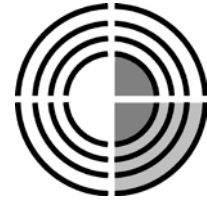




COLORADO SCHOOL DISTRICT 27J
GOVERNING POLICY OF
THE BOARD OF EDUCATION



Policy 4.E – MONITORING SUPERINTENDENT PERFORMANCE
(Accepted 8-24-10)

Management Limitations 3.D

To: Board of Education

From: Dr. Chris Fiedler, Superintendent of Schools

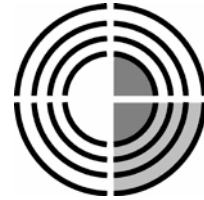
Re: Internal Expectations of the Board Report– 3.D Financial Conditions and Activities

I hereby present my Expectations of the Board Report through 3.D Financial Conditions and Activities in accordance with the monitoring schedule as set forth in Board policy. I certify the information in this report is true. (Separate Enclosure)

Signed: 

Date: October 28, 2014

Dr. Chris Fiedler
Superintendent, School District 27J



Policy 3.D – FINANCIAL CONDITION & ACTIVITIES

Date Adopted/Last Revised: January 27, 2009

Management Limitations

With respect to financial condition and activities, the Superintendent will not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures from the Board's Goals priorities.

I interpret will not cause nor allow the development of to mean: shall not bring about or permit the occurrence of.

I interpret the condition of fiscal jeopardy to mean: entering an agreement to pay expenses when the source of income to pay for those expenses has not been determined or not having cash available to pay expenses when they are due.

I interpret a material deviation of actual expenditures from the Board's Goals priorities to mean: that when reviewing the actual expenditures of the district, an informed person would not question whether District Goals priorities are being addressed.

Data Reported:

This Expectations of the Board report pertains to Fiscal Year 2014 (July 1, 2013 – June 30, 2014). The FY 2014 budget was amended in January 2014 due to adjustments in student count and several resource adjustments to account for the \$19.4 million reduction in funding created by the negative factor (15.42%) in the School Finance Act Formula. The budget ensured adequate funds were available for the TABOR Reserve as required under the provisions of section 20 (5) article X of the state constitution as well as a Board Contingency Reserve. The District's total funded pupil count was 15,878.3, an increase of 525.7 full time pupils, inclusive of 108.9 full time pupils in district approved charter schools. The FY 2014 Amended General Operating Fund Budget includes an increase in direct school funding of \$5.2 million (inclusive of charter school funding), and an increase of \$2.6 million for support services department. During the Amended Budget process the District allocated over \$520,000 of unspent, one time funds from FY 2013 to schools. Although the FY 2014 financial audit has not yet been completed, the estimated general fund ending fund balance is \$17.1 million. The amount includes ending fund balances in the Capital Reserve Fund, the Risk Management Insurance Fund, and the Colorado Preschool Program Fund. This balance includes \$5.7 million in required reserves, \$0.5 million restricted reserves for certified and classified long term service/early retirement benefit, \$2.0 million in assigned reserves for capital and insurance, and \$0.7 million in carry forward for schools. The fund balance from FY 2014 will help the District fund projects that have a greater financial need than one year's student allocation.

Conclusion: I report compliance.

The Superintendent will not:

1. Expend more funds than have been received in the fiscal quarter to date unless the liquidity and long-term reserve requirements below are met.
 - a. The Superintendent will not borrow from reserves (defined as accumulated excess revenues) in an amount greater than can be replenished by certain, otherwise unencumbered revenues within 90 days.

I interpret this to mean:

The District must maintain the 3% TABOR reserve and the 3% Board Reserve. These funds can be used for temporary cash flow purposes as long as they are replenished within a 90 day period.

Data Reported:

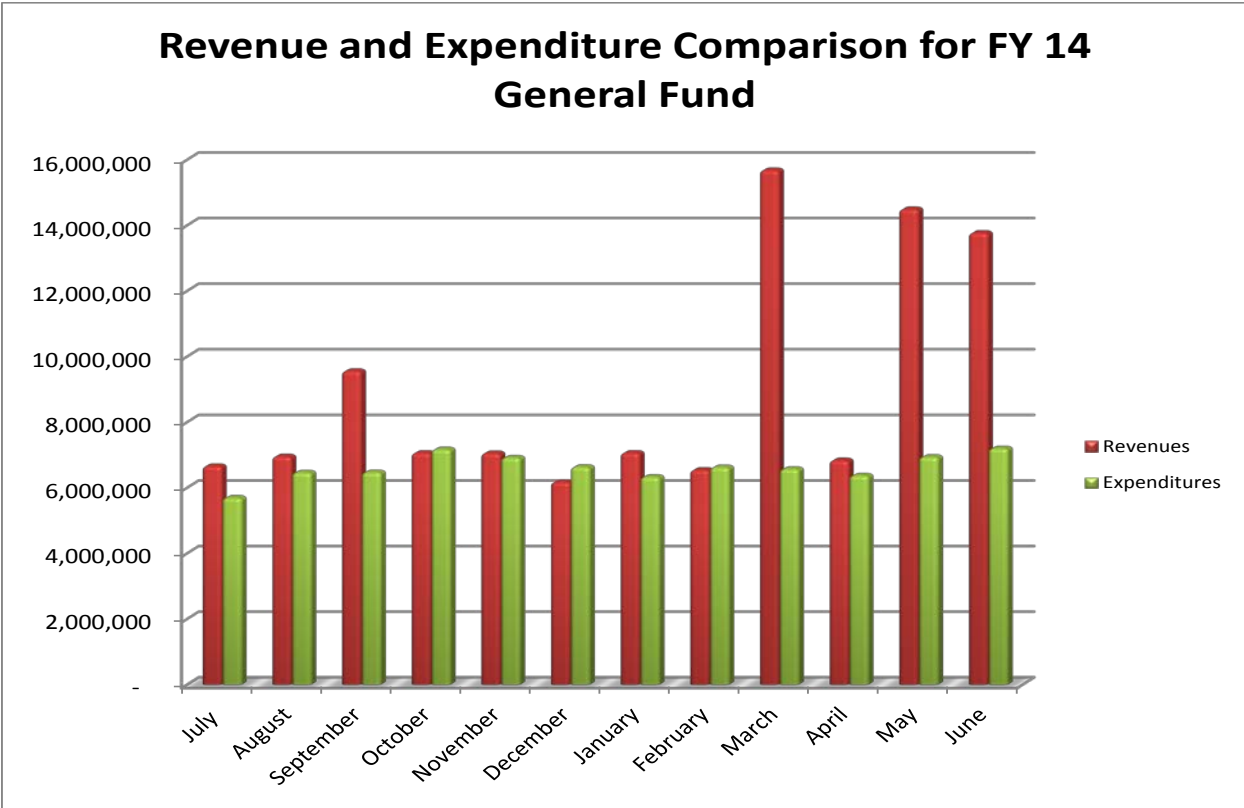
The FY 2014 budget was approved with the expectation that the TABOR reserve as required under the provisions of section 20 (5) article X of the state constitution, and the Board Contingency Reserve, be maintained in the General Fund. Both reserves were fully funded at the required 3% each. The FY2014 audited financials for Eagle Ridge Academy show movement toward a positive fund balance in accordance with the school's long term plan. For the district to remain in compliance with TABOR it is required to reserve the \$155,956 negative fund balance on Eagle Ridge Academy's behalf. The District has complied with this requirement.

A review of beginning fund balance, revenue received, and expenditures paid during FY 2014 shows that General Fund revenue exceeded the budget by \$1.6 million mostly due to increased state equalization revenue (\$1.0 million) associated with a reduction in the negative factor after an additional budget appropriation was approved by the state legislature in February 2014, as well as \$.4 million in specific ownership tax and \$.1 million in vocational education categorical revenue. Actual expenditures were \$1.0 million lower than planned mainly due to reduced school and department supply expenditures, offset by increased transfers to support other funds.

The below schedule of beginning fund balance, revenue received, and expenditures net of transfers paid during the Fiscal Year 2014 provides information to support the above interpretation. The General Fund expenditures are inclusive of transfers to preschool, pupil activity, capital reserve, transportation, print shop and the risk management insurance fund totaling \$8.6 million. Note: These are pre-audited ending fund balances.

Fund	Beginning Fund Balance	Revenues	Expenditures/ Transfers/ Allocations	Ending Fund Balance and Reserves
General	17,462,925	108,525,332	111,542,898	14,445,360
Risk Management	913,713	39,404	47,547	905,571
Colorado Preschool	44,609	0	(75,976)	120,585
Capital Reserve	547,647	82,359	(950,705)	1,580,710
Governmental Designated Grants	639,549	6,018,269	5,903,311	754,507
Pupil Activity Fund	1,190,327	3,042,971	3,205,795	1,027,503
Transportation Fund	0	1,605,011	1,233,472	371,539
Growth Impact Fund	181,157	38,418	179,796	39,779
Other Special Programs Fund	876,542	1,248,829	1,613,141	512,230
Bond Redemption Fund	12,221,506	15,189,593	13,835,554	13,575,545
Building Fund	264,000	51	0	264,051
Nutrition Services	1,137,421	4,919,242	4,624,622	1,432,041
Child Care/Extended Day Kindergarten	107,341	957,757	822,977	242,121
Risk Management/ Dental Insurance	449,600	741,905	715,914	475,591
Print Shop	(38,097)	153,609	115,512	0
Trust Fund	54,928	59	6,000	48,987

The following chart compares revenues vs. expenditures over the course of the fiscal year for the General Fund only. As is illustrated below, the District’s revenue for the General Fund varies according to the cycle of the receipt of property taxes.



- b. The Superintendent will not borrow funds (with the exception of credit cards used for normal business purposes that are paid in full each month)

I interpret this to mean:

The District will not borrow funds through a bond issue, Certificates of Participation (COPs) or capital lease without express approval by the Board of Education. Interfund borrowing can take place for cash flow purposes as long as the funds are replenished not later than three months after the beginning of the following budget year.

Data Reported:

In FY 2014 the District closed on a lease for school buses and school computers with JPMorgan Chase. The lease schedule was presented and approved by the Board on March 13, 2012. The District also had expenditures in FY 2014 for outstanding Board approved debt in the form of bonds, certificates of participation (COPs), and capital leases. The District's total outstanding long term debt is \$200.7 million as detailed out below, which is \$3.4 million less than the Expectations of the Board report issued on January 28, 2014.

Type of Borrowing	FY 2013/14 Debt Payment	Outstanding Balance (P+I)	Year Debt Retires
2004 GO Bonds	2,028,206.25	2,029,175.00	2015
Teacher Computer Lease	87,748.30	87,542.19	2015
Student Computer Lease	76,820.16	76,820.16	2015
Software Computer Lease	39,969.12	36,638.36	2015
2012B Refunding Bonds	2,219,937.50	4,664,787.50	2016
Capital Bus Lease	385,000.00	665,384.80	2016
Bus/Computer Lease	159,843.70	319,687.40	2016
2011 Refunding Bonds	126,355.00	1,280,547.50	2018
Water Augmentation Note	85,437.95	341,751.81	2018
2006A Refunding Bonds	1,503,218.76	33,925,703.18	2025
2012 Refunding Bonds	1,366,150.00	40,136,125.00	2025
2005 COPs	278,211.25	3,327,540.66	2026
2006C GO Bonds	5,465,537.50	86,496,775.01	2027
2008 GO and Refunding Bonds	1,122,065.01	27,329,071.96	2028

CRS 22-44-113 does allow internal borrowing from all funds except the bond redemption fund as long as the funds are repaid not later than three months after the beginning of the following budget year. The District combines cash from nine funds in a ColoTrust account to maximize investments. Cash from Pupil Activity, Growth Impact, Bond Redemption, Building and Trust funds are excluded due to the restricted use each fund. During the first eight months of the fiscal year when property tax collections are minimal, the cash from other funds in the ColoTrust account is available to supplement General Fund obligations if needed. Moneys are repaid in March of the same fiscal year when larger property tax collections are received from the counties of Adams, Weld and Broomfield. This practice allows the District to meet obligations without having to borrow money from the State of Colorado's Interest Free Loan Program or from local banks.

- c. The Superintendent will not allow cash to fall below a safety reserve of 6% of the General Fund.

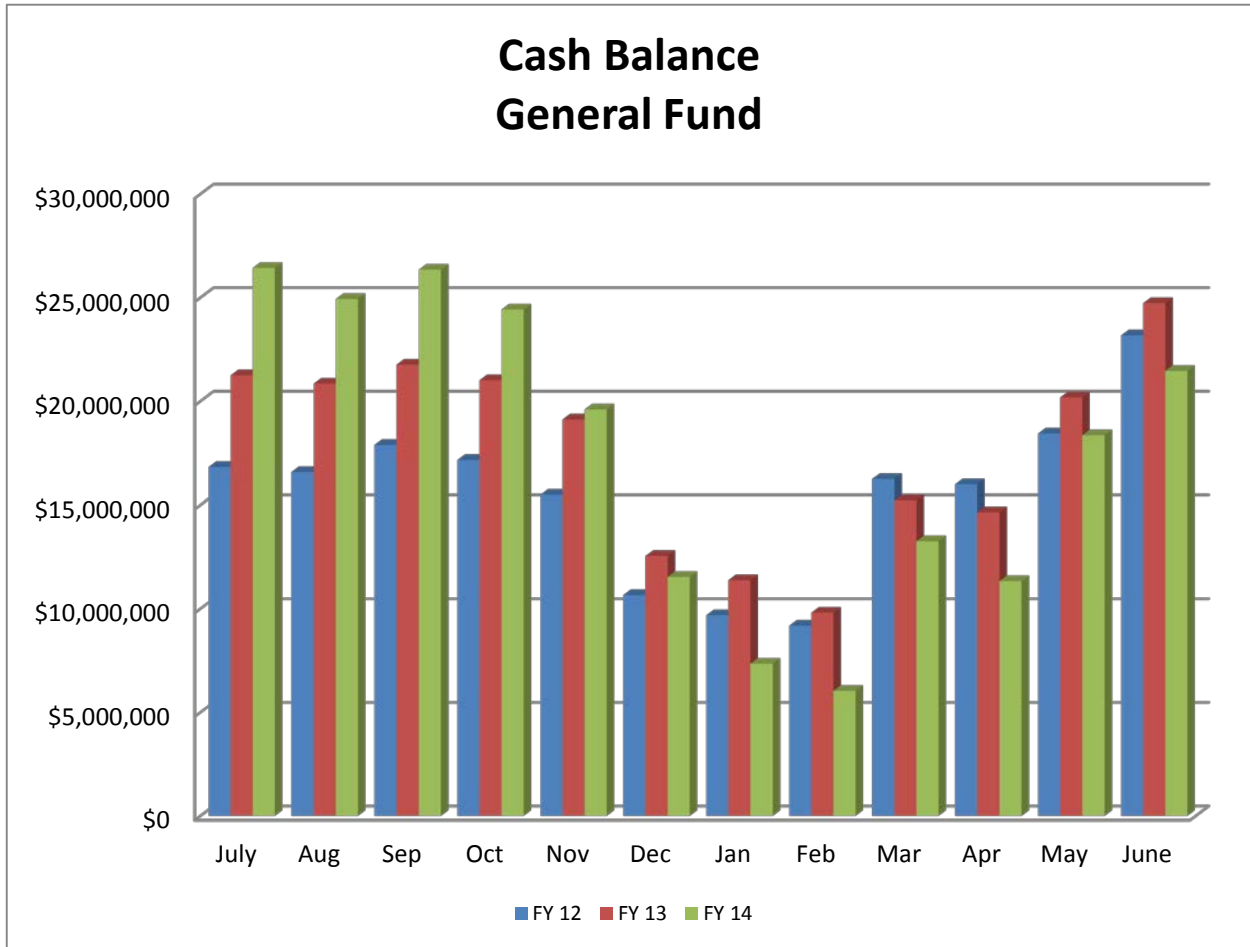
I interpret this to mean:

The general fund reserves will not be less than 6% of general fund expenditures for the previous twelve months.

Data Reported:

In FY 2014 the total unaudited expenditures in the General Fund (not including transfers which are presented in the schedule on page 3) were \$88.1 million with 6% equating to \$5.3 million. The total reserves planned in the general fund in the FY 2014 Revised Budget were \$5.3 million.

The following chart tracks the cash balance over the course of the fiscal year for the General Fund only. As is illustrated below, the District's cash balance never falls below the combined restricted reserve balance of \$5.3 million in FY 2014.



Conclusion: I report compliance.

2. Use Board-designated long-term reserves/endowment funds.

I interpret this to mean:

The District expends designated funds for allowed purposes only throughout the identified monitoring period.

Data Reported:

The District spent all funds consistent with the FY 2014 budget. The anticipated undesignated ending fund balance in the General Fund is \$6.3 million. The anticipated General Fund total ending fund balance in the FY 14 Adopted Budget is \$15.3 million, inclusive of TABOR and Board reserves. The current unaudited General Fund ending fund balance is \$14.4 million, inclusive of TABOR and Board reserves.

The \$.9 million variance in budgeted compared to actual ending fund balance is mainly due to lower salary and benefit savings of position vacancies.

In FY 2014 94% of the recurring General Fund resources were used directly in schools or in direct support of schools. The FY2015 budget plans for 94% of the recurring General Fund resources to be used directly in schools or in direct support of schools.

School District 27J invested \$46.9 million in direct instructional professionals during the fiscal year, which is \$2.5 million greater than FY 2013. Of the \$46.9 million invested in direct instruction, \$4.7 million (10.1%) was invested in paraprofessionals, leaving \$42.2 million (89.9%) invested in licensed teachers. Of this amount (\$42.2 million) invested in 617 licensed teachers, \$27.4 million (65.0%) was invested in 401 licensed teachers in core instruction. The remaining \$14.8 million (35.0%) was invested in 216 licensed teachers in non-core instruction.

Conclusion: I report compliance.

3. Conduct interfund shifting.

I interpret this to mean:

The District shall not comingle funds that, by strict statutory law, are prohibited from being moved.

Data Reported:

CRS 22-44-112 - Transfer of moneys states that “a board of education shall not transfer moneys from one fund to another, except as authorized.” In FY 2014 the District transferred \$8.6 million from the general operating fund to: preschool program fund, capital reserve fund, the risk management fund, transportation fund, print shop, and pupil activity fund.

Conclusion: I report compliance

4. Fail to settle payroll obligations and payables in a timely manner.

I interpret this to mean:

Payroll obligations are all compensation, both salary and benefits, paid to district employees through the district’s payroll system. Payables are all district bills that are not employee compensation which are processed through the District’s check request process or purchasing card. 95% of payables should be paid within 90 days.

Data Reported:

Payroll: Human Resources and the Finance Department work together to pay employees on a monthly basis on the last working day of each month. The pay period ends the 12th of each month for payment at the end of that month and internal control is very strict with segregation of duties between the two departments. Pay remittances or checks are issued to employees the last working day of the month.

Payroll Year	Average Number of Employees Paid per Month	Gross Payroll Amount	Employee Paid Deductions	Employer Paid Deductions
FY 2014	1,631	\$64,250,188	\$17,946,226	\$18,798,343

Types of Employee Paid Deductions	Types of Employer Paid Deductions
Taxes	Taxes
Medical	Medical, Dental, Vision
PERA	PERA
Garnishments	Life Insurance
Voluntary (Life, 401K, 403b, Dues, and HSA)	Health Savings Accounts
Credit Union	
125 Dependent Care/Health Care	

Accounts Payable: Checks are issued each Thursday afternoon. Below is a summary of checks issued for FY 2014. The chart lists the total number of checks issued and shows the length of time from the date of the invoice to the date of the check being issued. 95% of all payables were paid within 90 days of invoice date.

A review of accounts payable processes with our external auditor provided a few possible procedure modifications that would improve this percentage. The District will explore the practice of all invoices being mailed directly to accounts payable, and the accounts payable clerk will send to appropriate staff for approval prior to payment. This will allow a central point to monitor payment terms and avoid late payment of lost invoices at schools and other districts offices.

Number of Checks Issued	Paid within 30 days or less of Invoice Date	Paid within 31 – 60 days of Invoice Date	Paid within 61 – 90 days of Invoice Date	Paid in excess of 90 days of Invoice Date
3,641	3,094	291	74	182
Percentage of checks issued	85%	8%	2%	5%

Conclusion: I report compliance

5. Allow tax payments or other government ordered payments or filings to be overdue or

inaccurately filed.

Data Reported:

Each time payroll is processed mandatory deductions are made along with the accompanying checks or wire transfers to the appropriate vendors.

Mandatory Deduction	How Paid
Federal/Medicare Taxes-IRS	Wire transfer and taxes called in and completion of Form 941 quarterly
Public Employees Retirement Association	Wire transfer of both employees and District contribution
State Taxes	Wire transfer and taxes called in for contribution
Garnishments	Mailed to the appropriate authority after deducted from payroll
If Full-Time Employee Deductions made for Health, Dental, Vision, Life Insurances	Check/Wire issued to appropriate vendor
OMNI (403b), HSA and 401K	Wire transferred and report sent via secured web link

All deductions have been paid in a timely manner.

Conclusion: I report compliance

6. Execute a check or purchase commitment of greater than \$25,000 unless such purchase was explicitly itemized in budget monitoring data previously disclosed to the Board or subsequently disclosed at the next regular meeting of the Board. Splitting orders to avoid this limit is not acceptable.

I interpret this to mean:

The causation of a fiscal encumbrance which has not been disclosed to, or previously approved by the Board of Education either through an appropriations resolution, supplemental budget, or budgeted for this purpose in the annually approved budget.

Data Reported:

There were 128 checks and 16 purchasing card transactions for \$25,000 or greater in FY 2014 totaling over \$11.6 million. All transactions listed were within the District's FY 2014 Board approved appropriations. A summary of all transactions of \$25,000 or greater is below.

Check Number	Check Amount	Vendor	Description
3 Checks	\$ 148,416.00	ADAMS 12 FIVE STAR SCHOOLS	DHH PROGRAM
104224	30,323.19	ADAMS COUNTY CLERK & RECORDER	2013 MAIL BALLOT ELECTION EXPENSES
104558	76,050.00	ADAMS COUNTY HEAD START	ADAMS COUNTY HEAD START SERVICES
105159	33,875.00	AJI FENCE LTD.	OUTFIELD FENCING AT PVHS
102842	91,542.30	ALPINE ACHIEVEMENT SYSTEMS INC	ALPINE ACHIEVEMENT SUBSCRIPTION
23 Checks	1,029,626.50	ANDREWS FOODSERVICE SYSTEMS	FOOD INVENTORY
PCard	25,686.50	APL*APPLEONLINESTOREUS	70 IPADS
103306	135,812.00	ATS ROCKY MTN. INC	N AND S ELEMENTARY UPGRADES
3 Checks	166,870.10	BELLE CREEK CHARTER SCHOOL	ECEA PAYMENTS
7 Checks	426,328.93	BP ENERGY COMPANY	UTILITIES - GAS
13 Checks	459,688.45	BRIGHTON EDUCATION ASSOCIATION	UNION DUES
4 Checks	185,142.81	BROMLEY EAST CHARTER SCHOOL	ECEA PAYMENTS
102835	65,243.43	BVB GENERAL CONTRACTORS	CONSTRUCTION WORK
PCard	25,678.74	CITY OF BRIGHTON	SCHOOL RESOURCE OFFICERS
4 Checks	139,757.45	CITY OF BRIGHTON	SCHOOL RESOURCE OFFICERS
PCard	39,081.00	CLIFTON LARSON ALLEN LLP	2013 COMPLIANCE AND FINANCIAL AUDIT
103615	25,881.90	CLUB'S CHOICE FUNDRAISING	FALL FUNDRAISER ORDER
105864	31,554.00	COLLEGE BOARD	BHS AP EXAMS
103693	31,817.31	COLORADO STATE TREASURER	QUARTERLY UNEMPLOYMENT BENEFITS
105565	28,000.00	COLORADO WEST EQUIPMENT INC	SECURITY CAMERAS AND SOFTWARE
103205	141,519.00	COMPUTER INFORMATION CONCEPTS	ANNUAL SOFTWARE, SUPPORT & UPDATE
103040	46,092.22	CONTRAX FURNISHINGS	BOLT ACADEMY FURNISHINGS
104839	54,510.00	CR SUCCESS LEARNING LLC	TEXT BOOKS AND TEACHER SUPPLIES
PCard	27,572.50	CSU ATHLETIC DEPT	FOOTBALL CAMP
3 Checks	167,419.53	DEFENSE PERSONNEL SUPPORT CTR	FRUIT AND VEGETABLES SUPPLIES
3 PCard Transactions	128,005.35	DFAS-CO 6355	FRUIT AND VEGETABLES SUPPLIES
PCard	34,245.12	DFAS-CO 6355	FRUIT AND VEGETABLES SUPPLIES
2 Checks	82,133.79	DIRSEC INC	RENEW ENDPOINT PROTECTION LICENSING
4 Checks	237,075.00	DLR GROUP INC	SCHEMATIC PREDESIGN AND DESIGN
102596	309,298.68	EVERBANK COMMERCIAL FINANCE,	COPY MACHINE RENTAL CONTRACT
3 Checks	215,529.22	FOUNDATIONS ACADEMY	ECEA PAYMENTS
2 Checks	72,775.50	FRONT RANGE COMMUNITY COLLEGE	CONCURRENT ENROLLMENT BILLING
103385	27,400.00	GALLEGOS CONCRETE	CONCRETE WORK FOOTBALL STADIUM
PCard	50,700.00	GOVCNCTN	EQUIPMENT AND INSTALL
PCard	29,880.00	GOVCNCTN	VM ANNUAL RENEWAL
PCard	25,200.00	GOVCNCTN	VDI EQUIPMENT FOR THE DISTRICT
PCard	39,953.04	GOVCNCTN	EQUIPMENT DISTRICT WIDE
PCard	34,530.00	GOVCNCTN	OFFICE LICENSING DISTRICT
PCard	25,620.00	GOVCNCTN	WINDOWS LICENSING DISTRICT
PCard	26,200.00	GOVCNCTN	COMPUTER REFRESH FOR BUILDING USE
105727	35,966.45	HERFF JONES INC	YEAR BOOK ORDER
102756	31,507.57	HILLYARD FLOOR CARE SUPPLY	FLOOR CARE SUPPLIES AND EQUIPMENT
3 Checks	121,226.60	HOUGHTON MIFFLIN CO.	TEXTBOOKS AND PRACTICE BOOKS
2 Checks	100,000.00	INSPIRED SOLUTIONS LLC	SUMMER SCHOOL PROGRAM
102402	88,324.00	INTERKAL LLC	BLEACHER AND CENTER AISLE RAIL
13 Checks	6,381,687.30	KAISER PERMANENTE	HEALTH CARE PREMIUMS
105970	58,668.58	KENDALL HUNT PUBLISHING CO	TEXT BOOKS
2 Checks	146,589.35	LANDMARK ACADEMY AT REUNION	ECEA PAYMENTS
103397	33,913.56	LARADON HALL SOCIETY FOR	JULY AND SEPT STUDENT SERVICES
103528	26,000.00	LOGISOFT COMPUTER PRODUCTS LLC	SOFTWARE LICENSE RENEWAL
103884	28,987.90	MASTERCRAFT TRUCK EQUIPMENT	EQUIPMENT AND INSTALLATION
102604	77,864.00	NET SOURCE INC	INSTANT WIRELESS ACCESS POINT
102888	109,325.00	NORTHWEST EVALUATION ASSN.	WEB BASED MAP ASSESSMENTS SUBSCRIPTION
2 Checks	438,301.36	PCL CONSTRUCTION SERVICES INC	PLAN AND DESIGN WORK FOR BHS
PCard	30,322.00	PLAY POWER LT	PLAYGROUND EQUIPMENT-NORTHEAST, SOUTHEAST AND SOUTH
104245	27,251.00	REFLECTIONS FOR YOUTH INC	MULTIPLE MONTHS / YOUTH DAY TREATMENT
2 Checks	128,456.50	ROCKY MOUNTAIN DEAF SCHOOL	TUITION
105322	200,000.00	SD 27J CFFF	RETURN OF UNSPENT FUNDS / BRANTNER ELEM
2 Checks	103,622.27	SOF-TECH MAINTENANCE COMPANY	ANNUAL PHONE SYSTEM MAINTENANCE/EQUIP
103899	65,908.00	SPRADLEY BARR FORD LINCOLN OF	2013 FORD F-350 TRUCK
105690	28,852.21	SUNBELT STAFFING, LLC	MULTIPLE MONTHS / SCHOOL NURSE STAFFING
104504	25,623.00	T&G FLOORING	BHS GYM FLOOR
2 Checks	313,161.84	VLCM	HP CORE SWITCHING BUNDLE
	\$13,573,593.05		

Conclusion: I report compliance

7. Acquire, encumber, lease or dispose of real property.

I interpret “acquire” to mean: gain possession or control of; to get or obtain

I interpret “encumber” to mean: a claim or liability that is attached to property or some other right and that may lessen its value, such as a lien; any property right that is not an ownership interest

I interpret “lease” to mean: a contract by which a rightful possessor of real property conveys the right to use and occupy the property in exchange for consideration, usually rent

I interpret “dispose” to mean: to transfer control to another; to place, distribute, or arrange, especially in an orderly way; to get rid of

I interpret “real property” to mean: land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment

Data Reported:

There were no real property transactions presented or approved by the Board during FY 2014.

On October 2, 2012, The School District entered into a \$416,771 promissory note with the City of Brighton, Colorado for water augmentation/water rights, which was approved by the Board on August 28, 2012. The principal and interest expense in FY 2014 was \$85,438.

The fixed asset threshold of \$5,000 was approved by the Board in 2004. Items retired or fully depreciated are removed from the list of fixed assets. If replacements are purchased for these items, these are additions to the list. As part of the audit, items on the fixed asset inventory report are removed. Items removed as of 06/30/2014 are the following:

Asset Number	Description	Total Cost	Depreciated Amount
25269	8800 48 Port	9,748.00	9,553.04
25270	Switch Summit X450	5,848.00	5,731.04
25225	Security Firewall	13,370.50	13,103.09
25196	File Server	5,311.51	5,205.28
25582	Exinda 6710 Internet Monitor	22,934.77	10,970.47
25191	TriFit Evaluation System	11,959.80	11,720.60
23142	Sound System	5,490.00	5,380.00
25326	Design Center/Cutout maker	7,590.00	7,314.23

Conclusion: I report compliance

8. Accept revenues from sources not, in fact and appearance, consistent with the mission and values of the organization.

I interpret “revenues” to mean: fiscal and non-fiscal donated economic resources

I interpret “mission and values of the organization” to mean: the organizational Goals that have been identified by the Board of Education

Data Reported: The following donations were received in FY 2014. All cash and non-cash donations support the organizational Goals.

Name of Donator	School / Program	Item or Amount	Purpose
Kerri Monti	PVHS	2002 Kia Sedona	Student Education
Brother’s Plumbing, Heating and Electric	All Schools	\$140	Shipping costs for candy to troops
Kohl’s	BOLT	\$500.00	Student Education
Perfect Teeth	All Schools	\$350.00 in school supplies	Student Education
ARC Thrift Store	All Schools	\$300.00 in gift cards	Supplies for needy students
American Furniture Warehouse	Transitional Learning Center	\$757.00 in furniture	Student Education
Brighton Education Association	BOLT	\$200.00	Furniture
Robert Myers	PVHS	Organ, bench, sheet music, wall decorations	Student Education
Jim Cade	PVHS	\$1,720.00 in steel	PVHS Welding

Conclusion: I report compliance

9. Fail to aggressively pursue material receivables after a reasonable grace period.

I interpret this to mean:

A timely attempt is made to collect monies owed to the District (including charter schools) that are older than thirty days, or other period of time deemed reasonable within the normal course of business as follows: Major Categories of Receivables:

- *Amounts Due from Other Governments – 30 to 90 days following submission of reports or other required information.*
- *Amounts Due from Board Approved Fees – 30 to 90 days following submission of reports or other required information.*
- *Accrued Investment Earnings – 30 to 180 days as defined by Investment Agreement.*

Data Reported:

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.

A review of the fee assessment and collection process highlighted several areas of improvement. The first area the finance staff addressed was improved and continuous communication to families. In FY 2014 the District finance staff attended registration at both high schools to support the collection process. In addition, fee statements were sent out to all families prior to registration, and each month families are notified when transportation fees and full day kindergarten tuition has been assessed. The new accounts payable clerk is responsible for all fee collections, inclusive of supporting our elementary schools with full day kindergarten tuition. The collection rate for both transportation fees and full day kindergarten improved in FY2014 as compared to FY 2013.

Receivable	Invoices Issued	Collected within 30 days	Collected 31-60 days	Collected 61-90 days	Collected 90+ days	Outstanding
	Number	%	%	%	%	%
Property Taxes	N/A	Funds wired monthly				
State Funds	N/A	Funds wired monthly				
Facility Rental	207	78%	18.00%	2.00%	2.00%	-
Charter Administration Fees	N/A	Paid monthly and reconciled at year end				
Reimbursements from Granting Agencies	N/A	Collected at various times of the year. Most grants are not billed, funds are paid based on the grantees requirements				
Athletic Fees	3,008	91.50%	0.40%	2.60%	2.00%	3.50%
Class Fees	42,322	55.50%	3.10%	15.70%	9.60%	16.20%
Lost Book/Equipment Fees	2,741	14.60%	2.10%	30.30%	13.90%	39.10%
Print Shop	161	86.00%	12%	-	2%	-
Before & After School Care	4,167	85%	10.00%	4.00%	-	1.00%
Detention Center	22	0.00%	32.00%	36.00%	32.00%	
Full Day Kinder Tuition	3,533	77.40%	2.80%	4.20%	0.20%	15.40%
Transportation	14,636	33.60%	6.40%	28.90%	10.50%	20.60%

Nutrition Services

With the charging policy that the District has in place, no meals are written off.

Meal	Free	Reduced	Paid	Number of Meals
Breakfast	254,167	46,461	90,723	391,351
Lunch	562,364	136,140	522,122	1,220,626
Total	816,531	182,601	612,845	1,611,977
%	51%	11%	38%	

Conclusion: I report compliance

10. Operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.

I interpret “without adequate internal controls” to mean: not having policies and procedures that are designed to prevent and detect fraud. Inadequate controls may give cause to an external auditor finding that an entity has a “material weakness” which is commonly described as more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

I interpret “material dissipation of assets” to mean: non-compliance with Colorado Revised Statute which requires an entity to properly account for the assets and liabilities as ensured through the annual independent audit.

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 Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement, and according to Section 29-1-606, C.R.S., financial statements must be approved, published, and submitted to the state auditor within six months of the close of each fiscal year. The District management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, based upon a comprehensive framework of internal control that it has established for this purpose. The independent CPA publishes a management letter providing adding information on internal control and providing suggestions for improvement.

Conclusion:

As of this report, the FY 2014 Audit has not been completed. Staff from the independent CPA firm will present the CAFR to the Board at the December 9, 2014 Board Meeting for approval

and internal control data will be reported in the January 3.D Expectations of the Board report. For information on compliance for FY 2013, please see the August Expectations of the Board report 3.0 on Global Executive Constraint.