



Arapahoe County School District Number Six

LITTLETON PUBLIC SCHOOLS

2023-2024 ADOPTED BUDGET



5776 South Crocker Street, Littleton, Colorado 80120
www.littletonpublicschools.net

COVER IMAGES: From top to bottom, left to right. Student art from Lenski Elementary School, Wilder Elementary School, Hopkins Elementary School, Littleton High School, Newton Middle School, student art from Field Elementary School, and Village Preschool.

LITTLETON PUBLIC SCHOOLS

(Arapahoe County School District Number Six)

Littleton, Colorado

Adopted Budget

2023–2024



Prepared by Financial Services

Jonathan Levesque
Chief Financial Officer

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Director of Finance

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PRESENTATION PURPOSES

LITTLETON PUBLIC SCHOOLS
Littleton, Colorado

FISCAL YEAR 2023–2024 BUDGET
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LITTLETON PUBLIC SCHOOLS
Littleton, Colorado

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



This Meritorious Budget Award is presented to

LITTLETON PUBLIC SCHOOLS
(ARAPAHOE COUNTY SCHOOL
DISTRICT 6)

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2022–2023.

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



A handwritten signature in black ink, appearing to read 'Will Sutter', written over a horizontal line.

William A. Sutter
President

A handwritten signature in black ink, appearing to read 'David J. Lewis', written over a horizontal line.

David J. Lewis
Executive Director

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EXECUTIVE SUMMARY



June 8, 2023

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 2023–2024. 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 13,296 with average funded full-time equivalents of 13,629.6.
- 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



Jonathan Levesque
Chief Financial Officer

LITTLETON PUBLIC SCHOOLS

Littleton, Colorado

EXECUTIVE SUMMARY

This summary provides an overview of the 2023–2024 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.

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

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

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

Performance measures are 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 2023–2024 budget is outlined below.

August 2022—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 2022—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 2022 and January 2023—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.

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February and March 2023—Budget development materials are distributed to principals and budget managers by Financial Services for allocation at their respective locations.

April 2023—Budget materials are returned to Financial Services for preparation of the Proposed Budget.

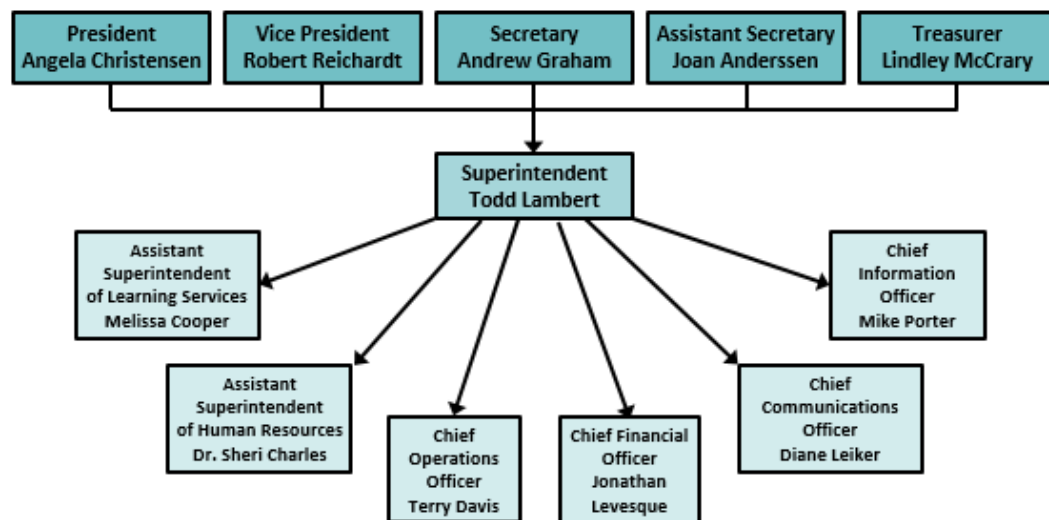
May 2023—The draft document is reviewed and the Proposed Budget is presented to the Board, public, and media.

No later than June 30, 2023—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 13,296 students and manage 20 schools, which are located within approximately 28 square miles of western Arapahoe County. The district operates one early childhood program, ten elementary schools, four middle schools, three high schools, one combined alternative middle school/high school, and one career and technical school. There are also two charter schools in the district that are considered component units. 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 will include the following members in 2023–2024.



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 2023–2024, the district will be staffed by 1,891 employees in total, with approximately 80.8 percent paid out of the General Fund. Overall, there are 884 licensed teaching personnel, 921 professional support and classified employees, and 86 administrative employees.

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TRENDS

Significant Changes

Colorado and local economic activities have stabilized in the most recent quarters; however, there continues to be challenges with inflationary pressures ongoing in the short-term. Growth is forecasted to continue at a slower pace through 2023 when compared to the last few years, and a return to a more moderate pace of expansion in 2024 and 2025. Expansion will be supported by falling inflation, a strong labor market, and improvement in wages. The Federal Reserve is working on striking a balance with increasing interest rates to control inflation, but not to a point to trigger a new recession.

The Federal Reserve increased interest rates a total of ten times between March 2022 and May 2023. The current interest rate at the time of publication of this document is 5.00—5.25 percent. Though smooth transitions are assumed with these rate increases and tighter monetary policy, efforts to slow inflation have caused, to some degree, failures of two banks in recent months. These bank failures have cautioned the markets and slowed growth in the short-term. The Federal Reserve's goal is to return interest rates to 2.00 percent, but that timing depends on how the economy reacts to the current inflated rates.

During the pandemic, the district was the recipient of each type of federal stimulus funding grant available in the most recent years. The federal stimulus grants totaled \$12.5 million and helped the district offer remote and hybrid learning, provide mental health support, and deliver technology support. They also provided funding for necessary health and safety protocols, essential sanitation supplies, and facility upgrades to support indoor environments for students and staff. These funds are receding quickly and could result in a fiscal cliff if necessities from the pandemic become common place, putting a strain on the General Fund to bear the cost.

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 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 impacts of crossing major arterial roads; considered feeder patterns, school size and capacity, and socio-economic balance including current and future building replacements. Based on LRPC recommendations, the Board has implemented the following throughout the past four years.

- School start and end times were more 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 took effect in the fall of 2021.
- A third new school, Little Raven Elementary, will consolidate the East and Moody Elementary Schools on the former Moody campus in 2023–2024.

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- Three of the district’s small elementary schools, Peabody, Highland, and Twain, were combined with existing schools in 2022–2023 in order to provide efficient and consistent learning resources for district students.
- Twain and Peabody will be repurposed to serve student health testing, specialized programs such as Next and Nova, or training within the district.
- East facility will be repurposed to partner with community agencies for the betterment of family services in our community.
- Additionally, the district’s two Village Early Childhood Education will be combined into one facility at Highland in 2023–2024.

The district will receive an increase in state educational funding in fiscal year 2023–2024 from the School Finance Act, Senate Bill (SB) 23-287, as explained in the legislative section of this summary. The district’s local share of School Finance Act program revenues will increase by \$10.2 million to \$137.8 million when compared to 2022–2023. However, full Amendment 23 funding for 2023–2024, totaling \$139.8 million, would require the state to fund LPS an additional \$2.0 million. The state has included a budget stabilization factor in the Total Program calculation for the fifteenth 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 \$141.2 million for 2023–2024 and impacts all Colorado school districts’ budgets.

New recurring expenditures of \$1.6 million will be included in the 2023–2024 budget. These additions include funds for new staffing positions for a variety of support staff, an assistant principal, safety and technology improvements, and increases in benefit rates. These new recurring expenditures are offset by the savings of consolidating the elementary schools mentioned above. Additionally, one-time monies, totaling \$1.4 million, will be included in the 2023–2024 budget to provide funds for student needs.

Student Enrollment Trends and Forecast

Pupil enrollment is estimated to increase by 18 students for fiscal year 2023–2024, as shown in Table 1 to the right. Since 2019–2020, the district’s actual enrollment has decreased by 1,743 students, with about half of that occurring during the COVID-19 pandemic. This unusual decrease in students was the result of students being home schooled, moving to on-line or private schools, and moving out of

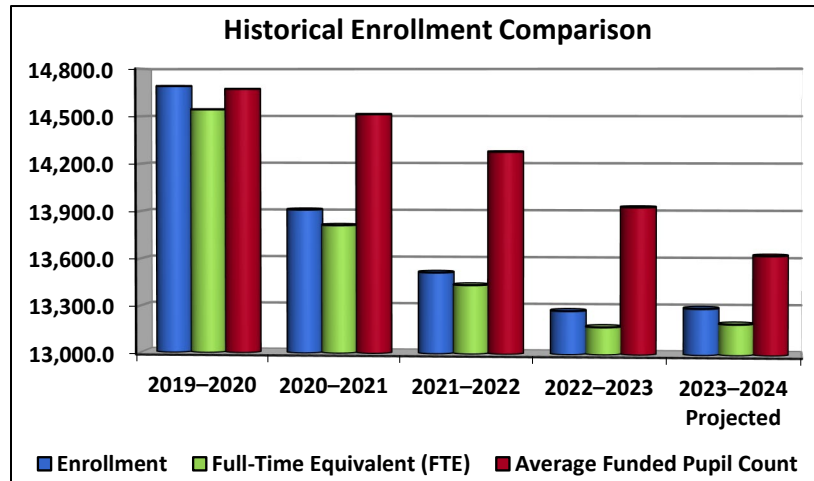
Student Enrollment —Table 1				
	Actual	Projected	Increase	Percent
	2022–2023	2022–2023	(Decrease)	Change
Preschool	263	252	(11)	(4.18%)
Elementary	5,329	5,322	(7)	0.13%
Middle School	2,878	2,871	(7)	(0.24%)
High School	<u>4,808</u>	<u>4,851</u>	<u>43</u>	0.89%
Total	<u>13,278</u>	<u>13,296</u>	<u>18</u>	0.14%

state due to the pandemic. This type of decrease in student enrollment was experienced at a majority of Colorado school districts. Out-of-district choice enrollment, approximately 16.0 percent of the district’s total enrollment, helps offset the in-district enrollment decreases. The district will continue to track birth rates and the real estate market for properties that will attract younger residents with children of school age. The district is anticipating stable student enrollment over the next couple of years.

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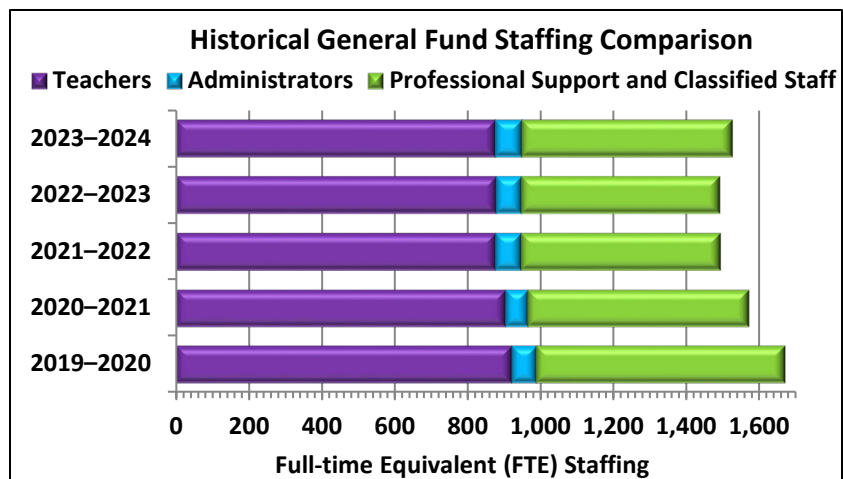
Total School Finance Act funding is based on the official pupil count, which occurs on the first Monday of October each year. Rather than funding based on the actual number of students in a district, the state funds based on full-time equivalent (FTE) pupil counts. A student's FTE pupil count is determined 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. Universal preschool, which takes effect in 2023–2024, will now provide funding for 10 hours per week for four-year-olds as well. The graph above illustrates the difference between enrollment, full-time equivalents, and average funded pupil count.



While most school districts receive funding based on the funded pupil count for the current school year, the state allows 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 2022–2023, the district's average funded pupil count decreased by 262.5 FTE as a result of lower enrollment equating to a loss of funding of \$2.4 million compared to the prior year. If LPS had not been utilizing averaging, the impact would have been a loss of 648.9 FTE or \$5.9 million in lower revenue. For fiscal year 2023–2024, although enrollment is projected to remain stable, the district anticipates an average FTE of 13,629.6, which is a decrease of 298.0 FTE compared to the prior year. At the expected 2023–2024 per pupil funding of \$10,107, the loss in revenue directly related to enrollment declines is approximately \$3.0 million.

Personnel Resources and Trends

General Fund staffing over the past five years has fluctuated, as shown in the graph to the right. In past years mental health support, health assistants, micro technicians, assistant principals at the elementary level, and special education staff were added to meet the needs of students. In 2023–2024, the General Fund will have a net staffing



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increase of 34.4 FTE. This is due to the opening of the Explorative Pathways for Innovative Careers (EPIC) campus, consolidation of East and Moody into Little Raven elementary school, increases in the district’s weighted staffing ratios and additions related to mental health support. Additionally, the Board authorized a one-time increase in pooled points of 3.4 FTE to help provide more flexibility in staffing adjustments throughout the fiscal year.

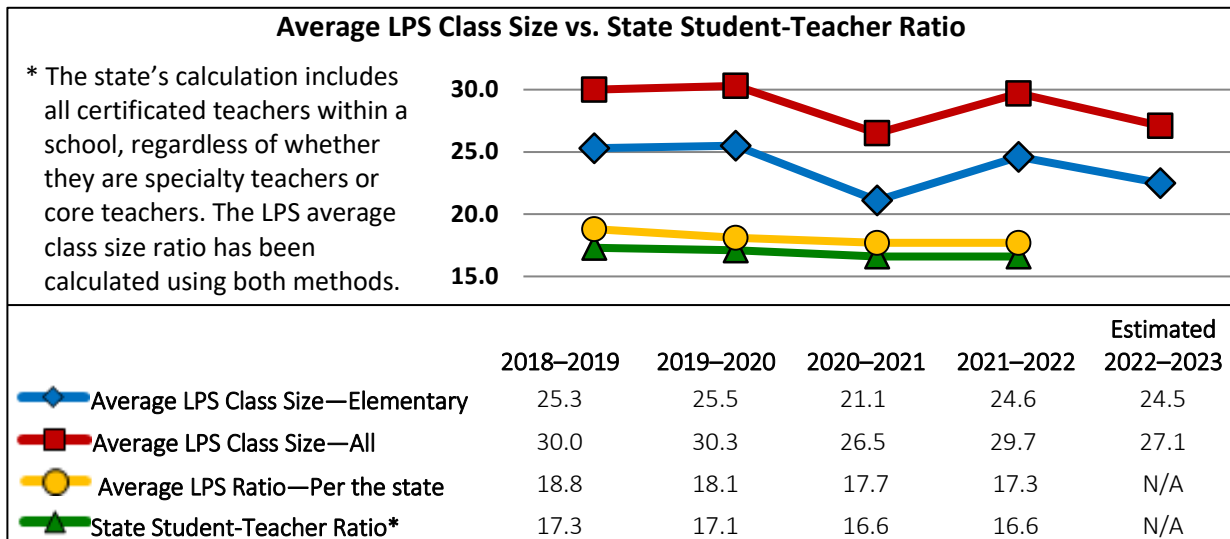
In the past, the General Fund accounted for the majority of district staff, with the remainder housed in six of the district’s other funds. After the creation of the Operations and Technology Fund in January 2021, a larger portion of staffing shifted to other funds. In 2023–2024, staffing in the other funds is expected to account for 19.2 percent of district personnel.

In order to meet the primary goal of educating students, the district uses a weighted staffing formula driven

Level	Instructional Staffing Points	Administration Staffing Points	Additional Support Points
Elementary	1.0 per 25 students for Grades K–2 1.0 per 27.87 students for Grades 3–5	2.55	5.00–9.25
Middle	4.675 per 100 students with a base enrollment of 625	4.6358	—
High	5.1022 per 100 students	—	—

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 micro technicians, health assistants, mental health support, assistant principals at the elementary level, and other support programs based on student population with the focus on special education, gifted and talented, English language learners, 504 learning plans, and free and reduced participation. This above chart outlines the district’s staffing formula.

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 2022–2023 realized the full return to pre-pandemic class size as students returned to in-person learning. The graph below illustrates historical class sizes for the district compared to state averages.



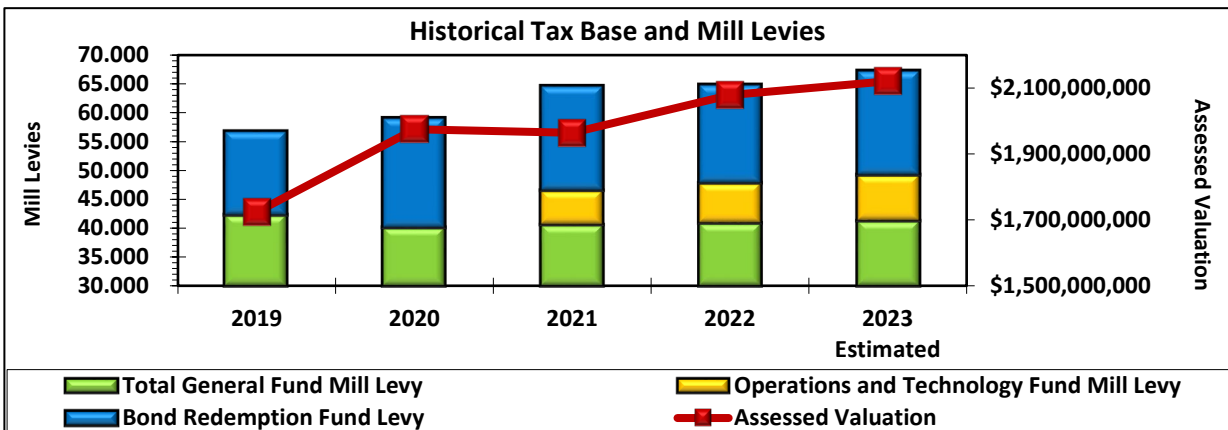
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Tax Base and Rate Trends

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 2023–2024 is expected to total \$2.2 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 29.0 percent. However, a temporary reduction in rates was set by the legislature to 6.95 percent for two years or through 2024.

In fiscal year 2022–2023, the property tax mill levy was 67.061 mills, including the statutory levy overrides, the district’s Operations and Technology Fund levy, and general obligation bonds debt service requirements. For fiscal year 2023–2024, the mill levy is estimated to be 67.235 mills. This is due to the increase of the Operations and Technology Fund mill levy used for the operational and maintenance needs of the district’s buildings, a mandatory increase of the Public School Finance Act Levy up to the limit allowed by statute, and a decrease in the Bond Redemption Fund Levy in order to meet the district’s debt service obligations. This is offset somewhat by the district’s fixed-dollar, voter-approved mill levy overrides decreasing when the tax base increases, as illustrated in the graph below. It is estimated that a homeowner with a home valued at \$400,000 in 2024 will pay \$1,869 for school district property taxes compared to \$1,864 in 2023.



Legislative Update

The School Finance Act, House Bill (HB) 23-287 for fiscal year 2023–2024, includes a statewide base per-pupil revenue (PPR) increase of 8.0 percent for inflation as required by Amendment 23. In 2009, the budget stabilization factor was approved and, to date, has moved out approximately \$10.2 billion of K–12 funding into other state programs. For 2023–2024 the state budget stabilization factor is \$141.2 million for an overall statewide average PPR of \$10,614. The average statewide PPR funding based on the requirements of Amendment 23, without the budget stabilization factor state funding cut, would have been \$10,779, or \$165 more per student. It is the intent of the state to eliminate the budget stabilization factor completely by 2025.

Special Education categorical funding increased by \$40 million statewide through Senate Bill (SB) 23-099. This provides LPS additional funding of approximately \$0.8 million dedicated to students with special education needs.

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Universal Preschool was passed with House Bill (SB) 22-1295 effective in 2023–2024 with per pupil revenue for 10 hours of preschool per week for four-year-olds. While the bill passed and was funded with Senate Bill (SB) 23-216, there are many details that need to be finalized including provider and student assignments, per pupil funding, and delivery of services.

General Fund Funding for 2023–2024

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 2023–2024 are as follows.

- Total Program funding available to the district under the fiscal year 2023–2024 School Finance Act is expected to be \$137.8 million, or \$10.2 million higher when compared to \$127.6 million for fiscal year 2022–2023. Program funding is increasing by the rate of inflation, 8.0 percent based on the Denver, Boulder, and Greeley consumer price index for calendar year 2022, and statewide student growth.
- The district's \$10,107 PPR for 2023–2024 is an increase of \$954 when compared to the \$9,153 PPR in 2022–2023. Amendment 23 funding for the district's 2023–2024 PPR would have been \$10,267 without the inclusion of the 1.56 percent budget stabilization factor, representing a loss of \$160 per student. The budget stabilization factor for 2022–2023 was 3.67 percent.
- State categorical funding for special education was increased as a result of the passage of Senate Bill (SB) 23-099. Together with transportation, career and technical education, gifted and talented, and the English Language Proficiency Act (ELPA), categorical funding is expected to be \$9.5 million for 2023–2024. These categorical revenues cover 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 in November 2020 allowing the district to create the Operations and Technology Fund to account for the majority of the district's day-to-day maintenance expenditures. This approval allows the district to shift approximately \$24.0 million in expenditures out of the General Fund. The fund change allows the General Fund expenditures to focus on 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 increase slightly.
- Additionally, the General Fund budget includes school wide 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, Little Raven, and Centennial) with high at-risk student populations.

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APPROPRIATIONS, 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 2023–2024 appropriation, which totals \$429.3 million and includes beginning fund balances and budgeted revenues (available resources), decreases approximately 15.2 percent from the 2022–2023 appropriation of \$506.5 million. The General Fund’s total appropriation increased \$10.2 million due to increased state funding. The Risk Management Fund’s appropriation increased \$1.0 million due to insurance claim reimbursements in the prior year. The Building Fund’s total appropriation decreased \$89.2 million because fund balance will be used to continue voter-approved bond projects during 2023–2024. The Capital Projects Fund’s increase of \$0.8 million is due to the transfer of insurance claim reimbursements for property damages from the Risk Management Fund into the fund where the expenditures will be recorded. The Operations and Technology Fund’s total appropriation increase of \$1.4 million represents a 1.000 mill increase in the mill levy pending Board approval in December 2023. The decrease in the Designated Purpose Grand Fund of \$3.4 million is due to lower federal grant dollars related to the pandemic. The increases in both the Nutrition Services Fund’s and the Extended Day Care Program Fund’s total appropriations of \$1.0 million and \$0.3 million, respectively, are due to anticipated increases in student participation. The remaining funds’ total appropriations are increasing by \$0.9 million.

Total Appropriations by Fund — Table 1

	Revised 2022–2023 <u>Budget</u>	2023–2024 <u>Budget</u>	Increase (Decrease)	Percent Change
General Fund	\$210,637,023	\$220,654,296	\$10,017,273	4.76%
Risk Management Fund	8,176,649	9,197,175	1,020,526	12.48%
Bond Redemption Fund	70,087,358	70,830,020	742,662	1.06%
Building Fund	155,688,738	66,527,359	(89,161,379)	(57.27%)
Capital Projects Fund	6,198,068	7,045,420	847,352	13.67%
Operations and Technology Fund	23,238,971	24,652,303	1,413,332	6.08%
Designated Purpose Grants Fund	12,282,502	8,900,993	(3,381,509)	(27.53%)
Student Athletic, Activities, and Clubs Fund	5,227,577	5,288,357	60,780	1.16%
Nutrition Services Fund	7,729,296	8,730,207	1,000,911	12.95%
Extended Day Care Program Fund	<u>7,251,964</u>	<u>7,513,662</u>	<u>261,698</u>	3.61%
Total Appropriation for All Funds	<u>\$506,518,146</u>	<u>\$429,339,792</u>	<u>(\$77,178,353)</u>	(15.24%)

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Budgeted revenue and other financing for all fund types, as shown in Table 2 below, is increasing \$16.0 million, or 6.2 percent, for a total of \$274.4 million for 2023–2024. General Fund revenues are increasing \$12.4 million, or 7.3 percent, to \$181.8 million. This includes increases in School Finance Act program revenue and categorical revenue changes explained previously in the General Fund funding highlights. The Building Fund decrease of \$0.2 million is the result of lower expected interest earnings on remaining fund balance. The \$1.7 million increase in the Capital Projects Fund reflects a transfer from Risk Management. The \$2.5 million increase in the Operations and Technology Fund is a result of the increase of its mill levy funding by 1.000 mill. The \$3.4 million decrease in the Designated Purpose Grants Fund is a result of a decrease in federal grant funding. The other funds combined are increasing \$3.0 million.

Total Revenues and Other Financing Sources by Fund — Table 2

	Revised 2022–2023 <u>Budget</u>	2023–2024 <u>Budget</u>	Increase (Decrease)	Percent Change
General Fund	\$169,424,731	\$181,837,745	\$12,413,014	7.33%
Risk Management Fund	3,138,036	5,706,536	2,568,500	81.85%
Bond Redemption Fund	38,239,829	37,791,392	(448,437)	(1.17%)
Building Fund	806,805	613,266	(193,539)	(23.99%)
Capital Projects Fund	4,247,300	5,934,037	1,686,737	39.71%
Operations and Technology Fund	16,852,872	19,372,272	2,519,400	14.95%
Designated Purpose Grants Fund	12,282,502	8,900,993	(3,381,509)	(27.53%)
Student Athletic, Activities, and Clubs Fund	3,912,207	4,082,272	170,065	4.35%
Nutrition Services Fund	4,843,287	5,706,758	863,471	17.83%
Extended Day Care Program Fund	<u>4,680,191</u>	<u>4,465,490</u>	<u>(214,701)</u>	(4.59%)
Total Revenues for All Funds	<u>\$258,427,760</u>	<u>\$274,410,761</u>	<u>\$15,983,001</u>	6.18%

As shown in Table 3 on the next page, the total 2023–2024 expenditures of \$318.4 million for all funds are decreasing by \$35.5 million, or 10.0 percent, from the 2022–2023 total of \$353.9 million. The increase in General Fund budgeted expenditures of \$8.7 million, or 5.0 percent, from the 2022–2023 total is primarily due to board approved salary and benefit increases and new school startups. The Risk Management Fund is increasing \$1.7 million, or 26.7 percent, due to a large insurance claim reimbursement for property damages in the prior year that will be transferred to the Capital Projects Fund. The Bond Redemption Fund, used to record the district’s debt service obligations, is decreasing \$0.01 million, or 0.03 percent in order to meet the district’s debt service obligations. The Building Fund, which accounts for capital projects approved by voters during the 2018 general obligation bond election, is decreasing \$49.9 million, or 56.1 percent, due to the completion of two new schools during 2022–2023. The Capital Projects Fund is increasing \$1.2 million, or 25.7 percent, for roof repairs covered by a transfer from the Risk Management Fund that was mentioned earlier. The Operations and Technology Fund will increase \$5.8 million, or 32.0 percent, due to spending on facilities and technology projects and transfer of authorized technology-related salaries and benefits. The Designated Purpose Grants Fund is decreasing \$3.4 million, or 27.5 percent, due to one-time pandemic related federal grants. The other funds combined are increasing by \$0.4 million as a result of anticipated increased student participation.

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Total Expenditures by Fund — Table 3

	Revised 2022–2023 <u>Budget</u>	2023–2024 <u>Budget</u>	Increase (Decrease)	Percent Change
General Fund	\$172,264,309	\$180,917,051	\$8,652,742	5.02%
Risk Management Fund	6,308,918	7,991,648	1,682,730	26.67%
Bond Redemption Fund	37,535,600	37,526,151	(9,449)	(0.03%)
Building Fund	88,849,815	38,987,671	(49,862,144)	(56.12%)
Capital Projects Fund	4,662,285	5,858,610	1,196,325	25.66%
Operations and Technology Fund	18,194,636	24,022,916	5,828,280	32.03%
Designated Purpose Grants Fund	12,282,502	8,900,993	(3,381,509)	(27.53%)
Student Athletic, Activities, and Clubs Fund	3,922,836	4,067,965	145,129	3.70%
Nutrition Services Fund	4,944,938	5,706,758	761,820	15.41%
Extended Day Care Program Fund	<u>4,970,918</u>	<u>4,465,490</u>	<u>(505,428)</u>	<u>(10.17%)</u>
Total Expenditures for All Funds	<u>\$353,936,757</u>	<u>\$318,445,253</u>	<u>(\$35,491,504)</u>	<u>(10.03%)</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 8.0 percent in 2023–2024, 3.0 percent in 2024–2025, and an average of 3.0 percent thereafter in state School Finance Act funding for K–12 with minimal fluctuations in the budget stabilization factor during the forecast period.
- Stable student enrollment.
- Salary schedule advancement costs have not been included in the forecasting model.
- Employer health insurance cost increase, totaling 3.5 percent, is expected for 2023–2024. Increases in subsequent years are expected to continue at 3.5 percent.
- PERA’s annual required employer contribution continues at 21.4 percent.

In addition to the revenue and expenditure assumptions, fund balance projections are categorized based on current Board policy and guidance. Table 4 on the next page 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. Those projects will be completed in 2024–2025.

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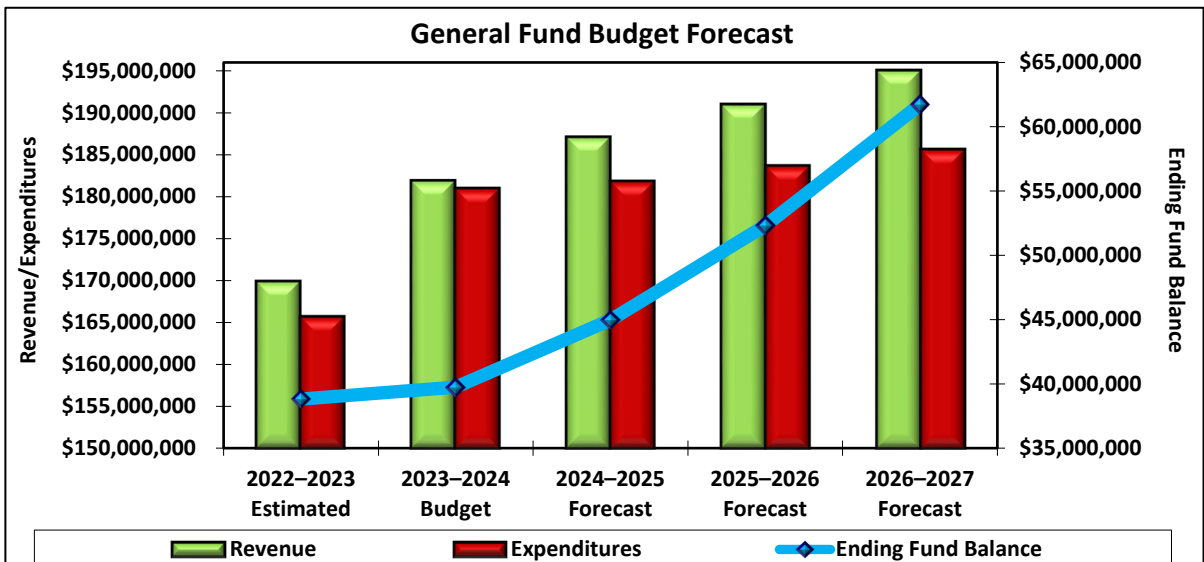
All Funds' Budget Forecast (in millions) — Table 4

	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027
	<u>Estimate</u>	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Revenue	\$251.0	\$265.5	\$271.2	\$279.7	\$281.0
Expenditures	<u>344.1</u>	<u>309.5</u>	<u>291.2</u>	<u>268.5</u>	<u>267.9</u>
Operating Surplus (Deficit)	(93.1)	(44.0)	(20.0)	11.2	13.1
One-Time Expenditures	<u>8.3</u>	<u>1.0</u>	—	—	—
Ongoing Surplus (Deficit)	<u>(\$83.8)</u>	<u>(\$43.0)</u>	<u>(\$20.0)</u>	<u>\$11.2</u>	<u>\$13.1</u>

The 2023–2024 General Fund budget includes an estimated fund balance of \$39.7 million at June 30, 2024. This balance consists of \$25.6 million of restricted, assigned, and non-spendable ending fund balance. These year-end assignments include \$15.5 million for the Explorative Pathways for Innovative Careers (EPIC) campus and new school startups, \$4.4 million for encumbrances and carry forwards, \$5.1 million restricted year-end fund balance for Taxpayer Bill of Rights (TABOR) emergency reserve requirements, and \$0.3 million for inventory and prepaids. The remaining General Fund fund balance is the unassigned category, which includes the Board-required minimum 5.0 percent of General Fund budgeted revenues, excluding charter school revenues. Much of the district’s fiscal activity occurs within the General Fund, which represents approximately 58.4 percent of the anticipated expenditures for the year, and contains approximately 35.9 percent of the estimated remaining 2023–2024 fund balances. General Fund projections are shown in Table 5 below.

General Fund Budget Forecast (in millions) — Table 5

	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027
	<u>Estimate</u>	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Revenue	\$169.9	\$181.8	\$187.0	\$190.9	\$195.0
Expenditures	<u>172.3</u>	<u>180.9</u>	<u>181.8</u>	<u>183.6</u>	<u>185.5</u>
Operating Surplus (Deficit)	(2.4)	0.9	5.2	7.3	9.5
One-Time Expenditures	<u>8.3</u>	<u>0.6</u>	—	—	—
Ongoing Surplus (Deficit)	<u>\$5.9</u>	<u>\$1.5</u>	<u>\$5.2</u>	<u>\$7.3</u>	<u>\$9.5</u>



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As illustrated in both Table 5 and the graph on the previous page, the inflationary funding requirement shows positive growth on the General Fund forecast. The district's General Fund continues to benefit from expenditures transferred to the Operation and Technology Fund covered by the Debt-Free Schools Mill Levy funding. Revenue growth is outpacing expenditure increases based on the detailed forecast assumptions noted previously. District management will continue to monitor long-term forecasts, include subsequent state funding changes, and make recommendations for Board consideration. 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 2023–2024 is \$181.8 million, as shown in detail in Table 6 on the next page. General Fund revenues are increasing 4.8 percent when compared to the previous year's budget. State revenue increases account for approximately 4.3 percent of the net \$10.2 million increase in the overall General Fund budgeted revenues. While most of this increase is due to increased Total Program funding, nearly \$2.6 million is due to an increase in special education categorical funding as a result of the passage of Senate Bill (SB) 23-099.

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 Finance Act are expected to increase in fiscal year 2023–2024. The local assessed value of taxable property within the district is projected to grow 5 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 increase also. Property tax revenues generated with voter-approved fixed dollar mill levy overrides do not change with fluctuations of assessed value.

A relatively small 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, 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 2023–2024 total \$9.5 million, an increase of 35.9 percent from the previous year's budget. Federal revenues received for Title I school wide grants are remaining stable.

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. Specific ownership taxes are anticipated to increase due to higher car sales from a strong local economy. Other local income is expected to increase based on current trends surrounding fees, reimbursements, and a slight increase in contracted services with the district's two charter schools.

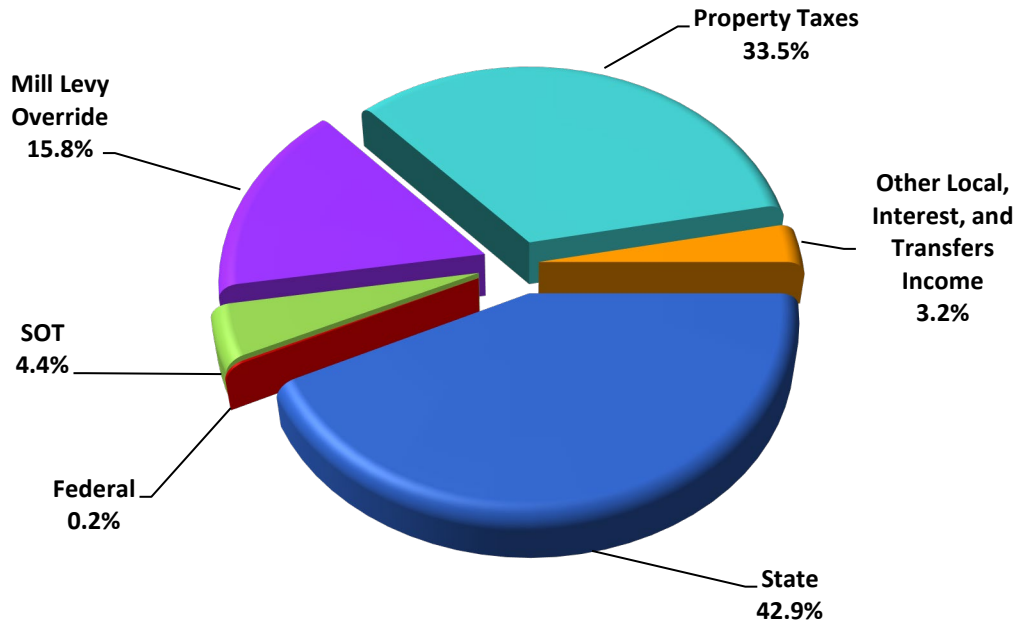
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Where Does the General Fund Money Come From? — Table 6

	Revised 2022–2023 Budget	2023–2024 Budget	Increase (Decrease)	Percent Change
Property Taxes	\$54,121,625	\$60,979,610	\$6,857,985	12.67%
Mill Levy Overrides	28,813,581	28,813,581	-	0.00%
Specific Ownership Taxes (SOT)	7,314,131	7,929,760	615,629	8.42%
Interest Income	140,000	654,933	514,933	367.81%
Other Local Income	3,559,150	4,813,500	1,254,350	35.24%
State Revenue	74,866,988	78,045,800	3,178,812	4.25%
Federal Grants	300,000	300,000	-	0.00%
Transfers	309,256	300,561	(8,695)	(2.81%)
Total General Fund Revenues	<u>\$169,424,731</u>	<u>\$181,837,745</u>	<u>\$12,413,014</u>	7.33%

The graph below illustrates the sources of General Fund revenues the district receives.

2023–2024 General Fund Revenue Sources

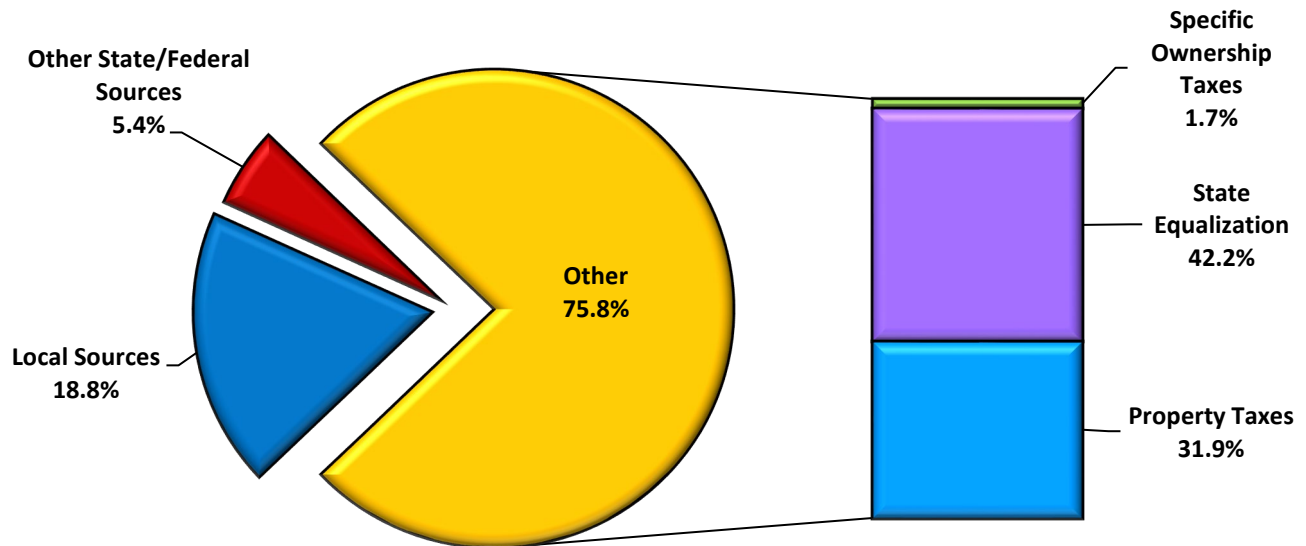


The majority of this revenue, \$137.8 million, or 75.8 percent, becomes available to the district through the Colorado Public School Finance Act of 1994 (as amended), as shown on the graph on the next page. This School Finance Act program revenue is determined through a formula which utilizes local property taxes, state-equalized specific ownership taxes, and state funds.

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2023–2024 SFA Funding in the General Fund



General Fund Expenditures

The district’s budgeted General Fund expenditures and transfers are \$180.9 million in 2023–2024, compared to \$172.3 million in 2022–2023, as shown in Table 7 below. Budgeted expenditures in the General Fund represent a 5.0 percent increase over the prior year’s budget. The budget includes \$1.1 million of new recurring expenditures and one-time spending of \$0.6 million.

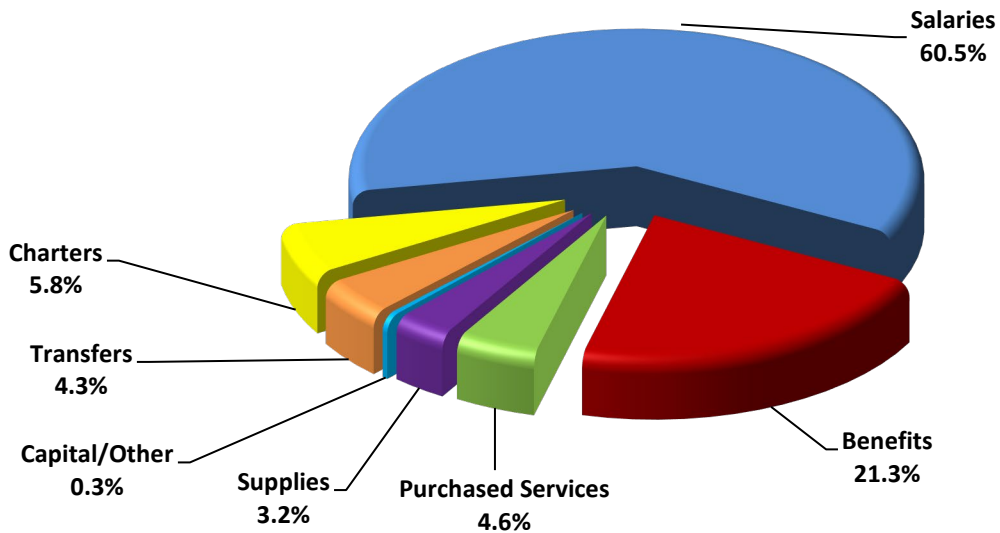
Where Does the General Fund Money Go by Object? — Table 7

	Revised 2022–2023 Budget	2023–2024 Budget	Increase (Decrease)	Percent Change
Salaries and Wages	\$106,257,941	\$109,359,079	\$3,101,138	2.92%
Employee Benefits	36,123,099	38,560,982	2,437,883	6.75%
Purchased Services	7,212,329	8,370,239	1,157,910	16.05%
Supplies and Materials	6,117,408	5,736,580	(380,828)	(6.23%)
Capital Outlay/Other	652,009	620,074	(31,935)	(4.90%)
Charter Schools	9,689,329	10,447,184	868,574	8.96%
Transfers	<u>6,212,194</u>	<u>7,712,194</u>	<u>1,500,000</u>	24.15%
Total General Fund Expenditures	<u>\$172,264,309</u>	<u>\$180,917,051</u>	<u>\$8,652,742</u>	5.02%

The graph on the next page illustrates expectations for the district’s expenditures in the General Fund for the year.

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2023–2024 General Fund Expenditure Expectations

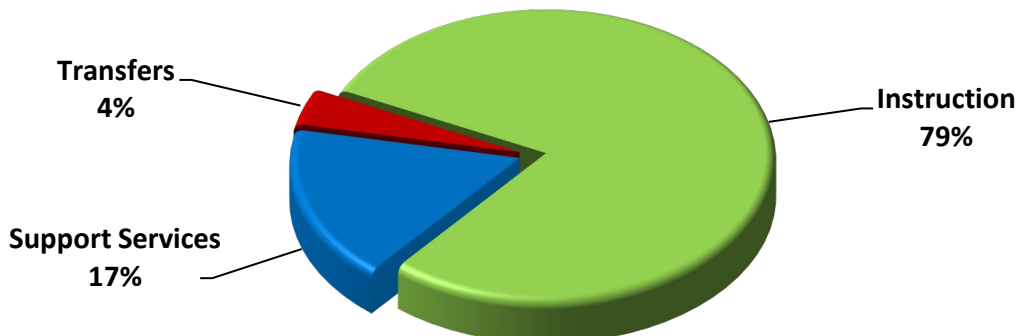


As shown in both Table 8 and the graph below, approximately \$0.79 out of every General Fund dollar is devoted to instruction. Salaries and benefits, supplies, and other costs related to instruction of students, along with school building administration and special programs are included. Total support services account for \$0.17 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; Nutrition Services Fund; and Student Athletic, Activities, and Clubs Fund account for the remaining \$0.04 out of every dollar spent.

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

	Revised 2022–2023 <u>Budget</u>	2023–2024 <u>Budget</u>	Percent <u>of Total</u>	Percent <u>Change</u>
Instruction	\$134,639,623	\$142,168,359	79%	5.59%
Support Services	31,412,492	31,036,498	17%	(1.20%)
Transfers	6,212,194	7,712,194	4%	24.15%
Total	<u>\$172,264,309</u>	<u>\$180,917,051</u>	<u>100%</u>	5.02%

2023–2024 General Fund Expenditures by Service Area



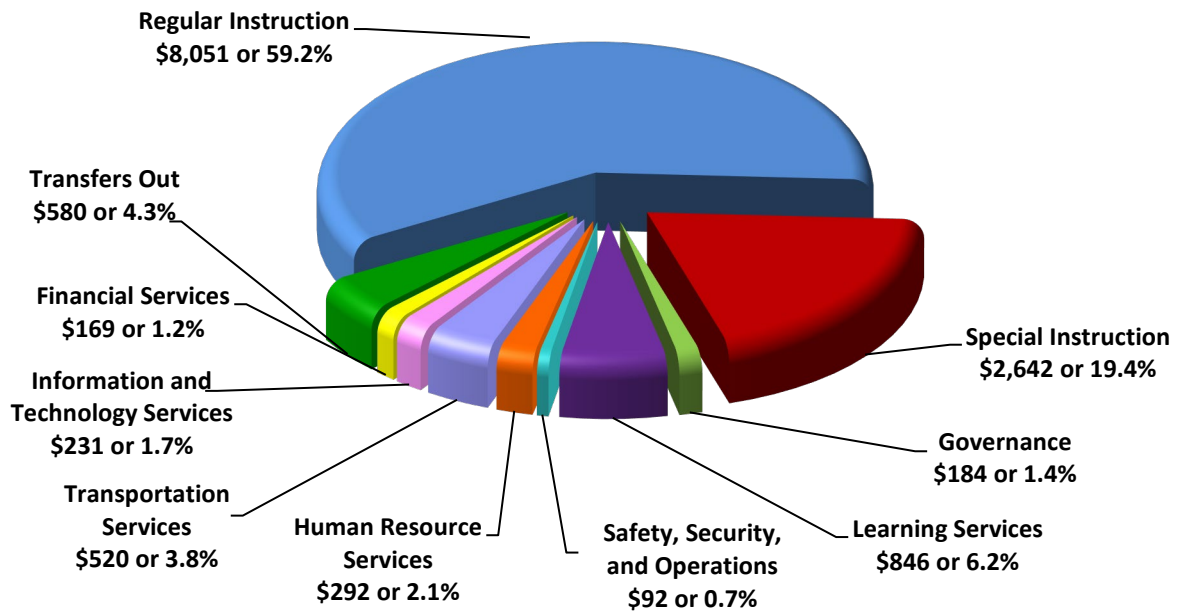
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How Does the Typical Student Use \$13,607?

Another way of looking at expenditures is to show how LPS' General Fund budget relates to a typical student. In fiscal year 2023–2024, the district will fund 13,296 students, including the charter schools. This represents an operating cost of approximately \$13,607 for each student compared to \$12,974 per student for fiscal year 2022–2023. Using budgeted expenditure information, the graph below illustrates how the district's fiscal year 2023–2024 operating budget will be used to support a typical student.

General Fund—How the Typical Student Uses \$13,607



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 2023–2024 Risk Management Fund is appropriated at \$9.2 million. In 2023–2024, the General Fund will transfer \$3.7 million to cover insurance premiums. This is an increase of \$0.7 million from 2022–2023. Reserves are projected to be \$1.2 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 \$70.8 million, including a \$33.0 million beginning fund balance and \$37.8 million of current revenues. The beginning fund balance is needed to

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meet December 2023 debt service requirements. Expenditures for 2023–2024 are \$37.5 million for the repayment of principal and interest on outstanding current bonds. The remaining \$33.3 million will be held in reserves at June 30, 2024, for future annual obligations. The 2023–2024 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, 2023, is \$364.2 million, with final maturity scheduled for December 1, 2043. The net bonded debt per capita at July 1, 2023, is estimated at \$3,695. The fund's estimated mill levy for 2024 is 17.355 mills, a decrease from the 2023 mill levy of 17.769 mills.

Building Fund

The 2023–2024 Building Fund appropriation is \$66.5 million. This fund accounts for the capital projects that voters approved in the \$298.9 million bond package in November 2018. Projects under this bond series include the replacement of four schools, the creation of a new Explorative Pathways for Innovative Careers (EPIC) campus, furniture replacement throughout the district, and maintenance to districtwide infrastructure. The included projects are planned to be completed in 2024–2025. Expenditures of \$39.0 million are anticipated for the projects scheduled in 2023–2024.

Capital Projects Fund

The 2023–2024 Capital Projects Fund appropriation, totaling \$7.0 million, includes nearly \$5.9 million of total revenues and transfers from other funds plus \$1.1 million in beginning fund balances. Expenditures of \$5.9 million are anticipated for vehicle purchases, technology, roof repairs, and equipment leases scheduled in 2023–2024. The fund is expected to end the year on June 30, 2024, with \$1.2 million in committed fund balance. In 2023–2024, the General Fund will transfer \$2.1 million and the Risk Management Fund will transfer \$3.8 million of insurance claim reimbursements to the Capital Projects Fund in order to fund planned expenditures.

Operations and Technology Fund

This new special revenue fund was created in January 2021 after the passage of the Debt-Free Schools Mill Levy 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 2023–2024 Operations and Technology Fund appropriation of \$24.7 million includes current revenues of \$19.4 million, funded by a 9.000 mill levy, plus \$5.3 million of beginning fund balance. Expenditures of \$24.0 million are expected in 2023–2024 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 \$8.9 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).

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Student Athletic, Activities, and Clubs Fund

The 2023–2024 Student Athletic, Activities, and Clubs Fund appropriation is \$5.3 million for all available resources. This fund receives 45.0 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 \$8.7 million in 2023–2024. This is a self-sustaining program that pays the General Fund approximately \$146,600 annually for overhead. For fiscal year 2023–2024, the new Healthy Schools Meals for All, passed by voters in November 2022, will take affect and allow meal reimbursements from the state. Meal reimbursements from both state and federal sources will provide the majority of funding. Expenditures of \$5.7 million are expected in 2023–2024 leaving a remaining fund balance of \$3.0 million.

Extended Day Care Program Fund

The 2023–2024 Extended Day Care Program Fund appropriation is \$7.5 million, with both budgeted user fee revenues and expenditures anticipated to be \$4.5 million each. Fund balance is projected to remain at \$3.0 million by year end. This fund accounts for the tuition-based portion of The Village preschool program and the before- and after-school care of children at the district’s elementary school sites. This is a self-sustaining fund which will pay \$300,561 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. They also receive a share of the Debt-Free Schools Mill Levy by district voters in November 2020. 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 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.

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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, 2022, which was the district's 21st award. Littleton Public Schools believes this current budget also 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). Results of the 2022 CMAS test scores show Littleton Public Schools' students continue to outscore the state 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 and 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 changing 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.