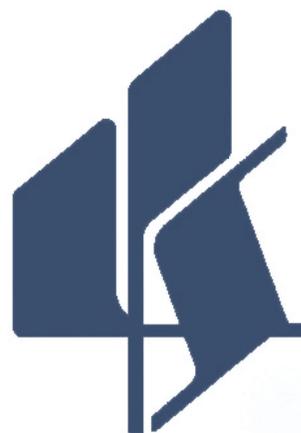


Arapahoe County School District Number Six

LITTLETON

PUBLIC

SCHOOLS



2017–2018 ADOPTED BUDGET

**5776 South Crocker Street
Littleton, Colorado 80120**

www.littletonpublicschools.net

LITTLETON PUBLIC SCHOOLS

(Arapahoe County School District Number Six)

Littleton, Colorado

Adopted Budget 2017–2018

Prepared by Financial Services

Diane Doney

Assistant Superintendent of Business Services/Chief Financial Officer

Donna Villamor

Director of Finance and Risk Management

LITTLETON PUBLIC SCHOOLS
Littleton, Colorado

FISCAL YEAR 2017–2018 BUDGET
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INTRODUCTORY SECTION

June 22, 2017

Board of Education
Littleton Public Schools
(Arapahoe County School District Number Six)
Littleton, Colorado

Dear Board of Education Members:

We are pleased to present the annual Adopted Budget of Arapahoe County School District Number Six, commonly known as Littleton Public Schools (LPS), for the fiscal year 2017–2018. The district has achieved the objective of providing a quality education to children while managing resources in a prudent manner. LPS was one of 25 districts statewide and the only district in the Denver metropolitan area that was Accredited with Distinction by the Colorado Department of Education in 2016, for the sixth time. This is Colorado’s highest academic accreditation rating, and LPS is the only Denver metropolitan area school district to have obtained the Accredited with Distinction rating each year it has been awarded.

This document reflects the district’s mission statement, “To educate all students for the future by challenging every individual to continuously learn, achieve, and act with purpose and compassion in a safe and secure environment.”

This budget document follows the values of the Board of Education (the Board) and the Littleton community. As administration develops the budget for the ensuing fiscal year, it seeks to balance revenues and expenditures for the current budget year and in the long term. This document takes the following into consideration:

- Expected student enrollment of 15,113 and 14,670 funded full-time equivalents.
- A commitment to Professional Learning Communities (PLCs) to provide the time for teachers to help all students graduate prepared for meaningful post-secondary opportunities.
- Incorporation and implementation of state goals related to student achievement, educator effectiveness, school/district performance, and curriculum standards and instruction.
- Final bond project spending of approximately \$7.7 million of the remaining November 2013 voter-approved \$80.0 million in general obligation bonds.

The Board and administration will continue to maintain sound policies resulting in a strong financial position for the district. LPS prides itself on the efficient and responsible management of taxpayer funds in providing the students of our community with a high-quality education.

Sincerely,



Brian Ewert
Superintendent



Diane Doney
Assistant Superintendent of Business
Services/Chief Financial Officer

Fax Numbers

Board/Superintendent 303-347-3439 • Instruction 303-347-4394 • Financial Services 303-347-3460 • Human Resources 303-347-3384 • Operations/Maintenance 303-347-3454
Communications 303-347-3476

Serving the cities of Littleton and Centennial, southern suburbs of Denver, Colorado

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EXECUTIVE SUMMARY

This summary provides an overview of the 2017–2018 Adopted Budget for Littleton Public Schools. State law requires the Board to be presented a proposed budget no later than May 30 and to adopt a budget no later than June 30 each year. The Board adopts and appropriates a budget for all district funds. A complete adopted budget document will be available on the district website at <http://www.littletonpublicschools.net> or may be obtained at the Education Services Center, 5776 South Crocker Street, Littleton, Colorado, in the superintendent’s office after its adoption.

The district’s mission statement, “To educate all students for the future by challenging every individual to continuously learn, achieve, and act with purpose and compassion in a safe and secure environment,” is the driving force in the development of the annual budget. The key philosophical principles in making financial decisions include:

- Operating year-to-year with a budget balanced with available resources.
- Matching recurring expenditures with recurring revenue.
- Building the budget using core assumptions that reflect both current and future legislative and economic expectations.
- Spending within a framework defined by state law and current district priorities.
- Maintaining a fund balance at levels necessary to meet restricted, assigned, committed, and adequate unassigned fund balance needs.

Strategic Plan

The Board is responsible for determining the direction of the district. In November 2014, the Board approved revisions to the district’s strategic plan to better guide the work of the district, students, and community, and align the district’s directions to coincide with eleven core beliefs. The Board’s vision is, “Extraordinary learning, exceptional community, expanded opportunity, and success for all students.” The Board’s strategic plan includes the following ten focus areas to support the district’s mission.

- Enhance instructional systems and career pathways that maximize achievement for all students and integrate knowledge and skills relevant to 21st century career choices.
- Expand utilization of instructional technology with appropriate use for student achievement while providing the infrastructure for organizational efficiency and effectiveness.
- Provide an educational and work environment that supports professional learning and collaborative work for all staff.
- Promote, sustain, and create quality programs that make Littleton Public Schools the uniquely preferred choice for families inside and outside the district.
- Engage the community and parents as active partners in the objectives, activities, and performance of the school district and its students.
- Optimize the use of district resources and facilities to meet student learning needs while operating the district efficiently.
- Promote and provide an environment that fosters caring, respect, and compassion for others.

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- Enhance and support quality early childhood and childcare programs.
- Educate and support staff, parents, and community to address diverse student learning by providing access and opportunities for all students.
- Partner with parents and community to expand and enhance programs that address the physical, social, and emotional well-being of students, families, and staff.

The environment should foster community engagement, staff collaboration, and student learning. The district will continue to address the diverse community needs and keep the public involved as active partners in increasing achievement levels, a major component of the LPS strategic plan. Littleton Public Schools has established a District Achievement Goal that states, “One hundred percent of LPS students will graduate prepared for meaningful post-secondary opportunities.” This works in conjunction with the district’s accreditation goals.

- To improve student learning, a minimum of one year’s growth in one year’s time in reading, writing, and math will be demonstrated by the Colorado Growth Model.
- To close the learning gap, students in underperforming subgroups will achieve more than a year’s growth in a year’s time in reading, writing, and math as demonstrated by Colorado Measures of Academic Success (CMAS) results and supported by other information.
- To measure student achievement in content areas other than reading, writing, and math, 75–85 percent of all students will achieve at grade level as defined in district adopted curricula and demonstrated by classroom assessment results.

Performance measures are being used as indicators of success for the above focus areas and achievement goals. The measures include both process measures, which provide qualitative and quantitative results on the integrity of the work being performed, and results measures, which indicate the level of accomplishment overall. Targets defining the desired level of performance have been documented and published in the District Improvement Plan 2012–2017.

Performance progress is reviewed and evaluated by various teams of district personnel as outlined in the plan. The results of these measures, reviews, and evaluations assist the district in determining how best to allocate resources to attain the goals set forth by the Board.

Budget Process and Timeline

The district has an extensive budget process that begins in August with the receipt of the preliminary assessed valuation of taxable property within the district from the county assessor and establishment of the budget calendar. In October and November, the district begins reviewing the current financial condition and preparing both pupil and financial projection assumptions for the school district, which drive revenue and expenditure forecasts. These projections are presented to various district committees and to the Board. Concurrently, the Board contemplates requests for significant reallocations or additions to the budget. In February and March, budget development materials are distributed to principals and budget managers by Financial Services. Budget materials are returned to Financial Services in April for preparation of the Proposed Budget. By May, the draft document has been reviewed and the Proposed Budget is presented to the Board, public, and media. After any modifications based on legislative action have been incorporated into the document, the final budget is adopted by the Board no later than June 30.

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Organization

Littleton Public Schools is organized and focused to meet the needs of 15,113 students and manage 24 schools. Five locally elected school board members, who are elected to four-year terms, govern the district. In 2017–2018, the district will be staffed by 1,566 employees, all of whom are paid out of the General Fund; 890 are licensed teaching personnel, 612 are professional support and classified employees, and 64 are administrative employees.

The district operates one early childhood program at two facilities, thirteen elementary schools, four middle schools, three high schools, one combined alternative middle school/high school, and two charter schools. Other operations include learning services, operations and maintenance, human resources, information and technology services, financial services, and nutrition services at the Education Services Center, and pupil transportation services at the Transportation Services Center.

TRENDS

Significant Changes

The 2017–2018 budget includes a Building Fund to account for the November 2013 voter-approved \$80.0 million general obligation bond revenues. The Citizens' Bond Oversight Committee (CBOC) is charged to monitor the timeline and budget of the master schedule of projects and report to the Board on a quarterly basis. As of October 2015, the district had issued all of the 2013 voter-approved bonds. These issuances resulted in \$5.7 million in premiums and \$2.6 million in coupons, making total bond proceeds \$88.3 million. The district is presently working on the final Year 4 projects.

The district will receive its fifth increase in the state's educational funding in the past eight years. Senate Bill (SB) 17-296, the School Finance Act (SFA), explained in the legislative section of this summary, will increase the district's local SFA program revenues by \$2.8 million to \$108.1 million when compared to projected 2016–2017. However, full Amendment 23 funding for 2017–2018, totaling \$121.8 million, would require the state to fund LPS an additional \$13.7 million. The state has included a budget adjustment, also known as the negative factor, in the Total Program calculation for K–12 funding, which reduced the state's share for the eighth consecutive year. These education funding cuts have helped to balance the state's budget and maintain fiscal stability since the economic downturn in 2008. The state's negative factor reduction of the State Share funding totals nearly \$828.3 million for 2017–2018 and impacts all school districts' budgets throughout Colorado.

In 1992, Colorado voters approved a measure that amended the state's constitution and restricts revenues for all levels of government (state, local, and schools). Under the Taxpayer Bill of Rights (TABOR), state and local governments cannot raise tax rates without voter approval and cannot spend revenues collected under existing tax rates without voter approval if revenues grow faster than the rate of inflation and population growth. Revenue in excess of the TABOR limit, commonly referred to as the "TABOR surplus," must be refunded to taxpayers, unless voters approve a revenue change as an offset in a referendum. In November 2005, voters approved Referendum C, which allowed the state to retain all revenues through fiscal year 2009–2010 and set a new cap on revenue starting in fiscal year 2010–2011. Colorado's economy has continued

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to improve into 2017. Despite K–12 funding still being \$828.3 million below what was agreed upon by voters, any excess revenue would have to be returned to taxpayers.

One-time monies, totaling \$4.9 million, will be included in the in 2017–2018 budget with an additional assignment of General Fund fund balance at June 30, 2018, of \$9.0 million for future planned spending as approved by the Board. This budget of one-time spending for student needs, as was outlined in the *Anticipated Funding Needs—Short- and Long-Term White Papers*, will provide funds for curriculum, technology, and other student needs over multiple years.

During fiscal year 2016–2017, the Board authorized the formation of the LPS Long-Range Planning Committee. This committee’s charge is to review the district’s physical plants, program capacities, enrollment boundaries, transportation routing, and major capital equipment requirements. The committee will determine improvements to efficiency, sustainability, and infrastructure needs required during the next five to ten years. Committee members represent a cross-section of the community and will make recommendations to the Board on capacity needs, attendance boundaries, and facility capital needs through an updated Capital Plan.

Student Enrollment Trends and Forecast

Pupil enrollment is projected to decrease by 18 students for fiscal year 2017–2018. LPS reached a plateau of 16,335 in total enrollment in 2003–2004 and reported enrollment of 15,131 students in 2016–2017. Out-of-district choice enrollment, along with large kindergarten classes, boosted enrollment during that year.

Despite a decline of 6.9 percent in out-of-district choice enrollment into LPS, this category of student enrollment helps offset the in-district enrollment decreases. In the 2016–2017 school year, out-of-district student enrollment totaled 2,866 students, approximately 18.9 percent of

Student Enrollment				
	Actual 2016–2017	Estimated 2017–2018	Increase (Decrease)	Percent Change
Preschool	287	287	0	0.00%
Elementary	6,347	6,313	(34)	(0.54%)
Middle School	3,330	3,329	(1)	(0.03%)
High School	5,058	5,075	17	0.34%
Programs	109	109	0	0.00%
Total	15,131	15,113	(18)	(0.12%)

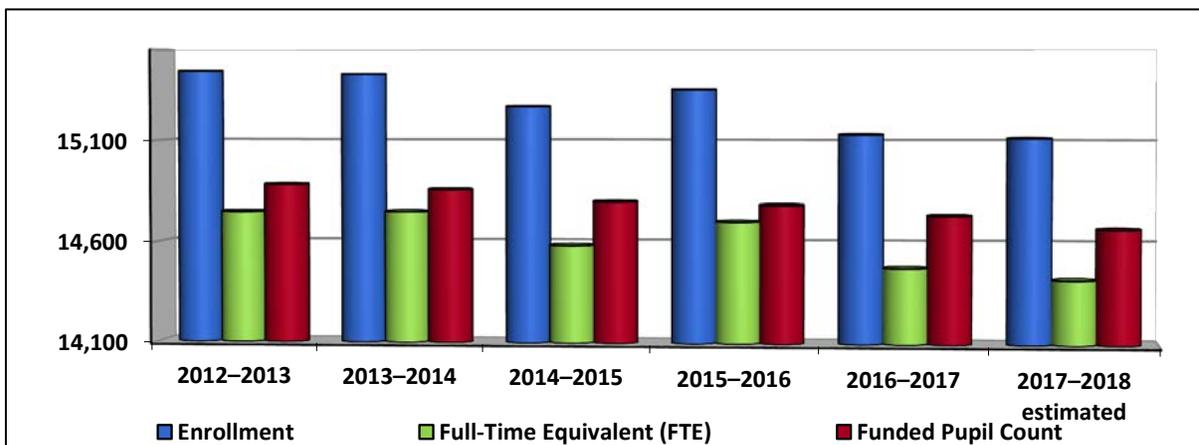
the district’s total enrollment and an overall increase of 415 students over the last ten years. LPS has the largest percentage of out-of-district students choosing and attending a Denver metropolitan area school district. The overall loss of students would have been greater without the district’s ability to attract students from outside its official boundaries.

The district updated its demographic study in October 2012, which provided more insight surrounding future enrollment expectations. Long-term projections of pupil counts are currently expected to continue to decline but at a slower rate into the foreseeable future. Birth rates within the district are not significantly increasing, but the real estate market appears to be turning properties over to younger residents with children of school age. The district is anticipating stable student enrollment in upcoming school years through 2019–2020. Student enrollment projections will be addressed by the Long Range Planning Committee noted above. Total school finance program funding is based on the official pupil count, which occurs around October 1 each school year. Generally, pupils in Grades 1–12 are counted either as full-time or

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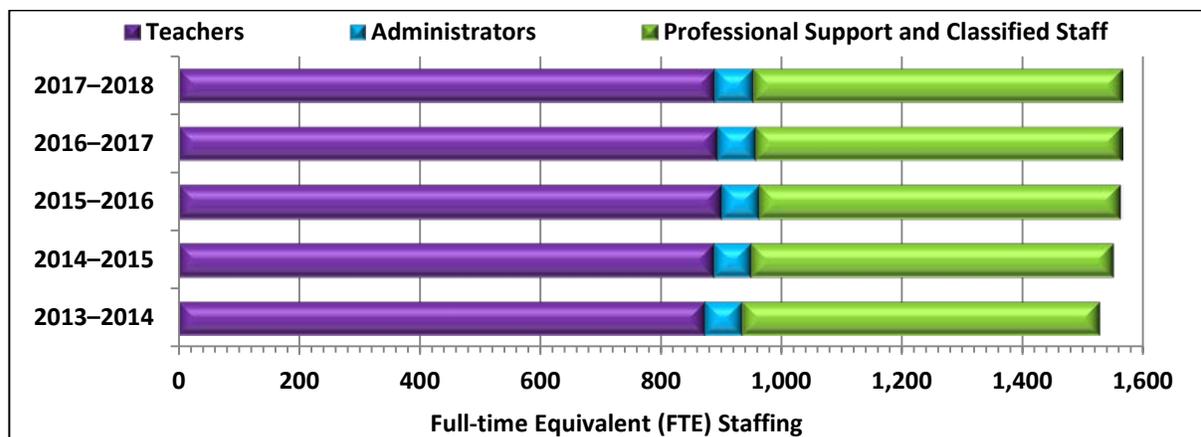
Littleton, Colorado

part-time depending upon the number of scheduled hours of coursework. Part-time and kindergarten students enrolled in the district only count as a 0.5 full-time equivalent (FTE). Most school districts receive funding based on the number of pupils counted in the current school year. However, a district experiencing enrollment fluctuations or declining enrollment may elect to use an average of up to five prior years' October pupil counts and the current year's October pupil count. LPS utilized the average funded pupil count to mitigate the financial impact of annual enrollment variances on funding in 2017–2018. This being said, FTE and funded pupil count are not the same, as seen in the graph below. The difference is due to the state including the “supplemental kindergarten enrollment” as defined in section 22-54-103(15) of the Colorado Revised Statutes. This adds additional funding of 0.08 for all enrolled kindergarten students, which is included in the funded pupil count but not in the FTE.



Personnel Resources and Trends

Total staffing over the past five years has increased slightly due to the addition of mental health support, health assistants, and micro technicians. While constraints on sustainable funding have required the district to defer the incorporation of additional support personnel at both elementary and secondary levels, LPS has continued to maintain existing programs through careful fiscal management.

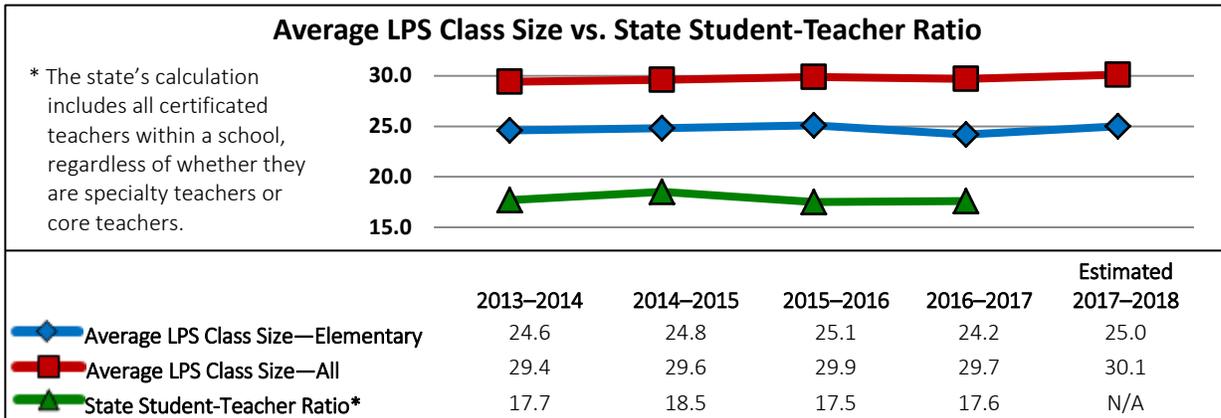


The influence of highly qualified teachers cannot be overstated. In fact, research continues to confirm that the greatest gains in the classroom can be made through a mix of instructional

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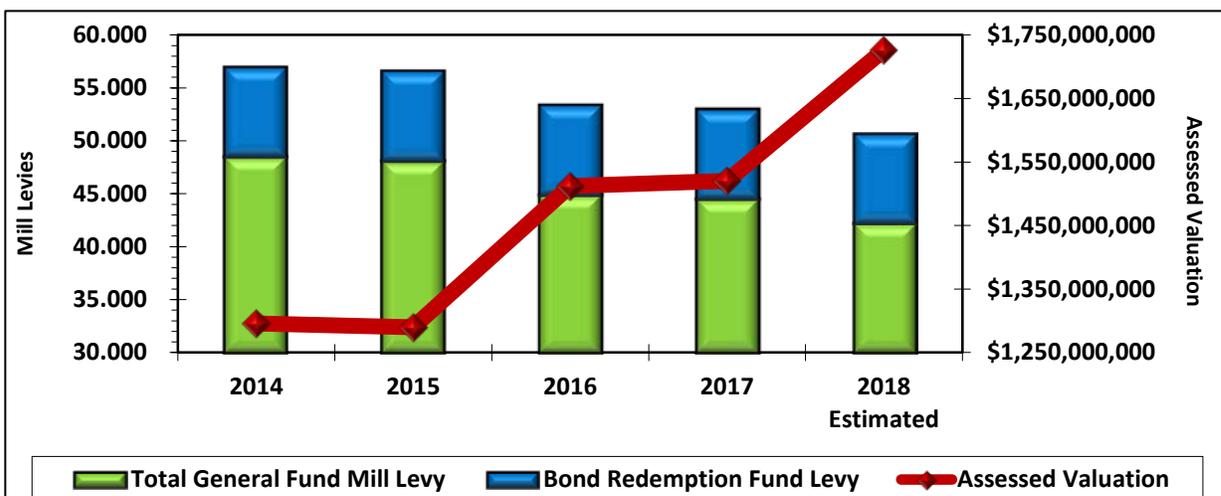
strategies including high-quality teachers, strong parental support, adequate facilities, class size, and ongoing professional development. The LPS student-teacher ratio is calculated using core classroom teachers only. Class size is sometimes referred to as the face-to-face ratio in a classroom.



Tax Base and Rate Trends

Assessed valuation, or “tax base,” is the value placed upon real estate by the county assessor’s office, and it is the basis for levying the property tax mill levy for the district. The estimated district property assessed valuation used for property tax collections for fiscal year 2017–2018 totals \$1.73 billion and represents a 13.6 percent increase when compared to the previous year. The assessment ratio on residential property is projected to drop from 7.96 percent to 7.2 percent in 2017.

In fiscal year 2016–2017, the property tax mill levy was 53.030 mills. For fiscal year 2017–2018, the mill levy, including the statutory levy, overrides, and general obligation bonds debt service requirements, is projected to be 50.735 mills. This 2.295 mill decrease is caused by a higher assessed value of the taxable property base, as shown in the chart below. Fixed dollar voter-approved override mill levies decrease when the tax base increases. It is estimated that a homeowner with a home valued at \$300,000 in 2018 will pay \$1,096 for school district property taxes compared to \$1,266 in 2017.



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Legislative Update

The School Finance Act, SB17-296 for fiscal year 2017–2018, includes a statewide base per-pupil revenue (PPR) increase of 2.8 percent for inflation as required by Amendment 23. However, the state negative factor was set at 11.1 percent for 2017–2018. It is the state’s interpretation that the base PPR is protected by Amendment 23, but the other factors which contribute to total PPR (cost of living, size, and at-risk) are not protected. This allowed the state’s General Assembly to adopt a negative factor of \$828.3 million for an overall statewide average total PPR of \$7,662. The reduction of the 2017–2018 State Share means a loss of approximately \$6.9 billion over the last eight years. The average statewide PPR funding based on the requirements of Amendment 23 without the negative factor state funding cut would have been \$8,619, or \$957 more per student. Colorado has a low level of K–12 funding when compared to most other states.

HB17-1340 creates a legislative interim committee to study school finance issues and make legislative recommendations on how to most accurately meet the educational needs of students through the funding of education in Colorado. The committee will meet during the 2017 and 2018 legislative interims.

Beginning in the 2019–2020 budget year, HB17-1375 requires school districts that collect revenue from mill levies, in addition to the Total Program mill levy, to adopt a plan for distributing mill levy revenue for the benefit of the students enrolled in the school district, including charter schools, or distribute 95 percent of the per pupil amount of revenue to the charter school. If a school district is already distributing a portion of the mill levy revenue to the charter, it must maintain the same distribution amount for the 2017–2018 and 2018–2019 budget years. By July 1, 2018, each school district that chooses to adopt a plan must post the plan on the school district's website.

General Fund Funding for 2017–2018

The Colorado Public School Finance Act of 1994 (as amended) provides funding to the district through local property taxes, specific ownership taxes, and state equalization based on the pupil count. Additionally, the district receives funding from local voter-approved mill levy overrides, federal revenues, and other local revenues and fees. General Fund revenue highlights for fiscal year 2017–2018 are as follows.

- Total Program funding available to the district under the School Finance Act is expected to be \$108.1 million, or \$2.8 million higher when compared to \$105.3 million projected for fiscal year 2016–2017. Program funding is increasing by the rate of inflation, 2.8 percent based on the Denver, Boulder, and Greeley consumer price index for calendar year 2016, and funding statewide student growth.
- The district’s \$7,368 PPR for 2017–2018 is an increase of \$222 when compared to the \$7,146 PPR in 2016–2017. Amendment 23 funding for the district’s 2017–2018 PPR would have been \$8,140 without the inclusion of the 11.1 percent negative factor, representing a loss of \$772 per student. The negative factor for 2016–2017 was 11.51 percent.
- State categorical funding for special education, transportation, career and technical education, at-risk, gifted and talented, and the English Language Proficiency Act (ELPA) is expected to be \$4.6 million for 2017–2018. These categorical revenues only fund a small portion of the related student services.

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- Voters have approved overrides totaling \$28.8 million in local taxes as the result of mill levy override elections in 1988, 1997, 2004, and 2010, as well as hold-harmless local property tax exclusion. These fixed dollar amounts do not increase annually and are not included as a part of the SFA program funding calculation.
- Budgeted specific ownership taxes are elevated by vehicle registrations that are expected to improve with increased car sales and higher levels of tax collections.
- Additionally, the General Fund budget includes schoolwide Title I federal grant revenues totaling \$928,245. This Title I grant revenue will be used to provide additional resources for three elementary schools (Field, East, and Centennial) with high at-risk student populations.

REVENUES AND EXPENDITURES

Budgets for All Funds

The district’s funds are classified as either governmental or fiduciary. Governmental Funds include the General Fund, Special Revenue Funds (Designated Purpose Grants Fund, Student Athletic and Activities Fund, Nutrition Services Fund, and Extended Day Care Program Fund), Debt Service Fund (Bond Redemption Fund), and the Capital Projects Funds (Building Fund and Capital Projects Fund). The Risk Management Fund is a sub-fund of the General Fund, but is separated for budgetary purposes. The Fiduciary Fund is an Agency Fund for the Student Clubs Fund, and no budget is prepared for this fund. The district does not have any Proprietary Funds.

The 2017–2018 appropriation, which totals \$254.5 million for all nine funds and includes beginning fund balances and budgeted revenues (available resources), decreased approximately 5.8 percent from the 2016–2017 appropriation of \$270.2 million. The primary source of this change is the Building Fund’s \$20.5 million appropriation decrease, which is due to the spending down of the fund balance for building projects. The General Fund’s \$1.0 million appropriation increase is primarily due to the net increases in property tax revenues and specific ownership tax revenues. The \$3.2 million increase in the Bond Redemption Fund is due to property tax collections for the principal and interest payments. The remaining funds’ total appropriations have increased by \$0.7 million. All nine funds that comprise the district’s appropriated budget are shown in Table 1 below.

Total Appropriations — Table 1

	2016–2017	2017–2018	Increase	Percent
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>Change</u>
General Fund	\$185,416,152	\$186,366,339	\$ 950,187	0.51%
Risk Management Fund	3,702,211	4,080,633	378,422	10.22%
Bond Redemption Fund	23,401,371	26,567,750	3,166,379	13.53%
Building Fund	28,270,615	7,730,701	(20,539,914)	(72.65%)
Capital Projects Fund	5,899,898	6,027,689	127,791	2.17%
Designated Purpose Grants Fund	6,117,955	6,015,296	(102,659)	(1.68%)
Student Athletic and Activities Fund	5,362,408	5,339,825	(22,583)	(0.42%)
Nutrition Services Fund	5,337,758	5,173,261	(164,497)	(3.08%)
Extended Day Care Program Fund	<u>6,676,878</u>	<u>7,204,284</u>	<u>527,406</u>	7.90%
Total Appropriation for All Funds	<u>\$270,185,246</u>	<u>\$254,505,778</u>	<u>\$(15,679,468)</u>	(5.80%)

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Budgeted revenue and other financing for all fund types, as shown in Table 2 below, has increased \$3.9 million, or 2.1 percent, for a total of \$189.5 million for 2017–2018. The General Fund revenues increased \$2.4 million, or 1.6 percent, to \$150.0 million. This includes the increases from the SFA program revenue and other revenue changes explained previously in the General Fund funding highlights. The budgeted revenue in the Bond Redemption Fund increased \$1.8 million, or 13.9 percent, because of an increase in the assessed property values within the district. The other funds combined are decreasing \$0.3 million, or 1.1 percent.

Total Revenues and Other Financing Sources — Table 2

	2016–2017 <u>Budget</u>	2017–2018 <u>Budget</u>	Increase (Decrease)	Percent Change
General Fund	\$147,560,103	\$149,962,737	\$ 2,402,634	1.63%
Risk Management Fund	2,374,217	2,524,830	150,613	6.34%
Bond Redemption Fund	12,903,290	14,695,610	1,792,320	13.89%
Building Fund	166,000	12,000	(154,000)	(92.77%)
Capital Projects Fund	2,965,423	2,690,845	(274,578)	(9.26%)
Designated Purpose Grants Fund	6,117,955	6,015,296	(102,659)	(1.68%)
Student Athletic and Activities Fund	4,059,423	4,111,123	51,700	1.27%
Nutrition Services Fund	4,111,295	4,080,304	(30,991)	(0.75%)
Extended Day Care Program Fund	<u>5,307,348</u>	<u>5,389,901</u>	<u>82,553</u>	1.56%
Total Appropriation for All Funds	<u>\$185,565,054</u>	<u>\$189,482,646</u>	<u>\$ 3,917,592</u>	2.11%

As shown in Table 3 below, the total 2017–2018 expenditures of \$200.0 million for all funds decreased \$9.6 million, or 4.6 percent, from the 2016–2017 total of \$209.7 million. The increase in General Fund budgeted expenditures of \$5.2 million, or 3.5 percent, from 2016–2017 is primarily due to one-time expenditures. The Building Fund, which accounts for capital projects approved by voters during the 2013 general obligation bond election, is decreasing \$15.2 million, or 66.3 percent. This is the final year of planned expenditures in that fund. The other funds combined are increasing \$0.3 million, or 0.8 percent.

Total Expenditures — Table 3

	2016–2017 <u>Budget</u>	2017–2018 <u>Budget</u>	Increase (Decrease)	Percent Change
General Fund	\$150,349,223	\$155,574,592	\$ 5,225,369	3.48%
Risk Management Fund	2,302,211	2,680,633	378,422	16.44%
Bond Redemption Fund	11,601,476	11,600,621	(855)	(0.00%)
Building Fund	22,906,613	7,730,701	(15,175,912)	(66.25%)
Capital Projects Fund	2,897,000	2,823,456	(73,544)	(2.54%)
Designated Purpose Grants Fund	6,117,955	6,015,296	(102,659)	(1.68%)
Student Athletic and Activities Fund	4,059,423	4,111,123	51,700	1.27%
Nutrition Services Fund	4,111,295	4,080,304	(30,991)	(0.75%)
Extended Day Care Program Fund	<u>5,307,348</u>	<u>5,389,901</u>	<u>82,553</u>	1.56%
Total Appropriation for All Funds	<u>\$209,652,544</u>	<u>\$200,006,627</u>	<u>\$ (9,645,917)</u>	(4.60%)

LITTLETON PUBLIC SCHOOLS

Littleton, Colorado

General Fund Revenue Sources

The district’s General Fund receives revenue from federal, state, and local sources. Total estimated revenue for 2017–2018 is \$150.0 million, as shown in detail on Table 4 below and the graph on the following page. Overall, General Fund revenues have increased 1.6 percent when compared to the previous year’s budget. In the SFA, the funding of statewide student growth and inflation increased for the fifth time in eight years, resulting in approximately 100.0 percent of the net \$2.4 million increase in the overall General Fund budgeted revenues. This program funding increase is minor when compared to the \$13.7 million of funding that has been cut by the inclusion of the negative factor in the SFA.

Property taxes, generated from the SFA statutory fixed mill levy and state-equalized specific ownership tax revenues combined with the overall local contribution to the SFA, are expected to increase in fiscal year 2017–2018, as indicated in Table 4 below. The local assessed value of taxable property within the district is projected to grow 13.0 percent. The increase in property tax revenues decreases the state’s SFA funding obligation to the district. The specific ownership taxes apportioned to the district by the county treasurer are anticipated to be higher from collections associated with new vehicle sales. Property tax revenues generated with voter-approved fixed dollar mill levy overrides do not change with fluctuations of assessed value.

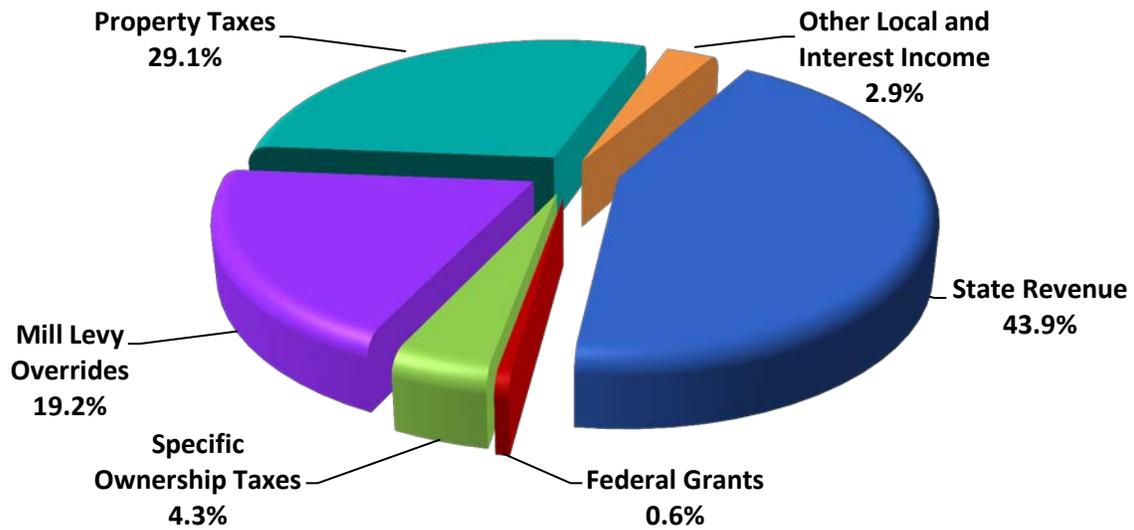
A portion of the revenue the district receives from the state is for categorical programs for pupil transportation, the Exceptional Children’s Education Act (special education), career and technical education, at-risk, gifted and talented, and the English Language Proficiency Act (ELPA). This General Fund revenue is determined through state and legislative action. Categorical revenues budgeted for fiscal year 2017–2018 total \$4.6 million, which increased slightly from the previous year’s budget. Federal revenues received for Title I schoolwide grants are increasing by \$81,245.

The district also collects local revenues from non-equalized specific ownership taxes, net investment income, charter school administrative services, drivers’ education fees, transportation reimbursements, and from other funds for indirect costs. Non-equalized specific ownership taxes are improving along with the state-equalized share explained above. Other local income is expected to decrease based on current trends surrounding gifts to schools, fees, and reimbursements and a reduction in contracted services with the district’s two charter schools.

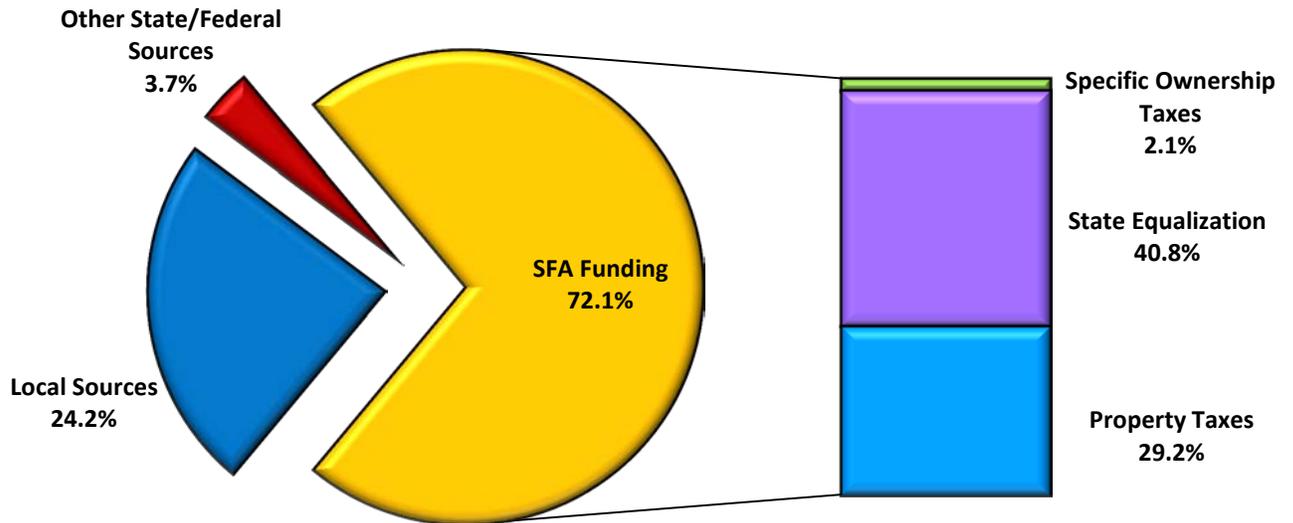
Where Does the Money Come From? — Table 4

	2016–2017	2017–2018	Increase	Percent
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>Change</u>
Property Taxes	\$ 38,457,803	\$ 43,588,738	\$5,130,935	13.34%
Mill Levy Overrides	28,813,581	28,813,581	-	0.00%
Specific Ownership Taxes (SOT)	6,021,609	6,417,643	396,034	6.58%
Interest Income	85,000	150,000	65,000	76.47%
Other Local Income	4,878,632	4,065,970	(812,662)	(16.66%)
State Revenue	68,248,436	65,782,024	(2,466,412)	(3.61%)
Federal Grants	847,000	928,245	81,245	9.59%
Transfers	<u>208,042</u>	<u>216,536</u>	<u>8,494</u>	4.08%
Total	<u>\$147,560,103</u>	<u>\$149,962,737</u>	<u>\$2,402,634</u>	1.63%

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The majority of this revenue, \$108.1 million, or 72.1 percent, becomes available to the district through the Colorado Public School Finance Act of 1994 (as amended). This SFA program revenue is determined through a formula which utilizes local property taxes, state-equalized specific ownership taxes, and state funds.



General Fund Expenditures

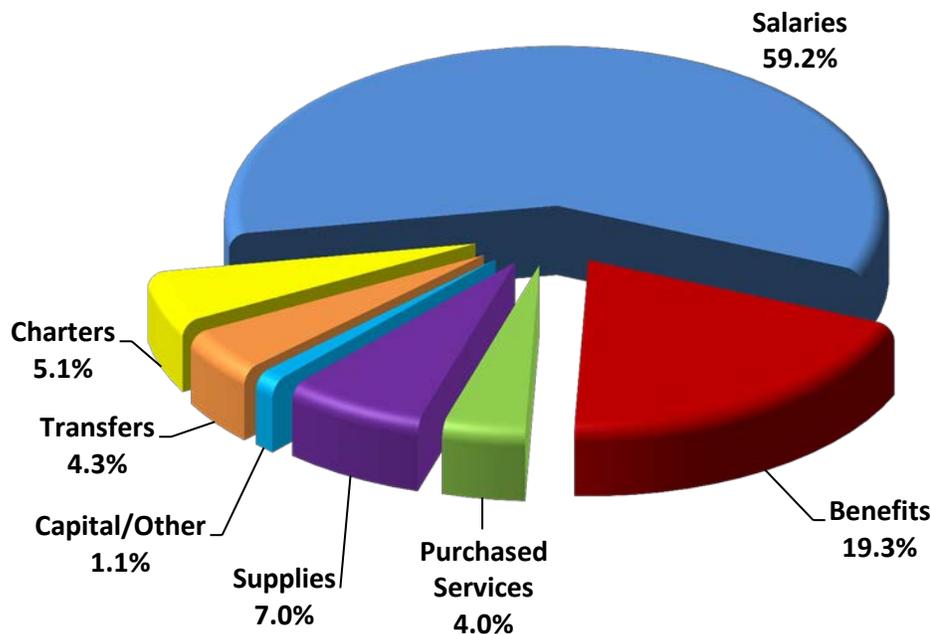
The district’s budgeted General Fund expenditures and transfers are \$155.6 million in 2017–2018, compared to \$150.3 million in 2016–2017, as shown in Table 5 on the next page. Budgeted expenditures in the General Fund represent a 3.5 percent increase over the prior year’s budget. The budgeted one-time spending of \$4.9 million for *Anticipated Funding Needs—Short- and Long-Term White Papers* is \$3.8 million higher than amounts budgeted in the previous year.

This Adopted Budget includes statutory increases in Colorado Public Employees’ Retirement Association (PERA) employer contributions and an increase in health insurance renewal costs of 5.4 percent.

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Where Does the Money Go by Object? — Table 5

	2016–2017 <u>Budget</u>	2017–2018 <u>Budget</u>	Increase (Decrease)	Percent Change
Salaries and Wages	\$ 90,722,019	\$ 92,072,937	\$1,350,918	1.49%
Employee Benefits	28,651,864	29,941,617	1,289,753	4.50%
Purchased Services	6,228,753	6,290,037	61,284	0.98%
Supplies and Materials	9,164,132	10,810,632	1,646,500	17.97%
Capital Outlay/Other	1,238,413	1,726,063	487,650	39.38%
Charter Schools	7,888,803	7,971,055	82,252	1.04%
Transfers	<u>6,455,239</u>	<u>6,762,251</u>	<u>307,012</u>	4.76%
Total	<u>\$150,349,223</u>	<u>\$155,574,592</u>	<u>\$5,225,369</u>	3.48%

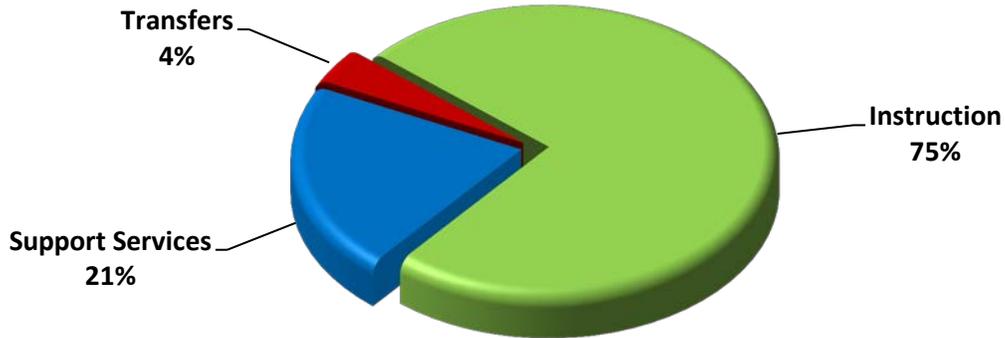


As shown in Table 6 below and the graph on the following page, approximately \$0.75 out of every dollar is devoted to instruction activities. Salaries and benefits, supplies, and other costs related to instruction of students, along with school building administration and special programs, are included. Total support services account for \$0.21 out of every dollar spent. Learning services, operations and maintenance, and transportation services are the largest expenditure areas in this component. Transfers to the Risk Management Fund, Capital Projects Fund, and Student Athletic and Activities Fund account for the remaining \$0.04 out of every dollar spent.

Where Does the Money Go by Service Area? — Table 6

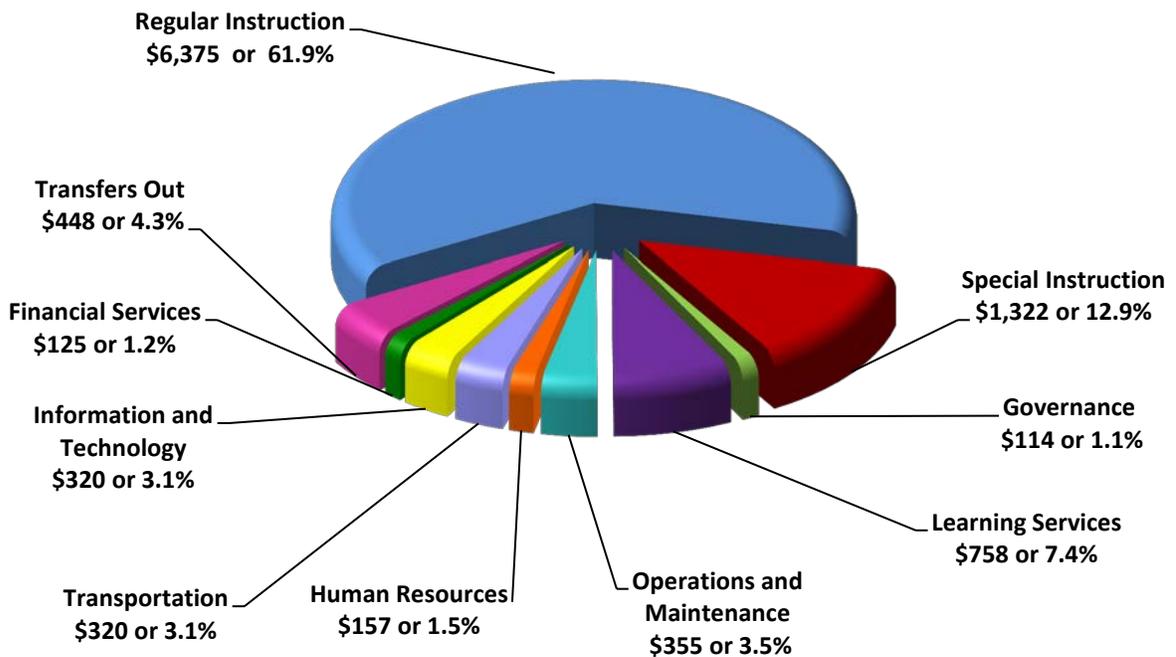
	2016–2017 <u>Budget</u>	2017–2018 <u>Budget</u>	Percent of Total	Percent Change
Instruction	\$114,010,067	\$116,324,592	75%	2.03%
Support Services	29,883,917	32,487,749	21%	8.71%
Transfers	<u>6,455,239</u>	<u>6,762,251</u>	<u>4%</u>	4.76%
Total	<u>\$150,349,223</u>	<u>\$155,574,592</u>	<u>100%</u>	3.48%

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How Does the Typical Student Use \$10,294?

Another way of looking at expenditures is to show how LPS' operating budget relates to a typical student. In fiscal year 2017–2018, the district will fund 15,113 students. This represents a cost of approximately \$10,294 for each student compared to \$9,845 per student for fiscal year 2016–2017. Using budgeted expenditure information, the graph below illustrates how the district's operating budget will be used to support a typical student in fiscal year 2017–2018.



General Fund Budget Forecast

The district's long-range budget projections use historical data to build a model for the future financial outlook. The model depends on assumptions regarding funded pupil count, salaries and benefits, and money allocated to the district via the SFA. Significant assumptions in the forecast include:

- LPS anticipates inflationary growth in state SFA funding for K–12 with minimal fluctuations in the negative factor during the forecast period.

LITTLETON PUBLIC SCHOOLS Littleton, Colorado

- Projected stable student enrollment.
- Salary schedule advancement costs have not been included in the forecasting model.
- Employer health insurance cost increase, totaling 9.3 percent annually, is expected for fiscal years 2018–2020.
- The increase of 0.25 percent for the employer’s share of the pension contribution to the Colorado PERA for 2018–2019 is based on statutory contribution requirements. The employer contribution effective January 2018 of 20.15 percent will remain stable in future years.
- One-time spending for student needs, based on the *Anticipated Funding Needs—Short- and Long-Term White Papers* approved by the Board, have been incorporated into the forecast.

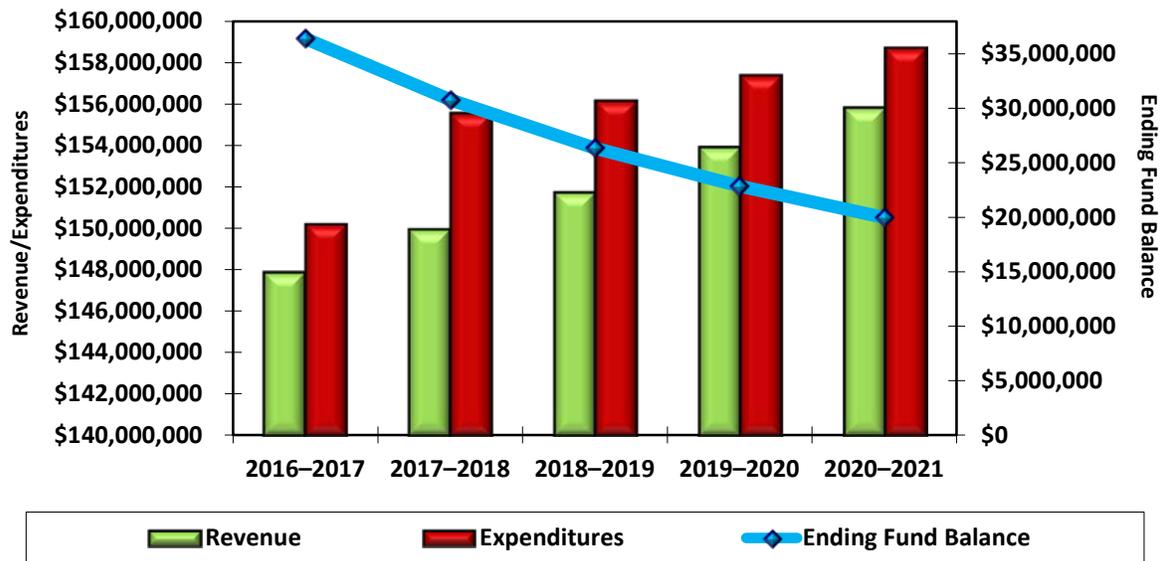
In addition to the revenue and expenditure assumptions, fund balance projections are categorized based on current Board policy and guidance. The 2017–2018 budget includes a total projected General Fund fund balance of \$30.8 million at June 30, 2018. This includes \$20.1 million of restricted, assigned, and non-spendable ending fund balances. These year-end assignments include \$9.0 million for the approved one-time spending for student needs and \$4.2 million restricted year-end fund balance for Taxpayer Bill of Rights (TABOR) emergency reserve requirements. Remaining General Fund fund balances include an unassigned balance for future fiscal stability as well as the minimum 5.0 percent of General Fund budgeted revenues as required by Board of Education policy DB – Annual Budget. The General Fund projections are shown in Table 7 below.

General Fund Budget Forecast (in millions) — Table 7

	2016–2017					
	Year-End <u>Projected</u>	2017–2018 <u>Forecast</u>	2018–2019 <u>Forecast</u>	2019–2020 <u>Forecast</u>	2020–2021 <u>Forecast</u>	
Revenue	\$147.9	\$150.0	\$151.7	\$153.9	\$155.8	
Expenditures	<u>150.2</u>	<u>155.6</u>	<u>156.2</u>	<u>157.4</u>	<u>158.7</u>	
Operating Surplus (Deficit)	(2.3)	(5.6)	(4.5)	(3.5)	(2.9)	
One-Time Expenditures	<u>2.0</u>	<u>4.9</u>	<u>3.3</u>	<u>3.1</u>	<u>2.8</u>	
Ongoing Surplus (Deficit)	<u>(\$ 0.3)</u>	<u>(\$ 0.7)</u>	<u>(\$ 1.2)</u>	<u>(\$ 0.4)</u>	<u>(\$ 0.1)</u>	

As illustrated in Table 7 above and the graph on the following page, the forecast with inflationary pressures creates an ongoing deficit beginning in fiscal year 2017–2018. Expenditure growth is outpacing revenue increases based on the detailed forecast assumptions noted above. District management will continue to update and monitor long-term forecasts and make recommendations for Board consideration. Forecasts will incorporate any subsequent changes in state funding as new information is made known. Further budgetary adjustments will be implemented based on recommendations as approved by the Board.

LITTLETON PUBLIC SCHOOLS Littleton, Colorado



Other Funds

The budget includes funds for the management of special activities and functions during fiscal year 2017–2018, which are not accounted for in the General Fund. The budget includes nine other funds to properly account for some activities outside of the General Fund.

Risk Management Fund

The 2017–2018 Risk Management Fund is appropriated at \$4.1 million. In 2017–2018, funds will be transferred at \$177 per student based on a projected funded pupil count of 13,688, net of charter schools. This is an increase from the 2016–2017 budgeted funding of \$167 per student. Reserves are projected to be at a targeted \$1.4 million at the end of the year. The Risk Management Fund is partially self-insured and provides for costs of property and liability insurance, workers’ compensation insurance, and related losses and loss prevention services, including school resource officers. Charter schools pay the district for insurance coverage and risk management services.

Bond Redemption Fund

The Bond Redemption Fund appropriation is \$26.6 million, including a \$11.9 million beginning fund balance and \$14.7 million of current revenues. The beginning fund balance is needed to meet December 2017 debt service requirements. Expenditures for 2017–2018 are \$11.6 million for the repayment of principal and interest on outstanding current bonds. The remaining \$15.0 million is held in reserves at June 30, 2018, so the district will be able to meet its future annual obligations. The 2017–2018 budget reflects the payment schedule for the \$80.6 million refunding bonds issued in September 2010, the \$50.0 million in bonds issued in December 2013, the \$17.0 million in bonds issued in December 2014, and the \$13.0 million in bonds issued in October 2015. Outstanding general obligation indebtedness at June 30, 2017, is \$136.0 million, with final maturity scheduled for December 1, 2038. The net bonded debt per capita at July 1, 2017, is estimated at \$1,467. The fund's projected mill levy for 2018 is 8.497 mills, which is the same as the 2017 mill levy.

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Building Fund

The 2017–2018 Building Fund appropriation is \$7.7 million. This fund was created after voter approval of \$80.0 million in general obligation bonds in November 2013 for capital projects necessary to maintain current district structures and facilities. Expenditures of \$7.7 million are anticipated for the final projects scheduled in 2017–2018.

Capital Projects Fund

The 2017–2018 Capital Projects Fund appropriation, totaling \$6.0 million, includes \$2.7 million of current revenues and \$3.3 million in beginning fund balances. Expenditures of \$2.8 million are anticipated for projects scheduled in 2017–2018. The fund is expected to end the year on June 30, 2018 with \$3.2 million in committed fund balance. In 2017–2018, funds will be transferred from the General Fund at \$180 per student based on a projected funded pupil count of 13,688, net of charter schools. This is an increase from budgeted funding per student of \$170 in 2016–2017. The Capital Projects Fund is used for districtwide facilities projects, site improvements, equipment, and school buses.

Designated Purpose Grants Fund

The Designated Purpose Grants Fund appropriations total \$6.0 million. Federal, state, and local grants provide additional funding for school programs. The largest grants currently received include Elementary and Secondary Education Act (ESEA), Individuals with Disabilities Education Act (IDEA), and Head Start.

Student Athletic and Activities Fund

The 2017–2018 Student Athletic and Activities Fund appropriation is \$5.3 million for all available resources. This fund receives 45.6 percent of its revenues through a transfer from the General Fund. The remaining funding is from student fees, gate receipts, sponsorships, and interest earnings. The Student Athletic and Activities Fund represents the costs of providing extracurricular activities at all levels, intramural athletic programs at the middle school level, and Colorado High School Activities Association (CHSAA) programs at the high school level.

Nutrition Services Fund

The Nutrition Services Fund appropriation is \$5.2 million in 2017–2018. This is a self-sustaining program, which also pays the district approximately \$146,600 for overhead and warehousing services related to the program.

Extended Day Care Program Fund

The 2017–2018 Extended Day Care Program Fund budget forecasts \$5.4 million of both user fee revenue and expenditures. Fund balance will remain at \$1.8 million at the end of the year. This fund accounts for preschool, extended kindergarten, and the before- and after-school care of children at elementary school sites and The Village. This is a self-sustaining fund, which will also pay \$216,536 to the General Fund for overhead expenses.

Charter Schools

The district's two charter schools, Littleton Academy and Littleton Preparatory, are reported as component units. The charter schools are financially dependent on the district; however, they

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are independent entities accounted for as separate funds. The charter schools receive full funding from the district's per-pupil SFA funding and a share of the 1997, 2004, and 2010 override election funding. Through an annual agreement, the charter schools pay the district for administration costs, including limited special education services.

District Achievement

The Colorado Department of Education categorizes districts statewide based on a performance framework. Districts are designated an accreditation category based on an overall framework score, which is a percentage of the total points earned out of the total available in each performance indicator. Littleton Public Schools met or exceeded all performance indicators in 2016 and received an Accredited with Distinction rating. This is the highest academic accreditation offered by the Colorado Department of Education. LPS has received the rating all six years it has been offered. Littleton Public Schools continues to be the only district in the Denver metropolitan area to be Accredited with Distinction each year it has been awarded. Only 25 districts of 178 statewide received this rating, placing Littleton Public Schools among the top 15 percent of school districts in the state. Additionally, the Colorado Department of Education awarded district schools eight John Irwin School of Excellence awards, four Governor's Distinguished Improvement awards, and an English Language Proficiency Act Excellence Award.

Each year, Littleton Public Schools submits its annual budget to the Association of School Business Officials International (ASBO) to be considered for the Meritorious Budget Award (MBA). This international budget award program was established by ASBO in 1995 to encourage and recognize excellence in school system budgeting and help school business administrators achieve a high standard of excellence in budget presentation. In order to receive this award, a governmental unit must publish a budget document that meets the program criteria as a policy document, operations guide, financial plan, and communications device. The award is valid for a period of only one year. The district was awarded the Meritorious Budget Award for the most recent fiscal year beginning July 1, 2016, which is the 16th consecutive year the district has received this award. Littleton Public Schools believes this current budget continues to meet the MBA program criteria and will submit this document to determine its eligibility for a new award.

Student Achievement

The district determines, in part, the success of its educational mission through the measurement of student achievement. Students are evaluated through written and oral work, classroom tests, other assignments, and standardized tests. In the spring of 2016, students in Grades K–10 took a *Measures of Academic Progress* (MAP) reading and math assessment. Results showed students scored higher than national norms at all levels tested. The CMAS assessments, implemented beginning in 2014, are designed to determine how Colorado's students achieve in relation to the new *Colorado Academic Standards* (CAS). Even those students for whom no scores are reported must be counted, thus lowering results. Results of the 2016 CMAS test scores show Littleton Public Schools' students outscored the state by double digits in all grades and content areas tested. In 2016, Littleton Public Schools ranked in the top two (all grades and all subjects tested) compared to other Denver metropolitan area school districts.

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Community Reaction

The district periodically uses surveys to determine how the district's citizens view Littleton Public Schools. Some of the questions posed to respondents are asked in every survey administered in order to provide comparisons over a period of time. Citizens continue to see Littleton Public Schools in a positive light with 92 percent of survey respondents rating district schools as good as or better than schools in other parts of the state. The surveys continue to show positive ratings regarding the quality of the schools and handling of taxpayer dollars.

Summary

Littleton Public Schools' patrons can remain confident in the district's determination to maintain a sound financial condition in these difficult economic times. The district continually strives to keep resources strategically focused on improving student learning while seriously accepting the responsibility of public funds stewardship by reviewing long-range financial projections throughout the fiscal year. The rigorous and systematic budget process ensures that taxpayers' monies are spent efficiently and responsibly while always maintaining the goal of providing our students a quality education.

LITTLETON PUBLIC SCHOOLS
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PRINCIPAL OFFICIALS

Board of Education



Jack Reutzel
President
Term: 2013–2017



Carrie Warren-Gully
Vice President
Term: 2013–2017



Robert Reichardt
Secretary
Term: 2015–2019



Jim Stephens
Assistant Secretary
Term: 2015–2019



Kelly Perez
Treasurer
Term: 2013–2017

Superintendent’s Staff

- Brian Ewert..... Superintendent
- Connie Bouwman Deputy Superintendent
- Mike Jones Assistant Superintendent of Human Resources
- Diane Doney..... Assistant Superintendent of Business Services/Chief Financial Officer
- Mark LindstoneChief Information Officer
- Diane Leiker Director of Communications

MISSION STATEMENT

To educate all students for the future by challenging every individual to continuously learn, achieve, and act with purpose and compassion in a safe and secure environment.

LITTLETON PUBLIC SCHOOLS
Littleton, Colorado

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL (ASBO)
MERITORIOUS BUDGET AWARD



This Meritorious Budget Award is presented to

**LITTLETON PUBLIC SCHOOLS
(ARAPAHOE COUNTY SCHOOL
DISTRICT 6)**

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2016-2017.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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PRESENTATION PURPOSES