

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, 2021

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 2022 (July 1 to December 31, 2021). The FY 2022 budget was adopted in June 2021 and will be adjusted in January 2022 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 2022. The FY 2022 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:

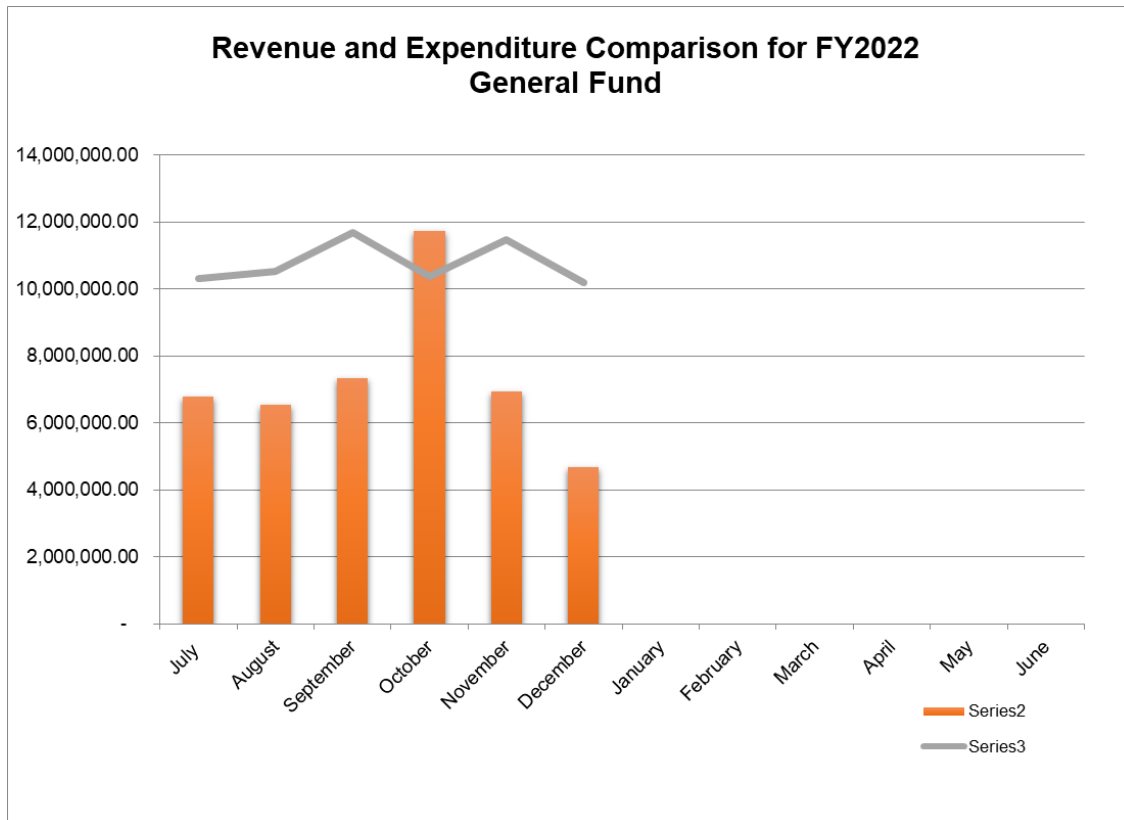
The FY 2022 budget was adopted with the expectation that the TABOR Reserve as required under the provisions of section 20 (5) article X of the state constitution, the Board Contingency Reserve, and a reserve for multi-year obligations be maintained in the General Fund.

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 2022 with a fund balance in the General Fund of \$8.9 million. This includes \$4.2 million for the TABOR reserve, \$4.4 million for the Board Designated reserve and \$298K Career and Technical Education reserve.

A review of revenue received, expenditures paid, and transfers completed during the first 6 months of FY 2022 shows that General Fund expenditures and transfers exceed revenues requiring partial use of the \$21.2 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	12/31/21 Ending Fund Balance
General	\$ 21,207,019	\$ 44,734,404	\$ (5,325,749)	\$ 64,607,186	\$ (3,991,512)
Capital Reserve	1,214,464	124,735	423,807	473,010	1,289,996
Risk Mgmt Insurance	2,261,400	119,217	1,203,482	2,535,686	1,048,413
Preschool	294,480	2,301,574	349,826	1,308,711	1,637,169
Nutrition Services	1,851,506	3,478,222	-	3,121,997	2,207,732
Gov't Designated Grants	1,104,059	8,718,824	-	8,476,692	1,346,192
Pupil Activity	2,428,691	1,452,907	224,694	1,561,453	2,544,839
Transportation	-	1,674,664	3,005,206	3,568,429	1,111,440
Growth Impact	44,937	9	-	23,805	21,142
Child Care	382,953	527,998	-	672,013	238,938
Special Programs	2,410,885	3,867,602	73,409	582,863	5,769,032
Bond Redemption	55,381,481	1,282,099	-	17,678,411	38,985,169
Building	29,078,740	2,836	-	5,240,008	23,841,568
Print Shop	-	23,019	45,326	64,766	3,579
Dental	641,931	401,740	-	416,508	627,162
Trust	26,691	6	-	-	26,697
Total	\$ 118,329,237	\$ 68,709,857	\$ -	\$ 110,331,538	\$ 76,707,556

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 2022. 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, 2021 is \$4.3 million. The District's total outstanding debt at December 31, 2021 is \$491.1 million.

Type of Borrowing	FY 2021/2022 Debt Payment (P+I) **	Outstanding Balance (P+I) **	Year Debt Retires
2019 COPs	392,714	4,319,858	2033
2012A Refunding Bonds	3,310,125	12,946,875	2025
2014 GO and Refunding Bonds	5,486,300	42,872,125	2027
2015 Refunding Bonds	7,275,700	245,887,550	2041
2016A Refunding Bonds	4,499,425	21,413,863	2028
2016B Refunding Bonds	137,243	3,214,666	2028
2017 GO and Refunding Bonds	4,400,000	160,479,000	2043
	\$25,501,507	\$491,133,937	

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. Because of the shift of state and local revenue the District has participated in the State Interest Free Loan Program since January 2020 to allow cash flow needs in the months of December to March for operational expenditures. We anticipate to continue this practice going forward due the assessed valuation and growth of our District. We currently have a resolution to allow for that participation in FY2022.

Conclusion: I report compliance

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

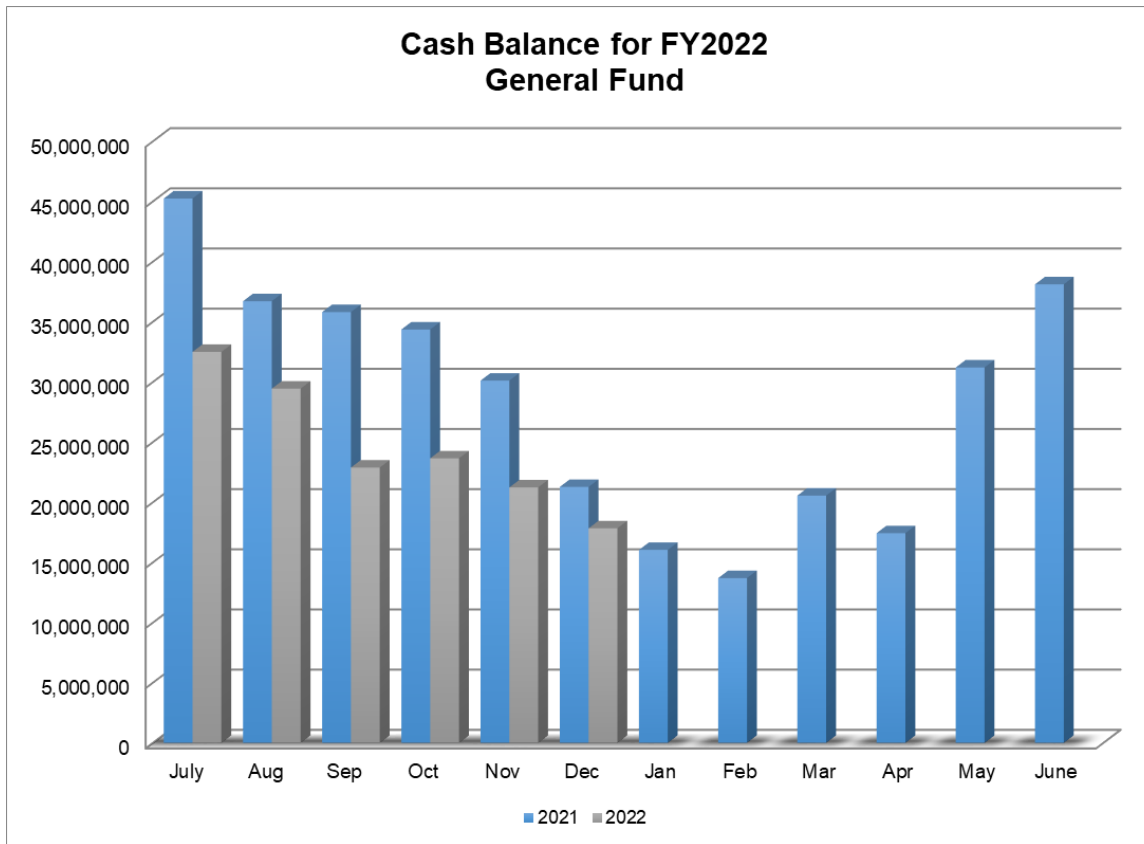
I interpret this to mean:

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 2022 the total unaudited expenditures in the General Fund, not including transfers, as presented in the schedule on page 3 were \$64.6 million. The District's forecasted annual expenditure amount is \$135.3 million, with 6% of reserves equating to \$8.1 million. The total reserves planned in the General Fund for the FY 2022 Adopted Budget are \$8.9 million. The \$800K variance is primarily due to the committed reserves for career and technical education.

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 \$8.1 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 2022 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 2022 Adopted Budget includes \$13.2 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 2022 July – December	2,101	\$51,555,733	\$14,249,690	\$17,714,621
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, 2021. 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
2,237	1,843	229	75	90
Percentage of checks issued	83%	10%	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 113 checks, 15 purchasing card transactions, and 4 wires of \$25,000 or greater in the period July 1 to December 31, 2021 totaling \$16.9 million. All transactions listed were included in the FY 2022 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	62,244.00	ADAMS 12 FIVE STAR SCHOOLS	Out of District Tuition
Check	1	75,801.63	ADAMS COUNTY ELECTION OFFICE	2021 Election
Check	1	28,972.50	ALC SCHOOLS, LLC	Contracted Service for Out of District Students
Check	1	45,000.00	AMPLIFIED IT, LLC	Google Workspace Plus Renewal
Check	1	136,800.00	AUTOMOX INC	Manage Plan Subscription Yearly
Check	3	155,829.05	BELLE CREEK CHARTER SCHOOL	ECEA, ELPA, Read Act and IDEA B Payments
Check	1	60,050.22	BLACKBOARD INC	Mobile Communication App/WWM Essential
Check	1	312,836.76	BP ENERGY COMPANY	Utilities - Gas Multiple Locations
Check	6	321,670.14	BRIGHTON EDUCATION ASSOCIATION	Monthly Union Fees
Check	8	831,449.95	BROMLEY EAST CHARTER SCHOOL	ECEA, ELPA, Read Act and IDEA B Payments
Check	6	359,625.56	CHILDREN'S HOSPITAL	District Nurses Services
Check	2	184,415.71	CITY OF BRIGHTON	School Resource Officers
Check	5	210,833.49	COMMUNITY REACH CENTER	Out of District Excess Costs
Check	5	138,515.55	COMMUNITY REACH CTR FOUNDATION ATTN BLLR	BLARC Rental Fees
Check	1	81,201.68	COMPLETE BUSINESS SYSTEMS OF COLORADO	Contract Base Rate for FY22
Check	1	235,692.00	COMPUTER INFORMATION CONCEPTS INC.	Annual Agreement
Check	1	232,937.94	DELLnFINANCIAL SERVICES LLC	SMB Installment
Check	1	57,260.07	DIRSEC INC	Software/Hardware iBoss
Check	1	26,559.25	EAGLE RIDGE ACADEMY	ECEA FY22 Allocation
Check	1	41,597.79	EDMENTUM	Credit Recovery Licenses for FY22
Check	1	27,750.00	EQUAL OPPORTUNITY SCHOOLS	EOS 50% of Service Fees for FY21-22
Check	1	26,878.04	FOLLETT LIBRARY RESOURCES	Destiny Member Library Annual License Renewal
Check	1	25,354.00	FORECAST 5 ANALYTICS, INC.	License Agreement
Check	1	140,384.63	FOUNDATIONS ACADEMY	ECEA FY22 Allocation
Check	12	1,100,854.31	GOLD STAR FOODS, INC.	Nutrition Supplies
Check	1	73,259.82	GRABAU ROOFING INC	Sakata Roof Replacement
Check	1	49,047.15	H & A SECURITY SOLUTIONS	SIEM Cloud SSD Storage
Check	2	259,290.26	ILLUMINATE EDUCATION INC.	Annual Fee & Software Licenses
Check	1	63,115.00	IMAGINE LEARNING INC	Imagine Learning Licenses-Year 4 of 5
Check	6	4,575,236.58	KAISER PERMANENTE	Health Care Premiums
Check	1	42,000.00	KSM CONSULTING	TP-AODocs Product Services
Check	1	130,899.18	LANDMARK ACADEMY AT REUNION	ECEA FY22 Allocation
Check	2	59,109.60	LARADON HALL SOCIETY FOR EXCEPTIONAL CHI	Out of District Tuition
Check	1	34,564.29	NAVIANCE, INC.	Naviance Technology
Check	1	46,575.00	ONELOGIN, INC.	Unlimited Plan Annually
Check	1	30,000.00	PUBLIC EDUCATION & BUSINESS COALITION	CO Boettcher Teacher Residency Program
Check	1	35,000.00	REUNION ELEMENTARY PTO	Reunion PTO Money
Check	1	39,500.00	RUBINBROWN	Financial Single Audit
Check	1	38,386.50	SIGNARAMA	Mesh Banners
Check	2	160,896.65	SOF-TECH MAINTENANCE COMPANY	Annual Maintenance 7/1/21-6/30/22
Check	1	77,048.00	STEP, LLC	Annual Agreement
Check	2	53,027.05	THE JOSHUA SCHOOL	Out of District Tuition
Check	1	26,350.00	THE MODERN CLASSROOM PROJECT	Virtual Mentorship Program
Check	4	302,332.77	THE STEAD SCHOOL	CCSP Grant/ESSER II Reimbursement
Check	2	158,973.32	TIAA COMMERCIAL FINANCE, INC.	Copy Machines Rental/Lease Agreement
Check	2	141,640.94	U.S. BANK EQUIPMENT FINANCE	Copier Leases
Check	6	1,226,151.60	UNITED POWER INC	Utilities - Electricity Multiple Locations
Check	2	72,042.56	US FOODS, INC.	Nutrition Services Supplies
Check	2	146,800.00	VISIONARY EDUCATIONAL CONSULTING, LLC	Facilitaion Coaching
Check	3	108,893.19	XCEL	Utilities - Electricity Multiple Locations
Check	1	25,434.00	ZOOM VIDEO COMMUNICATIONS INC.	Education Annual Fee
Checks	113	12,896,087.73		
Type	Count	Total Paid	Vendor	Description
Card	1	68,336.61	BRIGHTON UTILITY WEB	Utilities
Card	1	32,400.00	DUO.COM	Beyond-Annual(300) 10/10/21-10/10/22
Card	1	30,800.00	EDPUZZLE	ESSER II
Card	12	913,808.00	GOVCNCTN	Computer Software & Equipment
Card	15	1,045,344.61		
Type	Count	Total Paid	Vendor	Description
Wire	1	25,000.00	FIDELITY NATIONAL TITLE COMPANY	Escrow
Wire	1	30,000.00	HORD COPLAN MACHT, INC.	Brighton Elem #14
Wire	1	2,514,550.00	ROCKY MOUNTAIN RISK INSURANCE GROUP	Workers Compensation, Combined GLEO& AL & Property
Wire	1	392,714.35	UMB BANK NA TRUST FEES DEPT	B019 Brighton SD27J CO CERTS
Wire	4	2,962,264.35		

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 2021, as part of the annual audit of the District’s financial statements, we reported \$5.5 million of Construction in Progress (CIP). The CIP balance is a result of bond projects that were in progress in FY 2021. As of December 31, 2021, the District has added \$6.3 million of CIP for bond projects. Of the total \$260.4 million of CIP, \$248.6 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, 2021.

Description	School / Program	Capitalized Amount
Floor Scrubber	Prairie View MS	\$ 6,000
Riding Scrubber	Prairie View MS	11,000
Floor Scrubber	Stuart MS	6,000
Professional Photo Light	Riverdale Ridge HS	5,672
Weight Room Bench	Prairie View HS	10,667
	Total Additions	\$ 39,339

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	Month
Nancy Ottem	Padilla PTO	\$ 1,000.00	PTO	Aug-21
City of Commerce City	Thimmig	\$ 2,500.00	General Supplies	Sep-21
City of Commerce City	PVHS	\$ 2,500.00	General Supplies	Sep-21
True Colors Customs	PVHS	\$ 600.00	General Supplies Welding	Sep-21
National FFA Foundation	BHS	\$ 3,084.00	Floral Shop	Sep-21
Boys Basketball	RRHS	\$ 2,500.00	Basketball Sluppies	Nov-21
Jump Start	PVHS & BHS	\$ 16,000.00	Bio Medical Supplies	Nov-21
Wetridge PTA	Westridge	\$ 10,000.00	Supplies	Dec-21
Kristen Zaitz	PVHS	\$ 640.00	Cross Country	Dec-21
Westerra CU	BHS	\$ 500.00	Tower Garden	Dec-21
27J Education Foundation	BHS	\$ 650.00	Tower Garden	Dec-21
Total Donations		\$ 39,974.00		

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 2021			%	%	%	%	%
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	2,470	\$ 194,277	86.0%	1.5%	0.2%	0.1%	12.2%
Course Fees	27,260	\$ 617,505	24.4%	9.3%	3.4%	1.8%	61.1%
Tech / Other Fees	27,554	\$ 521,664	25.0%	10.1%	4.4%	2.4%	58.0%
Lost / Equipment Fees	5,221	\$ 249,413	15.5%	2.6%	0.6%	0.3%	80.9%
Facility Rental	0	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%
Print Shop	60	\$ 5,037	99.0%	1.0%	0.0%	0.0%	0.0%
Transportation	6,561	\$ 65,620	33.3%	9.3%	2.1%	0.2%	55.2%
Child Care	2,509	\$ 538,152	99.0%	1.0%	0.0%	0.0%	0.0%
Detention Center	20	\$ 325,000	0.0%	71.6%	1.4%	27.2%	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. This remains to be the case for FY 2022.

Meals	# of Meals	Free	Reduced	Paid
Breakfast	156,321	156,321	-	-
Lunch	764,242	764,242	-	-
Total	920,563	920,563	-	-
%		100%	0%	0%

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 Annual Comprehensive Financial Report (ACFR) 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 ACFR, 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 2021 audit at the December 14, 2021 Board Meeting. Their management letter stated that there were no audit findings.

Conclusion: I report compliance