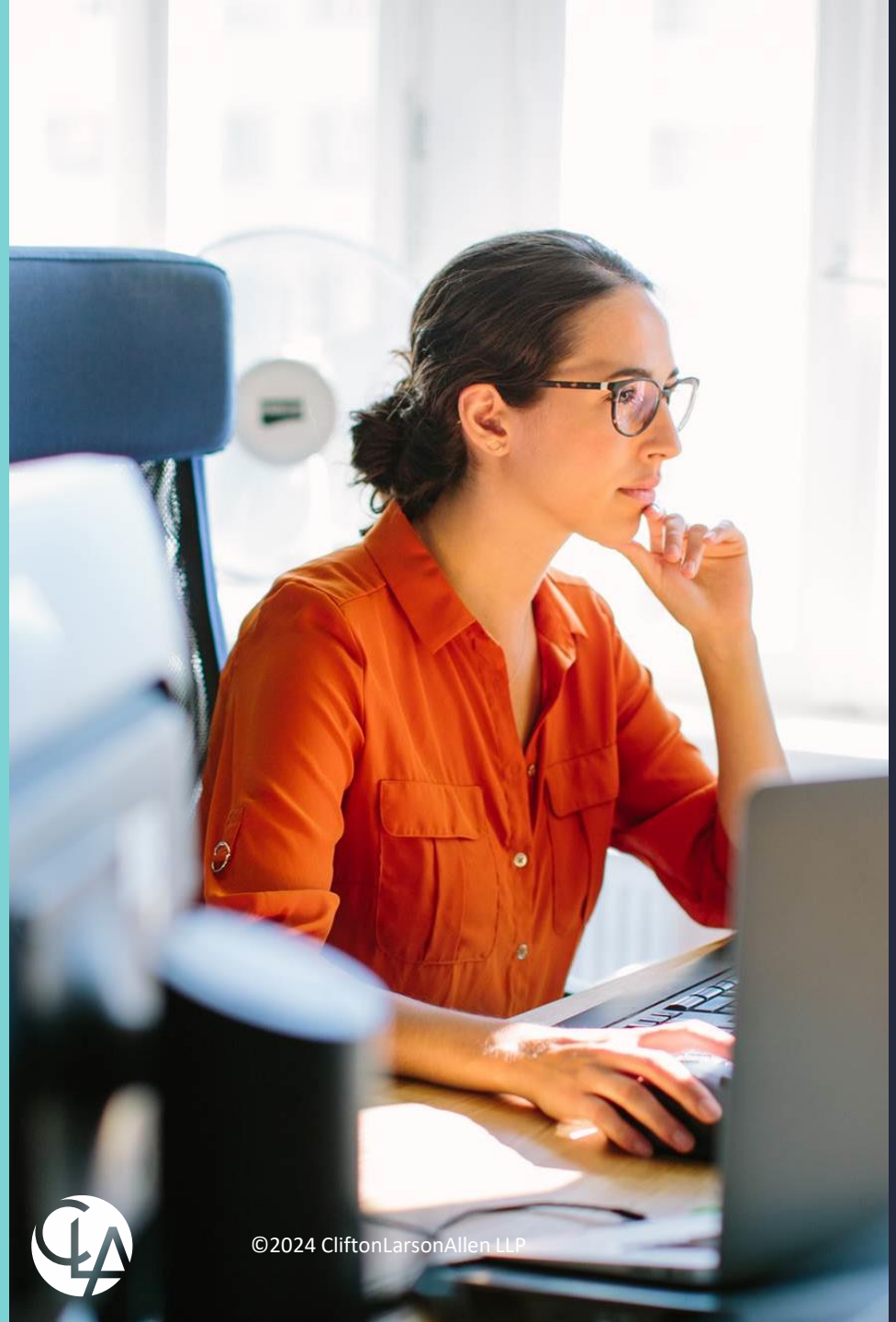

Management Letter Recommendations

Capital Assets – Passed Adjustment

- Accumulated depreciation overstated by $4.3M

Purchasing with Related Individuals

- Former Superintendent and former Chief Human Resources Officer

PERA Employee Contribution

- One employee in our payroll testing had contributions withheld at incorrect rate

Information technology

- Two written recommendations were provided to management.

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Governance Communications

Overall

- Implementation of GASB 103, *Financial Reporting Model Improvements* & GASB 104, *Disclosure of Certain Capital Assets*

Difficulties

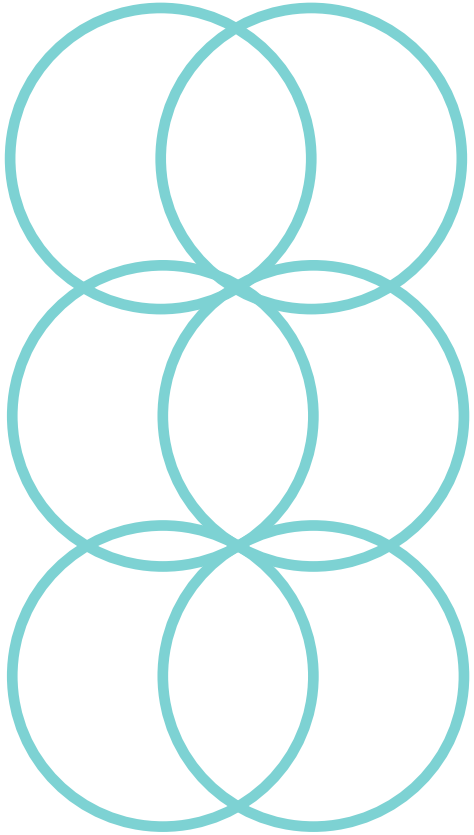
- None noted.

Uncorrected Misstatement

- Accumulated depreciation - overstated by $4,285,752

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.

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Questions and Feedback

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

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Questions

Supplemental Information

Addendum I

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 $1.2 billion as of June 30, 2026, down from $1.3 billion as of June 30, 2025
  - 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 $758.9 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, 2026, the District reported a liability of $13.4 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 $100.0 million which was paid in full by the maturity date June 25, 2026
- Authorized to borrow up to $200.0 million during FY 2026-2027
- Approximately 30 Colorado school districts participate in the loan program

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, 2026

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- Capital assets increased from the completion of construction projects funded by the 2024 bond election
- Deferred outflow of resources decreased by $84.4 million
- Pension liability decreased by $112.3 million
- Deferred inflow of resources increased by $123.4 million
- Deferred Outflow and Deferred Inflow of resources changed as a result of changes in the Pension Liability. (Outlined in Note 12 Defined Pension Plan on page 80 of Annual Report)
- Liabilities and deferred inflows exceed assets and deferred outflows by $758.9 million (net position) due to the effects of GASB 68 (net pension liability) and GASB 75 (OPEB)

Refer to Management's Discussion and Analysis for discussion of variances from year to year on pages 21 to 35 of Annual Report.

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

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

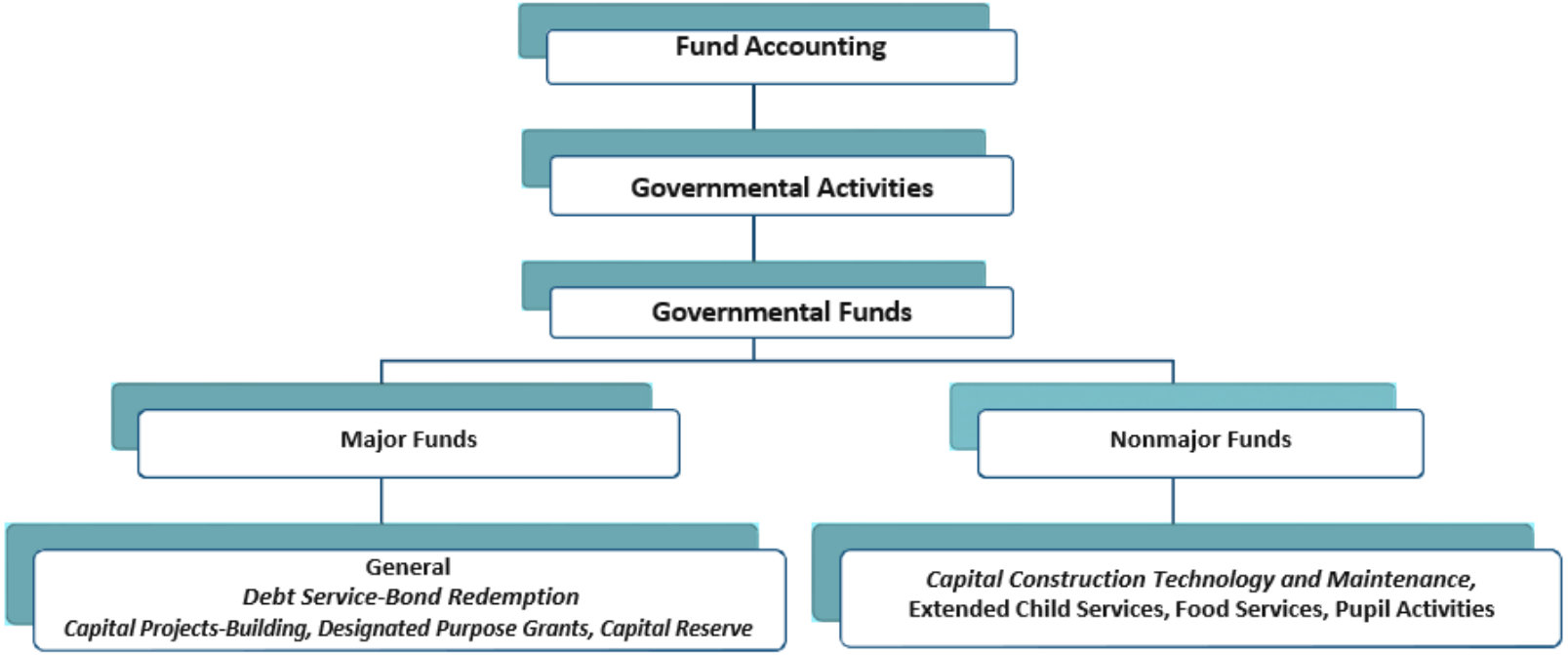
4. Assigned

   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 FY2025-2026 vs. FY2024-2025

(in millions)	Fiscal Year 2025-2026	Percent of Total	Fiscal Year 2024-2025	Percent of Total	Increase/ (Decrease)
Property & Specific Ownership (SO) Taxes*	$371.4	44.2%	$345.3	43.1%	$26.1
State	441.1	52.6%	439.0	54.9%	2.1
Other/Including Transfers	26.7	3.2%	15.8	2.0%	(1.1)
Totals	$839.2	100.0%	$800.1	100.0%	$27.1

*Property & SO Taxes includes mill levy override revenue

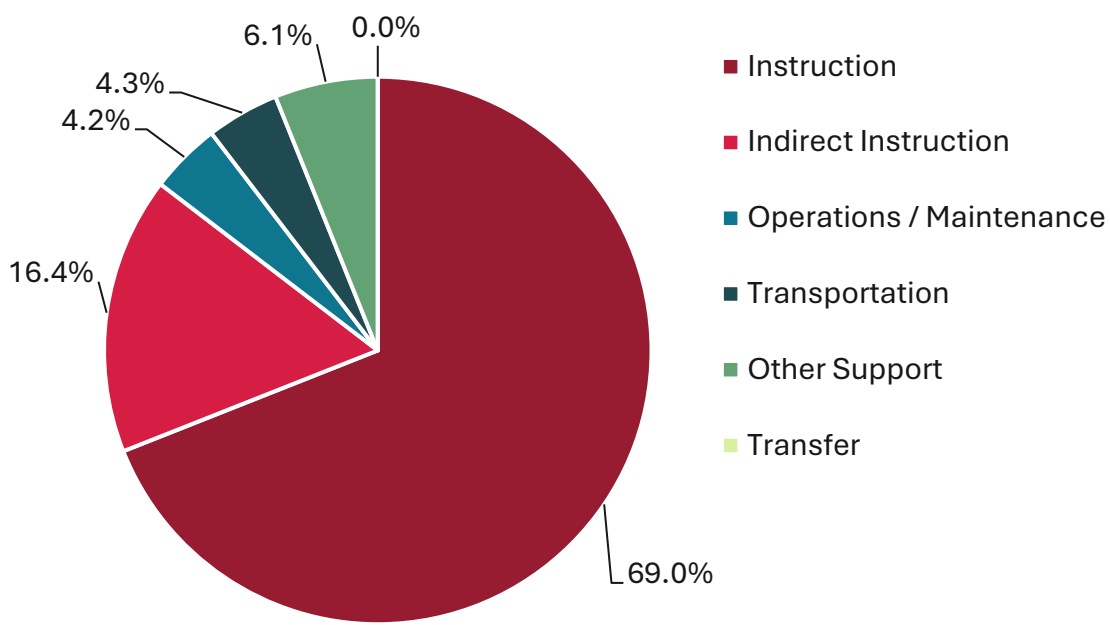
General Fund Expenditures by Function – FY2025-2026 vs. FY2024-2025

(in millions)	Fiscal Year 2025-2026	Percent of Total	Fiscal Year 2024-2025	Percent of Total	Increase/ (Decrease)
Instruction	$581.6	69.0%	$565.6	68.7%	$16.0
Indirect Instruction	138.7	16.4%	139.7	17.0%	(1.0)
Operations/Maintenance	35.3	4.2%	33.1	4.0%	2.2
Transportation	36.3	4.3%	34.6	4.2%	1.7
Other Support Services	51.1	6.1%	49.9	6.1%	1.2
Total	$843.0	100.0%	$822.90	100.0%	$20.1

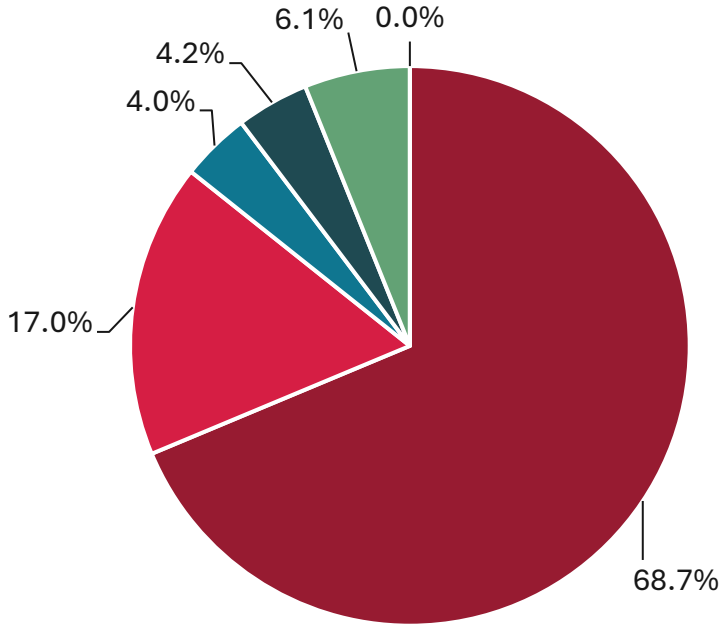
General Fund Expenditures by Function FY2025-2026 vs. FY2024-2025

Instruction
2025-2026 = 85.4%
2024-2025 = 85.7%

2025-2026



2024-2025



Debit Service Fund

(in millions)	Fiscal Year 2025-2026	Fiscal Year 2024-2025	Increase/ (Decrease)
Beginning Fund Balance	$ 126.6	$ 79.6	$47.0
Revenues	329.0	110.0	219.0
Expenditures/Transfers	336.8	63.0	273.8
Net Change in Fund Balance	(7.8)	47.0	(125.0)
Ending Fund Balance	$118.8	$126.6	($7.8)

Capital Projects Building Fund

(in millions)	Fiscal Year 2025-2026	Fiscal Year 2024-2025	Increase (Decrease)
Beginning Fund Balance	$300.9	$18.9	$282.0
Revenues/Other Financing Sources	370.4	366.2	4.2
Expenditures	391.5	84.2	307.3
Net Change in Fund Balance	(21.1)	282.0	(303.1)
Ending Fund Balance	$279.8	$300.9	($21.1)

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

- Aa1 General Obligation Bonds
- Aa3 Certificates of Participation

> Obligations rated Aa1 are judged to be of high quality and are subject to very low credit risk.