



27J SCHOOLS GOVERNING POLICY OF THE BOARD OF EDUCATION

Management Limitations

Policy 3.D – FINANCIAL CONDITION & ACTIVITIES

Date Adopted/Last Revised: January 27, 2009

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 Ends 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 Ends priorities to mean that when reviewing the actual expenditures of the District, an informed person would not question whether District Ends priorities are being addressed.

Data Reported:

The Expectations of the Board Report pertains to the first six (6) months of fiscal year 2019 (July 1 to December 31, 2018). The FY 2019 budget was adopted in May 2018 and will be adjusted in January 2019 due to changes in student count and other School Finance Act Formula factor changes.

These budget adjustments will be reported in the 3.D Expectations of the Board report in October 2019. The FY 2019 Adopted Budget ensures adequate funds are available for the TABOR Reserve as required under the provisions of section 20 (5) article X of the state constitution, the Board Contingency Reserve as well as a reserve for multi-year obligations.

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 restricted reserves of 3% TABOR and 3% Board. 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 2019 budget was adopted with the expectation that the TABOR Reserve as required under the provisions of section 20 (5) article X of the state constitution, the Board Contingency Reserve, and a reserve for multi-year obligations be maintained in the General Fund.

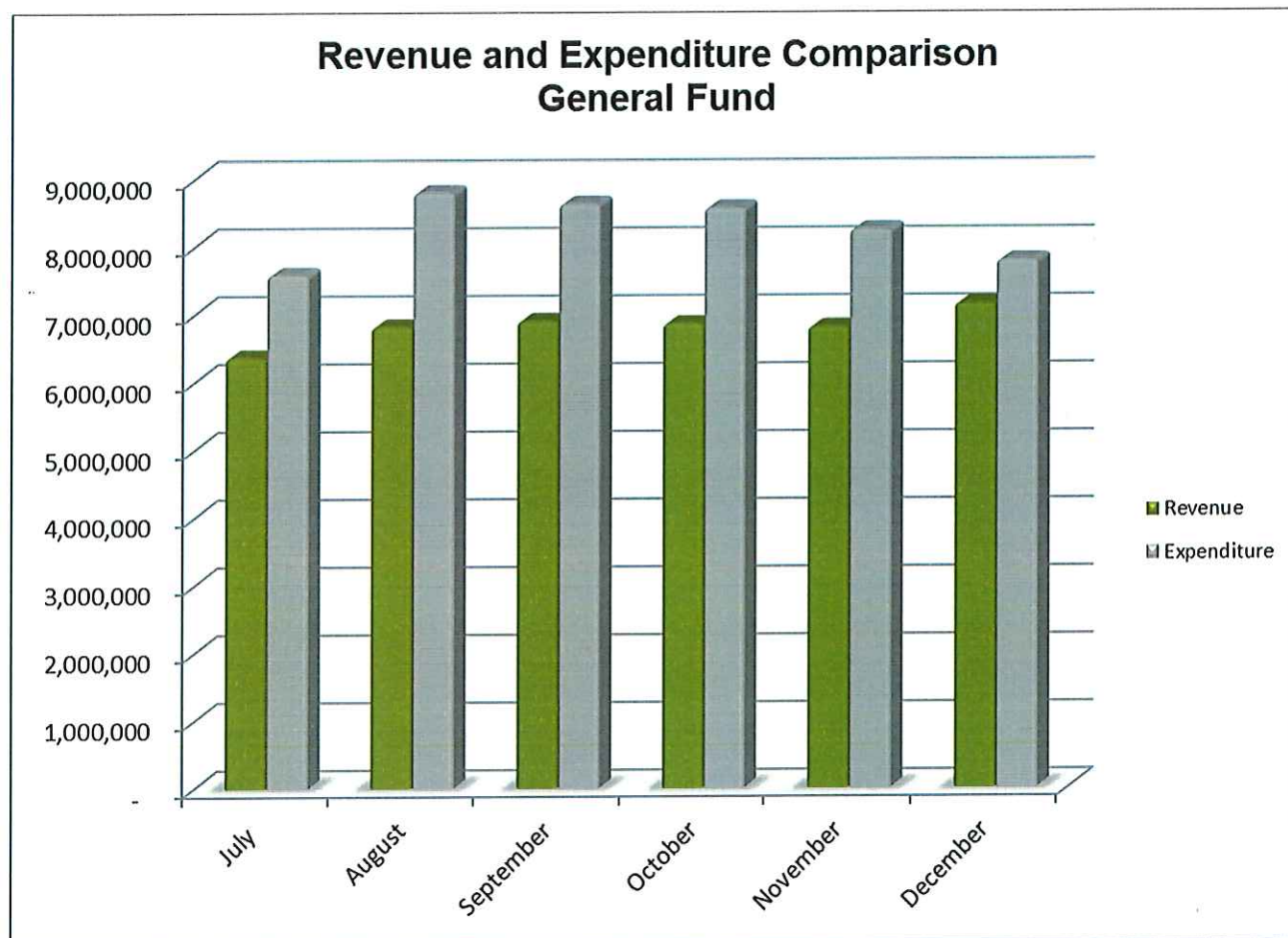
All three reserves are fully funded, the first two at the required 3% each and the last according to the current Superintendent contract. In the Adopted Budget the District is expected to end FY 2019 with a fund balance in the General Fund of \$13.1 million. This includes \$3.5 million for the TABOR reserve, \$3.7 million for the Board Designated reserve, \$199K of reserve for Multi-Year Obligations, \$320K Career and Technical Education reserve, \$2.5 million Assigned reserve and \$2.9 million for non-appropriated general contingency.

A review of revenue received, expenditures paid, and transfers completed during the first 6 months of FY 2019 shows that General Fund expenditures and transfers exceed revenues requiring the use of the \$24.6 million beginning fund balance. This is typical as the majority of the property tax revenue is received from March to May of each year. The General Fund includes inter-fund transfers as detailed out in the next page schedule as well as the allocations of per pupil revenue to district approved charter schools.

Fund Balances

Fund	Beginning Fund Balance	Revenues	Transfers	Expenditures	Ending Fund Balance
General	24,603,818	40,907,267	(8,009,008)	49,594,832	7,907,245
Capital Reserve	1,841,461	179,147	945,318	1,366,273	1,599,653
Risk Mgmt Insurance	977,756	-	1,277,083	1,507,124	747,715
Preschool	163,359	2,887,187	537,751	1,843,997	1,744,300
Nutrition Services	2,330,977	2,303,951	-	2,714,612	1,920,316
Gov't Designated Grants	1,468,452	4,482,989	-	3,760,061	2,191,380
Pupil Activity	1,229,234	1,473,944	200,000	1,362,852	1,540,326
Transportation	-	1,700,717	4,697,349	2,887,173	3,510,893
Growth Impact	103,281	23,452	-	14,998	111,735
Child Care	728,398	602,902	-	737,449	593,851
Special Programs	891,017	754,309	269,874	867,209	1,047,991
Bond Redemption	19,614,504	557,230	-	16,142,864	4,028,870
Building	126,637,263	830,286	-	26,373,818	101,093,731
Print Shop	-	39,825	81,633	55,671	65,787
Dental	551,846	412,599	-	349,972	614,473
Trust	24,899	482	-	-	25,381
Pupil Activity Agency	225,616	229,698	-	139,987	315,327
	181,391,881	57,385,985	-	109,718,892	129,058,974

The following is a chart that shows the comparison of revenues vs. expenditures for the General Fund only. As is demonstrated below, the District's revenue for the General Fund varies according to the receipt of property taxes.



Conclusion: I report compliance

- 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 within 90 days.

Data Reported:

The District has outstanding Board approved debt in the form of bonds, certificates of participation (COPs) and operating leases with expenditures in FY 2019. The District's total outstanding debt at December 31, 2018 is \$574.3 million.

Type of Borrowing	FY 2018/19 Debt Payment (P+I)	Outstanding Balance (P+I)	Year Debt Retires
ChromeBooks/Computers Lease	844,738	1,268,721	2021
2005 COPs	214,437	1,866,972	2026
2008 GO and Refunding Bonds	45,900	-	2019
2012A Refunding Bonds	2,858,425	23,365,750	2025
2014 GO and Refunding Bonds	2,245,088	55,818,475	2027
2015 Refunding Bonds	4,779,500	276,893,350	2041
2016A Refunding Bonds	3,923,163	35,516,000	2028
2016B Refunding Bonds	87,793	3,672,190	2028
2017 GO and Refunding Bonds	2,200,000	175,879,000	2043
	\$ 17,199,044	\$ 574,280,458	

C.R.S. 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 eight funds in a ColoTrust account to maximize investments. Cash from Pupil Activity, Growth Impact, Bond Redemption, Building, Nutrition Services and Trust funds are excluded due to the restricted use of 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 has allowed the District to meet obligations without having to borrow money from the State of Colorado's Cash Flow Loan Program or from local banks.

Conclusion: I report compliance

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

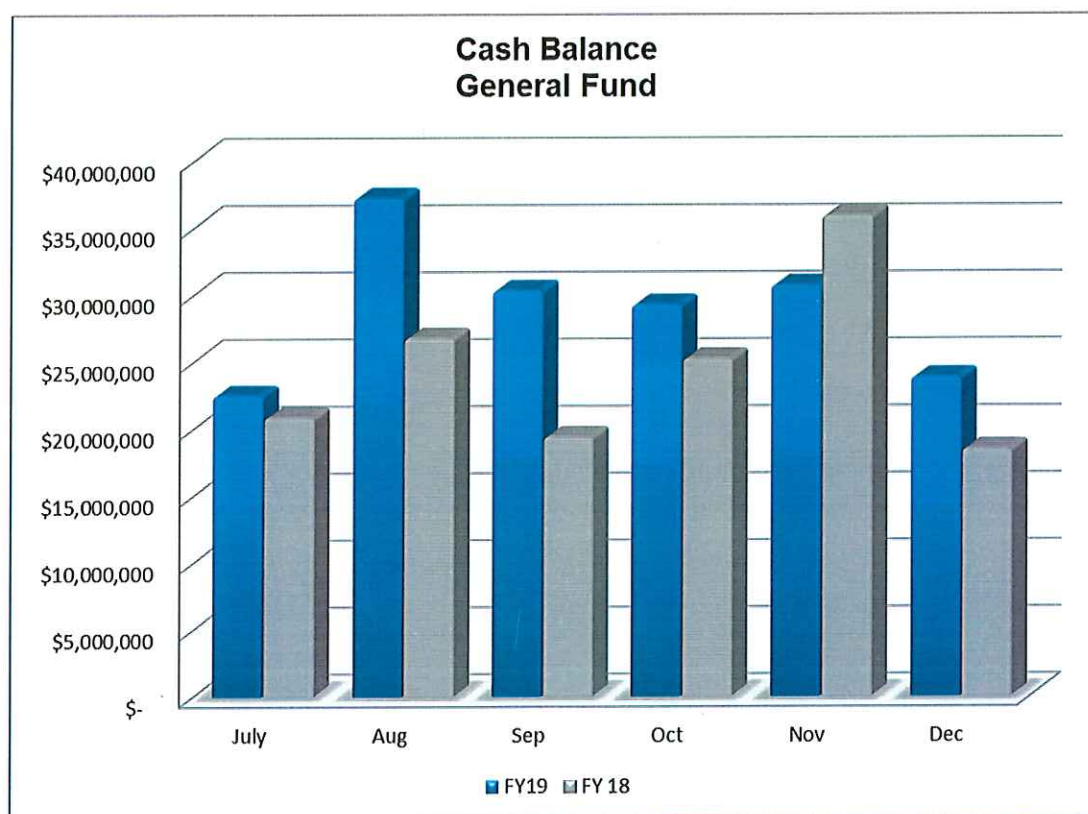
I interpret this to mean:

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

Data Reported:

In the first six months of FY 2019 the total unaudited expenditures in the General Fund, not including transfers, as presented in the schedule on page 3 were \$49.6 million. The District's forecasted annual expenditure amount is \$110.7 million, with 6% equating to \$6.6 million. The total reserves planned in the General Fund for the FY 2019 Adopted Budget are \$10.1 million. The \$3.5 million variance is due to the constitutional requirement to reserve for multi-year obligations, committed reserves for career and technical education and the assigned reserve for the costs associated with the opening of Elementary School #13.

The following chart tracks the cash balance during the first six months of the fiscal year for the General Fund only. As is illustrated below, the District's cash balance never falls below the combined reserve balance of \$6.6 million.



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 has spent all funds to date consistent with the FY 2019 Adopted Budget. The anticipated undesignated ending General Fund balance in the Amended Budget is \$2.9 million which is no change from the FY 2019 Adopted Budget.

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." The FY 2019 Adopted Budget includes \$11.3 million in transfers from the General Fund to: Capital Reserve Fund, Risk Management Fund, Colorado Preschool Fund, Pupil Activity Fund, Transportation Fund, Other Special Programs-Detention Center and Wellness and Print Shop 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. Ninety-five percent 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.

Payroll Month	Average No. Employees Paid / Month	Gross Payroll Amount	Employee Paid Deductions	Employer Paid Deductions
FY 2019 July – December	1,875	\$39,424,310	\$10,002,954	\$13,403,092
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 Account		
Credit Union				
125 Dependent Care/Health Care				

Accounts Payable: Checks are issued each Thursday afternoon. Below is a summary of checks issued for the period July 1 to December 31, 2018. 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 issued. Within 90 days of invoice date, 99% of all payables were paid.

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
2,006	1,756	163	63	24
Percentage of checks issued	88%	8%	3%	1%

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 98 checks and 24 purchasing card transactions for \$25,000 or greater in the period July 1 to December 31, 2018 totaling \$9.4 million. All transactions listed were included in the FY 2019 operating budgets of the individual departments or schools. A summary of all transactions of \$25,000 or greater is below.

Type	# of Transactions	Total Amt Paid	Vendor	Description
Check	1	\$ 50,308.00	ADAMS 12 FIVE STAR SCHOOLS	Out of District Tuition
Check	1	25,200.00	ASO INC.	Sports Officials Assignment Fees
Check	2	127,483.42	BELLE CREEK CHARTER SCHOOL	ELPA and ECEA 1st Allocation
Check	2	70,704.42	BLACKBOARD CONNNECT INC	License 7/1/19-6/30/19
Check	2	71,845.01	BP ENERGY COMPANY	Utilities - Gas Multiple Locations
Check	6	257,372.65	BRIGHTON EDUCATION ASSOCIATION	Monthly Union Dues
Check	1	36,052.72	BRIGHTON FORD, INC.	Grounds Vehicle
Check	8	530,303.23	BROMLEY EAST CHARTER SCHOOL	Monthly Capital Construction Payments
Check	4	239,772.50	CHILDREN'S HOSPITAL	District Nurse Services
Check	1	40,264.00	CINTAS CORPORATION NO 2	Fire Suppression and Alarm Testing
Check	2	134,801.77	CITY OF BRIGHTON POLICE DEPT	Security for multiple events
Check	3	109,072.13	CITY OF THORNTON	Utilities - Water and Sewer for RRHS
Check	1	70,777.76	COMMUNITY REACH CTR	BLRC Rental Fees
Check	1	189,629.00	COMPUTER INFORMATION CONCEPTS	Annual Agreement 7/1/18-6/30/19
Check	1	25,200.00	DISCOVERY EDUCATION	Science Techbooks
Check	1	25,866.00	EDULINK SYSTEMS	Intouch Parent Notification 7/1/18-6/30/19
Check	1	27,000.00	EQUAL OPPORTUNITY SCHOOLS	EOS Grant
Check	18	831,629.90	FOOD SERVICE OF AMERICA	Nutrition Supplies
Check	3	157,208.56	FOUNDATIONS ACADEMY	Capital Construction/ECEA/Read Act
Check	1	82,788.40	FRONT RANGE COMMUNITY COLLEGE	Concurrent Enrollment Fall 2018 Semester
Check	1	32,000.00	HERFF JONES INC	BHS Yearbooks
Check	1	26,400.00	HOUGHTON MIFFLIN HARCOURT	Cognitive Abilities Test
Check	1	132,078.00	ILLUMINATE EDUCATION INC.	FastBridge/DNA Licenses
Check	6	3,430,352.26	KAISER PERMANENTE	July-December Health Care Premiums
Check	1	36,699.58	L L JOHNSON DISTRIBUTING CO INC.	Facilities Steer Mower
Check	3	169,499.36	LANDMARK ACADEMY AT REUNION	Capital Construction/ECEA/Read Act
Check	3	92,366.42	LARADON HALL SOCIETY	Out of District Tuition
Check	1	54,075.00	PEARSON EDUCATION	Enrollment Licenses
Check	1	48,500.00	RUBINBROWN	Financial Single Audit
Check	1	41,461.80	SANITY SOLUTIONS, INC	Technology Support/Maintenance Agreement
Check	2	106,600.00	SCHOOLGY, INC.	Enterprise Subscription/Onsite Training
Check	3	135,074.26	SOF-TECH MAINTENANCE COMPANY	Annual Maintenance 7/1/18-06/30/19
Check	1	30,363.00	STEP, LLC	Step Youth Reports
Check	2	136,164.13	SUMMIT PARTNERS - COLORADO LLC	Wireless Access Points and Access Mgmt System
Check	1	32,000.00	TEMPUS NOVA, INC.	AO Docs Folders Renewal 7/7/18-07/06/19
Check	2	54,607.42	THE JOSHUA SCHOOL	Out of District Tuition
Check	1	35,399.88	THE MATH LEARNING CENTER	Elementary Math Curriculum
Check	1	43,006.00	TIAA COMMERCIAL FINANCE, INC.	Copy Machine Rental/Lease Agreement
Check	1	272,321.56	UNITED POWER INC	Utilities - Electricity for Multiple Locations
Check	4	261,244.50	UNITED RESTAURANT SUPPLY	Convection Ovens, Serving Counters and Countertops
Check	1	28,815.10	ZANER BLOSER	Core Reading Curriculum Pre K
Checks	98	\$ 8,302,307.74		

Type	# of Transactions	Total Amt Paid	Vendor	Description
Card	1	\$ 170,214.00	CDW GOVT	Servers
Card	11	388,580.31	CITY OF BRIGHTON	Utilities - Water and Sewer Multiple Locations
Card	7	186,764.86	DELL USA LP ACCT	Chromebooks/Licenses
Card	2	221,778.81	GOVCNCTN	Microsoft and Malware Renewals
Card	1	44,280.00	LEXIA LEARNING SYS INC	Lexia Learning System Licenses
Card	1	26,019.00	ONELOGIN LLC	Annual Renewal
Card	1	39,107.35	SOUTH ADAMS COUNTY WAT	Utilities - Water and Sewer Multiple Locations
Card	24	\$ 1,076,744.13		

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:

At the end of FY 2018, as part of the annual audit of the District's financial statements, we reported \$103.9 million of Construction in Progress (CIP). The CIP balance is a result of bond projects that were in progress in FY 2018. As of December 31, 2018, the District has added an additional \$25.8 million of CIP for bond projects. Of the total \$129.7 million of CIP, \$90.3 million has been completed and capitalized. This is primarily due to the completion of Riverdale Ridge High School.

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.

The following chart lists the additions of fixed assets at December 31, 2018.

Description	School / Program	Capitalized Amount
6 Servers	Technology	\$ 170,214
Mower	Grounds/Maintenance	36,700
F-350 Pickup	Grounds/Maintenance	36,053
F-350 Pickup Add-on Tool Bins/Racks	Grounds/Maintenance	14,842
Serving Counter for OTMS	Overland Trail MS	65,471
Convection Oven & Connection Kit	Vikan MS	22,104
Serving Counter & Accessories	Prairie View HS	114,713
Tray Counters	Prairie View HS	7,144
Convection Oven & Connection Kit	BLRC Testing Kitchen	15,607
Football Sled	Brighton HS	5,825
40' high cube - Athletics	Prairie View HS	7,000
Athletics Golf cart	Prairie View HS	6,700
Athletics Golf Cart	Prairie View HS	5,150
Total Additions		\$ 507,521

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 Ends that have been identified by the Board of Education

Data Reported:

Name of Donator	School / Program	Item or Amount	Purpose
Colorado Carpet Distributors Inc.	Riverdale Ridge High School	\$ 1,250.00	General Supplies
Saunders, Black Roofing, Delta Dry Wall and Zimkor	Riverdale Ridge High School	6,000.00	General Supplies
Aurora Public Schools	Brighton High School	361.56	Teacher Salary (Tutoring)
Adams County Education Consortium	Prairie View High School	3,500.00	Field Trip Transportation
A Precious Child	South Elementary	497.00	Supplies & Food - Incentives for attendance program.
Barbara Hurtado	South Elementary	1,620.00	Supplies - Laminator, incentives and PRIDE & PBIS décor for school.
Byron Gray/Hawkins	Riverdale Ridge High School	3,000.00	Supplies/equipment for boys basketball team
The Colorado Health Foundation Grant/HIE/SVVSD	Prairie View High School & Brighton Heritage Academy	400.00	Teachers salaries for attending class
Northern Hills Church	North Elementary	6,100.00	Tech equipment - chromebooks
Walmart	West Ridge Elementary	2,000.00	WRE Education needs (Math) - Books and Periodicals
TOTAL DONATIONS		\$ 24,728.56	

All cash and non-cash donations support the organizational goals.

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.*
- *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.

In November 2018, the District began sending electronic reminders to families that have an outstanding student fee balance. If no outstanding balance exists, the family will not receive a reminder. Since this process has been recently implemented, analysis of the impact on our collection timing may not be realized as of the date of this report.

Receivables	Invoices Issued	Collected				
		0-30 Days	31-60 Days	61-90 Days	90+ Days	Outstanding
	Jul-Dec 2018	%	%	%	%	%
Property Taxes	n/a	monthly				
State Equalization	n/a	monthly				
Charter Administration Fees	n/a	monthly				
Reimbursements from Granting Agencies	n/a	based on grantees requirement				
Athletic Fees	2,606	79%	2%	0%	1%	18%
Course Fees	30,679	58%	7%	4%	1%	30%
Tech / Other Fees	23,408	59%	7%	5%	1%	28%
Lost / Equipment Fees	2,895	2%	1%	1%	0%	96%
Facility Rental	20	80%	10%	5%	0%	5%
Print Shop	94	99%	1%	0%	0%	0%
Transportation	6,475	49%	4%	1%	0%	46%
Child Care	3,697	95%	3%	1%	1%	0%
Detention Center	25	72%	20%	4%	0%	4%
Full Day Kinder	741	92%	4%	2%	1%	1%

Nutrition Services

With the charging policy Nutrition Services has in place, no meals are written off.

Meals	# of Meals	Free	Reduced	Paid
Breakfast	88,295	51,823	12,445	24,027
Lunch	604,980	238,177	65,929	300,874
Total	693,275	290,000	78,374	324,901
%		42%	11%	47%

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 additional information on internal control and providing suggestions for improvement.

The auditors presented their comments and observations of the FY 2018 audit at the December 11, 2018 Board Meeting. Their management letter stated no audit findings.

Conclusion: I report compliance