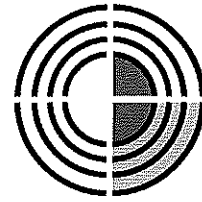




COLORADO SCHOOL DISTRICT 27J  
GOVERNING POLICY OF  
THE BOARD OF EDUCATION



## 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 2017 (July 1, 2016 – June 30, 2017). The FY17 budget was amended in January 2017 due to adjustments in student count and increase to local tax revenue. 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 16,578, compared to October 1, 2015 funded pupil count, an increase of 46 full time pupils. District managed schools decreased by 133 students offset by an increase of 179 full time pupils in district approved charter schools. The District's enrollment projection was adjusted at Amended Budget in January 2017 to reflect the decrease of 208 pupils as compared to the FY17 Adopted Budget estimates.

Although the FY17 financial audit has not yet been completed, the estimated General Fund ending fund balance is \$21.5 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 \$6.2 million in required Board and TABOR reserves and \$2.8 million in assigned reserves for new school openings. The fund balance from FY17 will afford the District to fund a negotiated increase to compensation of 3.7% district wide.

**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 FY17 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.

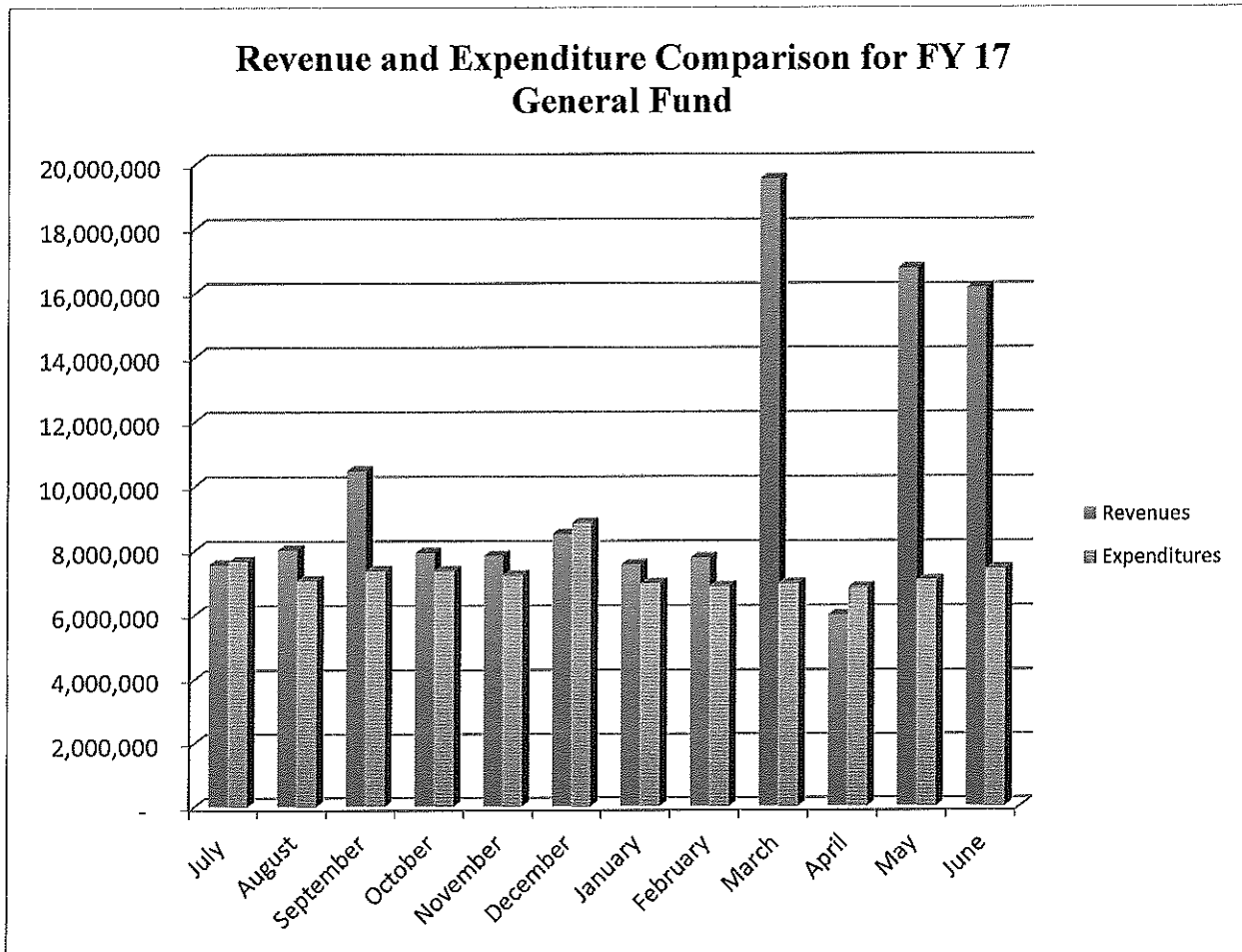
A review of beginning fund balance, revenue received, and expenditures paid during FY17 shows that General Fund revenue exceeded the budget by \$3.7 million mostly due to higher than projected specific ownership tax revenue and local tax revenue.

The below schedule of beginning fund balance, revenue received, and expenditures net of transfers paid during the FY17 provides information to support the above interpretation.

*Note: These are pre-audited ending fund balances.*

Fund	Beginning Fund Balance	Revenues	Expenditures/Transfers/ Allocations	Ending Fund Balance and Reserves
General	19,189,984	125,687,641	125,606,075	19,271,550
Capital Reserve	1,094,419	1,489,067	1,547,146	1,036,340
Risk Management	513,195	2,096,202	1,759,639	849,758
Colorado Preschool Program	227,406	3,187,061	3,046,874	367,593
Nutrition Services	1,798,045	4,889,393	4,639,668	2,047,770
Government Designated Purpose Grants	1,289,831	7,968,043	8,713,920	543,955
Pupil Activity	1,170,175	3,480,216	3,052,112	1,598,278
Transportation	-	5,488,966	5,486,818	2,148
Growth Impact	75,419	41,862	12,690	104,591
Child Care/Extended Day Kindergarten	570,367	1,201,821	1,052,232	719,956
Other Special Programs	493,055	1,686,389	1,417,117	762,327
Debt Service	17,797,774	62,054,616	63,880,195	15,972,195
Capital Projects	171,324,713	1,045,414	68,060,276	104,309,852
Risk Management/Dental Insurance	525,148	772,644	758,822	538,970
Private Purpose Trust	27,315	917	4,000	24,232

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. Inter-fund 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 FY17 the District executed a refunding of the 2006A, 2006C and 2008 General Obligation Bonds. The resolution was presented and approved by the Board on September 27, 2016. The second issuance of GO Bonds from the 2015 election are of \$88 million were issued in September 2017, fiscal year 2018. The District entered into a lease agreement with JP Morgan Chase to purchase technology hardware in July 2016. The Board approved the lease purchase on June 14, 2016. The amount financed of \$414,391 at an interest rate of 1.72% will term in FY19.

Type of Borrowing	FY 2016/17 Debt Payment (P+I)	Outstanding Balance (P+I)	Year Debt Retires
Chromebooks/Carts/Computers	140,493	288,072	2019
Bus/Computers	371,522	-	2017
Computer Lease	48,352	-	2017
Water Augmentation Note	85,438	85,438	2018
2005 COPs	228,253	2,312,212	2026
2008 GO and Refunding Bonds	6,215,663	431,175,978	2041
2011 Refunding Bonds	9,345	899,345	2018
2012A Refunding Bonds	551,125	29,563,725	2025
2014 GO and Refunding Bonds	1,018,313	61,296,962	2027
2015A Refunding Bonds	3,813,500	292,680,850	2041
2016A Refunding Bonds	731,654	40,705,488	2028
2016B Refunding Bonds	49,726	3,885,808	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.

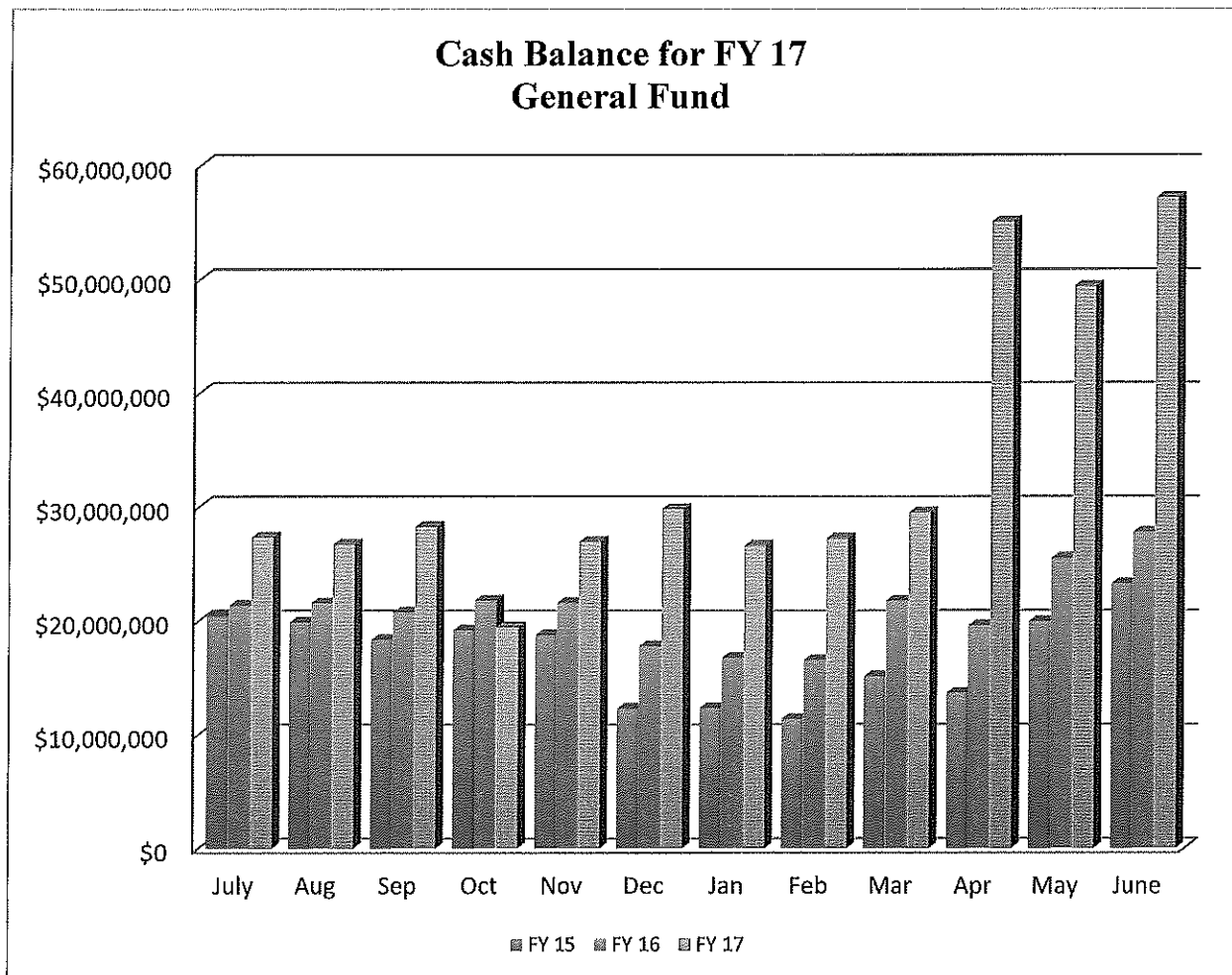
- c. The Superintendent will not allow cash to fall below a safety reserve of 6% of the General Fund.

*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 FY17 the total unaudited expenditures in the General Fund (not including transfers which are presented in the schedule on page 3) were \$94.4 million with 6% equating to \$5.7 million. The total reserves planned in the general fund in the FY17 Amended Budget were \$9.7 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 \$5.7 million in FY17.



**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 FY17 Budget. The projected unappropriated ending fund balance in the General Fund is \$3.8 million. The anticipated General Fund total ending fund balance in the FY17 Amended Budget is \$13.6 million, inclusive of TABOR and Board reserves.

The current **unaudited** General Fund ending fund balance is \$21.5 million, inclusive of TABOR and Board Reserves.

The \$7.9 million variance in budget compared to actual ending fund balance is primarily due to higher than projected specific ownership tax revenue and local tax revenue as well as lower than planned salaries & benefits costs.

In FY17, 91% of the recurring General Fund resources were used directly in schools or in direct support of schools.

**Conclusion: I report compliance.**

3. Conduct inter-fund 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 FY17 the District transferred \$11.2 million from the General 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 12<sup>th</sup> 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
FY17	1,747	\$71,993,863	\$19,428,108	\$23,491,675

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 FY17. 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 98% of all payables were paid within 90 days of invoice date.

The District will continue these practices to maintain this percentage.



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
3,976	3,677	162	65	72
Percentage of checks issued	92%	4%	2%	2%

**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 159 checks and 7 purchasing card transactions for \$25,000 or greater in FY17 totaling over \$15.3 million. All transactions listed were within the District's FY17 Board approved appropriations. A summary of transactions \$25,000 or greater is below.

Check #	Check Amount	Vendor	Description
3 Checks	\$ 167,650.00	ADAMS 12 FIVE STAR SCHOOLS	QUARTLY PROGRAMS
00116576	\$ 452,078.40	ADAMS COUNTY	COLLATERAL
00115807	\$ 70,960.32	ADAMS COUNTY HEAD START C/O JOHN REED	CPP
00117152	\$ 72,563.00	ALL SEASONS TENNIS COURTS	REMOVE AND REPLACE SURFACE
00113943	\$ 96,189.00	ALPINE ACHIEVEMENT SYSTEMS INC	ACHIEVEMENT BASS FEE
3 Checks	\$ 77,305.00	AMERICAN LOGISTICS COMPANY, LLC	CONTRACTED SERVICES
0116885	\$ 68,624.81	BC INTERIORS, INC.	FURNITURE
5 Checks	\$ 209,901.06	BELLE CREEK CHARTER SCHOOL	ECEA AND IDEA B
00114381	\$ 36,078.18	BLACKBOARD CONNECT INC	WIRE MANAGEMENT
2 PCARD TRANSACTIONS	\$ 54,069.23	BRIGHTON CITY HALL	WATER/SEWAGE
13 Checks	\$ 465,372.98	BRIGHTON EDUCATION ASSOCIATION	UNION DUES
16 Checks	\$ 610,588.14	BROMLEY EAST CHARTER SCHOOL	IDEA B, ECEA, CAPITAL CONSTRUCTION
00114749	\$ 40,000.00	BUTLER / SNOW	2016 REFUNDING LEGAL
00114174	\$ 48,432.00	CDW GOVERNMENT INC	HPE
9 Checks	\$ 408,852.00	CHILDREN'S HOSPITAL	DIST NURSE SERVICES
3 Checks	\$ 191,387.79	CITY OF BRIGHTON	WATER PROMISSORY NOTE/RESOURCE OFFICERS
1 PCARD TRANSACTION	\$ 31,610.47	CITY OF BRIGHTON	UTLTS-ELCTRC GAS HEATING OIL SANITARY WATER
2 Checks	\$ 96,447.93	CITY OF BRIGHTON POLICE DEPARTMENT	1ST QUARTER 2017
00116740	\$ 36,413.00	COLLEGE BOARD AP EXAMS	AP TEST
00115081	\$ 83,774.00	COLORADO COMMUNITY COLLEGE	CTA-FY15 AUDIT
00117153	\$ 50,432.44	COLORADO DEPT OF EDUCATION GRANTS	CORRECTION FOR TITLE 1 & 2
00113257	\$ 148,925.00	COMPUTER INFORMATION CONCEPTS INC.	CIC/INFINITE CAMOUS/PEOPLEWARE & SUPPORT
2 Checks	\$ 187,455.55	DELL USA LP ACCT	COMPUTERS
2 Checks	\$ 97,801.53	DIRSEC INC	IBOSS HARDWARE AND MAINTANCE
2 Checks	\$ 53,695.48	EAGLE RIDGE ACADEMY	CAPITAL CONSTRUCTION
0011364	\$ 30,000.00	EDUCATIONAL MANAGEMENT ASSOC INC	EMA SUPPORT
2 Checks	\$ 698,012.12	EVERBANK COMMERCIAL FINANCE, INC	ANNUAL CONTRACT
35 Checks	\$ 1,651,592.41	FOOD SERVICE OF AMERICA	FOOD SERVICE
00116749	\$ 88,721.99	FOUNDATIONS ACADEMY	ECEA, CAPITAL CONSTRUCTION
2 Checks	\$ 178,939.30	FRONT RANGE COMMUNITY COLLEGE ATTN: CAS	CONCURRENT ENROLLMENT STUDENT TUITION
3 PCARD TRANSACTION	\$ 157,640.00	GOVCNCTN	ANNUAL RENEWAL
00116156	\$ 27,000.00	HERFF JONES INC	YEARBOOK DEPOIST
00113357	\$ 104,862.46	HOUGHTON MIFFLIN HARCOURT	READ MATERIALS 180
4 Checks	\$ 250,000.00	INSPIRED SOLUTIONS LLC	SUMMER SCHOOL PROGRAM / TUTORING SERVICES PROVIDED
12 Checks	\$ 6,862,023.06	KAISER PERMANENTE	HEALTH CARE PREMIUMS
3 Checks	\$ 182,977.42	LANDMARK ACADEMY AT REUNION	ECEA AND IDEA B
5 Checks	\$ 130,813.40	LARADON HALL SOCIETY FOR EXCEPTIONAL CHI	OUT OF DISTRICT TUITION
00114066	\$ 25,092.41	NAVIANCE, INC.	USAGE YEARLY FEE
00113661	\$ 109,250.00	NORTHWEST EVALUATION ASSN.	WEB BASED MEASURES OF ACADEMIC PROGRESS
00113535	\$ 25,000.00	ONELOGIN	COMPUTER NETWORK-INFORMATION SERVICES
00116925	\$ 168,884.92	PEARSON EDUCATION	MATH NAVIGATOR
3 Checks	\$ 124,649.00	PROTECTIVE FINISHES COMPANY	CAULKING AND WATERPROOFING
00115129	\$ 34,500.00	RUBINBROWN LLP	FINANCIAL STATEMENTS/SINGLE AUDIT
00116927	\$ 50,482.40	SCHOOL SPECIALTY SUPPLY, INC	HEALTHY SCHOOL GRANT
4 Checks	\$ 193,000.00	SD 27J CFFF	BELLCO, 1ST BANK
00113277	\$ 42,497.04	SOF-TECH MAINTENANCE COMPANY	ANNUAL PHONE SYSTEM MAINTENANCE/EQUIP
00113338	\$ 26,063.00	SPRADLEY BARR FORD LINCOLN OF GREELEY, I	2016 STATE PRICE AGREEMENT
00113798	\$ 47,585.95	SUNTRUST EQUIPMENT FINANCE & LEASING COR	PRINCIPAL AND INTEREST
00113937	\$ 25,000.00	TEMPUS NOVA, INC.	RENEWAL
00116740	\$ 32,069.00	THE COLLEGE BOARD ADANCD PLACEMENT	TEST FEE
1 PCARD TRANSACTION	\$ 30,853.84	TRANSWEST TRUCKS	ACCIDENT PAYMENT
00116932	\$ 53,761.83	WEIDENHAMMER SYSTEMS	AIJO
00116573	\$ 116,292.75	ZANER BLOSER	SCHOOL SUPPLIES / WHITEBOARDS ETC.:
	\$ 15,324,171.61		

**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 FY17.

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 June 30, 2017 are the following:

Asset Number	Description	Total Cost	Depreciated Amount
25192	Carpet Cleaner	\$ 9,929.00	\$ 9,730.42
25274	Concrete Saw	\$ 18,000.00	\$ 17,640.00
25231	Security Systems	\$ 11,296.74	\$ 11,070.81
25140	Communications Center	\$ 25,681.25	\$ 18,560.91
20053	V-5 87 E-150 Van	\$ 13,573.39	\$ 13,302.39
24363	Numbering Machine	\$ 7,763.20	\$ 7,608.20
25206	Plate Printer	\$ 29,000.00	\$ 28,420.00
17167	Paper Folder	\$ 7,000.00	\$ 6,860.00
18572	RYOBI Press w/ts1 Color Head	\$ 19,686.50	\$ 19,292.50
23917	Collator A-30	\$ 7,763.00	\$ 7,608.00
24938	Convection Steamer	\$ 6,818.30	\$ -
20726	Hoist Model A-7	\$ 5,915.00	\$ 5,797.00
21383	MEA Analyzer	\$ 7,356.20	\$ 7,209.20
21740	Alignment Litrak	\$ 13,400.00	\$ 13,132.00

**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 FY17. All cash and non-cash donations support the organizational Goals.

Name of Donator	School / Program	Item or Amount	Purpose
Northern Hills Church	North Elementary	\$1,400	Chromebooks
United Power	PVHS	\$500.00	Student Counsel
Nestman Hills Church	PVHS	\$1,000	Football Booster Club
Jason Humphrey	PVHS	\$11,465	Wrestling Program
Terri Purvis	South Elementary	\$1,000	Families in need
First 10	PVHS / Stuart/ Second Creek	\$1,500 each location \$4,500 Total	Books and Equipment
Kiwanis	South Elementary	\$1,000	Clothing for Kids
Adams County Youth Initiative	Stuart	\$3,500	Lift Program
FC Brighton Soccer	BHS	\$4,000	Synthetic Field Turf Groomer
City of Brighton	South Elementary	\$500	Staff Needs (Supplies)

**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 FY17 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.

Receivable	Invoices Issued	Collected within 30 days	Collected 31-60 days	Collected 61-90 days	Collected 90+ days	Outstanding
	<u>Number</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Property Taxes	N/A	Funds wired monthly				
State Funds	N/A	Funds wired monthly				
Facility Rental	60	90%	10%	-	-	-
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	2,615	95%	1%	1%	1%	2%
Class Fees	42,832	61%	5%	16%	7%	11%
Lost Book/Equipment Fees	1,320	18%	7%	26%	17%	32%
Print Shop	64	97%	3%	-	-	-
Before & After School Care	4,860	95%	3%	1%	0.8%	0.2%
Detention Center	24	5%	45%	30%	20%	
Full Day Kinder Tuition	1,840	82%	3%	6%	1%	8%
Transportation	16,548	37%	12%	21%	15%	15%

## 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	160,720	37,850	58,689	257,259
Lunch	571,626	139,873	592,119	1,303,618
Total	732,346	177,723	650,808	1,560,877
Percentage	47%	11%	42%	

### **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 FY17 Audit has **not** been completed. Staff from the independent CPA firm will present the CAFR to the Board at the December 12, 2017 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 2017, please see the August Expectations of the Board report 3.0 on Global Executive Constraint.