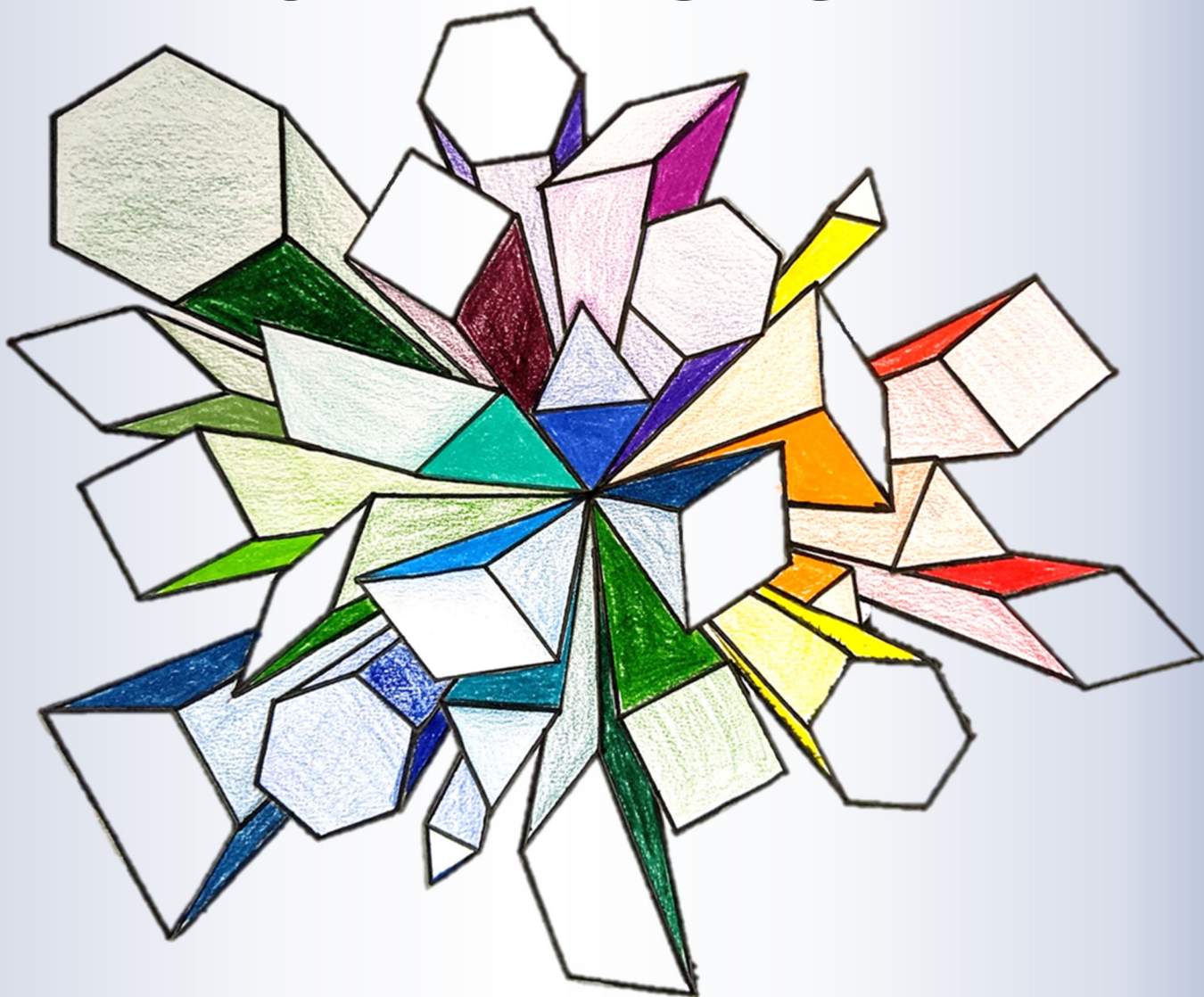


Arapahoe County School District Number Six



LITTLETON PUBLIC SCHOOLS

**2021-2022
ADOPTED BUDGET**



5776 South Crocker Street, Littleton, Colorado 80120

www.littletonpublicschools.net

COVER ART by Tameryn Weeda, Gr 5 Peabody Elementary School

LITTLETON PUBLIC SCHOOLS

(Arapahoe County School District Number Six)

Littleton, Colorado



Adopted Budget
2021–2022

Prepared by Financial Services

Donna Villamor
Chief Financial Officer

Jonathan Levesque
Director of Finance

LITTLETON PUBLIC SCHOOLS
Littleton, Colorado

FISCAL YEAR 2021–2022 BUDGET
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**EXECUTIVE
SUMMARY**

June 10, 2021

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 2021–2022. The district has achieved the objective of providing a quality education to children while managing resources in a prudent manner. LPS has received the prestigious rating of Accredited with Distinction by the Colorado Department of Education (CDE) in eight of the nine years the rating has been offered. This is Colorado’s highest academic accreditation rating.

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 long term. This document takes the following into consideration:

- Expected student enrollment of 13,890 and 14,319.7 funded full-time equivalents.
- Educate and support staff, parents, and community regarding equity through innovation, including student-centered learning, and by providing access and opportunity for all students.
- Incorporation and implementation of state goals related to student achievement, educator effectiveness, school/district performance, and curriculum standards and instruction.

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 community’s students with a high-quality education.

Sincerely,



Brian Ewert
Superintendent



Donna Villamor
Chief Financial Officer

LITTLETON PUBLIC SCHOOLS

Littleton, Colorado

EXECUTIVE SUMMARY

This summary provides an overview of the 2021–2022 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.
- Enhance and support quality early childhood and childcare programs.

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- 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 used as indicators of success for the above focus areas and achievement goals. The measures include 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. 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 approximately ten months before a budget is adopted. The timeline for development of the 2021–2022 budget is outlined below.

August 2020—Preliminary assessed valuation of taxable property within the district is received from the county assessor, and the budget calendar for the next fiscal year is established.

October and November 2020—The district begins reviewing the current financial conditions and preparations for both pupil count and financial projection assumptions for the district, which drive revenue and expenditure forecasts.

December 2020 and January 2021—The projections are presented to various district committees and to the Board. Concurrently, the Board contemplates requests for significant reallocations or additions to the budget.

February and March 2021—Budget development materials are distributed to principals and budget managers by Financial Services for allocation at their respective locations.

April 2021—Budget materials are returned to Financial Services for preparation of the Proposed Budget.

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Littleton, Colorado

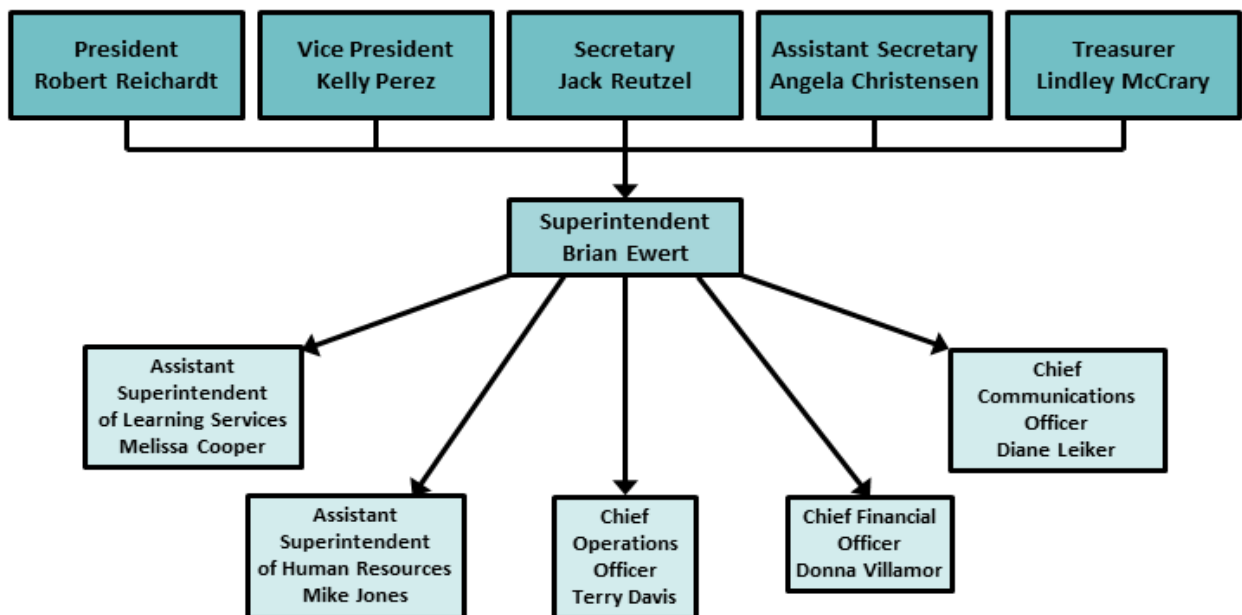
May 2021—The draft document is reviewed and the Proposed Budget is presented to the Board, public, and media.

No later than June 30, 2021—After any modifications based on legislative action have been incorporated into the document, the final budget is adopted by the Board.

Organization

Littleton Public Schools is organized and focused to meet the needs of 13,890 students and manage 24 schools, which are located within approximately 28 square miles of western Arapahoe County. 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, human resources, information and technology services, financial services, nutrition services, and safety and security operations at the Education Services Center, and pupil transportation services at the Transportation Services Center.

Five locally elected school board members, who serve four-year terms, govern the district. The Board appoints the superintendent, who is supported by the superintendent’s staff. The Board of Education and senior staff includes the following members in 2021–2022.



The superintendent’s staff manages various directors and coordinators who handle day-to-day operations. Certified, professional support, and classified staff members report to and work closely with the administrative staff in their respective locations or departments. In 2021–2022, the district will be staffed by 1,828 employees in total, with approximately 81.8 percent paid out of the General Fund. Overall, there are 885 licensed teaching personnel, 864 professional support and classified employees, and 79 administrative employees.

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Littleton, Colorado

TRENDS

Significant Changes

In January 2020, prior to the outbreak of Coronavirus, COVID-19, Board-approved budget reductions of \$4.2 million were incorporated in the district's 2020–2021 budget to help offset prior year's state funding cuts. These reductions eliminated 17 staffing positions, reduced pay, reduced transfers to other funds, increased fees, and eliminated future one-time spending for student needs. Most of these budget cuts will remain in place for fiscal year 2021–2022.

The School Finance Act for fiscal year 2020–2021 included a statewide base per-pupil revenue (PPR) increase of 1.9 percent for inflation as required by Amendment 23. The district was initially anticipating a \$9.2 million loss in funding from an expected budget stabilization factor of approximately 6.9 percent. However, because of the local economic downturn caused by the COVID-19 pandemic, the state's budget stabilization factor for 2020–2021 was set at 14.0 percent. This resulted in an additional loss in funding of over \$9.3 million. This increase in the budget stabilization factor amounted to a total loss of funding in the amount of \$18.5 million of revenue when compared to the state fully funding the program revenue. Subsequently, in March 2021, the Legislature passed a supplemental funding bill for fiscal year 2020–2021 that increased per-pupil revenue (PPR) and resulted in a restoration of approximately \$1.9 million of the district's revenue. This reset the fiscal year 2020–2021 budget stabilization factor to 12.7 percent.

The district began the 2020–2021 school year with in-person learning for Grades Preschool–5 and a hybrid/blended model for Grades 6–12. A review of Arapahoe County COVID data showed that it was appropriate for students and staff to return to school with overlapping and extensive health and safety protocols in place. Additionally, the Temporary Online Program for Students (TOPS) for K–12 and Transition Services students provided a separate district-supported alternative to in-person learning. TOPS was intended for students who were either health-compromised or COVID-vulnerable, or who had family members who were, or for students whose families simply did not feel comfortable sending their students back to in-person school. By the end of the 2020–2021 school year, all district students, excluding those in TOPS, attended in-person learning. For fiscal year 2021–2022, all students will begin the school year with in-person learning.

Due to the large state funding cut for fiscal year 2020–2021 and unbudgeted COVID-19 costs, the Board placed a Debt-Free Schools Mill Levy Override question on the November 2020 ballot in August 2020. The question asked voters to approve a tax increase of \$12.0 million, or no more than 6.000 mills, for collection starting in 2021. One additional mill can be approved by the Board each year, but not to exceed 11.000 mills in total. The passage of the Debt-Free Schools Mill Levy Override in November 2020 allows the district to cover ongoing building maintenance, capital improvements, and technology expenditures, thereby freeing up the district's General Fund for purposes such as continuing to attract and retain quality teachers; maintaining school counseling for mental health; and providing career, technical, and skilled trade classes.

During fiscal year 2016–2017, the Board authorized the formation of the Long-Range Planning Committee (LRPC). Members represented a cross-section of the community and were originally tasked with reviewing the district's physical plant, program capacity, enrollment boundaries, transportation routing, and major capital equipment requirements during the next five to ten

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years. After that, focus shifted to instructional programs and facility needs, ADA improvements, and furniture needs. Additionally, the LRPC considered 24 different school boundary scenarios. The committee looked for logic and efficiency; strived to keep neighborhoods together; considered having to cross major arterial roads; considered feeder patterns, school size and capacity, and socio-economic balance; and looked toward the future for current and future building replacements. Based on LRPC recommendations, the Board implemented the following.

- School start and end times were streamlined beginning in the 2018–2019 school year.
- A \$298.9 million bond measure was put on the November 2018 ballot, which voters approved. Resulting building fund projects are expected to be completed in 2024–2025.
- The Board approved the recommended new boundaries that will take effect in the fall of 2021.
- A third new elementary school will consolidate the East and Moody Elementary Schools on the Moody campus.
- Two of the district’s small elementary schools, Peabody and Twain, will be combined with existing schools in 2022–2023 in order to provide efficient and consistent learning resources for district students.
- Twain, Peabody, and East facilities will be repurposed to partner with community agencies for the betterment of family services in our community.
- Additionally, the Board will consider consolidating the district’s two Village Early Childhood Education into one facility at Highland.

As a result of COVID-19, the federal government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. The district received funding from two programs that were created by the CARES Act: Elementary and Secondary School Emergency Relief (ESSER) Fund and the Coronavirus Relief Fund (CRF). The allocations of these funds were based on the previous year’s Title I shares. The funds are intended to help offset costs related to planning and implementing remote learning, mental health services, sanitation supplies, and improvements to indoor air quality to name a few. These funds will be expended by the fall of 2024.

The district will receive an increase in state educational funding in fiscal year 2021–2022 via the School Finance Act, as explained in the legislative section of this summary. The district’s local share of School Finance Act program revenues will increase by \$8.6 million to \$122.3 million when compared to 2020–2021. However, full Amendment 23 funding for 2021–2022, totaling \$131.4 million, would require the state to fund LPS an additional \$9.1 million. The state has included a budget stabilization factor in the Total Program calculation for the thirteenth consecutive year, thereby reducing the state’s share of K–12 funding. 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 budget stabilization factor reduction of the State Share funding totals nearly \$572.4 million for 2021–2022 and impacts all Colorado school districts’ budgets.

New recurring expenditures of \$3.1 million will be included in the 2021–2022 budget. These additions include funds for curriculum, new staffing positions, and the restoration of previous staff cuts at both the elementary and secondary levels. Additionally, one-time monies, totaling \$2.3 million, will be included in the 2021–2022 budget to provide funds for technology and other student needs.

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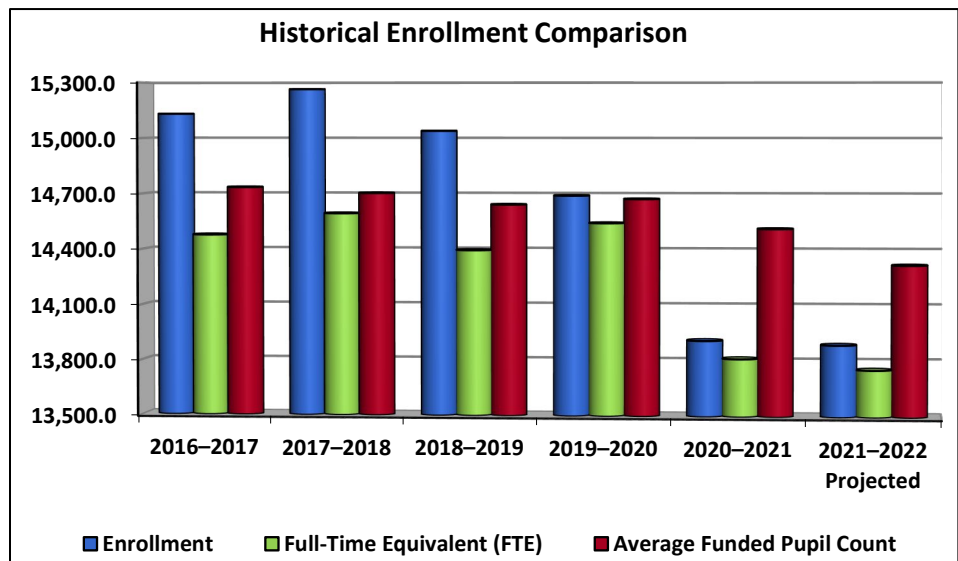
Littleton, Colorado

Student Enrollment Trends and Forecast

Pupil enrollment is estimated to decrease by 22 students for fiscal year 2021–2022, as shown in Table 1 to the right. In fiscal year 2020–2021 the district’s enrollment decreased by 770 students compared to projections. This unusual decrease in students was the result of COVID-19 leading to more students being home schooled, students moving to already established on-line or private schools, and students moving out of state. This type of decrease in student enrollment was experienced at a majority of Colorado school districts. The district anticipates that some families will continue homeschooling students next school year.

Student Enrollment — Table 1				
	Actual 2020–2021	Projected 2021–2022	Increase (Decrease)	Percent Change
Preschool	212	212	–	0.00 %
Elementary	5,530	5,501	(29)	(0.53%)
Middle School	3,107	3,110	3	0.10%
High School	<u>5,063</u>	<u>5,067</u>	<u>4</u>	0.08%
Total	<u>13,912</u>	<u>13,890</u>	<u>(22)</u>	<u>(0.16%)</u>

Total School Finance Act funding is based on the official pupil count, which occurs around October 1 each year. However, rather than fund based on the actual number of students in a district, the state funds based on full-time equivalent (FTE) pupil counts. A student’s FTE pupil count is determined by scheduled hours of course work. Part-time students enrolled in the district count as a 0.5 FTE. The October count enrollment often includes students who are not included in the funded pupil count. The graph on the right illustrates the difference.



While most school districts receive

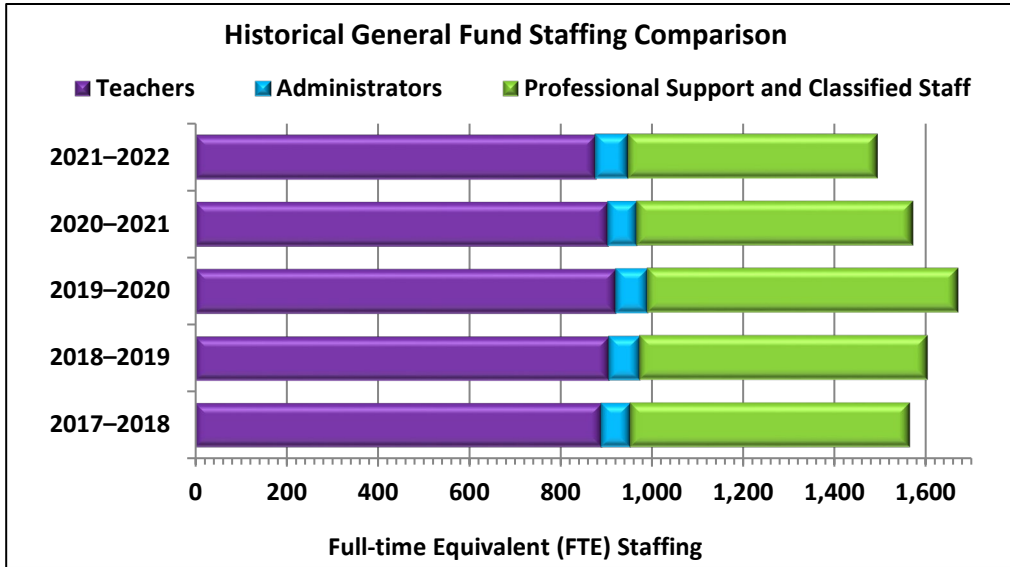
funding based on the funded pupil count for the current school year, the state does allow averaging to help districts mitigate the impacts of fluctuating enrollment. Lower enrollment negatively impacts funding to a district. Averaging allows a district to use an average of up to four prior years' October pupil counts and the current year's October pupil count. This minimizes the impact of enrollment decreases by spreading them out over a longer time period and gives a district more time to adjust programs as needed. In 2020–2021, the district’s average funded pupil count decreased by 278.0 FTE as a result of COVID-19, equating to a loss of funding of \$2.2 million compared to the prior year. If LPS had not been utilizing averaging, the impact would have been 688.5 FTE or a loss of funding of \$5.4 million. For fiscal year 2021–2022, enrollment is projected to remain stable, and the district anticipates an average FTE of 14,319.7, which is a decrease of 194.3 FTE compared to the prior year. At the expected 2021–2022 per pupil funding of \$8,539, the loss in revenue directly related to enrollment declines is approximately \$1.7 million.

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Littleton, Colorado

Personnel Resources and Trends

General Fund staffing over the past five years has fluctuated. In past years mental health support, health assistants, micro technicians, and special education staff were added to meet the needs of students. In 2020–2021, Board-approved staffing reductions of 17 FTE were offset slightly by an increase in staff for the TOPS program. Additionally, the majority of the operations and maintenance personnel were transferred into the Operations and Technology Fund in January 2021. Historically, the General Fund has housed approximately 88 percent of district staff, with the remaining staff



housed in six of the district’s other funds. In 2021–2022, staffing in the other funds is expected to account for 18.2 percent of district personnel.

In addition to the shift in operations and maintenance

personnel, General Fund staffing decreases in 2021–2022 include staffing adjustments made to address student enrollment decreases and department restructuring. The decreases are offset somewhat by the Board-approved addition of assistant principals at the elementary level and a one-time increase of 16.0 pooled staffing points FTE to offset possible enrollment fluctuations throughout the district.

Research continues to confirm that the greatest gains in the classroom are made through a mix of instructional strategies, including high-quality teachers, strong parental support, adequate facilities, class size, and ongoing professional development. However, the ongoing state funding shortage coupled with declining enrollment cannot be ignored.

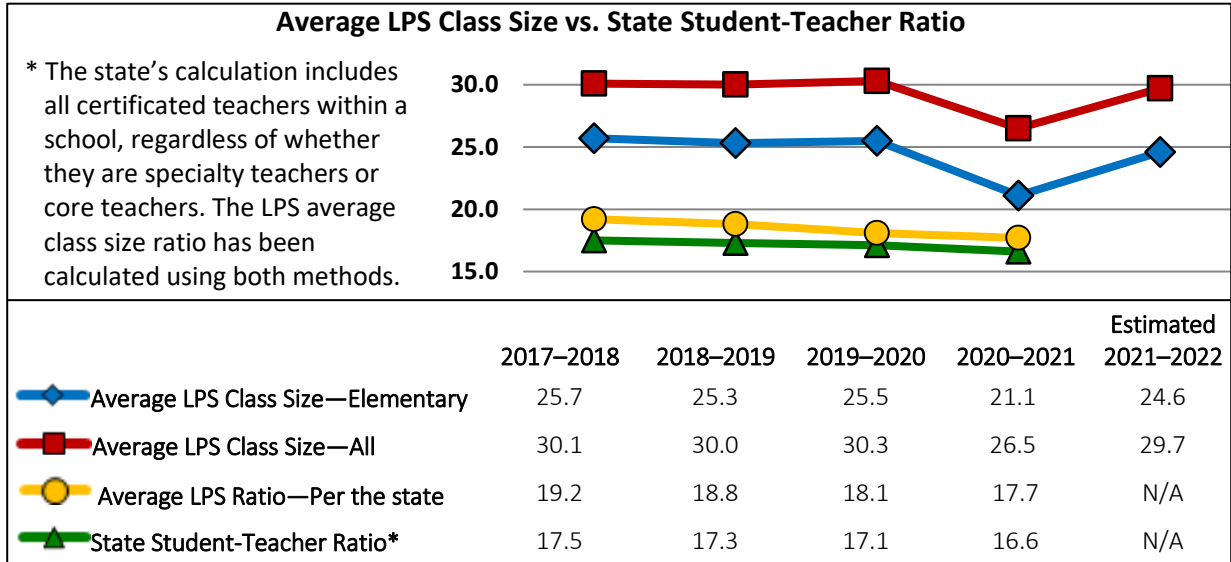
In order to meet the primary goal of educating students, the district uses a weighted staffing formula driven by enrollment projections to provide an equitable division of resources. Individual schools allocate staff depending on the needs of its student population. Additional staffing is provided for literacy support, at-risk support, micro technicians, health assistants, mental health support, and other support programs as needed. This chart outlines the district’s staffing formula.

	Instructional Staffing Points	Administration Staffing Points	Additional Support Points
Elementary School	1.0 per 27.87 students	2.55 points	4.50–8.50 points
Middle School	4.675 per 100 students	6.66567 points	—
High School	5.1022 per 100 students	—	—

LITTLETON PUBLIC SCHOOLS

Littleton, Colorado

Class size is sometimes referred to as the face-to-face ratio in a classroom. The LPS student-teacher ratio is calculated using core classroom teachers only, whereas the state calculated ratios include all teachers within a school. Fiscal year 2020–2021 saw a noticeable decrease in average class size at all levels compared to prior years. This was a direct result of enrollment decreases tied to the COVID-19 pandemic and social distancing protocols. The district anticipates this change to begin reversing in 2021–2022 as students return to in-person learning throughout the district. The graph below illustrates historical class sizes for the district compared to state averages.

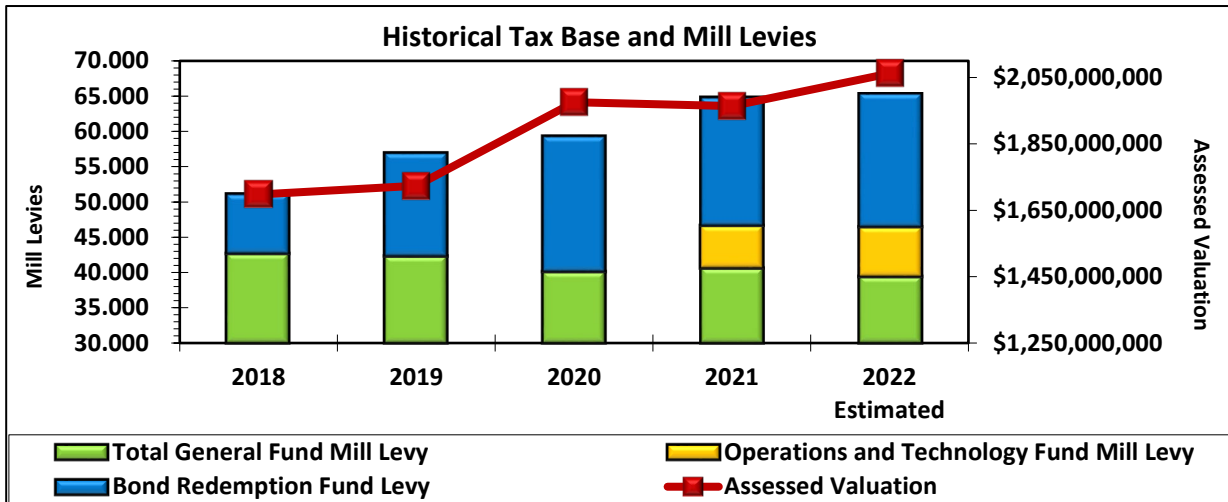


Tax Base and Rate Trends

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 to determine property tax collections for fiscal year 2021–2022 is expected to total \$2.1 billion. This represents a 5.0 percent increase when compared to the previous year. The passage of Amendment B in November 2020 repealed the Gallagher Amendment of 1982. This resulted in the freezing of the residential property tax assessment rate at 7.15 percent; the commercial rate was frozen at 29 percent. These assessment rates will remain in effect until state voters approve any changes.

In fiscal year 2020–2021, the property tax mill levy was 64.744 mills, including the statutory levy, overrides, the district’s Operations and Technology Fund levy, and general obligation bonds debt service requirements. For fiscal year 2021–2022, the mill levy is estimated to be 64.893 mills. This increase is primarily due to the increase of the Operations and Technology Fund mill levy used for the operational and maintenance needs of the district’s buildings. This is offset somewhat by the district’s fixed-dollar, voter-approved override mill levies decreasing when the tax base increases, as illustrated in the graph on the next page. It is estimated that a homeowner with a home valued at \$400,000 in 2022 will pay \$1,856 for school district property taxes compared to \$1,852 in 2021.

LITTLETON PUBLIC SCHOOLS Littleton, Colorado



Legislative Update

The School Finance Act, Senate Bill (SB) 21-268 for fiscal year 2021–2022, includes a statewide base per-pupil revenue (PPR) increase of 2.0 percent for inflation as required by Amendment 23. However, the state budget stabilization factor was set at 7.0 percent for 2021–2022. 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 budget stabilization factor of \$572.4 million for an overall statewide average total PPR of \$8,857. The reduction of the 2021–2022 State Share means a loss of approximately \$9.7 billion over the last thirteen years. The average statewide PPR funding based on the requirements of Amendment 23, without the budget stabilization factor state funding cut, would have been \$9,502, or \$645 more per student. Colorado has a low level of K–12 funding when compared to other states.

General Fund Funding for 2021–2022

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 2021–2022 are as follows.

- Total Program funding available to the district under the School Finance Act is expected to be \$122.3 million, or \$8.6 million higher when compared to \$113.7 million projected for fiscal year 2020–2021. Program funding is increasing by the rate of inflation, 2.0 percent based on the Denver, Boulder, and Greeley consumer price index for calendar year 2020, and funding statewide student growth.
- The district’s \$8,539 PPR for 2021–2022 is an increase of \$702 when compared to the \$7,837 PPR in 2020–2021. Amendment 23 funding for the district’s 2021–2022 PPR would have been \$9,174 without the inclusion of the 7.0 percent budget stabilization factor, representing a loss of \$635 per student. The budget stabilization factor for 2020–2021 was 12.7 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

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expected to be \$5.7 million for 2021–2022. These categorical revenues fund only a small portion of the related student services.

- Voters 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 School Finance Act program funding calculation.
- Voters approved a Debt-Free Schools Mill Levy Override in November 2020; therefore, the district created the Operations and Technology Fund to account for the majority of the district’s day-to-day maintenance expenditures. This override allows the district to shift approximately \$13.4 million in expenditures out of the General Fund, freeing up the General Fund for purposes such as continuing to attract and retain quality teachers; maintaining school counseling for mental health; and providing career, technical, and skilled trade classes.
- Budgeted specific ownership taxes from motor vehicle registrations are anticipated to remain stable.
- Additionally, the General Fund budget includes schoolwide Title I federal grant revenues totaling \$300,000. The 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 (Operations and Technology Fund; Designated Purpose Grants Fund; Student Athletic, Activities, and Clubs 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 district does not operate any proprietary or fiduciary funds.

The ten funds that comprise the district’s appropriated budget are shown in Table 1 on the next page. The 2021–2022 appropriation, which totals \$549.5 million and includes beginning fund balances and budgeted revenues (available resources), decreases approximately 16.8 percent from the 2020–2021 revised appropriation of \$660.5 million. The General Fund increases \$2.1 million due to increased state funding. The Bond Redemption Fund decreases \$29.2 million due to refunding of bonds in the prior year. The Building Fund’s appropriation decreases \$92.5 million because fund balance was used to complete voter-approved bond projects during 2021–2022. The Capital Projects Fund’s decrease of \$1.4 million is due to the shift of projects to the Operations and Technology Fund, thereby decreasing the funding transfer from the General Fund. The Operations and Technology Fund increase of \$7.5 million represents a full year of operational expenditures and a 1.000 mill increase in the mill levy pending Board approval in December 2021. The decrease in the Designated Purpose Grand Fund of \$1.2 million is due to fewer federal grant dollars. The increases in both the Nutrition Services Fund and the Extended Day Care Program Fund of \$1.3 million and \$1.7 million, respectively, are due to anticipated increases in student participation. The remaining funds’ total appropriations are increasing by \$0.8 million.

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Total Appropriations — Table 1

	2020–2021		2021–2022	Increase (Decrease)	Percent Change
	Revised Budget	Budget			
General Fund	\$183,917,976	\$185,972,467	\$2,054,491	1.12%	
Risk Management Fund	4,297,568	4,840,376	542,808	12.63%	
Bond Redemption Fund	100,239,542	71,014,565	(29,224,977)	(29.16%)	
Building Fund	332,033,879	239,570,630	(92,463,249)	(27.85%)	
Capital Projects Fund	4,331,120	2,958,414	(1,372,706)	(31.69%)	
Operations and Technology Fund	11,792,893	19,259,951	7,467,058	63.32%	
Designated Purpose Grants Fund	12,025,460	10,865,908	(1,159,552)	(9.64%)	
Student Athletic, Activities, and Clubs Fund	5,004,520	5,281,083	276,563	5.53%	
Nutrition Services Fund	3,646,238	4,900,361	1,254,123	34.39%	
Extended Day Care Program Fund	<u>3,216,137</u>	<u>4,872,965</u>	<u>1,656,828</u>	51.52%	
Total Appropriation for All Funds	<u>\$660,505,333</u>	<u>\$549,536,720</u>	<u>(\$110,968,613)</u>	<u>(16.80%)</u>	

Budgeted revenue and other financing for all fund types, as shown in Table 2 below, is decreasing \$16.2 million, or 6.2 percent, for a total of \$245.8 million for 2021–2022. General Fund revenues are increasing \$9.8 million, or 6.4 percent, to \$165.0 million. This includes increases in School Finance Act program revenue and other revenue changes explained previously in the General Fund funding highlights. The Bond Redemption Fund decrease of \$30.1 million is the result of the refunding of bonds included in the prior year. The \$0.5 million decrease in the Building Fund reflects decreased interest earnings. The \$2.7 million increase in the Operations and Technology Fund is a result of the increase of its mill levy funding by 1.000 mill. The \$1.2 million decrease in the Designated Purpose Grants Fund is a result of lower available grant funding. The \$2.0 million increase in the Extended Day Care Program Fund is due to an expected increase in program participation, as is the \$1.6 million increase in the Nutrition Service Fund. The other funds combined are decreasing \$0.6 million.

Total Revenues and Other Financing Sources — Table 2

	2020–2021		2021–2022	Increase (Decrease)	Percent Change
	Revised Budget	Budget			
General Fund	\$155,196,405	\$165,044,259	\$9,847,854	6.35%	
Risk Management Fund	2,845,600	2,622,510	(223,090)	(7.84%)	
Bond Redemption Fund	67,619,357	37,547,357	(30,072,000)	(44.47%)	
Building Fund	3,500,000	3,000,000	(500,000)	(14.29%)	
Capital Projects Fund	836,179	836,179	-	0.00%	
Operations and Technology Fund	11,792,893	14,457,121	2,664,228	22.59%	
Designated Purpose Grants Fund	12,025,460	10,865,908	(1,159,552)	(9.64%)	
Student Athletic, Activities, and Clubs Fund	4,246,682	3,837,177	(409,505)	(9.64%)	
Nutrition Services Fund	2,493,341	4,124,385	1,631,044	65.42%	
Extended Day Care Program Fund	<u>1,445,458</u>	<u>3,493,537</u>	<u>2,048,079</u>	141.69%	
Total Appropriation for All Funds	<u>\$262,001,375</u>	<u>\$245,828,433</u>	<u>(\$16,172,942)</u>	<u>(6.17%)</u>	

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As shown in Table 3 below, the total 2021–2022 expenditures of \$328.7 million for all funds are decreasing by \$65.9 million, or 16.7 percent, from the 2020–2021 total of \$394.7 million. The decrease in General Fund budgeted expenditures of \$4.6 million, or 2.8 percent, from 2020–2021 is primarily due to the shift of the majority of the operations and maintenance staff into the Operations and Technology Fund. This shift began in January 2021 and will be completed by the beginning of 2021–2022. Additionally, staffing adjustments were made based on lower enrollment numbers throughout the district as well as the reduction of one-time COVID-19 expenditures. The Risk Management Fund is increasing \$0.8 million, or 33.8 percent, due to increased insurance premiums. The Bond Redemption Fund, used to record the district’s debt service obligations, is decreasing \$31.8 million, or 47.6 percent, as a result of the refunding of bonds included in the prior year. The Building Fund, which accounts for capital projects approved by voters during the 2018 general obligation bond election, is decreasing \$38.2 million, or 29.6 percent, due to the completion of two new schools during 2020–2021. The Capital Projects Fund is decreasing \$1.2 million, or 47.6%, as projects are shifted to the new Operations and Technology Fund. This new fund, in turn, will increase \$9.0 million, or 130.7 percent, with the inclusion of full-year payroll expenses for the operations and maintenance personnel. The other funds combined are increasing by \$3,706.

Total Expenditures — Table 3

	2020–2021			
	<u>Revised</u>	2021–2022	Increase	Percent
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>Change</u>
General Fund	\$164,705,703	\$160,142,552	(\$4,563,151)	(2.77%)
Risk Management Fund	2,402,600	3,215,640	813,040	33.84%
Bond Redemption Fund	66,767,334	34,957,995	(31,809,339)	(47.64%)
Building Fund	129,051,316	90,862,663	(38,188,653)	(29.59%)
Capital Projects Fund	2,510,885	1,317,000	(1,193,885)	(47.55%)
Operations and Technology Fund	6,895,134	15,907,671	9,012,537	130.71%
Designated Purpose Grants Fund	12,025,460	10,865,908	(1,159,552)	(9.64%)
Student Athletic, Activities, and Clubs Fund	4,246,682	3,837,177	(409,505)	(9.64%)
Nutrition Services Fund	3,328,833	4,124,385	795,552	23.90%
Extended Day Care Program Fund	<u>2,716,326</u>	<u>3,493,537</u>	<u>777,211</u>	28.61%
Total Appropriation for All Funds	<u>\$394,650,273</u>	<u>\$328,724,528</u>	<u>(\$65,925,745)</u>	<u>(16.70%)</u>

Budget Forecasts

The district’s long-range budget projections use historical data to build a model for the future financial outlook. However, the district does not forecast all funds currently in use. The Designated Purposes Grant Fund is considered a temporary fund because the availability and awarding of grants is not guaranteed from year to year. The district does not assume any revenues will be available until official notification has been received. The forecast model depends on assumptions regarding funded pupil count, salaries and benefits, and money allocated to the district via the School Finance Act. Significant assumptions in the forecast include:

- LPS anticipates inflationary growth of 2.0 percent in 2021–2022 and an average of 2.4 percent thereafter in state School Finance Act funding for K–12 with minimal fluctuations in the budget stabilization factor during the forecast period.

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- Stable student enrollment.
- Salary schedule advancement costs have not been included in the forecasting model.
- Employer health insurance cost are not increasing in 2021–2022. Increases in subsequent years are expected at 5.0 percent beginning in fiscal year 2022–2023.
- PERA’s annual required employer contribution will remain stable at 20.90 percent.

In addition to the revenue and expenditure assumptions, fund balance projections are categorized based on current Board policy and guidance. Table 4 below shows the combined projections for all funds the district currently forecasts. These include the General Fund; Risk Management Fund; Bond Redemption Fund; Building Fund; Capital Projects Fund; Operations and Technology Fund; Student Athletic, Activities, and Clubs Fund; Extended Day Care Program Fund; and Nutrition Services Fund. The Designated Purposes Grant Fund is not included due to the transient nature of both funding sources and amounts. The majority of the ongoing deficit relates to the spending down of the fund balance in the Building Fund, which is tracking the 2018 voter-approved bond projects.

All Funds’ Budget Forecast (in millions) — Table 4

	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025
	Year-End <u>Estimated</u>				
Revenue	\$250.9	\$235.0	\$240.3	\$243.5	\$246.0
Expenditures	<u>345.7</u>	<u>317.9</u>	<u>312.1</u>	<u>276.2</u>	<u>248.7</u>
Operating Surplus (Deficit)	(94.8)	(82.9)	(71.8)	(32.7)	(2.7)
One-Time Expenditures	<u>10.0</u>	<u>2.3</u>	—	—	—
Ongoing Surplus (Deficit)	<u>(\$84.8)</u>	<u>(\$80.6)</u>	<u>(\$71.8)</u>	<u>(\$32.7)</u>	<u>(\$2.7)</u>

The 2021–2022 General Fund budget forecast includes an estimated fund balance of \$25.8 million at June 30, 2022. This balance consists of \$14.0 million of restricted, assigned, and non-spendable ending fund balance. These year-end assignments include \$2.5 million for the Career Exploration Center, \$2.5 million of mill levy override funds to meet the needs of students, and \$5.0 million restricted year-end fund balance for Taxpayer Bill of Rights (TABOR) emergency reserve requirements. The remaining General Fund fund balance is the unassigned, Board-required minimum 5.0 percent of General Fund budgeted revenues. Much of the district’s fiscal activity occurs within the General Fund, which represents approximately 48.7 percent of the anticipated expenditures for the year, and contains approximately 11.7 percent of the estimated remaining 2021–2022 fund balances. General Fund projections are shown in Table 5 on the next page.

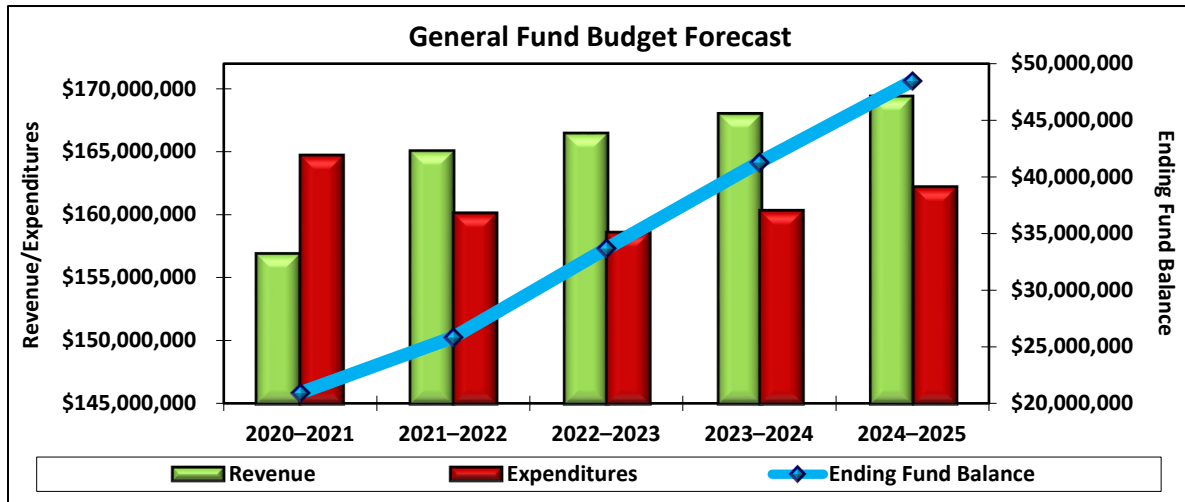
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General Fund Budget Forecast (in millions) — Table 5

	2020–2021				
	Year-End	2021–2022	2022–2023	2023–2024	2024–2025
	<u>Estimated</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Revenue	\$156.9	\$165.0	\$166.4	\$168.0	\$169.4
Expenditures	<u>164.7</u>	<u>160.1</u>	<u>158.6</u>	<u>160.4</u>	<u>162.2</u>
Operating Surplus (Deficit)	(7.8)	4.9	7.8	7.6	7.2
One-Time Expenditures	<u>10.0</u>	<u>2.3</u>	—	—	—
Ongoing Surplus (Deficit)	<u>\$2.2</u>	<u>\$7.2</u>	<u>\$7.8</u>	<u>\$7.6</u>	<u>\$7.2</u>

As illustrated in both Table 5 and the graph below, the state’s funding reduction along with COVID-19 expenditures put negative pressure on the General Fund in fiscal year 2020–2021. With the passage of the Debt-Free Schools Mill Levy Override and more funding from the state, the district will not be deficit spending in the near future. Revenue growth is outpacing expenditure increases based on the detailed forecast assumptions noted previously. 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. Further budgetary adjustments will be implemented based on recommendations as approved by the Board.



General Fund Revenue Sources

The district’s General Fund receives revenue from federal, state, and local sources. Total estimated revenue for 2021–2022 is \$165.0 million, as shown in detail in Table 6 on the next page. General Fund revenues are increasing 6.3 percent when compared to the previous year’s budget. State revenue increases account for approximately 77.5 percent of the net \$9.8 million increase in the overall General Fund budgeted revenues. This program funding increase is minor when compared to the \$9.1 million of funding that has been cut by the inclusion of the budget stabilization factor.

Property taxes generated from the School Finance Act statutory fixed mill levy and state-equalized specific ownership tax revenues combined with the overall local contribution to the School

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Finance Act are expected to increase in fiscal year 2021–2022. The local assessed value of taxable property within the district is projected to grow 5.0 percent. The increase in property tax revenues decreases the state’s School Finance Act funding obligation to the district. The specific ownership taxes apportioned to the district by the county treasurer from collections associated with new vehicle sales are anticipated to remain stable. 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 2021–2022 total \$5.7 million, an increase of 0.4 percent from the previous year’s budget. Federal revenues received for Title I schoolwide grants are decreasing by \$0.5 million.

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, reimbursements, and a reduction in contracted services with the district’s two charter schools.

Where Does the Money Come From? — Table 6

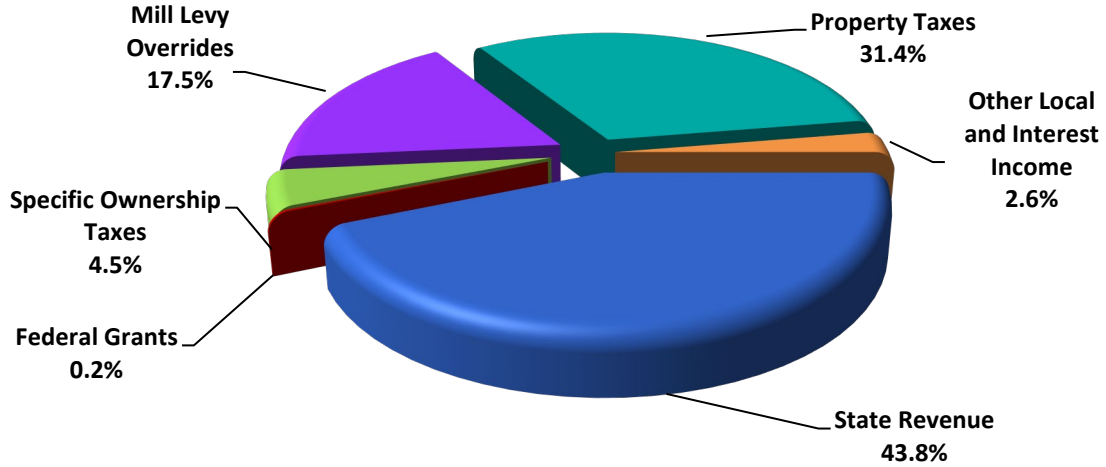
	<u>2020–2021</u> <u>Revised Budget</u>	<u>2021–2022</u> <u>Budget</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Property Taxes	\$49,713,753	\$51,896,570	\$2,182,817	4.39%
Mill Levy Overrides	28,813,581	28,813,581	-	0.00%
Specific Ownership Taxes (SOT)	7,425,514	7,425,514	-	0.00%
Interest Income	110,000	110,000	-	0.00%
Other Local Income	3,471,486	3,881,060	409,574	11.80%
State Revenue	64,740,997	72,375,417	7,634,420	11.79%
Federal Grants	820,255	300,000	(520,255)	(63.43%)
Transfers	<u>100,819</u>	<u>242,117</u>	<u>141,298</u>	140.15%
Total	<u>\$155,196,405</u>	<u>\$165,044,259</u>	<u>\$9,847,854</u>	6.34%

The graph on the next page illustrates the sources of General Fund revenues the district receives.

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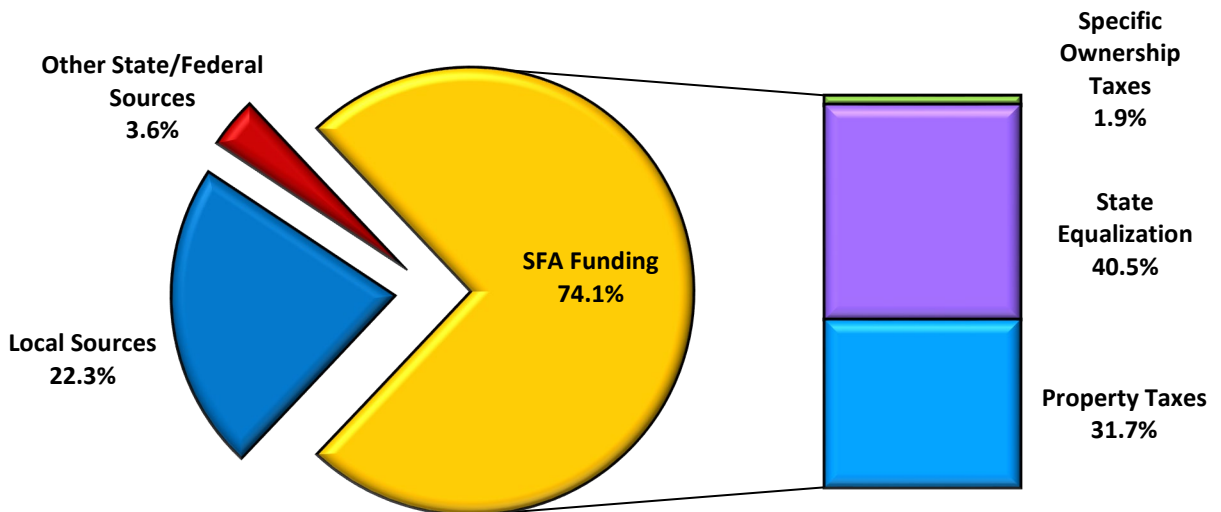
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2021–2022 General Fund Revenue Sources



The majority of this revenue, \$122.3 million, or 74.1 percent, becomes available to the district through the Colorado Public School Finance Act of 1994 (as amended). This School Finance Act program revenue is determined through a formula which utilizes local property taxes, state-equalized specific ownership taxes, and state funds.

2021–2022 SFA Funding in the General Fund



General Fund Expenditures

The district’s budgeted General Fund expenditures and transfers are \$160.1 million in 2021–2022, compared to \$164.7 million in 2020–2021, as shown in Table 7 on the next page. Budgeted expenditures in the General Fund represent a 2.8 percent decrease over the prior year’s budget. The budget includes \$3.2 million of new recurring expenditures and one-time spending of \$2.3 million.

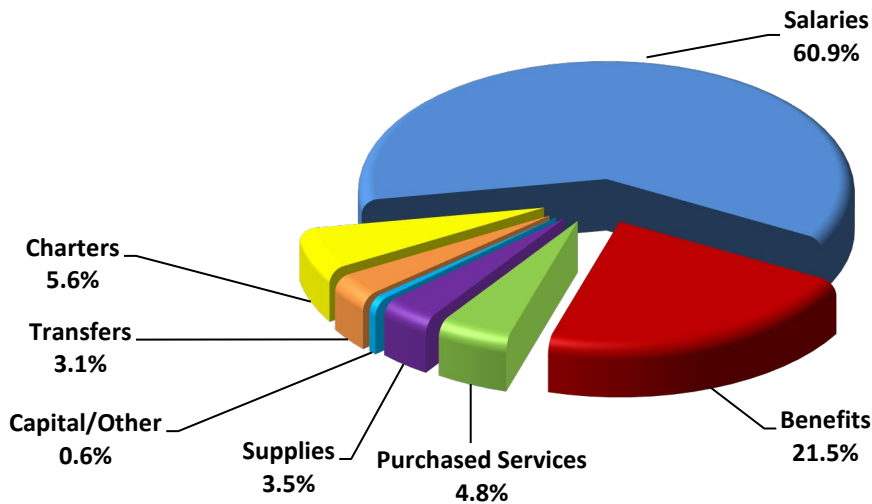
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Where Does the Money Go by Object? — Table 7

	2020–2021 <u>Revised Budget</u>	2021–2022 <u>Budget</u>	Increase (Decrease)	Percent Change
Salaries and Wages	\$96,607,403	\$97,572,679	\$965,276	1.00%
Employee Benefits	35,575,251	34,421,146	(1,154,105)	(3.24%)
Purchased Services	12,840,221	7,670,996	(5,169,225)	(40.26%)
Supplies and Materials	6,119,605	5,603,659	(515,946)	(8.43%)
Capital Outlay/Other	592,535	918,064	325,529	54.94%
Charter Schools	8,535,386	9,039,706	504,320	5.91%
Transfers	<u>4,435,302</u>	<u>4,916,302</u>	<u>481,000</u>	10.84%
Total	<u>\$164,705,703</u>	<u>\$160,142,552</u>	<u>(\$4,563,151)</u>	<u>(2.77%)</u>

This graph below illustrates expectations for the district’s expenditures in the General Fund for the year.

2021–2022 General Fund Expenditure Expectations



As shown in both Table 8 and the graph on the next page, approximately \$0.78 out of every General Fund dollar is devoted to instruction. 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 \$0.19 out of every dollar spent. Learning services, transportation services, and information and technology services are the largest expenditures in this component. Transfers to the Risk Management Fund; Capital Projects Fund; and Student Athletic, Activities, and Clubs Fund account for the remaining \$0.03 out of every dollar spent.

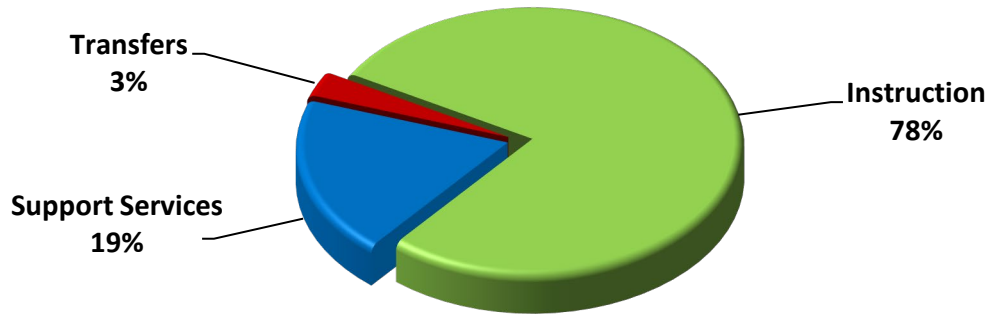
Where Does the Money Go by Service Area? — Table 8

	2020–2021 <u>Budget</u>	2021–2022 <u>Budget</u>	Percent of Total	Percent Change
Instruction	\$123,355,235	\$124,927,291	78%	1.27%
Support Services	36,915,166	30,298,959	19%	(17.92%)
Transfers	<u>4,435,302</u>	<u>4,916,302</u>	3%	10.84%
Total	<u>\$164,705,703</u>	<u>\$160,142,552</u>	<u>100%</u>	<u>(2.77%)</u>

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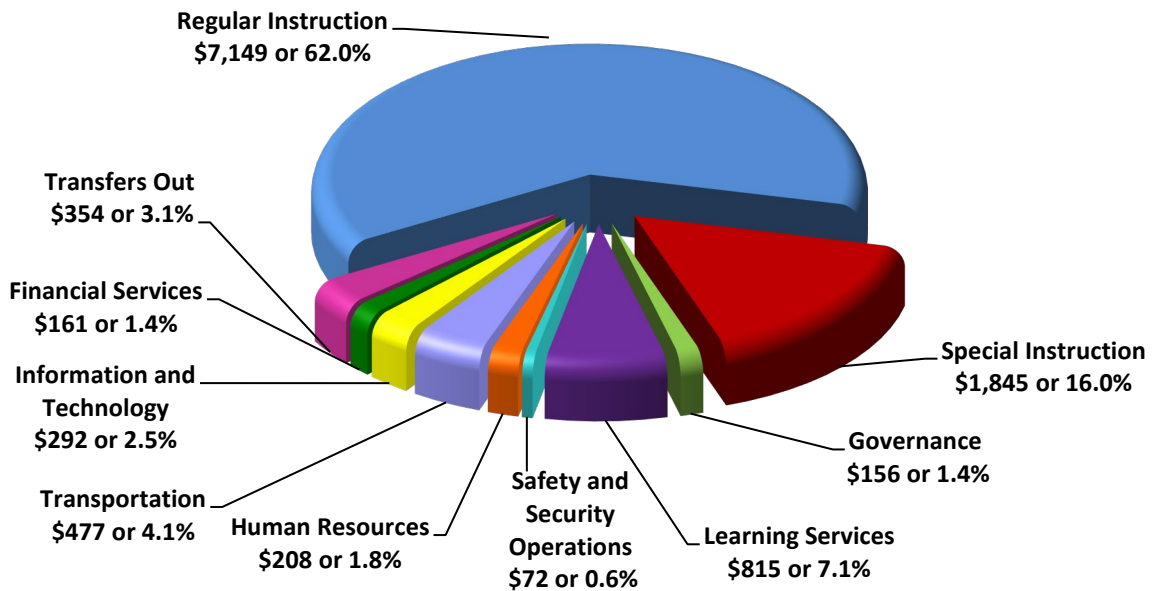
2021–2022 General Fund Expenditures by Service Area



How Does the Typical Student Use \$11,529?

Another way of looking at expenditures is to show how LPS’ General Fund budget relates to a typical student. In fiscal year 2021–2022, the district will fund 13,890 students. This represents an operating cost of approximately \$11,529 for each student compared to \$11,839 per student for fiscal year 2020–2021. Using budgeted expenditure information, the graph below illustrates how the district’s fiscal year 2021–2022 operating budget will be used to support a typical student.

General Fund—How the Typical Student Uses \$11,529



Other Funds

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

Risk Management Fund

The 2021–2022 Risk Management Fund is appropriated at \$4.8 million. In 2021–2022, the General Fund will transfer \$2.5 million to cover insurance premiums. This is an increase of \$0.2 million

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from 2020–2021. Reserves are projected to be \$1.6 million at year end. 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 \$71.0 million, including a \$33.5 million beginning fund balance and \$37.5 million of current revenues. The beginning fund balance is needed to meet December 2021 debt service requirements. Expenditures for 2021–2022 are \$35.0 million for the repayment of principal and interest on outstanding current bonds. The remaining \$36.0 million will be held in reserves at June 30, 2022, so the district will be able to meet its future annual obligations. The 2021–2022 budget reflects the payment schedule for the \$50.0 million in bonds issued in December 2013, the \$17.0 million in bonds issued in December 2014, the \$13.0 million in bonds issued in October 2015, the \$298.9 million in bonds issued in January 2019, and the \$26.4 million refunding bonds issued in October 2020. Outstanding general obligation indebtedness at June 30, 2021, is \$397.6 million, with final maturity scheduled for December 1, 2043. The net bonded debt per capita at July 1, 2021, is estimated at \$3,988. The fund's estimated mill levy for 2022 is 18.445 mills, a slight increase from the 2021 mill levy of 18.126 mills.

Building Fund

The 2021–2022 Building Fund appropriation is \$239.6 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. The life of the fund was extended after voters approved a \$298.9 million bond package in November 2018. Projects under the new bond series include the replacement of four schools, the creation of a new Career Exploration Center, furniture replacement throughout the district, and maintenance to districtwide infrastructure. The included projects are planned to be completed in 2024–2025. Expenditures of \$90.9 million are anticipated for the projects scheduled in 2021–2022.

Capital Projects Fund

The 2021–2022 Capital Projects Fund appropriation, totaling \$3.0 million, includes \$0.8 million of total revenues and \$2.1 million in beginning fund balances. Expenditures of \$1.3 million are anticipated for vehicle purchases, technology, and equipment leases scheduled in 2021–2022. The fund is expected to end the year on June 30, 2022 with \$1.6 million in committed fund balance. In 2021–2022, the General Fund will transfer \$540,179 to the Capital Projects Fund in order to fund planned expenditures. This is the same amount transferred to the fund in 2020–2021.

Operations and Technology Fund

This new special revenue fund was created in January 2021 after the passage of the Debt-Free Schools Mill Levy Override by district voters in November 2020. The creation of the fund allowed the district to repurpose the budget formerly associated with the operations and maintenance of district facilities which were previously accounted for in the General Fund. The 2021–2022 Operations and Technology Fund appropriation of \$19.3 million includes current revenues of \$14.5 million, funded by a 7.000 mill levy, plus \$4.8 million of beginning fund

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balance. Expenditures of \$15.9 million are expected in 2021–2022 and include ongoing building maintenance, capital improvements, and a per-pupil allocation to the charter schools.

Designated Purpose Grants Fund

The Designated Purpose Grants Fund appropriations total \$10.9 million. Federal and state grants provide additional funding for school programs. The largest grants include Every Student Succeeds Act of 2015 (ESSA), Individuals with Disabilities Education Act (IDEA), Medicaid, and Elementary and Secondary School Emergency Relief (ESSER).

Student Athletic, Activities, and Clubs Fund

The 2021–2022 Student Athletic, Activities, and Clubs Fund appropriation is \$5.3 million for all available resources. This fund receives 48.9 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, Activities, and Clubs Fund represents the costs of providing extracurricular activities and clubs 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 \$4.9 million in 2021–2022. This is a self-sustaining program that pays the General Fund approximately \$46,600 annually for overhead and warehousing services. For fiscal year 2021–2022, meals will be available to all students enrolled in the district free of charge due to federal waivers allowing meal programs flexibility while recovering from COVID-19.

Extended Day Care Program Fund

The 2021–2022 Extended Day Care Program Fund appropriation is \$4.9 million, with both budgeted user fee revenues and expenditures anticipated to be \$3.5 million each. Fund balance is projected to remain at \$1.4 million by year end. This fund accounts for preschool programs and the before- and after-school care of children at elementary school sites and The Village. This is a self-sustaining fund which will pay \$242,117 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 are independent entities accounted for as a separate fund. The charter schools receive full funding from the district's per-pupil School Finance Act funding and a share of the mill levy 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 (CDE) 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

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and received an Accredited with Distinction rating eight out of nine years the designation has been offered. This is the highest academic accreditation offered by CDE. Additionally, the district regularly receives both John Irwin School of Excellence awards and Governor's Distinguished Improvement awards from CDE.

In past years, Littleton Public Schools submitted 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. The district was last awarded the Meritorious Budget Award for the fiscal year beginning July 1, 2019, which was the district's 19th consecutive award. However, due to the impact of the COVID-19 pandemic on the budget development timeline, the district was unable to meet all parameters for consideration and did not submit the 2020–2021 Adopted Budget for consideration. Littleton Public Schools believes this current budget meets the MBA program criteria and will submit this document to determine its eligibility for an 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. The COVID-19 pandemic greatly affected the district's ability to assess students in both 2019–2020 and 2020–2021, so comparable results are not available in many areas tested. Historically, 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 *Colorado Academic Standards* (CAS). Even those students for whom no scores are reported must be counted, thus lowering results. Results of the 2019 CMAS test scores show Littleton Public Schools' students outscored the state by double digits in all grades and content areas tested.

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. The surveys continue to show that citizens view Littleton Public Schools in a positive light; the surveys also 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 LPS students a quality education.