

**OPERATING LIMITATIONS
2.5 ASSET PROTECTION**

Monitoring Method: Internal. Frequency: Annually – January.

Monitoring Method: External #1, 3, 5, 6, 8, and 9. Frequency: Annually November.

Adopted: September 19, 2000

Revised: June 26, 2019

The Superintendent shall not allow assets to be unprotected, inadequately maintained or unnecessarily risked.

Further, without limiting the scope of the foregoing by this enumeration, he or she shall not:

1. Fail to insure against theft and casualty losses of property owned or used by the district, and to insure and indemnify, in a board approved manner, against liability losses to board members, staff and the organization itself.
2. Allow the projected cost of total deferred maintenance to exceed ten percent (10%) of the total value of the district facilities replacement cost. Funds allocated for the purpose of maintaining the plant shall accrue year to year to a maximum of three percent (3%) of the projected replacement value of the plant; these funds shall be deemed a plant contingency fund and shall not be transferred, spent, or reallocated for any other purpose without prior approval of the board of education.
3. Fail to maintain the plant with due care in a manner that ensures facilities are open for ninety-nine percent (99%) of available instructional hours.
4. Fail to maintain equipment and information technology infrastructure with due care to provide necessary services for student/staff contact days and essential district operations or to fund said maintenance and information technology infrastructure with adequate resources on an annual basis.
5. Make any purchase: (a) wherein normally prudent protection has not been given against conflict of interest; (b) of any material amount without having obtained comparative prices and quality; or without a stringent method of assuring the balance of long-term quality and cost.
6. Fail to protect intellectual property, information and files from loss or significant damage.
7. Fail to timely apprise the Board of any contemplated property (real or otherwise) asset acquisition or disposition in excess of \$500,000 based on net book value and sales price outside of bond implementation or otherwise approved by the board in a bond, override plan, or general budget.
8. Fail to gain Board approval of property (real or otherwise) asset acquisition or disposition in excess of \$500,000 based on net book value and sales price.
9. Acquire--including acceptance of any gift of, purchase or lease of, or improvement to--real estate, or act as surety for any of the foregoing: (a) in excess of the market value of the

property; (b) in violation of a comprehensive, current build-out plan; (c) without appropriately considering the needs and preferences of local school communities, cities, counties, fire districts and related entities; (d) without prior professional due diligence of the highest quality similar to that of organizations engaged in commercial real estate activities; (e) that, after that level of due diligence, subjects the District to any unanticipated or unintended on-site, off-site, operating, or other costs; (f) if the transaction is financially infeasible; or (g) that is not safe, accessible or functional thereafter.

10. Dispose of--including any gift of, encumbrance of, or granting of title exceptions to--any real estate owned, leased, or used by the District, or for which the District acts as surety: (i) for compensation less than the sum of the market value of the property interest disposed plus any reduction in the market value of property or operations retained; (ii) if items 10(b)-10(e) above are not observed; (iii) or if any remaining District property and operations become financially infeasible, unsafe, inaccessible or dysfunctional thereafter.