

Arapahoe County School District Number Six

LITTLETON

PUBLIC

SCHOOLS



***Annual Financial Report
for the Community***

For the Fiscal Year Ended June 30, 2018

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

www.littletonpublicschools.net



LITTLETON PUBLIC SCHOOLS

**Education Services Center
5776 South Crocker Street
Littleton, Colorado 80120-2012**

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A NOTE FROM THE CHIEF FINANCIAL OFFICER

The financial services department is pleased to present the Littleton Public Schools Annual Financial Report for the Community. The 2018 Annual Financial Report for the Community, also referred to as a Popular Annual Financial Report (PAFR), offers an overview of the district’s financial position and is designed to present the financial operations of our district in a more condensed format.

The intention of this report is to summarize the financial activities and operating results reported in the Littleton Public Schools audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principle) basis and does not include full disclosures or segregated funds. For more detailed information, the Comprehensive Annual Financial Report is available on the district’s website at www.littletonpublicschools.net under Financial Transparency.

The Littleton Public Schools financial services department is proud of this report and the support offered by the superintendent’s office in its creation. We continue to encourage the community to actively participate in the education of our students and in the financial and budgetary processes of the district. This report was created in keeping with our goal to continue our open relationship with the community. Questions and feedback regarding its contents are welcomed and may be directed to Financial Services at (303) 347-3320.

Diane Doney
Assistant Superintendent of Business Services/Chief Financial Officer

QUICK FACTS ABOUT THE DISTRICT

Estimated population.....	92,967
Enrollment numbers:	
Actual enrollment.....	15,264
Funded pupil count.....	14,704
Pupils receiving free or reduced-price meals.....	18.0%
Staffing numbers in full-time equivalents (FTE):	
Teachers.....	890
Paraprofessionals.....	262
Support staff.....	414
Pupil/teacher ratio.....	17:1
LPS principal employers ranking within the City of Littleton...	2nd
Direct tax rates (mills):	
Funding overrides.....	42.669
Bonds.....	8.497
Tax assessment rates:	
Residential.....	7.20%
Commercial.....	29.00%
Per-pupil costs:	
Operating expenditures.....	\$11,124
Total expenditures.....	\$20,272
Outstanding debt.....	\$8,733

ABOUT OUR DISTRICT

Littleton Public Schools (LPS), a premier district in Colorado and the nation, prides itself on maintaining a continued level of excellence. The number of students enrolled in 2017–2018 was 15,264. LPS provides a full range of educational programs and services. This includes K–12 education, special education, preschool, vocational programs, alternative programs, and two charter schools in the 27 sites located within approximately 28 square miles. The district's boundaries include the Town of Columbine Valley, the majority of the City of Littleton, and portions of the municipalities of Bow Mar, Centennial, Englewood, and Greenwood Village.

DISTRICT TOP 10

1. All three LPS high schools — Littleton, Heritage, and Arapahoe — are nationally recognized and award-winning. They have been featured in *Newsweek's* "Top High Schools in America" and *5280's* "Best High Schools."
2. LPS high schools have among the highest graduation rates and the lowest dropout rates of any high schools in the Denver metro area.
3. 90 percent of LPS graduates indicate they are college-bound. Annually, LPS seniors earn more than \$52 million in college scholarships.
4. LPS consistently has a high number of National Merit Scholars, Boettcher Scholars, Presidential Scholars, and appointments to U.S. military academies.
5. Such success in high school is possible because of the strong academic foundation built over time in LPS elementary and middle schools.
6. More than 20 percent of LPS students are open-enrolled. That is the highest percentage of any school district our size or larger in the Denver metro area.
7. LPS is among the highest academically achieving school districts in the Denver metro area.
8. LPS is the only Denver metro area school district to be Accredited with Distinction all eight years it has been awarded. This is the highest academic accreditation rating given by the Colorado Department of Education.
9. LPS leads the rest of the country in 21st century learning. More than 20,000 computers, laptops, and Chromebooks are in use by students and staff. LPS teachers are known internationally for their use of instructional technology. LPS students consistently win state and national competitions in Science, Technology, Engineering, and Math (STEM).
10. LPS teachers are caring professionals who devote their time and talent to helping each and every student achieve to his or her highest potential. LPS teachers average 12 years of experience, and 79 percent have master's degrees or above.

ACADEMIC ACHIEVEMENTS

- ◆ Accredited with **Distinction** eight times by the Colorado Department of Education
- ◆ Among the highest **academically achieving** school districts in the Denver metro area
- ◆ Annual recipient of **John Irwin School of Excellence** awards
- ◆ Annual recipient of **Governor's Distinguished Improvement** awards
- ◆ Annual recipient of the **ELPA Excellence Award** as part of a 2014 bill amending the English Language Proficiency Act
- ◆ Home to **National Blue Ribbon Schools of Excellence**

SAFETY AND SECURITY RECOGNITION

- ◆ Ranked **top 20 in the nation in K–12 education for safety and security**
- ◆ Named among the **top 500 security operations worldwide** by *Security Magazine*
- ◆ Recipient of the **Pinnacle of Achievement Award in Safety and Security Management**

COMMUNICATIONS AWARDS

- ◆ Annual recipient of **awards for communications excellence** from the Colorado School Public Relations Association

DISTRICT RECOGNITION

PROFESSIONAL FINANCIAL AWARDS

The Government Finance Officer's Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Arapahoe County School District Number Six, Littleton Public Schools, for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Littleton Public Schools received the award for the first time for its document for the fiscal year ended June 30, 2015. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

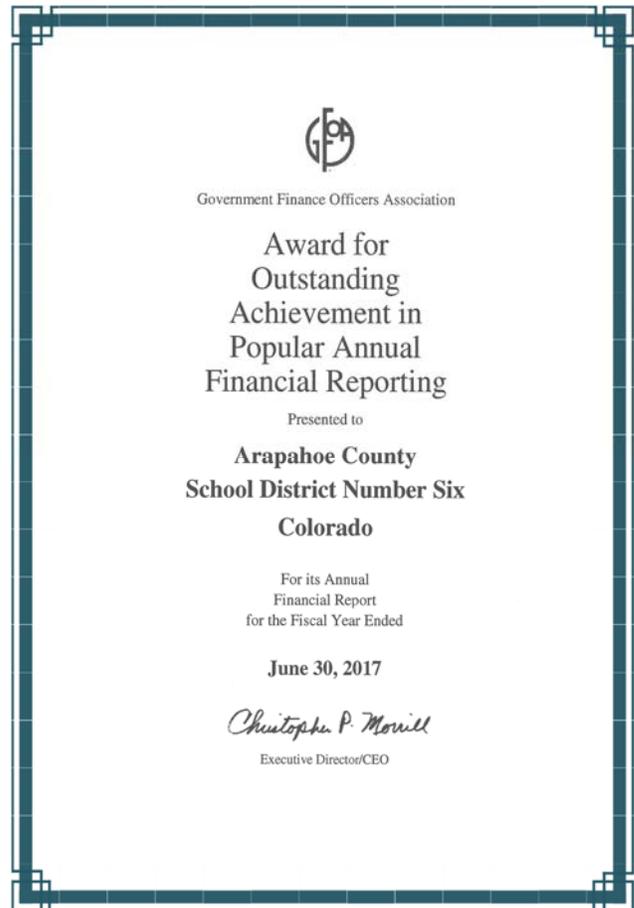
LPS also received a Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the fiscal year ended June 30, 2017. The district has been awarded this distinction every year since 1993. Additionally, LPS has received the Meritorious Budget Award from the Association of School Business Officials International (ASBO) annually since the 2000–2001 budget year.

OTHER AWARDS AND RECOGNITION

The success of the district's schools is possible because of the strong academic foundation that has been built over time.

- LPS Grades 3 through 8 scored at or above 80 percent proficient and advanced in reading for the third year in a row and exceed the state average by as much as 16 percentage points.
- LPS writing scores remain strong with all grades tested outperforming the state average by double digits for the second year in a row and by as much as 18 percentage points.
- LPS math scores are the highest ever in some areas.

Leading the country in 21st century learning, LPS has more than 20,000 computers, laptops, and Chromebooks that are used by students and staff every day. District teachers are known internationally for their use of instructional technology, and students consistently win state and national competitions in Science, Technology, Engineering, and Math (STEM).



ORGANIZATIONAL STRUCTURE

BOARD OF EDUCATION



Jack Reutzel
President
Term: 2017–2021



Kelly Perez
Vice President
Term: 2017–2021



Robert Reichardt
Secretary
Term: 2015–2019



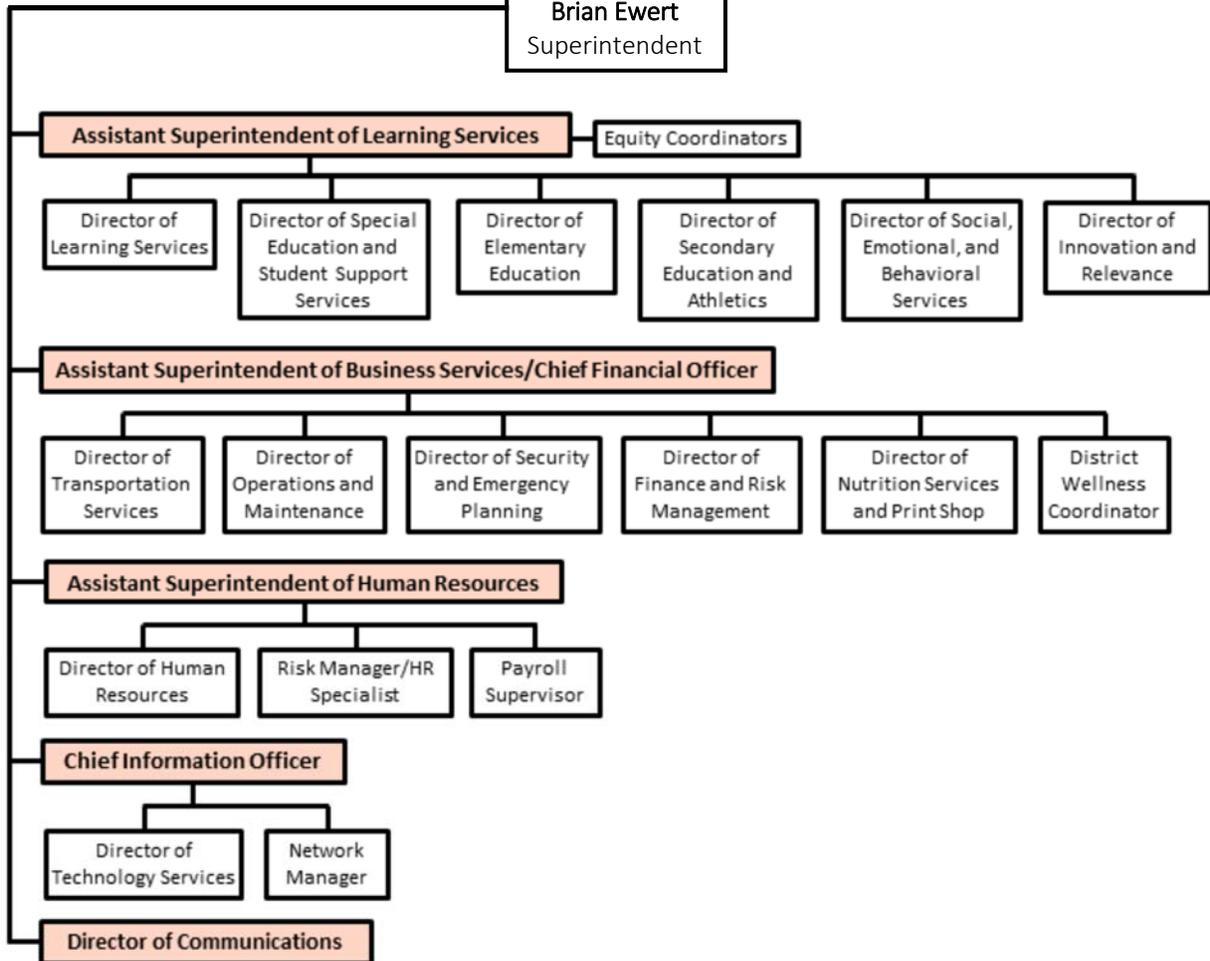
Jim Stephens
Assistant Secretary
Term: 2015–2019



Carrie Warren-Gully
Treasurer
Term: 2017–2021



Brian Ewert
Superintendent



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

VISION STATEMENT

LITTLETON PUBLIC SCHOOLS:
EXTRAORDINARY LEARNING,
EXCEPTIONAL COMMUNITY,
EXPANDED OPPORTUNITY AND
SUCCESS FOR ALL STUDENTS



STRATEGIC PLAN

CORE BELIEFS

1. A Littleton Public Schools education prepares all students to succeed in a global society.
2. Every student is unique and has different abilities, needs, and learning styles that require varying educational techniques and strategies.
3. Students learn best when their passions and talents are coupled with high expectations and academic rigor in a safe and caring environment.
4. A quality educational environment requires exceptional teachers, administrators, and staff supported by effective professional development, competitive compensation, and personnel practices that attract and retain the best staff.
5. The foundation for education and citizenship is built upon communication and connections with the community, including the active participation of students, staff, and parents.
6. A comprehensive education provides students with varied learning opportunities that include curricular and extra-curricular offerings.
7. Meaningful and appropriate evaluation of student learning occurs through timely and ongoing analysis of student performance on a variety of assessments.
8. Effective use of technology as an instructional tool enables students to successfully communicate, learn, and compete in a global environment.
9. An LPS education enables students to think critically, work collaboratively, communicate effectively, and act with integrity.
10. Students learn best when there are collaborative partnerships that foster thoughtful and relevant learning innovations between school and district leadership.
11. A strong, flexible, and fiscally responsible school district that is adequately funded is critical for long-term success and community confidence; for maintaining strong partnerships with local, state, and national elected officials and neighboring agencies; and for engaging in, shaping, and influencing public policy that affects education services in LPS.

FOCUS AREAS

1. Enhance instructional systems and career pathways that maximize achievement for all students and integrate knowledge and skills relevant to 21st century career choices.
2. Expand utilization of instructional technology with appropriate use for student achievement while providing the infrastructure for organizational efficiency and effectiveness.
3. Provide an educational and work environment that supports professional learning and collaborative work for all staff.
4. Promote, sustain, and create quality programs that make Littleton Public Schools the uniquely preferred choice for families inside and outside the district.
5. Engage the community and parents as active partners in the objectives, activities, and performance of the school district and its students.
6. Optimize the use of district resources and facilities to meet student learning needs while operating the district efficiently.
7. Promote and provide a safe environment that fosters caring, respect, and compassion for others.
8. Enhance and support quality early childhood and childcare programs.
9. Educate and support staff, parents, and community to address diverse student learning by providing access and opportunities for all students.
10. Partner with parents and community to expand and enhance programs that address the physical, social, and emotional well-being of students, families, and staff.

Littleton Public Schools uses fund accounting to ensure and demonstrate compliance with Generally Accepted Accounting Principles (GAAP), the School Finance Act (SFA), and other related legal requirements. The governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the district's financial requirements.

STATEMENT OF NET POSITION— GOVERNMENTAL FUNDS

Both the Statement of Net Position and the Balance Sheet report the end of fiscal year 2018 balances of the district's assets and liabilities, just in slightly different formats. When reviewing the financial statements, it is important to know that whatever the district has to work with is an asset, while anything LPS owes is a liability. The difference between assets and liabilities is the net position of the district. Reviewing information like this allows for a closer examination of the following:

- The ability to meet obligations over a specific period.
- The revenue coverage of debt service payments.
- The reserves available to cover future expenditures.
- The amount added to the reserves for every \$1 in revenue.
- The increase or decrease to the reserves in the general operating fund.

In fiscal year 2018, the district implemented GASB Statement No. 75 resulting in a restatement of total net position in fiscal year 2017. This restatement caused the district's total net position for governmental activities to decrease \$124.4 million from prior year, rather than \$139.5 million as shown in the chart to the right. The overall negative net position is a direct result of GASB Statements No. 68 and No. 75. Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources from the prior year occurred for the following reasons:

- Current and other assets decreased by \$11.5 million, primarily from decreased restricted cash and investments related to project spending in the Capital Projects–Building Fund.
- Capital assets decreased \$4.9 million, the result of capital asset depreciation expense offset by asset additions.
- Deferred outflows of resources for deferred charges on refunding decreased \$0.5 million due to amortization expense. Deferred outflows related to other post-employment benefits (OPEB) increased \$0.6 million due to the district's OPEB contribution subsequent to the measurement date and actual actuarial experience. Deferred outflows related to pension decreased \$47.5 million due to an increase of \$0.4 million to the district's pension contribution subsequent to the measurement date; investment earnings, which were \$21.0 million more than expected; a decrease of deferred assumptions of \$31.5 million; and the \$4.6 million difference between expected and actual actuarial experience.
- Current and other liabilities decreased \$6.6 million, mainly due to lower contracts payable in the Capital Project–Building Fund.
- The net OPEB liability increased \$15.5 million due to the GASB Statement No. 75 requirement to record a proportionate share of PERA's Health Care Trust Fund (HCTF) net OPEB liability. The net pension liability increased \$47.1 million due to the GASB Statement No. 68 requirement to record a proportionate share of PERA's unfunded pension liability.
- Noncurrent liabilities decreased \$6.6 million, the net result of bond principal payments, amortization of bond premium, and accreted interest on bonds.
- Deferred inflows of resources for OPEB increased \$0.4 million which includes interest earnings and the proportionate share of contributions. Deferred inflows of resources for pension increased \$25.8 million for pension-related activities, of which \$26.6 million is the change in investment earnings. The balance of \$0.8 million includes the

CONDENSED STATEMENT OF NET POSITION

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Assets			
Current and other assets	\$ 74.7	\$ 86.2	\$ 104.0
Capital assets	135.5	140.4	132.9
Total assets	210.2	226.6	236.9
Deferred outflows of resources			
Deferred charges on refunding	2.6	3.1	3.6
Deferred OPEB outflows	0.6	–	–
Deferred pension outflows	194.6	242.1	40.7
Total deferred outflows	197.8	245.2	44.3
Liabilities			
Current and other liabilities	11.6	18.2	16.5
NET OPEB liability	15.5	–	–
Net Pension liability	676.8	629.7	325.7
Noncurrent liabilities	141.6	148.2	154.4
Total liabilities	845.5	796.1	496.6
Deferred inflows of resources			
Deferred OPEB inflows	0.4	–	–
Deferred pension inflows	31.7	5.9	8.1
Total deferred inflows	32.1	5.9	8.1
Net position			
Net investment in capital assets	1.8	5.8	12.4
Restricted	19.7	16.9	15.8
Unrestricted	(491.1)	(352.8)	(251.7)
Total net position	\$ (469.6)	\$ (330.1)	\$ (223.5)

Information is presented in millions of dollars and on a full-accrual basis.

change in proportion and the differences between contributions recognized and the proportionate share of contributions.

- Net position decreased \$124.4 million. This change included a \$4.0 million decrease to net investment in capital assets (capital assets less related debt), a \$2.8 million increase in restricted net position, and a \$123.2 million decrease in unrestricted net position due to the adoption of GASB Statements No. 68 and No. 75.

GOVERNMENT-WIDE FINANCIAL REPORTS

The Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds provides an overview of all prior year financial activities for all governmental funds in the district. The information presented here is the consolidated activities of the following funds:

- General Fund, including the Risk Management Fund (sub-fund of the General Fund)
- Designated Purpose Grants Fund
- Debt Service Fund
- Capital Projects Fund
- Capital Projects—Building Fund
- Nutrition Services Fund
- Extended Day Care Program Fund
- Student Athletic and Activities Fund

Operating information on the district's two charter schools, reported as component units, is not included.

COMPONENT UNITS

Littleton Public Schools has two component units, Littleton Academy Charter School and Littleton Preparatory Charter School. While these schools are financially dependent upon the district, they are operated largely as independent entities. For that reason, they are not included in the governmentwide financial statements presented in this document. The year-end financial information for both locations can be found in the district's CAFR on the LPS website at www.littletonpublicschools.net under Financial Transparency.



REVENUES AND RESOURCES OVER EXPENDITURES AND SERVICES (GOVERNMENTAL FUNDS)

The fiscal year 2018 activity presented on the following page includes revenue totals \$5.0 million higher than those in 2017. This increase can be attributed to higher property taxes collections associated with increases in assessed valuations. The remaining funding categories represented a \$193,875 net decrease from the prior year.

Fiscal year 2018 expenditures decreased \$7.4 million from the prior year. Decreases in capital outlay totaled \$14.3 million while expenditures in other categories increased a net \$6.8 million, with approximately 65 percent of those increases being in instruction and instructional staff services. The capital expenditures are primarily associated with projects included in the \$80 million general obligation bonds approved by voters in November 2013. The district just completed year five of bond projects, and the final planned projects will be completed in fiscal year 2019.



The district's long-range financial projections are regularly updated for review and consideration by the Board. These include forecasts of student enrollment, upon which school funding is computed. Without additional K–12 funding, the district's current financial forecast indicates that budgetary efficiencies will need to be sought and considered by the Board in the near future. If additional funding under the SFA becomes available, a multi-year implementation plan will be developed in alignment with the Board's strategic plan during calendar year 2019. This plan would then be incorporated into the district's long-range financial forecasting and planning model.

SUMMARIZED FINANCIAL REPORTS—TOTAL GOVERNMENTAL FUNDS

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Resources Received:			
Taxes:			
Property taxes	\$ 85,532,502	\$ 80,365,923	\$ 80,262,499
Specific ownership taxes	7,012,770	6,445,006	6,049,245
Intergovernmental Revenues:			
State equalization aid	62,030,988	63,606,020	62,979,212
State ed. of students w/disabilities	2,665,689	2,540,651	2,584,084
Federal grants	6,525,588	6,725,781	6,399,597
Other state entitlements and state grants	3,187,712	2,417,971	2,466,937
Food sales	2,295,622	2,116,018	2,013,244
Donated commodities	255,520	265,199	246,190
Student care	5,694,761	5,476,593	5,149,373
Pupil activities	2,248,088	2,160,240	2,178,587
Investment earnings	624,135	372,214	532,626
Other	5,274,089	5,883,144	6,032,967
Total Revenues	183,347,464	178,374,760	176,894,561
Services Provided:			
Instruction	96,231,804	93,727,094	92,505,891
Support services:			
Pupil services	8,770,962	8,723,061	8,453,582
Instructional staff services	10,271,927	8,400,694	9,036,896
General administration	1,883,365	1,670,491	1,556,727
School administration	9,451,159	9,292,174	9,073,632
Financial administration	1,346,154	1,312,371	1,386,610
Operations and maintenance	12,934,356	12,192,311	11,556,647
Transportation	4,885,106	4,249,815	4,303,866
Central administration	8,035,284	7,988,630	8,522,588
Other support services	2,365,680	2,146,289	1,914,980
Nutrition services	3,956,334	3,905,151	3,902,387
Extended day child care services	5,148,677	4,922,615	4,528,575
Community services	279,595	244,546	234,618
Student activities	4,239,285	4,175,959	4,020,649
Debt service	11,600,445	11,601,030	11,549,790
Capital outlay	8,540,912	22,835,777	39,776,526
Total Expenditures	189,941,045	197,388,008	212,323,964
Revenues Over Expenditures	(6,593,581)	(19,013,248)	(35,429,403)
Total other financing sources (net)	-	-	17,888,534
Net Change in Fund Balances	(6,593,581)	(19,013,248)	(17,540,869)
Fund balances—beginning of year	66,882,636	85,895,884	103,436,753
Fund Balances—End of Year:			
Nonspendable/restricted	23,110,138	25,749,132	44,667,791
Committed/assigned	25,815,307	28,578,868	17,391,064
Unassigned	11,363,610	12,554,636	23,837,029
Total Fund Balances—Ending	\$ 60,289,055	\$ 66,882,636	\$ 85,895,884

FISCAL YEAR 2018 REVENUES AND RESOURCES—GOVERNMENTAL FUNDS

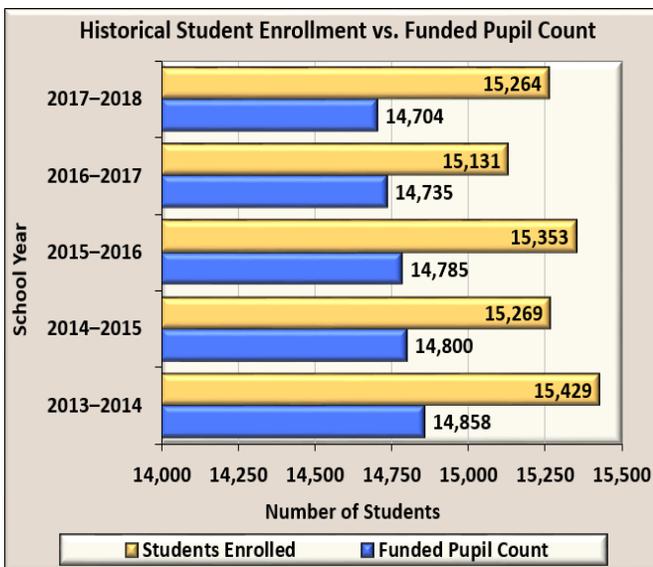
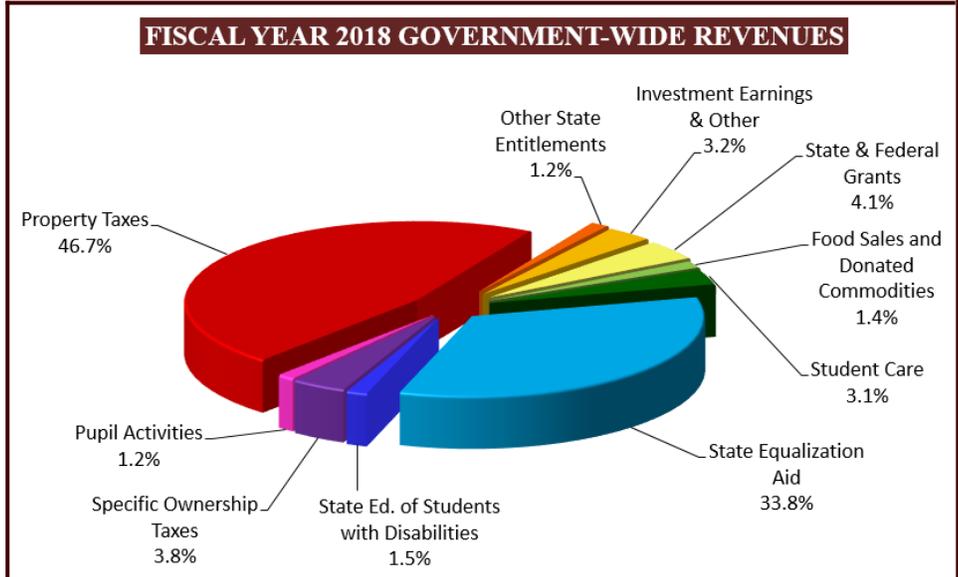
The funding needed by the district to provide educational services for the community comes from multiple sources as illustrated in the graph below. In fiscal year 2018, total governmentwide revenues were \$183.3 million.

The bulk of governmentwide revenue, 82.3 percent, is received within the General Fund, the general operating fund of the district. Of the \$150.9 million in General Fund revenues, 71.9 percent is provided under Total Program. This is the term used to describe the total amount of money each school district receives under the School Finance Act (SFA), and it is driven by the funded pupil count of each district. SFA revenue is classified as either the Local Share or the State Share, with Total Program funding being provided first by the Local Share via portions of both property taxes and specific ownership taxes. Since the ability of districts to raise the taxes necessary to cover the Local Share varies extensively across the state, shortfalls in the Total Program are covered with state funds called the State Share, or state equalization aid.

Additionally, districts can supplement SFA funding by asking voters to approve extra funding in the form of mill levy override taxes.

While this funding source does not affect the amount of state funding a district receives, it is limited by state law to an amount equal to no more than 25.0 percent of a district's Total Program Funding. LPS is very fortunate to receive considerable community support. In 2018, the district received \$28.8 million, or 19.1 percent, of General Fund revenues from voter-approved mill levy override funding.

Other sources of funding include state funding provided for designated purposes, tuition payments, student instructional fees, athletic and activities participation fees, food sales, before- and after-school care fees, gifts to schools, grant revenues, and interest income.



HOW PUPIL COUNTS AFFECT FUNDING

As previously mentioned, the SFA provides a significant portion of district revenues. Each year, the Colorado Legislature decides how to best provide funding for the educational needs of students across the state, and the formula used to determine each district's funding is complex and includes many variables. The primary one is the funded pupil count of each district. This is determined annually during the October Count, at which time enrollment information on all students in the state is provided to the Colorado Department of Education. The information is reviewed extensively to eliminate duplicate records, confirm students are actually enrolled and where, and to decide if they can be funded as full-time or part-time.



LPS does not receive full funding for every student. Students in Grades 1–12 can be considered part-time if they do not meet the minimum seat-time requirements of the state. Part-time students are funded as a 0.5 FTE (full-time equivalent). Moreover, kindergarten students are automatically considered to be part-time, though the state does include supplemental kindergarten enrollment in funding calculations. This means every kindergarten student is counted as 0.58 FTE. Ultimately, the state’s method of calculating funding means that, though LPS had a total enrollment of 15,264 students in 2018, the district received SFA funding for 14,704 FTE.

FISCAL YEAR 2018 EXPENDITURES AND SERVICES—GOVERNMENTAL FUNDS WHERE THE MONEY GOES

The district provides an extensive range of educational services for the community. In 2018, the total government-wide expenditures for those services was \$189.9 million. As with revenues, the bulk of the activity associated with these expenditures, 78.3 percent, occurred in the General Fund. The Debt Service Fund contributed 6.1 percent of the total government-wide expenditures. The remaining 15.6 percent of expenditures are divided between the Designated Purpose Grants Fund and other non-major governmental funds.

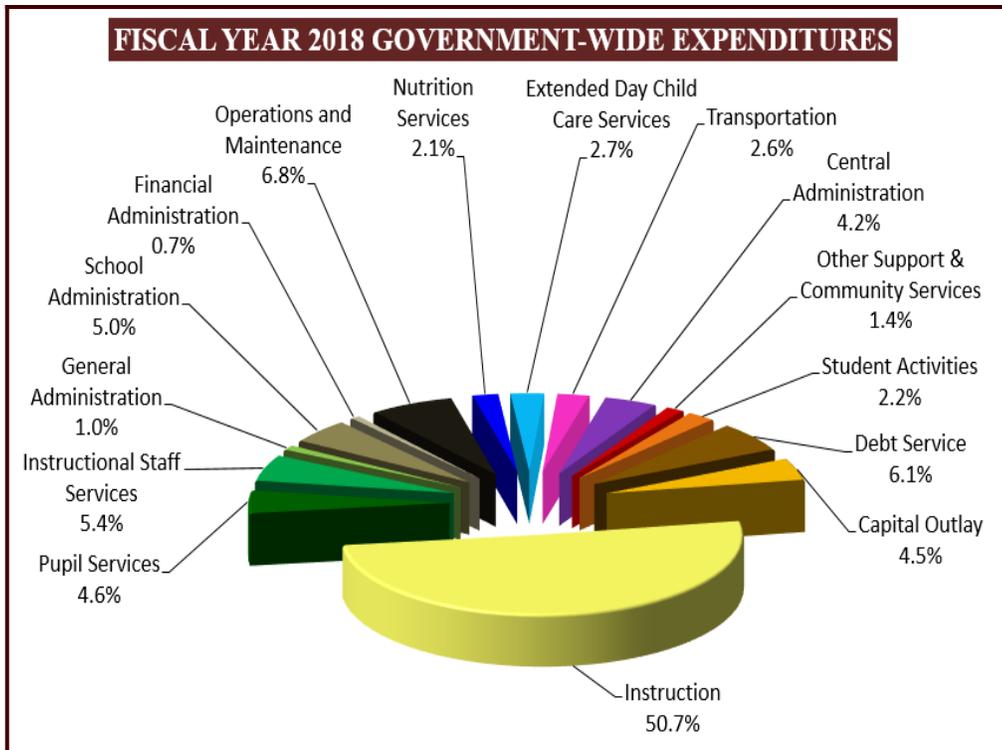
Government expenditures are divided into specific programs in order to provide a basis for comparison between districts statewide. The following provides a brief description of the district’s general program expenditures.

- ⇒ **Instruction**, our largest expenditure category, relates to direct pupil instruction expenditures for both regular and special programs within the district and includes salaries, benefits, supplies, textbooks, and equipment for the elementary, middle, and high schools along with general preschool education, special education, vocational and alternative programs, and gifted and talented education.
- ⇒ **Pupil Services** expenditures include salaries, benefits, supplies, and equipment for social services, school engagement services, emotional and behavioral services, health services, and special education.

⇒ **Instructional Staff Services** expenditures include new curriculum development and evaluation, teacher staff development, vocational education, and school library services.

⇒ **General Administration** expenditures include Board of Education costs, including legal fees, audit services, banking services, and legislative services, along with the Office of the Superintendent and LPS Foundation support.

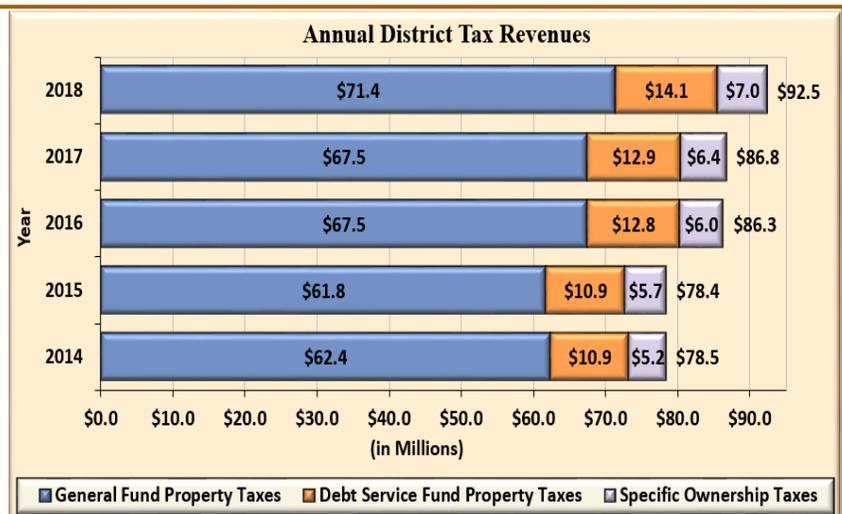
⇒ **School Administration** expenditures include salaries, benefits, supplies, and equipment for school office personnel.



- ⇒ **Financial Administration** expenditures include salaries, benefits, supplies, and equipment for the finance office, purchasing services, and payroll services.
- ⇒ **Operations and Maintenance** expenditures include salaries and benefits for custodians and property management staff. This also includes costs for natural gas, electricity, water, grounds, telephone, computer network supplies/repairs, copier services, and district security.
- ⇒ **Nutrition Services** expenditures include salaries and benefits for employees of the district’s meal programs. This also includes costs for food supplies, cooking equipment, and warehousing.
- ⇒ **Extended Day Child Care Services** expenditures include salaries and benefits for the employees of the school-aged child care programs operated at the district’s preschools and elementary schools. This also includes expenditures for supplies, field trips, child care licensing, and some equipment.
- ⇒ **Transportation** expenditures include salaries, benefits, supplies, fuel, and equipment for all of the transportation department, including bus drivers and vehicle maintenance.
- ⇒ **Central Administration** expenditures include salaries, benefits, supplies, and equipment for warehouse, central records, human resources, assessment, school community relations, administrative staff development, Education Services Center staff development, and information technology services.
- ⇒ **Other Support Services** expenditures include coverage for insurance premiums, claim payments, and safety supplies and services.
- ⇒ **Community Services** expenditures include salaries, benefits, and supplies for the senior citizen programs.
- ⇒ **Student Activities** expenditures include athletic and nonathletic co-curricular activities.
- ⇒ **Debt Service** expenditures represent principle, interest, and fiscal charges on general obligation bonds and capital leases.
- ⇒ **Capital Outlay** expenditures include site acquisitions, building additions, and equipment purchases.

TAXES

As shown in the graph, \$92.5 million or 50.5 percent of the total revenues received in the district’s governmental funds come from tax revenues. The General Fund recorded 84.8 percent of the total tax revenues, which is used for the district’s general operating costs. The remaining 15.2 percent is recorded in the Debt Service Fund, which is used to make payments on the district’s currently outstanding voter-approved general obligation bonds. The total taxes received represent a 6.6 percent increase in overall collection amounts from the prior year, primarily a result of higher property tax assessment rates in 2018. In the last five fiscal years, the total amounts of tax revenues collected by the district have increased by \$14.0 million, as shown in the graph to the right.



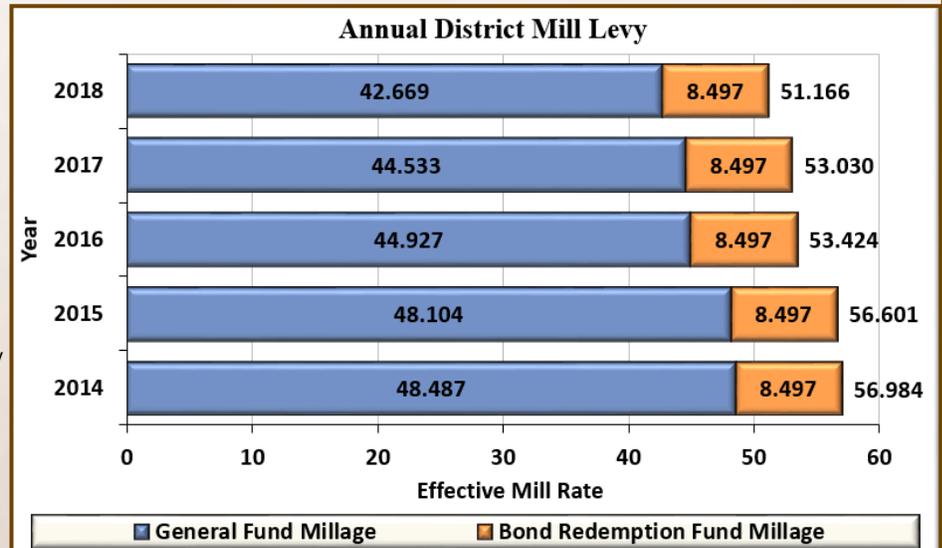
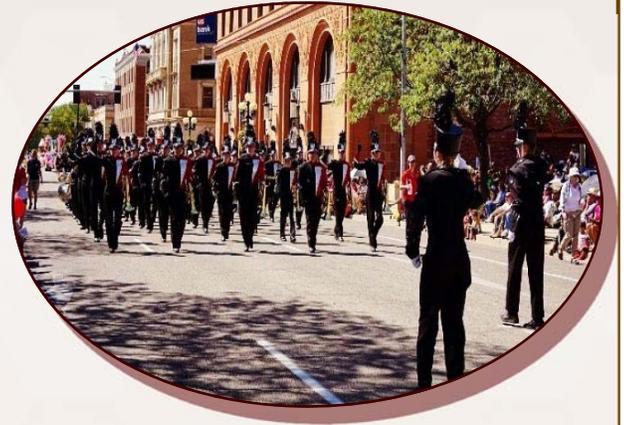
The sources of these revenues are property taxes and specific ownership, or car registration, taxes. Every owner of private and business property, along with owners of registered vehicles within the district, pays these local taxes and fees. Property owned by charitable, governmental, and religious institutions is exempt from taxation.

DOING THE MATH

District property tax rates (mill levies) are approved annually by the Board of Education. The mill levy is used to calculate the overall property taxes for every non-exempt property owner in the district. In 2018, the district's total mill rate was 51.166 mills, including the General Fund and Debt Service Fund millage. By multiplying the assessed value of a property by the mill levy, a property owner can calculate the taxes they will pay to Littleton Public Schools each year.

State law sets the property tax assessment rate, which is the percentage of the actual assessed value of a property that is taxable. For a homeowner, the assessment rate for fiscal year 2018 is 7.2 percent. A business owner's assessment rate is 29.0 percent. For every \$100,000 in property value, a homeowner would have an assessed value of \$7,200 and a business owner would have an assessed value of \$29,000.

A tax mill is equivalent to \$1.00 for every \$1,000, or 0.001. The mill rate can be calculated by multiplying 0.001 by the assessed value. It comes to \$7.20 per mill for each \$100,000 in home value and \$29.00 per mill for each \$100,000 in business property value. Once the value of the mill is determined, it can then be used to determine the school taxes an average household or business would pay. Multiplying the \$7.20 mill rate by the mill levy gives the amount of school taxes paid by the property owner. As the sample shows, in 2018, a homeowner would pay annual taxes of \$368 for every \$100,000 in home value. A business owner would pay \$1,529 for every \$100,000 in business property value.



Sample Property Tax Calculation

Home value (per the county)	\$100,000
Multiply by assessment rate (dependent on property type)	X .072
Equals the assessed value of the property	= \$7,200
Multiply by the tax mill, equivalent to \$1.00 for every \$1,000, or 0.001	X 0.001
Equals the amount in taxes homeowners owe for every mill	= \$7.20
Multiply that amount by the number of mills for the year	X 51.166
Equals the property taxes owed for the home	= \$368



MAJOR INITIATIVES

At the recommendation of the LPS Long-Range Planning Committee, the Board of Education approved a resolution on August 23, 2018, for a local general obligation bond election in November 2018 in the amount of \$298.9 million. Voters approved the bonds, proceeds of which will be used to improve safety and security at school buildings; provide a career, technical, and innovation center; furnish school buildings; and repair, renovate, or reconstruct aging school buildings.

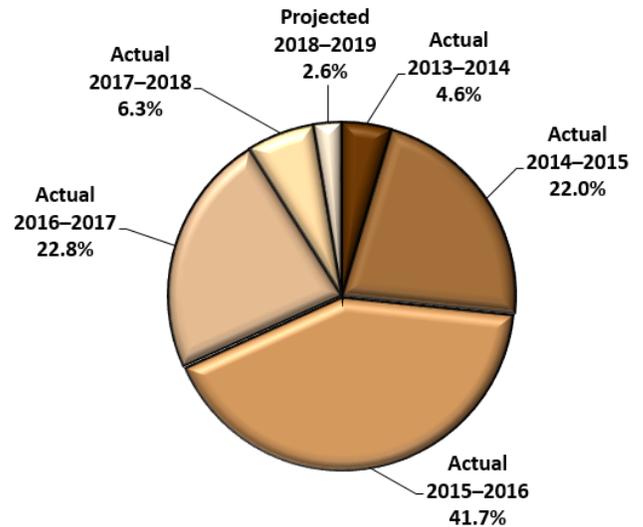
DISTRICT DEBT AND WHY WE HAVE IT

BOND PROJECTS

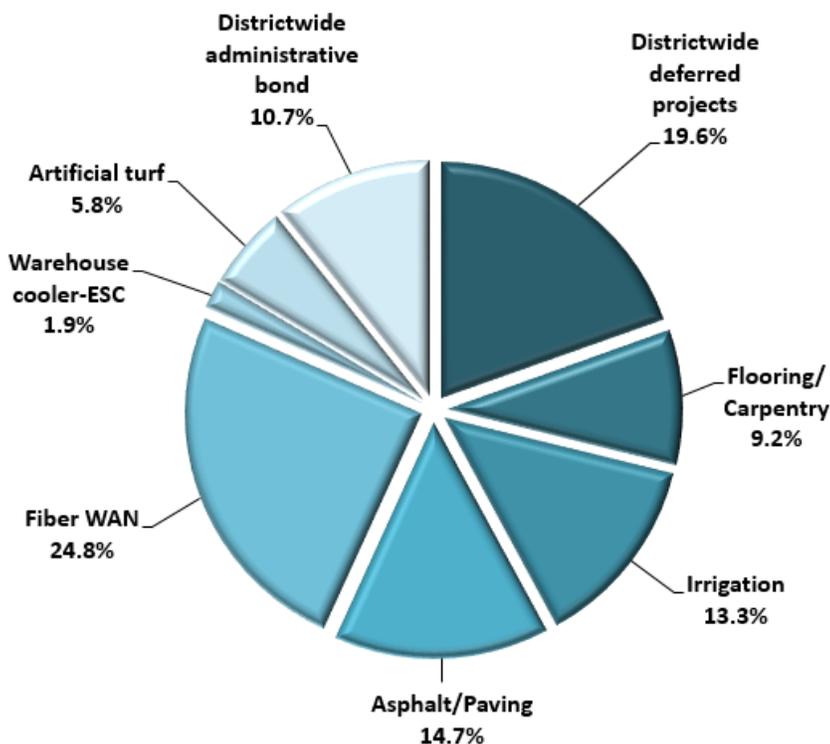
Due to limits in state funding and the necessity of maintaining safe and secure facilities for students, staff, and the community, districts will occasionally seek other funding sources. One such source is the issuance of debt in the form of voter-approved bonds. These bonds allow a district to borrow substantial amounts of money from taxpayers, which is paid back over an extended period of time, thereby allowing them to undertake large capital projects.

The revenues collected through the sales of the LPS voter-approved bonds are used solely for major capital projects throughout the district. The projects currently underway were all identified and prioritized by the Capital Improvement Planning Committee prior to authorization by the Board of Education. The bond projects were planned from fiscal years 2013–2014 through 2017–2018, and they focused on repairing

Six-Year Actual and Projected Construction Expenditures of Total Bond Projects



2018–2019 Bond Project Expenditures



and renewing existing district facilities with an emphasis on roofing, technology upgrades, and infrastructure both in the facilities and on the surrounding grounds. The majority of the work has been completed, with the last few projects being finalized in early fiscal year 2018–2019.

Bond projects completed to date include work at all district facilities as shown on the chart to the left. Other completed projects include:

- Replacement of the bus wash.
- A theater refurbish at Littleton High School.
- The addition of an athletics complex at Littleton High School.
- The addition of a science lab at Sandburg Elementary.
- Structural and fencing repairs at the LPS Stadium.
- Restructuring of the district warehouse facilities and replacement of the freezer.

BOND RATINGS

Bond ratings evaluate not only the financial condition of a company or municipality but also the structure of the bond. The ratings system provides buyers a way to determine the issuer's ability to both pay the interest payments and repay the face value of the bond when it matures. Two of the leading rating agencies are Standard & Poor's and Moody's, and each company has its own rating system. They provide ratings only after examining a range of financial and business attributes that analyze the financial health of the company or municipality in question.

The financial policies and fund balance of LPS were highlighted in the ratings reports by both Moody's and Standard & Poor's. The district's strong financial controls and planning led to high ratings, which enabled borrowing or securing loans at lower interest rates. Moody's Investor Service assigned an underlying Aa1 rating to the LPS general obligation bonds due to the tax intercept program maintained by the state. An enhanced Aa2 rating was also assigned based on our district's own merits.

Standard & Poor's Ratings Services assigned an AA rating to LPS. Both agencies rate the district as a high quality risk. The district's currently outstanding bonds are shown in the chart.

General Obligation (G.O.) Bonds	Dated	Interest Rate	Final Maturity	Original Amount	Outstanding Principal Amount
Refunding Bonds, 2010 Series	Sept. 2010	1.75%–5.0%	Dec. 1, 2024	\$80,575,000	\$47,530,000
G.O. Bonds, 2013 Series	Dec. 2013	4.5%–5.0%	Dec. 1, 2037	\$50,000,000	\$50,000,000
G.O. Bonds, 2014 Series	Dec. 2014	3.0%–4.0%	Dec. 1, 2038	\$17,000,000	\$17,000,000
G.O. Bonds, 2015 Series	Oct. 2015	2.9%–5.0%	Dec. 1, 2038	\$13,000,000	\$15,626,195

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the district contemplated the following factors that could significantly affect its financial health in the future.

- The state's General Assembly incorporated a statewide base per-pupil revenue (PPR) increase of 3.4 percent for inflation; however, the state set a negative factor of 8.76 percent for 2018–2019. This kept the statewide average total PPR at \$8,137, thus reducing the state share by \$672.4 million for a total reduction of approximately \$7.6 billion over the last nine years. The average statewide PPR funding without the negative factor funding cut would have been \$8,909, or \$772 more per student.
- Despite state funding cuts, the district's per-pupil funding is projected to increase \$6.0 million to \$114.5 million when compared to 2017–2018. However, full per-pupil funding would have equated to \$125.5 million, a loss of revenue to the district of \$11.0 million.
- The 2018–2019 budget includes one-time spending of \$4.9 million for new curriculum development, technology upgrades, and new standards implementation. It also includes an additional \$5.8 million assignment of General Fund fund balance for future planned spending, as outlined in the Board-approved *Anticipated Funding Needs–Short- and Long-Term White Papers*. This planned spending will provide funds for curriculum, technology, and other student needs over multiple years. New recurring expenditures include salary and benefit increases and inflationary cost increases.
- The Board of Education approved a resolution on August 23, 2018, for a general obligation bond election in November 2018 in the amount of \$298.9 million. The election was still pending when the district audit was finished, but the measure was ultimately approved by the voters. In coming years, the funds will be used to improve safety and security at school buildings; provide a career, technical education, and innovation center; furnish school buildings; and repair, renovate, or reconstruct aging school buildings.
- An initiative was placed on the November 2018 ballot asking voters to approve a statewide income tax increase that would raise approximately \$1.6 billion to address school districts' local funding needs. It would increase base funding; provide full-day kindergarten and early childhood education funding; and increase funding for special education, English language learners, and gifted and talented students. If approved, the district would have receive an estimated, additional \$23 million annually to support those needs. This measure did not pass voter approval.
- The Public Employees' Retirement Association (PERA) of Colorado, the pension plan that covers all district employees, was modified by Senate Bill (SB) 18-200. The goal was to eliminate the unfunded actuarial accrued liability of each PERA division and to reach a 100 percent funded ratio for each division within the next 30 years. Effective July 1, 2019, the bill modifies benefits and increases contributions.
- Beginning in the 2019–2020 budget year, House Bill (HB) 17-1375 and Colorado Revised Statute (C.R.S.) 22-32-108.5, require districts that collect revenue from mill levies in addition to the Total Program mill levy to adopt a distribution plan for that revenue which benefits students enrolled in the school district, including charter schools, or to distribute 95 percent of the per-pupil amount of revenue to the charter schools. On June 28, 2018, the Board of Education adopted a plan that will focus on the special education student population initially with any remaining funds to be distributed to the district and its charter schools on a per-pupil basis. The plan will be reviewed and updated annually.
- Actual average funded counts of student enrollment are expected to decrease for 2018–2019. Although demographic information indicates student enrollment will continue to decline, it is beginning to stabilize into the foreseeable future.



Photo Acknowledgements:

PAGE 6—Goddard Middle School; PAGE 8—*From top to bottom*: East Elementary School and Hopkins Elementary School; PAGE 11—The Village Preschool; PAGE 13—*From top to bottom*: Heritage High School Scarlet Regiment at the State Fair and Centennial Elementary School.