

27J SCHOOLS
GOVERNING POLICY OF THE BOARD OF EDUCATION
Management Limitations



Policy 3.D – FINANCIAL CONDITION & ACTIVITIES

Date Adopted/Last Revised: January 27, 2009

Period Monitored: July 1 through December 31, 2020

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 2021 (July 1 to December 31, 2020). The FY 2021 budget was adopted in June 2020 and will be adjusted in January 2021 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 2021. The FY 2021 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:

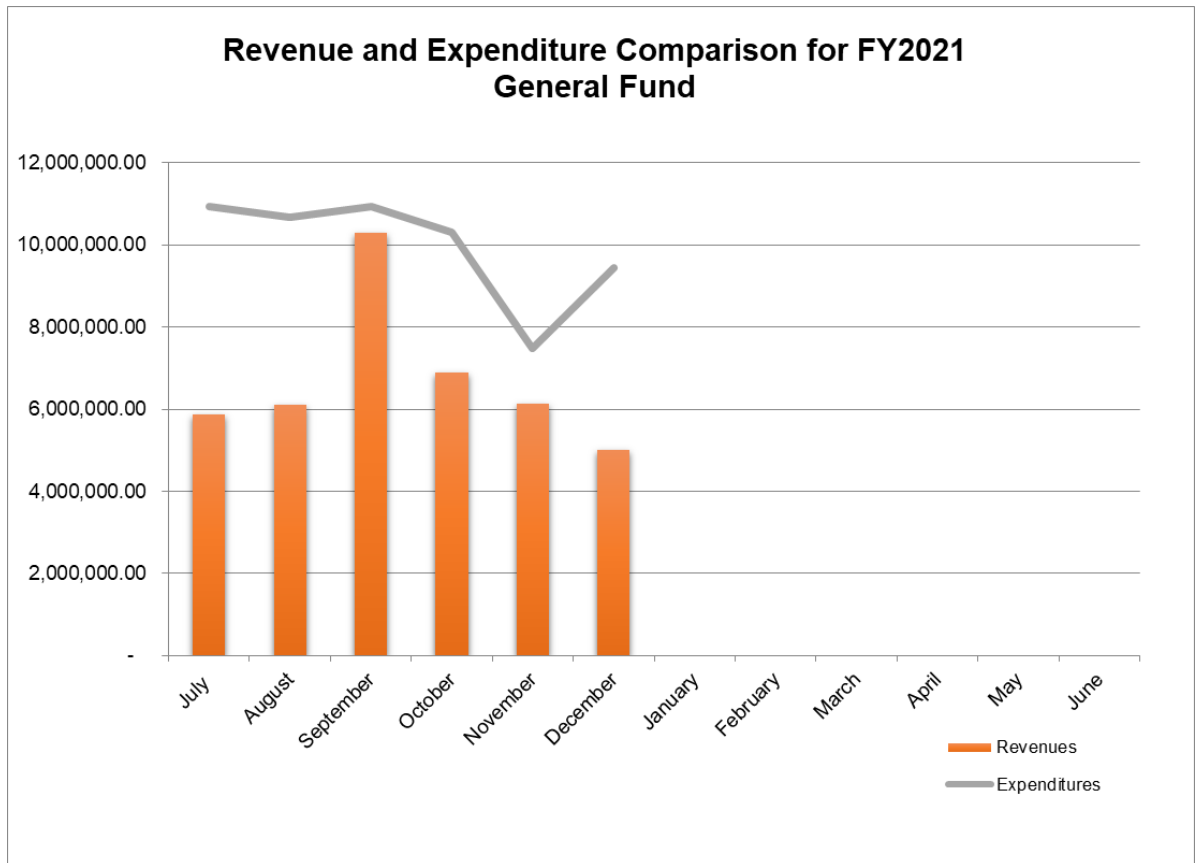
The FY 2021 budget was adopted with the expectation that the TABOR Reserve as required under the provisions of section 20 (5) article X of the state constitution, the Board Contingency Reserve, and a reserve for multi-year obligations be maintained in the General Fund.

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 2021 with a fund balance in the General Fund of \$10.1 million. This includes \$4.2 million for the TABOR reserve, \$4.3 million for the Board Designated reserve, \$444K Career and Technical Education reserve, and \$1.2 million Assigned reserve.

A review of revenue received, expenditures paid, and transfers completed during the first 6 months of FY 2021 shows that General Fund expenditures and transfers exceed revenues requiring partial use of the \$28.4 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	12/31/20 Ending Fund Balance
General	\$ 28,363,381	\$38,233,894	\$(9,808,232)	\$ 59,771,215	\$ (2,982,172)
Capital Reserve	1,691,266	97,027	870,316	1,404,828	1,253,781
Risk Mgmt Insurance	1,361,031	25,745	2,233,428	2,470,586	1,149,618
Preschool	308,330	2,373,438	570,203	1,404,167	1,847,804
Nutrition Services	1,627,276	1,537,594	-	2,183,515	981,355
Gov't Designated Grants	1,162,658	19,482,391	-	16,218,695	4,426,354
Pupil Activity	2,480,967	697,328	150,000	631,468	2,696,827
Transportation	-	1,518,328	5,668,941	3,329,855	3,857,414
Growth Impact	68,363	75	-	11,039	57,399
Child Care	121,065	209,555	-	447,739	(117,119)
Special Programs	1,062,779	602,953	227,934	509,375	1,384,291
Bond Redemption	35,876,607	1,420,455	-	18,760,761	18,536,301
Building	32,734,798	58,162	-	1,966,487	30,826,473
Print Shop	-	20,962	87,410	65,483	42,889
Dental	665,645	454,116	-	449,962	669,799
Trust	26,627	49	-	-	26,676
Total	\$ 107,550,793	\$ 66,732,072	\$ -	\$ 109,625,175	\$ 64,657,690

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 2021. In September 2019, the District entered into a lease-purchase agreement, COPs, to finance the purchase of the Brighton Learning Resource Campus. The outstanding COPs balance at December 31, 2020 is \$4.7 million. The District's total outstanding debt at December 31, 2020 is \$524.3 million.

Type of Borrowing	FY 2020/2021 Debt Payment (P+I)	Outstanding Balance (P+I)	Year Debt Retires
ChromeBooks/Computers Lease	564,476	-	2021
2019 COPs	392,714	4,712,572	2033
2012A Refunding Bonds	2,956,250	16,620,000	2025
2014 GO and Refunding Bonds	2,281,775	49,317,100	2027
2015 Refunding Bonds	7,137,500	256,801,100	2041
2016A Refunding Bonds	4,088,263	26,339,750	2028
2016B Refunding Bonds	96,974	3,393,333	2028
2017 GO and Refunding Bonds	2,200,000	167,079,000	2043
	\$19,717,952	\$524,262,855	

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.

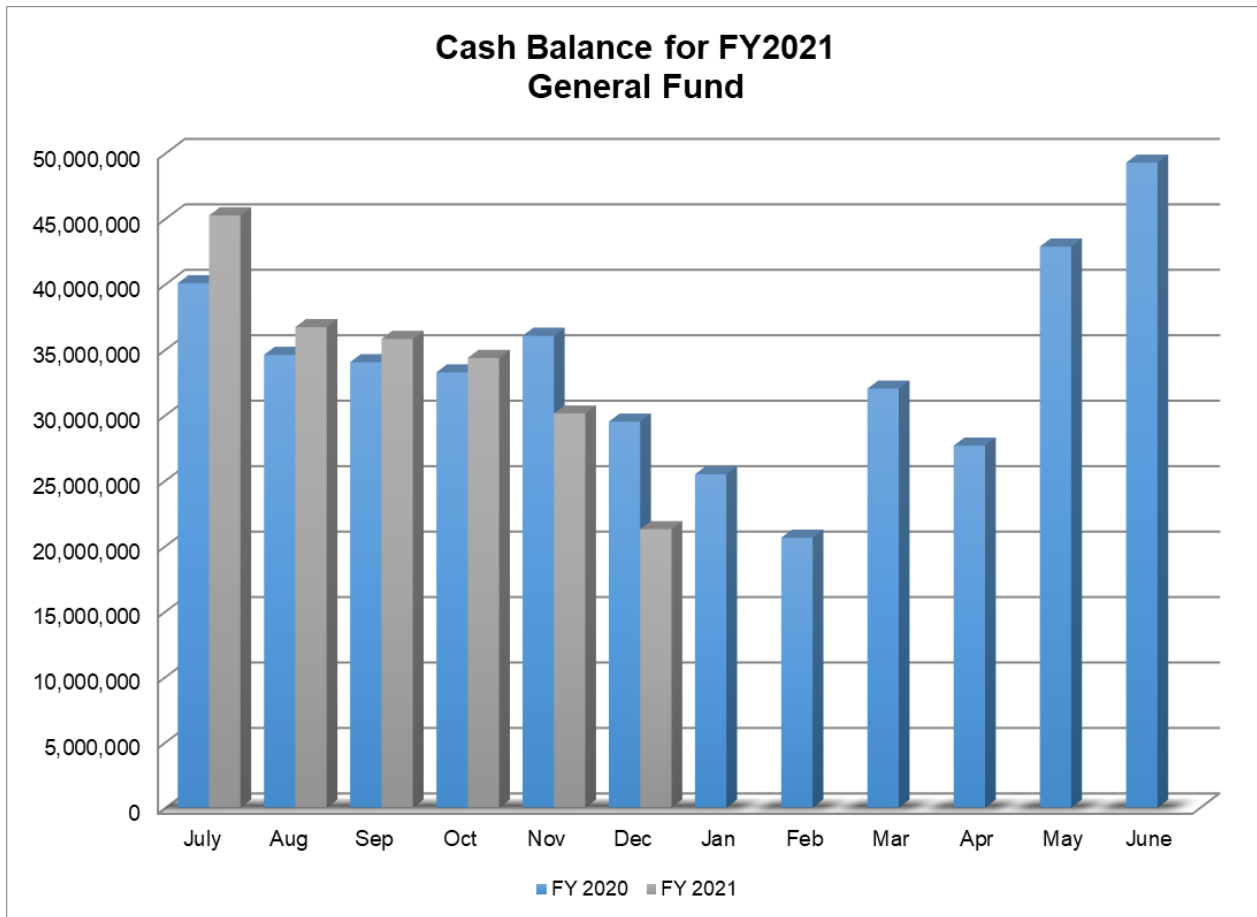
I interpret this to mean:

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 2021 the total unaudited expenditures in the General Fund, not including transfers, as presented in the schedule on page 3 were \$59.8 million. The District's forecasted annual expenditure amount is \$134.1 million, with 6% of reserves equating to \$8 million. The total reserves planned in the General Fund for the FY 2021 Adopted Budget are \$10.1 million. The \$2.1 million variance is primarily due to the committed reserves for career and technical education and the assigned reserve for the costs associated with the opening of Padilla Elementary School.

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 \$8 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 2021 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 2021 Adopted Budget includes \$12.5 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 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 2021 July – December	1,990	\$47,619,612	\$13,552,394	\$16,539,860
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, 2020. 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, 96% 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
1,878	1,575	169	47	87
Percentage of checks issued	84%	9%	3%	4%

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. All deductions have been paid in a timely manner.

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

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 117 checks, 13 purchasing card transactions, and 3 wires of \$25,000 or greater in the period July 1 to December 31, 2020 totaling \$15.1 million. All transactions listed were included in the FY 2021 operating budgets of the individual departments or schools. A summary of all transactions of \$25,000 or greater is below.

Type	Count	Total Paid	Vendor	Description
Check	1	57,842.00	ADAMS 12 FIVE STAR SCHOOLS	Out of District Tuition
Check	1	34,493.00	ARLUN INCORPORATED	BHS Gym Floors
Check	2	121,486.72	BELLE CREEK CHARTER SCHOOL	ECEA, ELPA, Read Act and IDEA B Payments
Check	1	57,367.91	BLACKBOARD INC	Bobile Communication App/WWM Essential
Check	1	26,634.20	BP ENERGY COMPANY	Utilities - Gas Multiple Locations
Check	6	306,368.10	BRIGHTON EDUCATION ASSOCIATION	Monthly Union Fees
Check	9	423,198.81	BROMLEY EAST CHARTER SCHOOL	ECEA, ELPA, Read Act and IDEA B Payments
Check	6	350,606.57	CHILDREN'S HOSPITAL	District Nurses Services
Check	2	173,314.19	CITY OF BRIGHTON	School Resource Officers
Check	1	109,875.39	CITY OF THORNTON	Utilities - Water/Sewer
Check	2	140,796.17	COLORADO STATE TREASURER	Quarterly Unemployment Benefits
Check	1	123,274.00	COLORADO WEST EQUIPMENT INC	2021 Blue Bird Vision Bus
Check	1	35,000.00	COLORADO YOUTH FOR A CHANGE	AmeriCorps & Data Analysis Billing
Check	2	339,632.60	COMMUNITY REACH CENTER	Out of District Excess Costs
Check	5	166,218.66	COMMUNITY REACH CTR FOUNDATION ATTN BLLR	BLRC Rental Fees
Check	1	65,651.00	COMPLETE BUSINESS SYSTEMS OF COLORADO	Maintenance and Support
Check	1	235,973.00	COMPUTER INFORMATION CONCEPTS INC.	Annual Agreement
Check	1	36,360.00	CONVERGINT TECHNOLOGIES LLC	Fire Systems and Extinguisher Testing
Check	1	232,937.94	DELL FINANCIAL SERVICES LLC	VMWare-Cloud Computing and Virtualization Software
Check	1	51,427.66	DIRSEC INC	Software iBoss
Check	1	28,249.31	EAGLE RIDGE ACADEMY	Capital Construction & Title Payments
Check	1	28,000.00	EDPUZZLE, INC.	License
Check	1	69,293.25	EXPRESS MULCHING AND SOIL	Storm Damage Insurance Claim, Mulch for Elementary Schools
Check	2	53,916.09	FOLLETT LIBRARY RESOURCES	Destiny Member Library License Renewal
Check	3	192,782.09	FOUNDATIONS ACADEMY	ELPA, ECEA, Read Act, IDEA & Capital Construction Payments
Check	1	209,283.00	ILLUMINATE EDUCATION INC.	Annual Fee & Software Licenses FY20-21
Check	1	63,115.00	IMAGINE LEARNING INC	Year 3 of 5 Contract Licenses - 1000 Licenses K-12
Check	6	4,283,236.26	KAISER PERMANENTE	Health Care Premiums
Check	1	31,475.60	KAJEET INC	Telecom Services
Check	5	316,704.76	LANDMARK ACADEMY AT REUNION	ELPA, ECEA, Read Act, IDEA & Capital Construction Payments
Check	6	280,743.84	LARADON HALL SOCIETY FOR EXCEPTIONAL CHI	Out of District Tuition
Check	1	63,363.00	MCCANDLESS TRUCK CENTER LLC	Type A Yellow Bus
Check	2	72,915.00	NORCON OF NEW MEXICO, LLC	Bleacher Replacement at PVHS/Scoreboard - BHS
Check	1	42,596.00	O'MERA FORD CENTER, INC.	F350 Ford 2020
Check	1	39,250.00	ONELOGIN, INC.	Annual License Renewal
Check	1	46,900.00	RUBINBROWN	Financial Single Audit - June 30, 2020
Check	1	25,494.00	SAVVAS LEARNING COMPANY LLC	6 Year Student License
Check	1	59,400.00	SCHOLOGY, INC.	Enterprise Subscription 12,000 @ \$4.95
Check	1	27,885.20	SERENITY EDUCATION DAY TREATMENT	Out of District Tuition
Check	3	193,853.83	SOF-TECH MAINTENANCE COMPANY	2020-2021 Annual Avaya Maintenance/Phone System
Check	1	65,000.00	STEP, LLC	Licensing Fee for Step Program
Check	1	29,000.00	SUMMIT PARTNERS - COLORADO LLC	Software Maintenance Support
Check	1	40,000.00	TEMPUS NOVA, LLC	AO Docs Folders/Renewal 7/7/20-7/6/21
Check	2	75,424.11	THE JOSHUA SCHOOL	Out of District Tuition
Check	3	205,011.57	TIAA COMMERCIAL FINANCE, INC.	Copy Machines Rental/Lease Agreement
Check	1	29,858.00	U.S. BANK EQUIPMENT FINANCE	Copier Leases
Check	6	1,538,389.92	UNITED POWER INC	Utilities - Electricity Multiple Locations
Check	1	33,040.24	UNITED RESTAURANT SUPPLY	Smallwares and Kitchens
Check	14	557,122.28	US FOODS, INC	Nutrition Services Supplies
Check	1	220,436.62	VRCO, INC.	Pre-K Orders
Checks	117	12,010,196.89		
Type	Count	Total Paid	Vendor	Description
Card	1	27,890.50	CAPLAN AND EARNEST LLC	Legal Fees
Card	4	138,887.85	CITY OF BRIGHTON	Utilities - Water and Sewer Multiple Locations
Card	2	93,330.00	CONNECTION	Computers, Google Licenses
Card	1	27,000.00	DUO*COM	Annual License Renewal
Card	1	44,707.78	GENERAL AIR SERVICE	PVHS-Cade Welding Supplies and Equipment
Card	2	421,040.11	GOVCONNECTION	Server Equipment, Microsoft Renewal
Card	2	55,813.37	SOUTH ADAMS COUNTY	Utilities - Water and Sewer Multiple Locations
Card	13	\$ 808,669.61		
Type	Count	Total Paid	Vendor	Description
Wire	3	2,233,276.00	ROCKY MOUNTAIN RISK INSURANCE GROUP	Workers Compensation, Combined GLEO& AL & Property
Wire	3	\$ 2,233,276.00		

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 2020, as part of the annual audit of the District’s financial statements, we reported \$4.2 million of Construction in Progress (CIP). The CIP balance is a result of bond projects that were in progress in FY 2020. As of December 31, 2020, the District has added \$2.7 million of CIP for bond projects. Of the total \$87.5 million of CIP, \$85.1 million has been completed and capitalized. This is primarily due to the completion of almost all scheduled bond projects.

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, 2020.

Description	School / Program	Capitalized Amount
Servers	Technology	\$ 444,964
Phone System-Padilla	Technology	6,613
Storage Container	Prairie View HS	6,375
Welding Equipment	Prairie View HS	34,380
2020 Ford Truck	Grounds/Maintenance	42,596
Snow Plow	Grounds/Maintenance	7,416
2020 Collins Bus	Transportation	63,363
2021 Blue Bird Vision Bus	Transportation	123,274
Climbing Wall	Preschool	5,096
	Total Additions	\$ 734,076

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 Donor	School / Program	Item or Amount	Purpose	Month
Kroenke Sports	Brighton High School	\$ 500	Unified Games	Jul-20
SOLE	Pennock	1,700	General Supplies	Oct-20
Gustad Grant	Brighton High School	3,000	Student Scholarships	Dec-20
Total Donations		\$ 5,200		

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.

Receivables	Invoices Issued	Amount	Collected				
			0-30 Days	31-60 Days	61-90 Days	90+ Days	O/S
July-December 2020			%	%	%	%	%
Property Taxes	n/a		monthly				
State Equalization	n/a		monthly				
Charter Administration Fees	n/a		monthly				
Reimbursements from Granting Agencies	n/a		funding based on grantees requirements				
Athletic Fees	671	\$ 93,265	81%	7%	0%	0%	12%
Course Fees	8,412	\$ 137,583	40%	6%	5%	1%	48%
Tech / Other Fees	38,885	\$ 863,168	20%	5%	3%	1%	71%
Lost / Equipment Fees	223	\$ 29,205	5%	1%	0%	0%	95%
Facility Rental	-	\$ -	0%	0%	0%	0%	0%
Print Shop	26	\$ 6,988	99%	1%	0%	0%	0%
Transportation	2,102	\$ 30,160	0%	8%	9%	2%	82%
Child Care	838	\$ 211,925	98%	2%	0%	0%	0%
Detention Center	20	\$ 323,059	55%	45%	0%	0%	0%

Nutrition Services

Due to the COVID-19 pandemic, after August 2020, all meals were free to all students for the remainder of the fiscal year. The normal Nutrition Services policy for free/reduced meals will resume in FY 2022.

Meals	# of Meals	Free	Reduced	Paid
Breakfast	145,745	145,415	100	230
Lunch	314,776	308,415	894	5,467
Total	460,521	453,830	994	5,697
%		99%	0%	1%

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 2020 audit at the December 8, 2020 Board Meeting. Their management letter stated no audit findings.

Conclusion: I report compliance