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June 26, 2008

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

### ***Introduction***

We are pleased to present the annual budget of Arapahoe County School District Number Six, commonly known as Littleton Public Schools (LPS), for the fiscal year 2008–2009. The district has achieved the objective of providing a quality education to children while managing the district’s resources in a prudent manner. This document reflects the district’s mission statement, which is to educate all students for the future by challenging every individual to continuously learn, achieve, and act with purpose and compassion. The district’s 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.
- Holding reserves to meet the requirements of the Taxpayer’s Bill of Rights (TABOR), budget carryforwards, encumbrances, unanticipated emergencies, and one-time expenses, e.g. major textbook adoptions.

This budget document follows the interests of the Board of Education and the Littleton community. The district has an extensive budget process that begins with reviewing the current financial condition and preparing financial projections for the school district, utilizing assumptions to drive revenue and expenditure forecasts. These projections are presented to various district committees and to the Board of Education and updated quarterly. Concurrently, the Board contemplates requests for significant reallocations or additions to the budget. As administration develops the budget for the ensuing fiscal year, it seeks to balance current year revenues and expenditures. However, the 2008-2009 budget does include \$2,272,740 of on-going expenditures in excess of on-going revenues. With expected spending patterns, the forecasted on-going deficit is \$1.7 million. In addition, the Board may authorize the use of a portion of the district’s reserves for non-recurring major expenditures. For 2008–2009, the district plans to use a portion of General Fund reserves for such costs in the amount of \$1,630,773 for new curriculum, academic program development, and to update

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#### **Fax Numbers**

Board/Superintendent 303-347-3439 • Instruction 303-347-4394 • Business Services 303-347-3460  
Human Resources 303-347-3384 • Property Management 303-347-3454  
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*Serving the cities of Littleton and Centennial, southern suburbs of Denver, Colorado*

the district's integrated financial/HR/payroll system. In total the General Fund budget includes \$3,903,513 of current expenditures in excess of current revenues.

Each year, Littleton Public Schools submits its annual budget to the Association of School Business Officials International (ASBO) to be considered for the Meritorious Budget Award (MBA). This international budget award program was established by ASBO in 1995 to encourage and recognize excellence in school system budgeting and help school business administrators achieve a high standard of excellence in budget presentation. In order to receive this award, a governmental unit must publish a budget document that meets the program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of only one year. ASBO has presented the MBA to Littleton Public Schools for its annual budget for the fiscal year beginning July 1, 2007. The district believes that this current budget continues to meet the MBA program criteria and will submit this document to determine its eligibility for a new award.

### ***Organization***

Littleton Public Schools is organized and focused to meet the needs of 15,436 students and manage 27 schools. Five locally elected school board members, who are elected to four-year terms, govern the district. The district is staffed by 964 licensed teaching personnel, 547 classified employees, and 76 administrative employees. It operates one early childhood facility including an infant/toddler program, fifteen elementary schools, four middle schools, three high schools, two alternative programs, and two charter schools. Other operations include learning services, operations services, human resources, information and technology services, financial services, and food services at the Educational Services Center, and pupil transportation services at the Transportation Center.

### ***Strategic Plan***

The LPS Board of Education is responsible for determining the direction of the district. In the spring of 2006, the Board of Education began updating the district's strategic plan to reflect their priorities and align the district's directions. The Board received input from the community throughout the process. The Board's vision is "extraordinary learning, exceptional community, expanded opportunity and success for all students". The Board's strategic plan for 2006-2011 included several focus areas to enhance or expand learning systems, programs, and technology. 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.

### ***Legislative Update***

The State of Colorado approved a state-wide per pupil revenue (PPR) increase of 2.2 percent for inflation plus 1.0 percent for Amendment 23 for a total increase of 3.2 percent. In addition, the state approved twenty million state-wide (\$19.72 per funded student) to be added to the state wide PPR. The general assembly intends that school districts use the additional money to assist in attracting and retaining teachers, provide assistance to first and second grade teachers, and educate students while costs escalate for both operations and classrooms.

The Public School Finance Act included some funding for full-day kindergarten. Each kindergarten student enrolled will count as 58 percent of a full-time equivalent (FTE) student. In the past kindergarten students have been funded at 50 percent of an FTE or part-time half-day. The additional funding is to expand full-day programs and to defray the cost. The funding is anticipated to grow in future years to allow more of our schools to provide non fee based full-day kindergarten.

The general assembly also approved an additional five year funded pupil count averaging option. Prior to this year the maximum was four year averaging. This allows each school district to be funded at the funded pupil count based on student FTE's, or an average of the current year and the previous four year counts. The additional year of averaging helps declining enrollment districts by easing the reduction of average funded pupil count and provides more time to make the necessary budgetary adjustments for lower levels of funding. The Act also requires the Colorado Department of Education to contract with a private entity to conduct a study to evaluate how declining enrollment impacts districts with a report to be finalized in 2009 prior to the 2009-2010 Public School Finance Act being adopted.

The district participates in Colorado's Public Employees' Retirement Association (PERA). PERA provides retirement and other benefits to its members. PERA has been under funded for the past several years due to low investment returns and inflationary pressures. Therefore, legislation was passed that would raise the 10.5 percent employer contribution that was mandated prior to 2006. An additional 0.9 percent will be added in January 2009 which will increase the employer contribution to 12.95 percent. By January 2013, the district's PERA contribution rate will be 16.55 percent. These increases offset a significant amount of any new revenue dollars available to the school district each year, making less available for other district programs and services.

### ***Funding for 2008-2009***

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 taken on October 1 of the budget year. A summary of 2008–2009 funding is as follows:

- The district will receive an increase of 3.2 percent for per pupil funding plus the additional \$19.72 per funded FTE amount. This increases the per pupil revenue from \$6,429 during fiscal 2007-2008 to \$6,658 in 2008-2009.
- Student count projections indicate a decrease in average funded pupils of 45.9 from 15,309.0 in 2007-2008 to 15,263.1 in 2008-2009. Both the five year FTE averaging option along with additional full day kindergarten funding helped to lessen the loss of funded students for 2008-2009.
- Total Program funding under the Finance Act is \$101,618,366. This funding includes state equalization, local property tax, state-equalized specific ownership tax revenues, and out-of-district facility student hold-harmless revenues.
- An additional \$16,813,581 is provided by local taxes as the result of mill levy override elections in 1988, 1997, and 2004, 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 program funding calculation.

- An allocation of \$298 per student will be shared by the Capital Reserve Fund and the Risk Management Fund. Of the total program funding, \$2,296,949 is allocated to the Capital Reserve Fund. Also, in accordance with the Finance Act, an interfund transfer amounting to \$1,989,215 will be made to the Risk Management Fund from the General Fund.
- The net increase for all revenue sources in the General Fund is approximately 1.8 percent when compared to the previous year budget.
- The state-required allocation of \$184 per pupil is budgeted for instructional supplies and equipment.

***Budgets for All Funds***

The district’s funds are classified as either governmental, proprietary, or fiduciary. Governmental Funds include the General Fund, Special Revenue Funds (Capital Reserve Fund, Designated Purpose Grants Fund, and Student Athletics and Activities Fund), and the Debt Service Fund (Bond Redemption Fund). The Risk Management Fund is a sub fund of the General Fund, but is separated for budgetary purposes. Proprietary Funds include two Enterprise Funds, Food Services and Extended Day Care Program Fund. The Fiduciary Fund is an Agency Fund for the Student Clubs Fund and no budget is prepared for this fund.

The total 2008–2009 appropriation of \$192,601,267 for all eight funds, which includes appropriating beginning fund balances, increased 0.64 percent from the 2007–2008 appropriation of \$191,369,041. The eight funds that comprise the district’s budget are shown below in Table 1. Three funds include significant changes in appropriations: Designated Grant Fund at (12.6) percent, Risk Management Fund at 11.1 percent, and the Student Athletic and Activities Fund at 9.99 percent.

**Total Appropriations — Table 1**

	<u>2007–2008</u>	<u>2008–2009</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
General Fund	\$143,043,180	\$143,721,518	\$678,338	0.47%
Bond Redemption Fund	16,831,358	16,958,115	126,757	0.75%
Capital Reserve Fund	5,459,401	5,825,897	366,496	6.71%
Designated Purpose Grants Fund	7,233,929	6,322,751	(911,178)	(12.60%)
Extended Day Care Program Fund	5,652,615	5,645,331	(7,284)	(0.13%)
Food Services Fund	5,291,760	5,449,928	158,168	2.99%
Risk Management Fund	3,219,336	3,576,803	357,467	11.10%
Student Athletic and Activities Fund	4,637,462	5,100,924	463,462	9.99%
Total Appropriation for All Funds	<u>\$191,369,041</u>	<u>\$192,601,267</u>	<u>\$1,232,226</u>	0.64%

Budgeted revenue for all fund types, as shown in Table 2 on the next page, has increased \$1.4 million, or 0.87 percent, for a total of \$159.6 million for 2008–2009. The increase in revenue from the General Fund of \$2.2 million, or 1.8 percent, is the result of increased

funding from the state. The decrease of \$.9 million in the Designated Purpose Grant Fund is mostly attributed to budgetary cost reduction from federal grants. The transfer of some special education cost to the general fund will allow the Designated Purpose Grant Fund budgeted expenditures to more closely match annual grant award amounts. All other funds represent a combined \$62,660 net increase in revenue.

### Total Revenues — Table 2

	<u>2007–2008</u>	<u>2008–2009</u>	Increase (Decrease)	Percent Change
General Fund	\$123,710,033	\$125,941,569	\$2,231,536	1.80%
Bond Redemption Fund	10,330,135	10,308,642	(21,493)	(0.21%)
Capital Reserve Fund	2,568,170	2,441,583	(126,587)	(4.93%)
Designated Purpose Grants Fund	7,233,929	6,322,751	(911,178)	(12.60%)
Extended Day Care Program Fund	4,815,338	4,734,113	(81,225)	(1.69%)
Food Services Fund	3,879,068	3,866,000	(13,068)	(0.34%)
Risk Management Fund	1,842,478	2,037,215	194,737	10.57%
Student Athletic and Activities Fund	3,801,468	3,911,764	110,296	2.90%
Total Revenue for All Funds	<u>\$158,180,619</u>	<u>\$159,563,637</u>	<u>\$1,383,018</u>	0.87%

As shown in Table 3, the total 2008-2009 expenditures for all funds increase \$2.3 million from the 2007–2008 budget. The Designated Purpose Grants Fund decrease of \$0.9 million or 12.6 percent is due in part to the transfer of several special education programs from that fund into the General Fund. All other funds represent a combined \$0.4 million net increase.

### Total Expenditures — Table 3

	<u>2007–2008</u>	<u>2008–2009</u>	Increase (Decrease)	Percent Change
General Fund	\$127,021,746	\$129,845,082	\$2,823,336	2.22%
Bond Redemption Fund	10,249,209	10,209,051	(40,158)	(0.39%)
Capital Reserve Fund	3,035,480	3,018,312	(17,168)	(0.57%)
Designated Purpose Grants Fund	7,233,929	6,322,751	(911,178)	(12.60%)
Extended Day Care Program Fund	4,815,338	4,734,113	(81,225)	(1.69%)
Food Services Fund	3,915,922	4,131,495	215,573	5.51%
Risk Management Fund	1,834,088	2,062,523	228,435	12.45%
Student Athletic and Activities Fund	3,801,468	3,911,764	110,296	2.90%
Total Expenditures for All Funds	<u>\$161,907,180</u>	<u>\$164,235,091</u>	<u>\$2,327,911</u>	1.44%

### *Change of Tax Burden on Homeowners*

The property tax mill levy is projected to decrease 0.131 mills in the year 2009, to a total district levy of 46.660 mills. This represents a 0.28 percent decrease in the mill levy. The estimated assessed valuation is \$1,292,457,112, a 1.1 percent increase over the prior year. For 2009, the assessment ratio on residential property will be 7.96 percent. It is estimated that a homeowner with a \$250,000 home value in 2009 will pay \$929 in property taxes compared to \$931 in 2008.

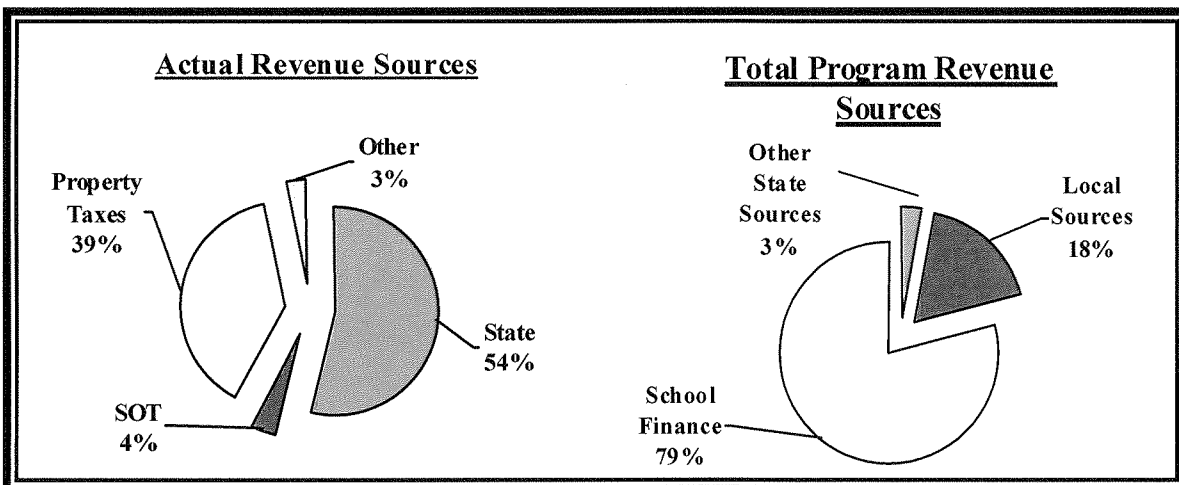
**General Fund Revenue Sources**

The district’s General Fund receives revenue from state and local sources. Total estimated revenue for 2008–2009 is \$125,941,569 as shown in Table 4. The majority of this revenue, 78.9 percent, becomes available to the district through the Colorado Public School Finance Act. This revenue is determined through a formula, which utilizes local property taxes, state-equalized specific ownership taxes, and state funds. The net increase in budgeted revenue over the prior year is due to the increased funding from the School Finance Act, the reduction in funding based on decreasing enrollment, mill levy override funds, and the lower interest earnings.

In addition to the Colorado School Finance Act, the district receives funding for categorical programs from the state of Colorado for pupil transportation, the Exceptional Children’s Education Act (special education), and vocational education. The budget estimates these revenues to be \$786,971, \$2,588,358, and \$290,000 respectively, or a combined 2.91 percent of the total. This General Fund revenue is determined through the state and legislative action. The district also collects local revenues from non-equalized specific ownership taxes, net investment income, driver’s education fees, transportation reimbursements, and extended day care indirect costs.

**Where Does the Money Come From? — Table 4**

	2007–2008 <u>Budget</u>	2008–2009 <u>Budget</u>	Percent <u>Change</u>
Property Taxes	\$47,930,323	\$49,736,756	3.77%
Specific Ownership Taxes (SOT)	5,111,186	4,800,000	(6.09%)
Interest Income	900,000	256,998	(71.44%)
Other Local Income	3,124,159	3,321,122	6.30%
State Revenue	66,396,968	67,581,459	1.78%
Transfers	<u>247,397</u>	<u>245,234</u>	(0.90%)
Total	<u>\$123,710,033</u>	<u>\$125,941,569</u>	1.80%



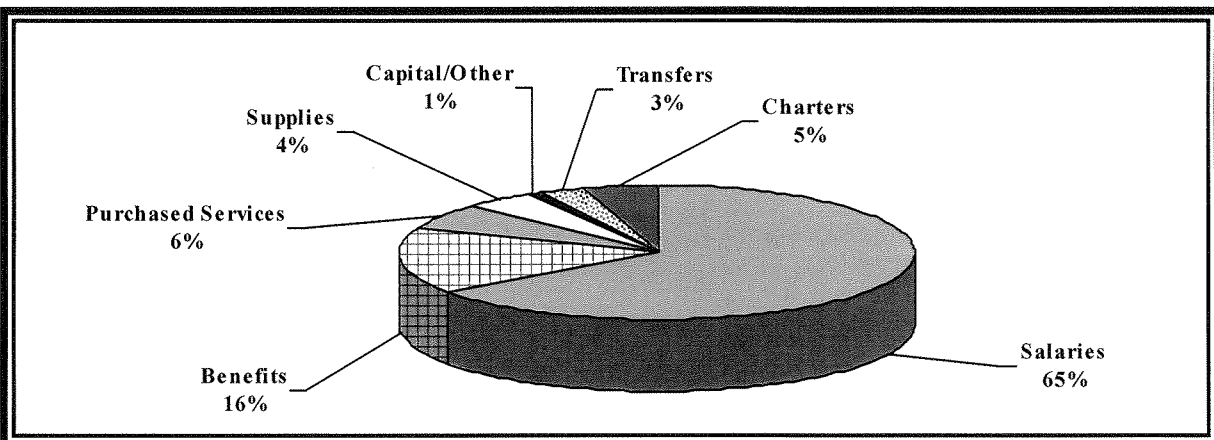
### General Fund Expenditures

The district's General Fund expenditures and transfers are budgeted for \$129,845,082 in 2008–2009 compared to \$127,021,746 in 2007–2008 as shown in Table 5. Budgeted expenditures in the General Fund represent a 2.22 percent increase over the prior year's budget. The net expenditures increase of \$2.8 million includes increases of \$4.2 million for salary and benefits; all other expenditures decreased net \$1.4 million. Both General Fund on-going budgetary reductions and a lower level of one-time spending lowered expenditures in non-salary related areas. One-time expenditures budget for 2008–2009 total \$1,630,773 include social studies, math, library/media, and music/performing arts curriculum; new integrated financial/HR system; instructional improvement, and student learning support.

The 2.75 percent net increase in salary expenditures results from pay advancements on the pay schedule for both licensed and classified employees, a cost of living adjustment for all staff, and attrition savings. Total benefit expenditures increased a net 10.21 percent primarily as the result of a \$1.0 million cost for the Colorado Public Employees Retirement Association required percentage increase for employer funding and an increase in costs for health insurance benefits. Salary and benefit in the General Fund were impacted by both budgetary reductions and the transfer of some special education positions from the Designated Purpose Grant Fund.

**Where Does the Money Go by Object? — Table 5**

	2007–2008 <u>Budget</u>	2008–2009 <u>Budget</u>	Percent <u>Change</u>
Salaries and Wages	\$82,106,551	\$84,361,224	2.75%
Employee Benefits	18,959,021	20,895,383	10.21%
Purchased services	9,123,465	8,023,774	(12.05%)
Supplies and Materials	6,310,995	5,598,304	(11.29%)
Capital Outlay/Other	1,192,811	1,059,511	(11.18%)
Charter Schools	5,963,257	6,163,907	3.36%
Transfers	<u>3,365,646</u>	<u>3,742,979</u>	11.21%
Total	<u>\$127,021,746</u>	<u>\$129,845,082</u>	2.22%

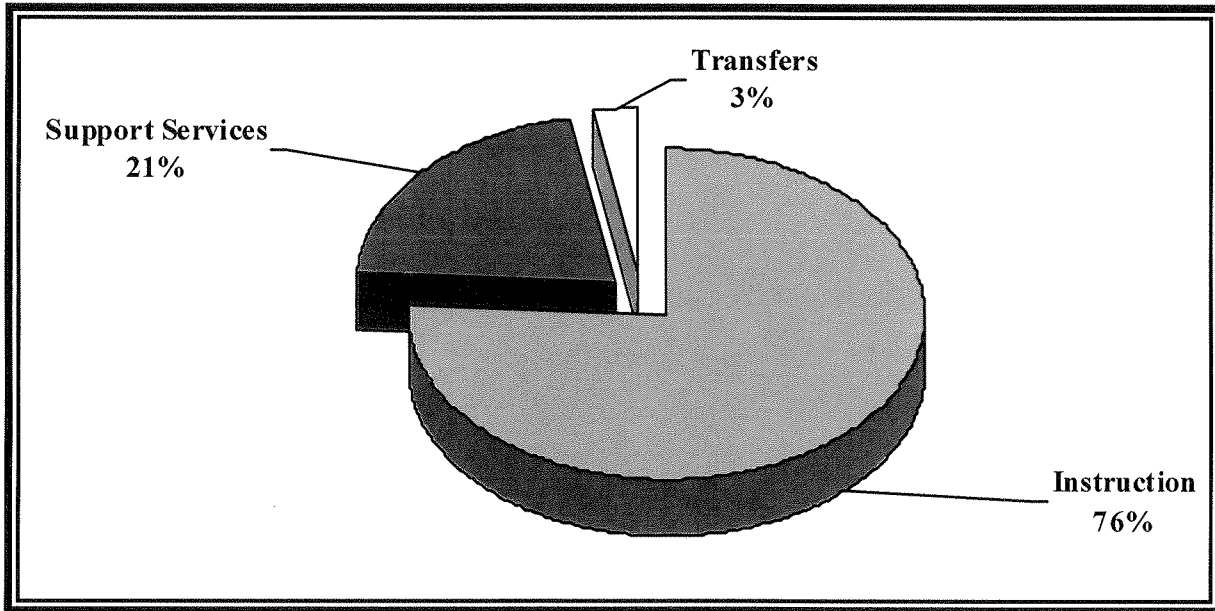


As shown in Table 6, approximately \$0.76 out of every dollar is devoted to instruction activities. Included are the salaries and benefits, supplies, and other costs related to instruction of students, as well as school building administration and special programs.

Total support services account for \$.21 out of every dollar spent. The largest areas of expenditure in this component are learning services, operations services, and transportation services. Transfers to the Risk Management Fund and Student Athletics and Activities Fund account for \$.03 out of every dollar spent.

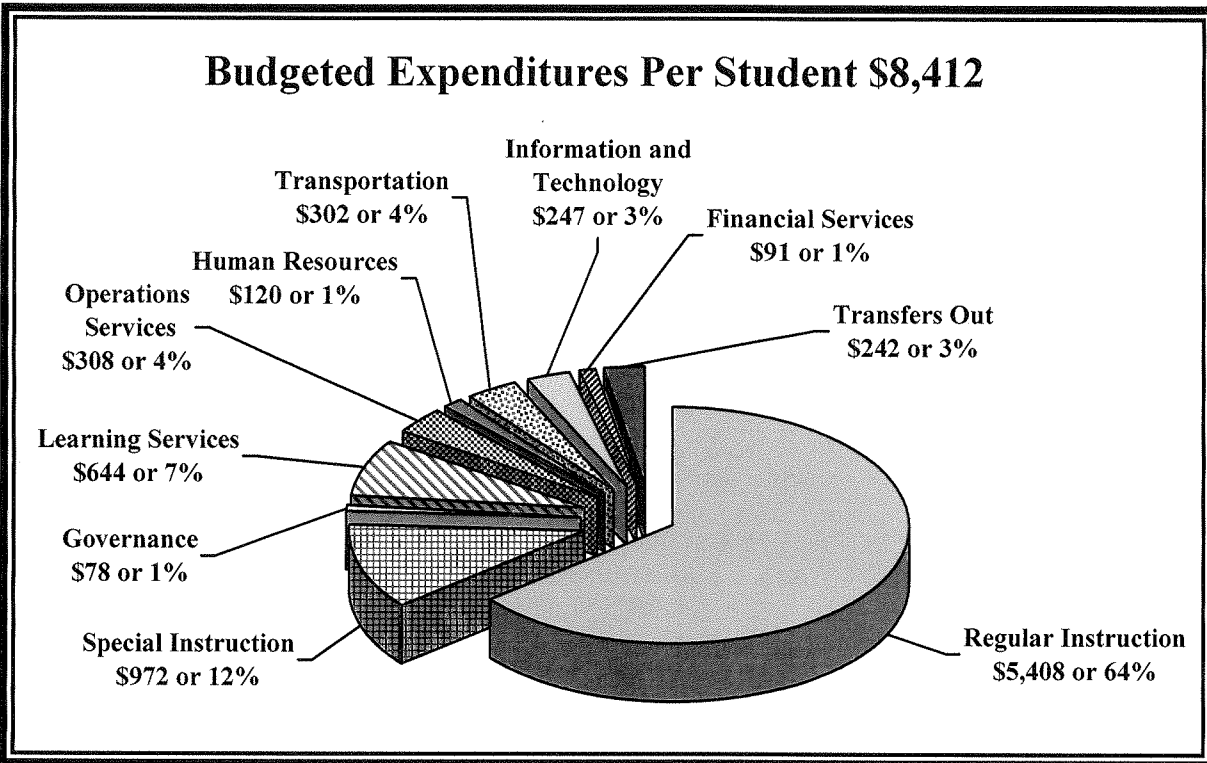
**Where Does the Money Go by Service Area? — Table 6**

	2007–2008 <u>Budget</u>	2008–2009 <u>Budget</u>	Percent of Total	Percent <u>Change</u>
Instruction	\$94,367,110	\$98,489,907	76%	4.37%
Support services	29,288,990	27,612,196	21%	(5.72%)
Transfers	<u>3,365,646</u>	<u>3,742,979</u>	<u>3%</u>	11.21%
Total	<u>\$127,021,746</u>	<u>\$129,845,082</u>	<u>100%</u>	2.22%



***How Does the Typical Student Use \$8,412?***

Another way of looking at expenditures is to show how the district’s operating budget relates to a typical student. In fiscal year 2008-2009, the district will fund 15,436 students. This represents a cost of approximately \$8,412 for each student. Using budgeted expenditure information, the graph shown on the next page illustrates how the district’s operating budget will be used to support a typical student.



#### ***General Fund Budget Forecast***

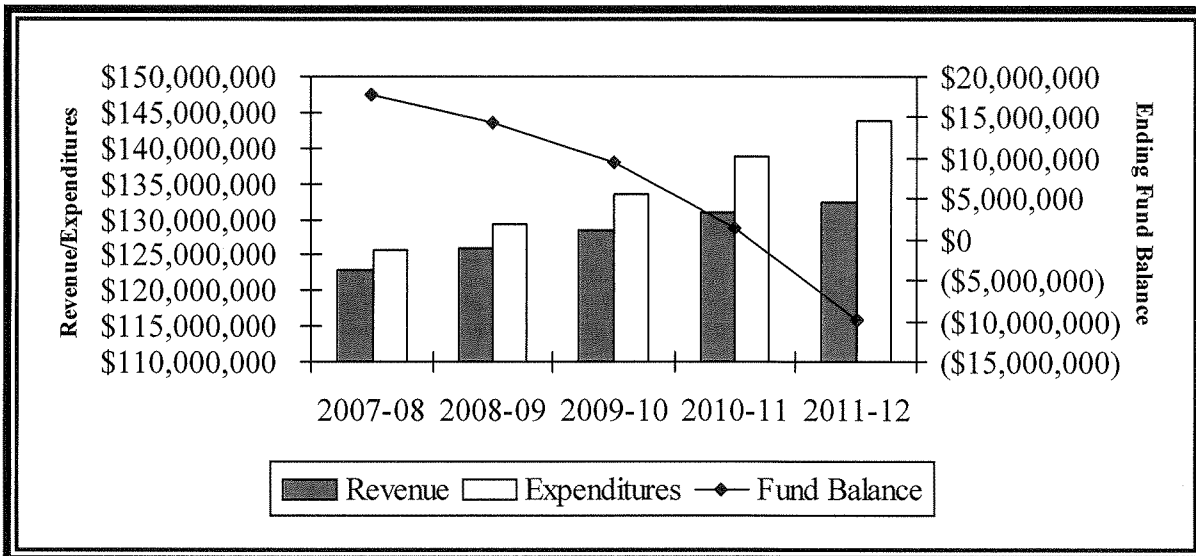
The district's long-range budget projections use historical data to build a model for future financial outlook. The model depends on assumptions regarding funded pupil count, salaries and benefits, and money allocated to the district via the School Finance Act. The current long-range assumptions include:

- An annual increase in school finance funding based on estimated inflation plus 1.0 percent for Amendment 23 funding through FY 2011.
- Projected declining enrollment impact on per pupil revenue.
- Salary cost of living and step cost increases equal to projected rates of inflation.
- An annual increase of health insurance costs of 15 percent.
- Employer contribution annual increase of 0.9 percent of salary or approximately \$1.0 million annual addition to the Colorado Public Employees Retirement Association (PERA) until FY 2013 based on contribution requirements.
- Cost of instructional materials and supplies that matches the inflation rate.
- Operating costs increase of 3.0 percent.
- One-time expenditures for new curriculum are eliminated after FY 2009.

In addition to the base assumptions, LPS has traditionally used designated and undesignated reserves for one-time expenditures. Additionally, the Board of Education has created a designation of \$1.0 million as an emergency contingency reserve within its total year-end estimated reserve balance as well as a textbook escrow for future curriculum changes. A (TABOR) emergency reserve in the amount of \$3.6 million is also designated. The General Fund projections are shown in Table 7 on the next page.

**General Fund Budget Forecast (in millions) — Table 7**

	2007–2008	2008–2009	2009–2010	2010–2011	2011–2012
	Year End	Forecast	Forecast	Forecast	Forecast
	Estimate	Forecast	Forecast	Forecast	Forecast
Revenue	\$123.0	\$125.9	\$128.4	\$130.9	\$132.3
Expenditures	<u>125.6</u>	<u>129.2</u>	<u>133.4</u>	<u>138.8</u>	<u>143.7</u>
Operating					
Surplus (Deficit)	(2.6)	(3.3)	(5.0)	(8.0)	(11.4)
One-Time					
Expenditures	<u>3.0</u>	<u>1.6</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>
Ongoing					
Surplus (Deficit)	<u>\$0.4</u>	<u>(\$1.7)</u>	<u>(\$4.8)</u>	<u>(\$7.9)</u>	<u>(\$11.3)</u>



The forecasted expenditures in excess of revenue and the declining fund balance will be addressed by district management with recommendations to the Board of Education. The additional budgetary adjustments will be implemented fiscal year 2009-2010.

***Other Funds***

The budget includes funds for the management of special activities and functions during the 2008-2009 fiscal year not accounted for in the General Fund. The 2008–2009 budget consists of the seven other major funds.

**Bond Redemption Fund**

The Bond Redemption Fund appropriation is \$16,958,115 including \$6.6 million carried forward as a beginning balance from 2007–2008 and \$10.3 million of current revenues. The carry forward is needed to meet December 2008 debt service requirements. Expenditures for 2008–2009 are \$10,207,551 for the repayment of principal and interest on outstanding

current bonds, \$1,500 for debt service fees, with the remaining \$6.7 million held in reserves at June 30, 2009. This ending balance will be used for the December 2009 payment. These funds are held in reserves so the district will be able to meet its annual obligations. These 2008–2009 budget figures reflect the payment schedule for the \$85,440,000 bond issue dated December 15, 2002 and the \$30,920,000 refunded bond issue dated February 15, 2004. Outstanding general obligation indebtedness at June 30, 2008, will be \$106,440,000, with final maturity scheduled for December 1, 2022. The net bonded debt per capita at July 1, 2008, is estimated at \$1,120. The fund's projected mill levy for 2009 is 8.019 mills, a decrease of 0.075 mills from the 2008 levy of 8.094 mills.

### **Capital Reserve Fund**

The 2008–2009 Capital Reserve Fund appropriation totaling \$5.8 million includes \$2.4 of current revenues and \$3.4 million in beginning fund balances. The fund is expected to end the year with \$2.8 million in reserved fund balance. In 2008–2009, funds will be allocated at \$159.70 per student based on a projected average funded pupil count of 14,383.1, net of charter schools. This is a decrease from the 2007–2008 budgeted funding per student of \$167.76. The Capital Reserve Fund is used for major buildings and grounds projects, and for equipment acquisitions, such as classroom technology equipment, the integrated financial/human resources software system, and school buses.

### **Designated Purpose Grants Fund**

The Designated Purpose Grants Fund appropriations total \$6.3 million. Federal and local grants provide additional funding for school programs. The largest grants currently received include No Child Left Behind; Individuals with Disabilities Education Act (IDEA); and Head Start.

### **Extended Day Care Program Fund**

The 2008–2009 Extended Day Care Program Fund budget forecasts \$4.7 million of user fee revenue, \$911,218 of fund balance, and \$4.7 million of expenditures. This fund accounts for pre-kindergarten, extended kindergarten, the before- and after-school care of children at all elementary school sites and The Village, and an infant and toddler program at The Village. This is a self-supporting fund, which will also pay \$151,734 to the General Fund for overhead expenses.

### **Food Services Fund**

The Food Services Fund appropriation is \$5.4 million in 2008–2009. This is a self-supporting program, which also pays direct costs to the district of approximately \$146,600 for warehousing services related to the program. School lunch prices were last increased in April 2005.

### **Risk Management Fund**

The 2008–2009 Risk Management Fund is appropriated at \$3,576,803. In 2008–2009, funds will be allocated at \$138.30 per student based on projected average funded pupil count of 14,383.1, net of charter schools. This is an increase from the 2007–2008 budgeted funding per student of \$124.24. Reserves are projected to be approximately \$1,514,280. 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. Charter schools pay the district for insurance coverage and risk management services.

### Student Athletic and Activities Fund

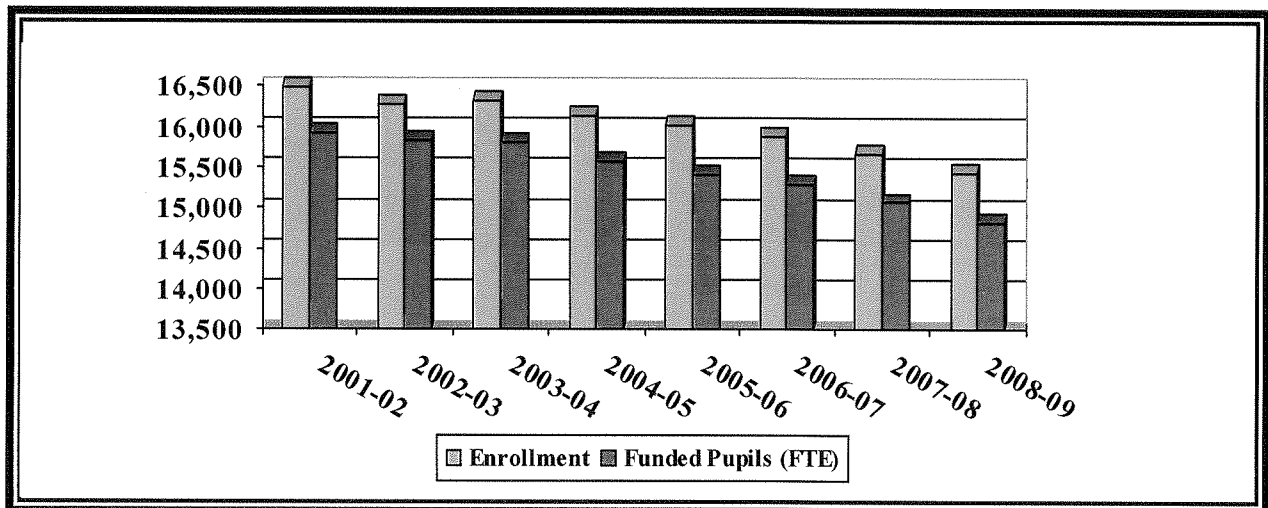
The 2008–2009 Student Athletic and Activities Fund appropriation is \$5,100,924 for all available resources. This fund receives 44.8 percent of its revenues through a transfer from the General Fund. The Student Athletic and Activities Fund represents the costs of providing extracurricular sponsors at the elementary level, intramural athletic programs at the middle level, and Colorado High School Activities Association (CHSAA) programs and district sponsored activities at the high schools.

### Charter Schools

The district's two charter schools, Littleton Academy and Littleton Preparatory, are reported as component units. The charters schools are financially dependent on the district; however, they are independent entities accounted for as separate funds. The charter schools receive full funding from the district's per pupil funding and a share of the 1997 and 2004 override election funding. Through an annual agreement, the charter schools pay the district for administration costs, including special education.

### Student Enrollment

Pupil enrollment is projected to decrease for 2008–2009. Pupil enrollment in LPS reached a plateau in 2003-2004. Projections of pupil counts are expected to continue to decline into the foreseeable future. The student loss at the elementary level will reflect fewer kindergarten pupils entering the district. Middle schools are projected to decline slightly, as lower elementary enrollment advances into grades 6 through 8. High school enrollment has seen some enrollment loss, but could remain flat if out of district choice enrollment remains at high levels. Total program funding is based on the official pupil count, which occurs October 1 within each fiscal year; with fewer pupils, district revenue declines. If enrollment declines in future years, it will adversely affect budgets. The district's total out-of-district choice enrollment is among the highest in the Denver area with 1,939 students for FY 2008.



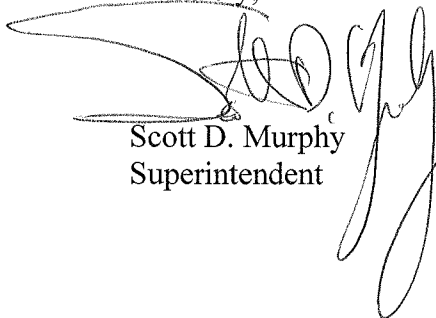
***Student Achievement***

The district determines, in part, the success of its educational mission through the measurement of student achievement. Students are evaluated through written and oral work, classroom tests, other assignments, and standardized tests. In the spring of 2007, students in grades three through ten took a Measures of Academic Progress (MAP) reading assessment and in the fall of 2007 a Cognitive Abilities Test (CogAT) was given to students in grades three and six. Results showed students scored higher than national norms. The Colorado Student Assessment Program (CSAP) is designed to determine how Colorado's students achieve in relation to the state model content standards. Even those students for whom no scores are reported must be counted, thus lowering results. Results of the 2007 CSAP test scores show LPS students scored an average of 13.0 percent higher in reading scores, 14.5 percent higher in writing scores, 13.0 percent higher in math scores, and 14.0 percent higher in science scores and than statewide averages.

***Summary***

Littleton Public Schools' patrons can remain confident in the district's determination to maintain a sound financial condition. 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' moneys are spent efficiently and responsibly while always maintaining the goal of providing our students a quality education.

Sincerely,



Scott D. Murphy  
Superintendent



Scott G. Myers  
Chief Financial Officer