

**Executive Limitation 3.E  
Asset Protection**

To: Board of Education

From: Dr. Chris Fiedler, Superintendent of Schools

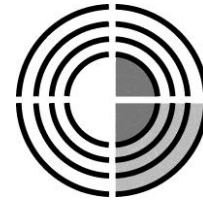
Re: Expectations of the Board – 3.E Asset Protection

I hereby present my report on our Asset Protection Executive Limitation 3.E in accordance with the schedule as set forth in Board policy. I certify the information in this report is true.



Signed: \_\_\_\_\_  
Superintendent, School District 27J

Date: April 22, 2014



## Policy 3.E – ASSET PROTECTION

Date Adopted/Last Revised: April 24, 2012

**The Superintendent will not cause or allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked.**

*I interpret assets to represent physical and intellectual property of the District with a value greater than \$5,000.*

*I interpret unprotected as assets without insurance.*

*I interpret inadequately maintained as a lack of preventive maintenance, repair, or renovation which may cause an asset to deteriorate or experience an accelerated depreciation.*

*I interpret unnecessarily risked as exposure of assets to circumstances resulting in a higher likelihood of theft or otherwise being unavailable for the asset's intended purpose.*

### **Data Reported**

All District assets were protected, adequately maintained, and not unnecessarily risked within reasonable expectations. The data contained in this report will illustrate that the District's assets have been protected using insurance coverage amounts that meet or exceed industry standards and are similar to those utilized by our fellow members of the Adams County Board of Cooperative Educational Services (BOCES) which includes the school districts of Mapleton, Adams 12, Adams 14, and Adams 50. Premiums and claim payments are within industry standards for a district the size of School District 27J. Insurance contracts and policies are in place with the appropriate level of protection and all loss claims against the policies are recovered, less the deductible. Insurance costs for general liability, auto liability, and property protection indicate adequate coverage to protect District assets. The Colorado Group Insurance Association (CGIA) permits public entities to self-insure as well as to purchase commercial insurance subject to C.R.S. 24-10-115 and 29-13-101, 102 & 105.

In addition to insurances, the District participates in a number of training opportunities provided by the Adams County Board of Cooperative Educational Services (BOCES) to improve risk management practices, mitigate risks and reduce loss. Additional consultation is available through our insurance broker. The BOCES Workers' Compensation/Safety Advisory Council is comprised of representatives from each district. This group meets monthly to discuss workers' comp issues, review claims, and make recommendations to the Board of Directors regarding safety and loss control issues.

As a public agency, the processes by which a claimant can attempt to recover damages and/or losses as well as the limits of how much a claimant can collect from District 27J are regulated by the Colorado Governmental Immunity Act (CGIA). In very general terms, claimants may seek a waiver of this protection if the agency failed to act reasonably and/or allowed a known dangerous condition to exist that eventually caused harm. Even with governmental immunity, the claim must be investigated and a response put forward. Under the CGIA recoveries are limited to \$350,000 per person and \$990,000 per

claim. Examples of claims that could be made against school districts include ice and snow on walkways, student supervision, and facility maintenance.

In 2004 the BOCES Insurance Pool added E&O (Errors and Omission) coverage which insures the districts against wrongful acts committed by the district. A recent copy of this coverage was provided to individual members of the Board of Education of School District 27J. Employment practices liability and educators professional liability are also included in this coverage. Board members face these exposures and should be aware that claims presented to the Pool are not subject to the Colorado Governmental Immunity Act (CGIA) which limits the levels of recovery by claimants.

The District takes the necessary precautions to prevent unnecessarily risking the image of the District and to protect its assets through adherence to its policies and procedures. These policies and procedures address employee conflict of interest and purchasing. External audits have been performed to measure compliance with them.

Intellectual property, information, and files are backed up and protected from misuse, significant damage, or copyright infringement in accordance with accepted governmental standards.

Preventive maintenance is performed on existing assets following prescribed maintenance and repair schedules as outlined in warranty contracts. Multi-year and short-term capital improvement plans are approved by the Board of Education annually. Assets are utilized for their intended purposes.

This report will provide additional detailed data points of how capital and human assets are not unnecessarily risked or unprotected.

**The Superintendent will not:**

- 1. Allow the organization to be uninsured:**
  - a) Against theft and casualty losses to at least 90% of replacement value;**
  - b) Against liability losses to Board members, staff and the organization itself in an amount equal to or greater than the average for comparable organizations; and**
  - c) Against employee theft and dishonesty.**

*I interpret insured to be defined as appropriate policies shall be in place and all claims against the policies are resolved.*

**Data Reported**

State law mandates minimum automobile bodily injury coverage of \$25,000 and minimum property damage coverage of \$50,000 per incident. The District has in place insurance policies to cover acts of litigation, settlements, judgments and staff injuries resulting in financial remuneration by the District. The policies provide coverage for these acts to the extent available through insurance contracts. There are certain acts that are not insurable.


The District is a member with four other school districts of the Adams County Board of Cooperative Educational Services (BOCES) Insurance Pool (the Pool) which provides insurance coverage for all its members. The Pool's Board of Directors consists of one member appointed by the Board of Education of each participating school district. All members of the Pool's Board of Directors have an equal vote in

the administration of the Pool’s activities, are responsible for selection of management, and have complete responsibility for all fiscal matters in the operation of the Pool.

The District pays annual premiums for property, liability, and workers’ compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

The Pool, which is subjected to actuarial review and annual audit, has various levels of self-insured retentions and purchases excess insurance for amounts above the retentions for liability, property, and workers’ compensation coverage.

### 2013-2014 *Hierarchy of Coverage By Line*

	<u>Property</u> (Buildings, Vehicles, & Contents)	E & O	<u>Liability</u>	<u>Workers'</u> <u>Compensation</u>	<u>Boiler</u> <u>&amp;</u> <u>Machinery</u>	<u>Employee</u> <u>Dishonesty</u> (Crime)
District Responsibility	\$0 - \$1,000	\$0 - \$10,000	\$0	\$0	\$0 - \$5,000	\$0 - \$25,000
Pool Retention	\$1,000 - \$100,000	\$10,000 - \$150,000 District 14 - \$250,000	\$0 - \$150,000	\$0 - \$550,000	None	None
Excess Coverage	\$100,000 to  \$1,000,000 Underwriters at Lloyds London	\$150,000 to  \$10,000,000 (*Abuse to \$5M) Underwriters at Lloyds London	\$150,000 to \$5,000,000 Auto Liability \$10,000,000 General Liability Underwriters at Lloyds London	\$550,000  Statutory Safety National	\$5,000 to  \$50,000,000 Hartford	\$25,000 to  \$1,000,000 Travelers
Additional Excess Coverage	\$1,000,000 to \$100,000,000 Travelers				 Adams BOCES Self Insurance Pool	

\*Student Sexual Abuse has a sub-limit of \$5,000,000 under Educators Legal Liability.  
 \*\* Property - \$1,000 maintenance deductible/School Board Liability \$10,000 maintenance deductible.  
 Charter Schools are excluded from all lines of coverage.

This interpretation is reasonable because its intent meets industry standard for insurance as established by the Adams County BOCES Limits and Retentions.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**2. Subject facilities and equipment to improper wear and tear or insufficient maintenance.**

*I interpret facilities to comprise buildings and grounds owned or leased by the District.*

*I interpret equipment to mean tools, electronic data processing equipment, vehicles and machines that either alone or in combination comprise and/or support operating systems within these facilities, and property with a value exceeding \$5,000, and a useful life greater than one year.*

*I interpret electronic data processing equipment to mean communications equipment used for essential operational activities. Those pieces of equipment are building level switches, phone switching equipment, and fiber connections.*

*I interpret improper wear and tear as failure to sustain the integrity of the asset in a timely manner or protect the normal life of the asset for the asset's intended purpose within the funding capacities provided.*

*I interpret insufficient maintenance as not keeping up with preventive and corrective maintenance as recommended by the manufacturer or prevailing industry practice.*

**Data Reported**

**Buildings**

The District owns and maintains a number of facilities. The following chart is a summary description of the facilities, the square footage, and the insurable values of the building and their contents:

	<b>Number of Buildings</b>	<b>Square Footage</b>	<b>Value of Buildings</b>	<b>Value of Contents</b>	<b>Site Improvements</b>	<b>Total Value</b>
School Facilities	18	1,526,954	\$249,374,773	\$24,466,892	\$1,192,300	\$275,033,965
Modulars	37	74,216	\$6,132,670	\$907,155	\$0	\$7,039,825
Other Facilities/Out Buildings	20	154,000	\$14,336,876	\$2,214,662	\$0	\$16,551,538
	75	1,755,170	\$269,844,319	\$27,588,709	\$1,192,300	\$298,625,328

A Facility Condition Index (FCI) was completed in February 2008. The FCI was designed to enable the organization to anticipate facility and equipment needs and to serve as a guide in the allocation of resources in making repairs. The FCI was updated in March 2010 by an independent consultant and incorporated additional staff input.

The February 2009 report established the definitions of the evaluative criteria for determining the prioritization of repairs. The five priority levels established were:

- Priority 1** - Items impacting the life, health, and safety of building occupants.
- Priority 2** - Items affecting the immediate operational use of the facility.

Definitions for each of these two priority areas contained language indicating a 100% rating in each of these two areas would require that no schools were closed as a result of deficiencies or deferred maintenance in these two categories. Priority 1 and 2 items are identified by instructional staff, maintenance staff, and/or independent evaluators. These items are immediately repaired using District resources allocated to the maintenance of facilities. The District continually takes appropriate corrective action on all Priority 1 and 2 items, thus preventing them from being deferred.

**Priority 3** - Items affecting the educational program or mission of the facility.

**Priority 4** - Items not rectified in a timely manner will increase the cost of the repair.

**Priority 5** - Items of aesthetic value.

Priority 3, 4, and 5 items are continuously being evaluated and identified for corrective action based on the efficient and economical use of limited District resources. The accomplishment of Board Global Goals will not be compromised in order to meet Priority 3, 4, or 5 items.

The priorities and interpretations established in the 2009 report are reasonable as the primary function of our facilities remains to provide a safe, healthy, and functional environment for the education of our students. The continued use of the FCI and the aforementioned priority system has allowed for the allocation of District resources in a manner that provides for the timely repair and maintenance of all schools. No school closures for any building maintenance reasons have taken place during the preceding year; therefore, a 100% rating has been achieved.

Declining per pupil funding for FY 2010, FY 2011, and FY 2012 caused the District to realign many of its practices in order to remain compliant with the District's Global End of raising academic achievement. The allocation of resources to this end and to maintain our efforts within classrooms caused staff to delay certain capital purchases of items such as buses and computers. As the result of a stabilized per pupil funding level and a pattern of savings by staff, additional funding was allocated for capital projects in FY 2013. The chart below illustrates the increase in investment in our capital assets via the Capital Reserve Fund comparing FY 2012, FY 2013 and FY 2014.

### Capital Reserve Expenditures by Site

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>		<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>		<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>
BLARC	\$0	\$0	\$0	North	\$0	\$7,230	\$86,656	Southeast	\$14,475	\$68,845	\$14,549
BOLT	\$0	\$17,125	\$0	Northeast	\$10,509	\$5,496	\$21,793	Stuart	\$2,749	\$12,175	\$4,650
Brantner	\$0	\$0	\$510	Overland	\$25,000	\$181,624	\$0	Thimmig	\$17,547	\$0	\$242
Brighton High	\$74,161	\$275,896	\$199,246	Pennock	\$635	\$0	\$0	Transportation	\$33,081	\$10,458	\$55,509
BHS Athletics			\$90,000	Prairie View High	\$3,300	\$21,515	\$12,116	Turnberry	\$0	\$0	\$0
District-Wide	\$32,450	\$124,549	\$407,571	PVHS Athletics			\$90,000	Vikan	\$81,507	\$89,943	\$14,185
ESC	\$10,281	\$12,536	\$120,534	Prairie View Middle	\$6,949	\$0	\$5,370	West Ridge	\$3,485	\$7,563	\$5,130
Henderson	\$5,460	\$14,462	\$7,763	Second Creek	\$20,032	\$17,865	\$0	<b>Total</b>	<b>\$347,371</b>	<b>\$914,247</b>	<b>\$1,246,837*</b>
Heritage	\$0	\$5,298	\$4,996	South	\$5,750	\$41,667	\$106,017				*e s t i m a t e d

The chart below illustrates examples of these FY 2014 projects:

Site	Description	Amount
ESC	Phone System	\$88,811
North Elementary	HVAC system controls replacement	\$67,906
District-Wide	Asphalt repairs	\$37,946
Brighton High School Athletics	New scoreboards	\$34,649
Northeast Elementary	Playground equipment	\$20,158
Vikan Middle	Gym floor re-sanding	\$14,185
Transportation	Parking lot grading	\$13,180
Henderson Elementary	Compressor replacement	\$7,763
West Ridge Elementary	New playground mulch	\$5,130

Maintaining and/or increasing funding for the adequate maintenance and replacement of assets will continue to be required to avoid reports of non-compliance in this area in future years.

### **Security of District Facilities**

The site-specific school emergency plan for each school details the site’s physical security and fire protection systems in the Prevention/Mitigation section. The District has a number of systems in place to protect people and assets.

#### **Access Control**

All 18 district-managed schools use a visitor management and screening system licensed from Raptor Technologies. Schools received a dedicated security computer at the front desk to run Raptor last year. The Brighton and Commerce City charter schools use Raptor or a similar system. Visitors present their identification card, such as a driver’s license, for scanning. The entrant is screened against a national sex offender database and site-specific alerts for restraining orders and other security issues that are customized by each school. Entrants receive a badge that includes their photo, date, and destination. Written procedures have been issued for the District to standardize school access controls and school Raptor operators were provided with a 27J User’s Guide.

The newest elementary and middle schools have main entrances that require visitors to be vetted prior to entry. These systems allow staff to view and talk to entrants before remotely unlocking an access door during school hours. A project is underway to add controlled main entrances to the remaining elementary and middle schools this semester. The equipment is being purchased using some funds that were targeted for a district radio system. The installation is being done in-house by a qualified Facilities Department employee, with additional work hours for this project being funded with the equipment. Once this project is complete and where funding is available, other entry controls on additional doors on district buildings will also be installed by Facilities. A 27J procedure for vetting entrants prior to allowing them entry has been developed and reviewed by the District Safety Team for use at all schools with controlled entry systems.

Several sites have electronic card key access systems for employees, including Brantner Elementary, Brighton High School, Prairie View High School, Prairie View Middle School, Stuart Middle School, and the Network Operations Center. The Educational Services Center has keypad entry systems on designated staff entry doors, and only the main entrance, staffed by a receptionist, should be unlocked during business hours.

### Video Surveillance

All schools have video surveillance systems with motion-activated digital recording. The number of cameras range from a minimum of six at most elementary schools to more than 30 at the high schools. There are also video surveillance systems at the Network Operations Center, the District Swimming Pool, the Main Transportation Terminal, and on buses.

A dedicated monitor for proactive use of video surveillance has been added to the security computer in the offices of several schools. The goal is have large-screen video monitors at all sites, when funding allows. In addition, other users such as principals and SROs can view and download video, and the Emergency Response and Crisis Specialist and the Manager of Operations can access the cameras from all sites except Brantner. A solution to a software issue preventing remote viewing at Brantner for school users and others was resolved last year. Access is only pending for offsite users, and that will be available as soon as Technology completes an update for the other schools using the same viewing program.

The contract for video service was competitively bid last year, and it was awarded to Sierra Services in Brighton. Last May a comprehensive review of all video surveillance locations was completed. Failing cameras and other hardware was replaced at many locations, secondary schools received upgrades to their recording systems to ensure that they were recording an acceptable number of days of video; the management system for security access to the system was updated, and software was updated. Second Creek funded a project to add two new cameras to that site. A number of other projects were scoped. All schools would like to have additional video cameras.

### Emergency Actions

School safety depends on quickly implementing emergency protocols, such as Lockout and Lockdown. Some sites have the capability to use electronic controls to quickly lock exterior doors, or close interior corridor doors to restrict the movement of an intruder. The District requires all classroom doors to be managed in locked mode so teachers can quickly implement Lockdown. Silent “panic” buttons and other improvements to emergency alerting have been reviewed and are being scoped for future funding.

### After-Hours Security Alarms

All schools have intrusion detection systems that include motion detection in the main corridors to provide after-hours protection from theft and vandalism. Other District locations with security systems are the Network Operations Center, the Technology Annex, the District Swimming Pool, and the Main Transportation Terminal. Alarms are monitored by a 24-hour service to ensure responders are promptly dispatched.

### Fire Protection

All schools have remotely-monitored fire alarm panels to ensure rapid notification of emergency responders in case the system alarms. All the school systems include smoke detection, alerting pull stations, fire extinguishers, and emergency lighting. Modular classrooms also have these systems and include notification systems for the main office if there is an alarm. More than half of the schools are protected by full sprinkler systems. The Educational Service Center, the Network Operations Center and the Main Transportation Terminal also have remotely-monitored fire protection systems.



### Back-Up Power

Nine schools have emergency natural-gas generators to provide back-up power for critical functions such as emergency lighting and fire panels. The generator at the Network Operations Center has the capacity to back up power for the entire technology building and protects all District network services including the phone system, servers, and internet connection.

### Conclusion

A number of projects have been scoped for future funding that will physically improve security and safety at schools, and work continues to ready other identified projects. It is important to recognize that physical security depends on vigorous implementation of management systems in order to ensure school security. Ongoing auditing by school administration and district staff could improve compliance. Examples of security management systems include vetting entrants properly prior to buzzing them in at schools. Without this, the expenditure for controlled entries does not protect the school. Classroom doors are required to be kept in locked mode at all times so staff or students can quickly implement Lockdown in case of an active shooter or other intruder. Substitute teachers need to be trained in district emergency protocols and school implementation, and arrive at an assignment with proper identification.

### Grounds

The District owns and maintains 23 parcels of improved property containing approximately 323 acres. The District owns five parcels of approximately 123 acres of vacant land that must be maintained.

Although not presently deeded to the District, there are another 17 parcels containing approximately 232 acres that have been identified as future school sites that are in varying stages of municipal approval and/or dedication. District staff continuously monitors these processes and works closely with our governmental partners to ensure adequate school sites for future enrollment.

The following data identifies the aforementioned properties:

### 27J DEVELOPED SITES

Site	Acres	Address
Brantner	14.92	7800 E 133 <sup>rd</sup> Ave, Thornton
Brighton Heritage Academy 7-12	3.6	830 E Bridge St, Brighton
Brighton High School 9-12 CLC	28.2	270 S 8 <sup>th</sup> Ave, Brighton 360 S 8 <sup>th</sup> Ave, Brighton
Educational Services Center	13.282	18551 E 160 <sup>th</sup> Ave, Brighton
Technology Annex	14.06	630 S 8 <sup>th</sup> Ave, Brighton
Henderson PK-5	14.52	12301 E 124 <sup>th</sup> Ave, Henderson
Mary E. Pennock K-6	7.83	3707 Estrella St, Brighton
North PK-5	2.18	89 N 6 <sup>th</sup> Ave, Brighton
Northeast PK-6	9.437	1605 Longs Peak St, Brighton
Overland Trail 6-8	15.23	455 N 19 <sup>th</sup> Ave, Brighton
Prairie View HS 9-12	55.594	12909 E 120 <sup>th</sup> Ave, Henderson
Prairie View MS 6-8	22.6	12915 E 120 <sup>th</sup> Ave, Henderson
Second Creek PK-5	14.73	9950 Laredo Dr, Commerce City
South K-5	3.7	305 S 5 <sup>th</sup> Ave, Brighton
Southeast PK-6	11.4	1595 Southern St, Brighton
Stuart MS 6-8	22.094	15955 E 101 <sup>st</sup> Way, Commerce City
Swimming Pool	4.39	565 Southern St, Brighton
Thimmig PK-5	5.37	11453 Oswego St, Henderson
Transportation Facility	19.9	11701 Potomac St, Brighton
Turnberry PK-5	10.38	13069 E 106 <sup>th</sup> Pl, Commerce City
Vikan 6-8	19.68	879 Jessup St, Brighton
West Ridge K-6	10.9	13102 Monaco St, Thornton
<b>Total Acres</b>	323.187	

## 27J FUTURE SCHOOL SITES – OWNED

Site Location	Acres	Potential Usage
Talon Pointe - Monaco & 156 <sup>th</sup> – Thornton	11.12	ES
Brighton East Farms Filing No. 2 – Brighton	15	ES
Indigo Trails - 1/2 mi north of 144th Ave, W of 19th Ave alignment – Brighton	13.5	ES
ESC - 18551 E 160th Ave, Brighton	10	ES
Riverdale Peaks II - 136th & Yosemite – Thornton	73.04	MS/HS
<b>Total Acres</b>	<b>122.66</b>	

The first column in the following chart includes the jurisdiction in which the property exists.  
(AC = Adams County; BR = Brighton; CC = Commerce City; TH = Thornton)

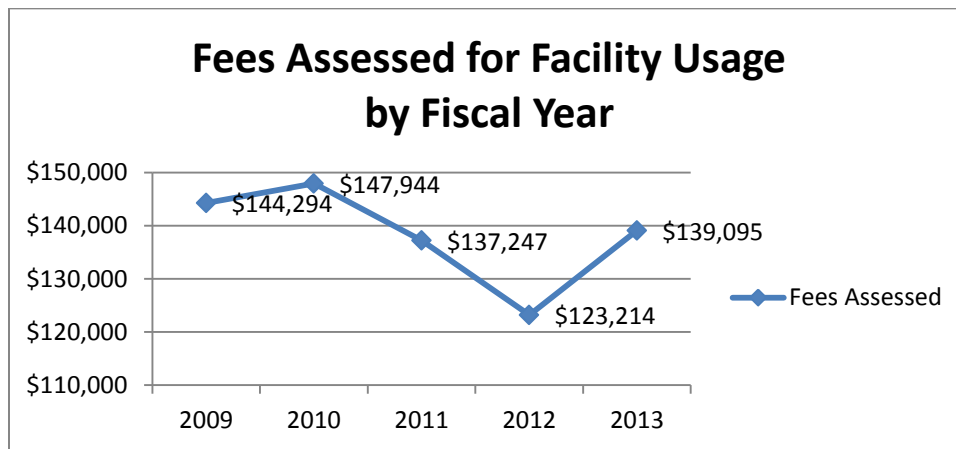
## 27J FUTURE SCHOOL SITES – IN PROCESS OF ACQUISITION

Jur	Site Location	Acres	Potential Usage
BR	Prairie Center (Sec 20 T1S, R66W)	20.1	MS
BR	Mountain View - N of Denver St, E of 27 <sup>th</sup> , W of Telluride	9.83	ES
BR	Brighton Lakes – Between 136 <sup>th</sup> & 144 <sup>th</sup> Sable & Buckley	10	ES
BR	Brighton Crossing	10	ES
BR	Prairie Center – ½ mi S of Bromley Ln, E of Buckley, N of 144th	10.02	ES
CC	Buckley Crossing – ½ mi N of 112 <sup>th</sup> between Buckley & Tower Rd	5	ES
CC	Reunion – S of 104 <sup>th</sup> between Peoria & Potomac	15	ES
CC	Reunion – S of 104 <sup>th</sup> between Potomac & Chambers	8.63	ES
CC	Reunion – W of Tower Rd, N of 104 <sup>th</sup>	15	ES
CC	Reunion – Southlawn – S of 104 <sup>th</sup> Ave, E of Buckley	10.6	ES
CC	Reunion – NE of 96 <sup>th</sup> & Buckley	48	HS
CC	Villages at Buffalo Run East – E of Chambers, ½ mi N of 112th	5.01	ES
CC	Second Creek Farm (7.5) / Buffalo Highlands (7.5)- W of Tower Rd, ½ S of 96 <sup>th</sup>	15	ES
TH	Sage Creek (5.03) / The Highlands (4.931) – ½ mi E of Holly, S of 128 <sup>th</sup> Ave	9.96	ES
TH	North End Station – N Hwy 7 between Holly & Colorado	10	ES
TH	The Parterre – N of E470, E of Quebec	20	MS
TH	The Parterre – S of E470, W of Quebec	10	ES
	<b>Total Acres</b>	<b>234.15</b>	

## **Facility Leasing**

District facilities are used by a number of entities for non-school purposes. The largest groups of users for non-school purposes are local municipalities. These uses are largely governed by intergovernmental agreements (IGA) executed by the parties. Users in this category are exempt from fees. The District also allows for the use of its facilities on a fee basis for other profit and not-for-profit organizations. A second category made up of non-governmental groups that served District students was previously exempt from fees. Pursuant to a staff recommendation, the Board eliminated all exemptions except for those governed by existing IGA's and instituted a reduced fee for the previously exempt groups. The purpose of the change was to assist in the recovery of the costs of administering the building usage program.

The chart below illustrates the revenue assessed by fiscal year.



Staff will continue to monitor revenues from the lease and use of District facilities and will work to maintain a balance between allowing community use of facilities without placing the financial burden of such leases on the District and/or the instructional process.

## **Data Processing Equipment**

The District owns and operates a fiber-based switch network to provide broadband voice and data communications between facilities. The District also owns and operates an integrated telephone switching system that includes a primary District-wide phone switch with voice mail and individual sub-switches in school buildings. The District ensures protection of these systems through qualified vendor maintenance contracts. Contract specifications assure high availability of service and spare equipment to maintain a high level of performance in each system. The current amount of fiber maintained is approximately 40 miles, 22 phone switches, and 208 data switches.

District staff monitors and is notified of any disruptions of these critical systems and have implemented the following support standard:

Maintain an operational availability (uptime) of 97% during the normal business hours of the District. (7:00 AM - 4:30 PM, M-F)

All systems are currently being monitored, either via automation or manually, and have over a 96.7% average operational availability this year. This is a decrease from last year due to the server room event in September.

This is a decrease from last year and fell below the previously established uptime standard. The decrease was the result of a cooling system failure in the District Technology Center on August 17, 2013. This failure caused the server room to become extremely hot and caused a temporary shutdown of virtually all District technology systems including: phones, internet, email, Infinite Campus, H and S Drives, Versatrans mapping and routing system, and the Nutrition Services billing system. The intense heat permanently damaged switches, phone equipment, servers, and likely jeopardized the future of others.

Since the Technology Center cooling failure, staff has implemented and remediated our climate control systems to include the following fail safes:

- Installed a new heat sensor that ties to the building automation system to provide multiple alerts via direct phone line and email
- Added building search protocol and worked with fire department to check server room status should a fire alarm be triggered
- Installed a stand-alone room temperature monitor with a dedicated phone line and cell phone list to alert regarding any high heat alerts
- Adjusted all current equipment internal systems (as available) to auto shutdown at temperatures above 95 degrees

In addition to the list above, and as a result of this incident, staff will be completing work on the district redundant data center located at Prairie View High School this summer.

Staff has met with insurance representatives to evaluate if and/or what long term damage has been done to the switches and determine if there is any insurance money due to the District as a result of the overheating incident. Staff is also conducting a cost/benefit analysis of our insurance coverage in an effort to ensure that adequate coverage exists for our physical and intellectual property should a similar incident occur.

The District has in place maintenance contracts on the building level switches and phone equipment installed in the District. The District also keeps a parts inventory to be able to make repairs and replace damaged equipment in a timely manner.

The District continues to monitor, correct, and protect from any damage that may occur to the fiber network and has established relationships with multiple vendors to expedite any repair work that may be needed.

## **Computers**

There are approximately 3,648 devices within the District.

Four hundred student computers were replaced within the past year with another 400 scheduled for purchase in FY 2015. A similar number will be replaced in future years. This plan will ensure that no computer within the District will exceed five years of age. The newest computers will continuously be placed in high schools, and the older computers “cascaded” downward through the grades where less computing capability is required.

Teacher computers have been replaced with less expensive thin client computers. All costs for central administration replacements will be absorbed through building/departmental budgets.

This plan requires full and continuous implementation. Failure to do so may result in the loss of access to fully operable computers to our students and staff.

### **Telephone Systems**

Currently the District operates on three telephone systems: one is 17 years old, one is nine years old, and the other is two years old. The oldest system is at full capacity, cannot be expanded, and is rapidly becoming obsolete. An upgrade project utilizing components compatible with our current systems is underway. These components will also allow for a phased transition to a much needed new phone system that will provide for system expansion and ensure the functionality necessary to meet the present and future needs of our schools. For FY 13-14 three locations (Nutrition, Technology, and the ESC) were updated to the newest system.

### **Technology Maintenance Schedule**

Currently the District sets aside one weekend a month to perform preventive maintenance/updates on all hardware and software the District has in its production environment.

### **Vehicles**

The District's vehicle fleet consists of 85 motorized vehicles (pickups, tractors, and mowers) in the white fleet and 109 transportation vehicles including full size buses and Micro Birds. Maintenance services and inspections are performed by certified mechanics on all vehicles at the Main Transportation Terminal.

A current review of the mileage of the transportation fleet indicates that 12 of the buses have mileage that exceeds 300,000 miles - one bus has mileage in excess of 400,000 miles. An additional 7 buses have mileage in excess of 200,000 miles. Fourteen years or 200,000 miles are accepted industry practices for timely replacement. High mileage buses will remain on the fleet to provide additional student capacity but be restricted to low mileage in-district routes.

The District has made significant investments in this area over the past two years with the replacement of 11 buses, the addition of seven buses in 2012, and the addition of two new buses in 2013. Additional buses will also be requested as part of the FY 2015 budget process.

The chart below compares the mileage of the fleet over the past three years:

<b>Mileage</b>	<b>2012 Number of Buses</b>	<b>2013 Number of Buses</b>	<b>March 10, 2014 Number of Buses</b>
400,000+	1	1	1
300,000-399,000	11	11	11
200,000-299,999	6	7	7
100,000-199,999	22	29	37
50,000-99,999	24	16	19
0-49,999	36	43	37
	100	107	109

In order to maintain an adequate fleet and accommodate student enrollment growth, it is estimated that approximately three buses will need to be purchased annually.

The District's student transportation vehicles are regulated by the Colorado Minimum Standards Governing School Transportation Vehicles as developed by the Colorado Department of Education. The standards provide requirements for the annual inspection of vehicles used to transport students. The annual inspection requires a certified bus mechanic to follow an extensive checklist on the vehicle including damage to vehicles and brake and drive train inspections. If a vehicle fails inspection it cannot be used to transport students until repaired and re-inspected. After the re-inspection, the certified mechanic must sign a CDE required affidavit stating that the vehicle has been repaired, re-inspected, and is safe to transport students. This affidavit must be kept in the vehicle.

A maintenance and inspection record is established for each vehicle upon purchase and maintained until the vehicle is retired. A review of maintenance records indicates that all student transportation vehicles have been adequately maintained according to state statute and CDE regulations. A similar review of the Preventive Maintenance Status report indicates that all white fleet vehicles have also been reasonably maintained.

A certified bus mechanic is required to have at least two years of maintenance experience on light, medium, and heavy duty vehicles. The mechanic must pass a written and hands-on performance test initially, and is re-tested every three years. Mechanics participate in a variety of training opportunities to assist in their certification efforts. Documentation regarding mechanic certification is maintained at the Main Transportation Terminal.

### **Fees**

Over the past several years the imposition and/or increase to certain user fees has become a part of the District's overall strategy to maintain a balanced budget. Fees are classified within four general categories: academic, activity, athletic, and transportation fees.

The following is a chart that shows the type of revenue, the number of invoices issued if applicable, and the percentage of invoices that were collected within 30 days, 31-60 days, 61-90 days, and over 90 days. The collected percentages in this chart do not include outstanding fees.

The uncollected amounts are: transportation 46%, class fees 33%, lost book/equipment fees 23%, athletic fees 7%, and full day kindergarten tuition 1%.

Receivable	Invoices Issued	Collected within 30 days	Collected 31-60 days	Collected 61-90 days	Collected 90+ days
	<u>Number</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Athletic Fees	1,660	90%	1%	1%	>1%
Class Fees	28,032	59%	3%	3%	2%
Lost Book/Equipment Fees	3,561	76%	1%	-	-
Full Day Kinder Tuition	1,792	97%	1%	>1%	>1%
Transportation	5,578	47%	5%	2%	-

A review of our fee collection efforts demonstrated deficiencies in our ability to track, and therefore collect, fees. In July 2012 the District began the process to centralize collection efforts within the Finance Department. The department reorganized so one employee could focus part-time on improving the rate of collection for transportation fees.

The transportation fee structure was changed for the 2013-2014 school year. The current structure operates as an access fee based on a written agreement with parent. This process eliminates the need to verify actual ridership which has proven troublesome, in past years. The operational practices for charging and collecting transportation fees will be reviewed at the end of the current school year.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**3. Operate without employing risk management practices to minimize exposure of the organization, its Board, or staff to claims of liability.**

*I interpret exposure as potential vulnerability to legal claims.*

*I interpret liability as legal judgments and costs. This is interpreted to mean that the Superintendent shall have in place reasonable processes, policies, and procedures with the intent of mitigating claims of liability against the District or its employees.*

**Data Reported**

The District is protected under the statutes of the Colorado Governmental Immunity Act to a maximum of \$350,000 per individual and \$990,000 per occurrence for liability exposure.



As of March 3, 2014, there are eight claims outstanding for the District.

Claim Type	Status	Description	Date
Bodily Injury	Open	Student slipped on wet sidewalk	8/17/08
Collision	Open	Driver hit District bus	4/23/13
Property Damage	Open	Hail damage to modular roofs	5/7/13
Property Damage	Open	Hood roof vandalism	8/1/13
Property Damage	Open	AC unit failure	8/18/13
Collision	Open	SD27J employee's personal vehicle hit bus	11/21/13
Collision	Open	Vehicle slid on ice hitting a bus	1/18/14
Collision	Open	Fire on Bus #04-2	1/22/14

In addition to the information garnered from the annual financial audit, the District has in place numerous Superintendent policies designed to mitigate claims of liability against the District. These policies include, but are not limited to, the following examples:

ACE-E1	Notice of Non-Discrimination
BCB	Board Member Conflict of Interest
DJB-R	Purchasing Procedures
EBB	Accident Prevention Safety
GBAA	Sexual Harassment
JLIA	Supervision of Students
KDE	Crisis Management
LC	Conducting Research

**Conclusion: I report compliance.**

**The Superintendent will not:**

- 4. Allow any purchase wherein normally prudent protection has not been given against conflict of interest.**

*I interpret prudent as shrewd and cautious as applied to action or conduct.*

*I interpret protection as having reliable processes to prevent an undesirable end.*

*I interpret conflict of interest as a financial conflict between the private interests and the official responsibilities of a person in a position of trust.*

## **Data Reported**

In the Comprehensive Annual Financial Report presented to the Board on February 12, 2013, the auditors identified no conflicts of interest in their tests of data in the District. In addition to the information garnered from the annual audit, the District has in place Superintendent Policies designed to eliminate potential conflicts of interest. These policies include:

DJG	Vendor Relations
GBEA	Staff Conflicts of Interest and Ethics

## **Conclusion: I report compliance.**

### **The Superintendent will not:**

- 5. Allow a purchase of \$20,000 or more without having obtained comparative prices and quality.**

*I interpret having obtained to mean seeking and acquiring.*

*I interpret comparative prices and quality to mean two or more written bids on all single item or single service purchases.*

## **Data Reported**

For the period of July 1, 2013, through March 31, 2014, there have been approximately 109 individual checks written and 64 purchase orders opened with values in excess of \$20,000 representing a total cost in excess of \$11,500,000.

These checks and purchase orders are written for a variety of purposes and under varying conditions. Many of the checks are written based on long or short term contracts for certain operational and educational services (i.e. Andrews Food Service System, Kaiser Permanente, Brighton Education Association and charter schools). These types of contracts are all negotiated based on a bid or sole proprietor basis.

Other checks in excess of \$20,000 are written to cover items such as utility costs (i.e. United Power, City of Brighton, and BP Energy Company).

The last category would include specific agreements to acquire certain products and services. These types of expenditures would include construction design and services; technology design, services and equipment; and other assorted material and equipment purchases. In these cases, department heads are required to seek competitive bids and retain documentation of such bidding processes. A cursory review of these documents indicate that staff is in compliance with this executive limitation.

In all cases, department heads are required by Superintendent Policy to seek competitive bids for purchases in excess of \$20,000 and retain documentation of such bidding processes. These policies include:

DJE Bidding Requirements  
FED-R Construction Contracts Bidding and Award

Schools are encouraged to make purchases using a District purchasing card (p-card). If a school wants to use a p-card to make a purchase in excess of \$25,000 prior approval from the Chief Financial Officer is required.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**6. Allow the purchase, disposal, or lease of real estate valued at more than \$20,000 without having obtained comparative prices.**

*I interpret comparative prices to mean two or more written bids.*

**Data Reported**

Subsection 6. of Policy 3.E – Asset Protection was adopted by the Board of Education on August 28, 2012. There has been no purchase, disposal, or lease of District real estate valued at more than \$20,000 since that time.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**7. Allow the Board to be unaware of the acquisition, encumbrance, lease, or disposal of real estate valued at more than \$20,000 without providing the Board with information for discussion prior to a final decision being made.**

*I interpret providing the Board with information to mean distributing relative and pertinent facts to all board members through either verbal or written methods of communication.*

*I interpret for discussion prior to a final decision being made to mean the Board is in receipt of such information prior to the establishment of the next Board agenda.*

**Data Reported**

Subsection 7. of Policy 3.E – Asset Protection was adopted by the Board of Education on August 28, 2012. There has been no purchase, disposal, or lease of District real estate valued at more than \$20,000 since that time.

The Board of Education received two new requests from staff to allow for the lease of District property within the current fiscal year. The Board of Education authorized staff to complete negotiations on these requests and to execute all necessary agreements. The agreements for these two requests have yet to be executed pending the completion of negotiations. The two items requested were:

- An access agreement across unused District property west of Henderson Elementary. The completion of this agreement is pending approval from other governmental entities.
- A lease of District property on the Vikan Middle School site for the construction, operation and maintenance of a cell tower. Final agreement has recently been reached on the exact placement of the tower. The lease will be executed in the very near future.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**8. Fail to protect intellectual property, information, and files from loss, improper access, or significant damage.**

**a) The Superintendent shall not fail to maintain records in a manner consistent with a Records Retention Schedule established in accordance with recommendations from legal counsel.**

*I interpret intellectual property, information, and files to mean the electronic data stored on the District servers and hardcopy records retained and used by the District for District administration and school site level purposes both original and not.*

*I interpret significant damage and loss as the inability to utilize the resource.*

*I interpret improper access as access to a resource that is not approved or allowed.*

**Data Reported**

**Significant Damage and Loss**

File backups, including off-site storage, are conducted on a daily basis. Backup logs show that the automated and manual backups are completed 99% of the time. These backups are regularly tested to make sure that the data can be restored if needed in the future.

Industry best practice system redundancies, advanced Redundant Array of Inexpensive Disks (RAID), N+1 configurations, and replication of data have been implemented on all critical servers and systems. The District utilizes a Storage Area Network (SAN) device to protect the data at a rate of over 10 times the normal protection of a standard server system and to support a disaster recovery model in case something catastrophic happens to the District data center.

The District also utilizes a system called “Virtual Servers” to help to lower the operational costs of these servers and also to help spread the data out over multiple physical servers to make sure that it is more protected and easier to backup and restore.

This District also has an emergency power generator at the data center to protect from power loss for an extended period of time. This generator is powered by natural gas so that it requires less maintenance than a traditional diesel generator. This generator is tested weekly to make sure that it is performing properly.

### **Improper Access**

A firewall has been erected around the entire District data network to protect against damage due to unauthorized access. No unauthorized access has been seen on the District network. Regular review and compilation of security logs and automated alert systems notify staff of any unusual activity on the network so that it can be corrected immediately. No security breaches have been detected in the District.

Internet content filters have been deployed to guard against misuse of District computer and network assets. These include standard web-based filters as well as network filters.

User IDs and passwords are required for access to the network and to assign security credentials for access to sensitive systems.

### **File Retention**

The District's established records retention schedule, based on the recommendation of District legal counsel, is to accept the current Colorado School District Records Management Manual as prepared by the Colorado State Archives on September 25, 2007.

The District has obtained approval from the Colorado State Archives to use this retention schedule. This schedule is based on federal and state laws.

The District records retention schedule includes multiple sections that are audited on a regular basis, both hardcopy and electronic, to make sure that the District is maintaining records according to this schedule. The District is currently in compliance with the records retention schedule.

The District also utilizes an industry best practice email archive system to make sure that all emails, both incoming and outgoing, sent through the District email system are stored for electronic discovery requests.

**Conclusion: I report compliance.**

**The Superintendent will not:**

- 9. Receive, process, or disburse funds under controls insufficient to meet the Board-appointed auditor's standards.**

*I interpret this to mean that the District manages money and money-related transactions using a system of internal controls, which provide for separation of duties, fraud protection, and an authorization process providing reasonable assurance that appropriate controls exist. This is reasonable because independent auditors review these controls on an annual basis and report their findings to District administration and the Board of Education.*

## **Data Reported**

The Local Government Audit Law (C.R.S. 29-1-601 et seq) requires the District to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant (CPA) and be in accordance with generally accepted auditing standards. The independent CPA publishes a management letter providing adding information on internal control and providing suggestions for improvement.

The auditors presented no additional finding information in the FY 2013 financial and A-133 audit which was presented to the Board of Education at the December 10, 2013 meeting.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**10. Compromise the independence of the Board’s audit or other external monitors or advisors. Engaging parties already chosen by the Board as consultants or advisers is not permitted.**

*I interpret audit or other external monitors or advisers to mean entities which are independent of School District 27J who perform a professional service to the Board of Education in a contractual or informal manner.*

*I interpret engaging parties already chosen by the Board as consultants or advisers is not permitted to mean that the Superintendent or his designees are forbidden from entering into any relationship that would diminish the integrity of the Board’s prerogative to independently seek input.*

*I interpret this to mean that the Superintendent of schools will put into place policies and protections that would prohibit internal processes which would directly or inferentially compromise the integrity of external information being presented to the Board of Education for the purposes of substantiation of presented data.*

## **Data Reported**

This past year the Board of Education of School District 27J entered into only one external contractual agreement. This agreement was with CliftonLarsonAllen, LLP for the District’s annual audit. Staff did not engage CliftonLarsonAllen, LLP or any other consultants or advisers used by the Board of Education.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**11. Invest or hold operating capital in unsecure instruments or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.**

*I interpret this to mean all cash owned by the District is deposited in accounts with the highest levels of safety as follows:*

- a. Cash is deposited in accounts where the District holds title to market value collateral representing obligations of the US Government; and*
- b. Cash is deposited in institutions participating in a pooled US Government security collateral arrangement in accordance with the Colorado Public Deposit Protection Act (CPDPA); and*
- c. Cash is held in public entity money market funds organized under authorizing Colorado law, having the highest credit rating assigned by a nationally recognized credit rating agency.*

**Data Reported**

All funds are invested according to the Colorado Public Deposit Protection Act. This statute specifies investment instruments meeting defined rating maturity and concentration risk criteria. The District has adopted an investment policy which is more restrictive and limits investments to the following:

- Obligations of the US and certain US Agency securities
- Written repurchase agreements collateralized by certain authorized securities
- Certain time certificates of deposit of savings accounts in state or national banks
- Certain time certificates of deposit of savings accounts in state or federally chartered savings and loans
- Certain money market mutual funds
- Local government investment pool

ColoTrust (Colorado Government Liquid Asset Trust) was established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commission. Pools operate similar to a money market fund and each share is equal in value to \$1. Investments of the pool consist of US Treasury bills, notes and note strips, and repurchase agreements collateralized in connection with the direct investment and withdrawal functions of the pool. Substantially, all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian's internal records identify the investments owned by the District. Due to their high liquidity, these funds are classified as cash equivalents for reporting purposes. The trust is rated AAA by Standard and Poor's.

Investments organized by investment instrument consist of:

<b>Investment</b>	<b>Amount at February 28, 2014</b>	<b>Interest Rate at February 28, 2014</b>
ColoTrust	\$13,161,595	.12%
CSAFE	\$ 853,188	.10%
Wells Fargo Trust	\$ 2,027,838	.01%
<b>Total</b>	<b>\$16,042,621</b>	

As of 2/28/14:

ColoTrust Trust & Agency	\$ 48,969	
ColoTrust Activity Fund 23	\$ 1,463,824	
ColoTrust Impact Fund 26	\$ 125,369	
ColoTrust Building Fund 41	\$ 264,562	
ColoTrust General Fund	<u>\$ 11,258,871</u>	This includes all other funds that do not have separate accounts.

ColoTrust Total	\$13,161,595	.12%
CSAFE Pupil Activity Agency	\$ 268,676	.10%
CSAFE Nutrition Enterprise Fund	584,512	.10%
Wells Fargo Trust	\$ 2,027,838	.01%

**Conclusion: I report compliance.**

**The Superintendent will not:**

**12. Endanger the organization’s public image, its credibility, or its ability to accomplish goals.**

*I interpret public image as inclusive of the opinions and perceptions of the taxpaying public at large, governmental entities, and private companies that assist in the development of District assets, including facilities and equipment.*

*I interpret credibility as maintaining high public trust as ethical stewards for the community.*

*I interpret to accomplish goals as meaning the District's image will not detract from the organization’s ability to meet the goals.*

**Data Reported**

Within the realm of Asset Protection, the entities that assist in the development of District assets enter the system primarily through Facilities, Construction Management, and Technology. There are many other entities that provide services or supplies to the District (curriculum, office supplies, consultants, etc.) that do not necessarily fall under Asset Protection. Other data related to the organization’s public image, credibility, and ability to accomplish goals will be reported in Report 3.A – Treatment of Students/Public.

In order to ascertain private business and government official’s perception of the District’s public image, credibility, and/or its ability to accomplish goals, a survey of each group was conducted. A confidential on-line survey service was used to send a survey to private businesses, government officials, and other community leaders that may have had contact with our Facilities, Construction, and/or Technology Departments.

Forty-seven surveys were e-mailed to private contractors who submitted bids to perform services in a variety of construction projects. Twenty-one responses were received.



The survey questions and results are as follows:

Do you feel you were treated fairly in the opportunity to bid?

Yes - 20      No - 1      Declined to respond - 0

Do you feel you were treated equitably (with impartial treatment) once the bids were received?

Yes - 20      No - 1      Declined to respond - 0

If you were awarded the project, do you feel you were treated well while doing business with SD27J?

Yes - 17      No - 0      N/A - 4      Declined to respond - 0

As part of our regular bid protocols, staff provides evaluative information to contractors who request such information. This information is provided in either written form or via individual meetings as requested by the contractors.

An email survey was forwarded to twenty-nine government officials and/or community leaders. Seven responses were received. The survey questions and results are as follows:

Does the District maintain a positive public image?

Yes -7      No - 0      Declined to respond - 0

Does the District build positive relationships with your organization?

Yes -7      No - 0      Declined to respond - 0

Comments:

- High graduation rates, rising test scores
- The school district and the city need to look for opportunities where there can be continued joint projects.

### **Communications**

School District 27J has continued to build on its foundation of communication tools in the past year. Current efforts include the publication of the twice-monthly electronic newsletter, the 27J Compass, which highlights various District news items and events. The 27J Compass is also published in Spanish. The district's Facebook page and Twitter site continue to be immensely helpful tools in carrying the School District 27J message to a broader audience. In 2013, the District also added a semi-annual publication called the District 27J Educator. This publication, which is sent home with all elementary and middle school students and emailed to parents of high school students, highlights news and events from across the district.

The district is also currently working on the transition to a new website vendor for all district schools and district administration. This new website will be user-friendly and serve as an excellent communication with our community.

**Conclusion: I report compliance.**

**The Superintendent will not:**

**13. Change the organization's name or substantially alter its identity.**

*I interpret the organization's legal name to be Adams County School District 27J, Adams/Weld School District 27J, and Brighton School District 27J commonly referenced as School District 27J. I interpret this to mean that the Superintendent of Schools is prohibited from the initiation of any organizational process or the direction of any staff member to put into place any procedure that would substantively alter the District's common and/or legal name. I interpret this to mean the Superintendent shall not put into place or implement any strategy which would subsequently modify the historical or local identity of the school District as a public K-12 system within the state of Colorado.*

**Data Reported**

During the 2013 calendar year the Superintendent took no action to change the organization's name or alter its identity.

However, it should be noted that the Board of Education, on August 27, 2013, approved a resolution adopting School District 27J as the unofficial name of the District. The action was taken to provide clarity and consistency in publicly released reports, documents and in communication with its various communities.

This action was endorsed by the Superintendent, and it would be his further recommendation that any potential future initiatives to change the identity of the District remain within the purview the Board of Education and subject to an official vote of the Board of Education to avoid any report of non-compliance in this area.

**Conclusion: I report compliance.**