

## **INTERNAL MONITORING REPORT**

January 17, 2018

Policy: **2.5 Asset Protection**  
Policy Category: **Operating Limitations**  
Period Monitored: **July 1, 2016 to June 30, 2017**

This is my monitoring report on the Board of Education's Executive Limitation policy "Asset Protection." I certify that the information contained in this report is true and complete and presented in accordance with the routine monitoring report schedule. This report will monitor the policy starting at its more detailed provisions and end with the global provision.



Christopher E. Gdowski  
Superintendent

Date: January 17, 2018

**1. POLICY PROHIBITION:** *Shall not 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.*

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “shall not fail to insure against theft and casualty losses of property owned or used by the district” to mean: The district has in place insurance contracts to replace, repair, or provide financial remuneration for the district’s assets exceeding \$1,000.00. The level of coverage restores the district to an equal or similar position prior to the loss or damage to the asset, less the deductible. The insurance replaces assets stolen, damaged or destroyed with a minimum value that meets or exceeds the deductible limitations of the insurance coverage, and includes the replacement of real estate, facilities, fixtures, furniture, equipment and consumable assets (i.e. textbooks, computer components, etc.) owned or leased by the district with a value greater than \$1,000.00.

**Data Reported:** The Adams County BOCES policy limits, deductibles and retention amounts are commensurate with insurance programs at similarly situated school districts. These comparisons indicate the BOCES retentions of \$100,000 for property, \$150,000 for general liability, \$550,000 for workers compensation and \$250,000 for errors and omissions are adequate.

Other coverages include Employee Dishonesty and Cyber Crime. Again, these coverages depend on the loss event. The district also has a Foreign Travel Policy to assist employees and students in the event of an adverse incident during out of country travel.

Insurance contracts in place:

	<b>Limitations</b>	<b>Deductible</b>
Commercial General Liability	\$10,000,000	NO deductible
Auto Liability	\$5,000,000	NO deductible
Property	\$100,000,000	\$1,000 deductible

**Compliance Statement:** The district’s performance complied with the standard.

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “shall not fail...to insure and indemnify, in a board approved manner, against liability losses to board members, staff and the organization itself” to mean: Appropriate policies are in place and all claims against the policies are resolved. The district has in place insurance policies to cover acts of litigation, settlements, judgments and staff injuries resulting in financial remuneration by the district. The policies provide coverage for these acts to the extent available

through insurance contracts and provide coverage in amounts consistent with industry standards. There are certain acts that are not insurable.

**Data Reported:** The Adams County BOCES policy limits for Workers Compensation are consistent with industry standards and deductibles and retention amounts are commensurate with insurance programs at similarly situated school districts. No changes have been made to the indemnity policy during the monitoring period.

Policies in place include:

	Limitations	Deductibles
Worker's Compensation	Statutory	No deductible
Errors & Omissions Insurance (E&O)	\$10,000,000	\$10,000 Deductible

**Compliance Statement:** The district's performance complied with the standard.

**2. POLICY PROHIBITION:** *Shall not fail to fund, annually, preventative maintenance, minor repair, and unscheduled maintenance at no less than one percent (1%) of the prior year's projected replacement value, and maintain the plant with due care in a manner that ensures facilities are open for scheduled student/staff contact days. The projected cost of total deferred maintenance shall not exceed ten percent (10%) of the projected replacement value. Furthermore, 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.*

**Interpretation:** The following interpretation has not changed since the last report.

I interpret: *"Shall not fail to fund, annually, preventative maintenance, minor repair, and unscheduled maintenance at no less than one percent (1%) of the prior year's projected replacement value"* to mean: Financial resources shall be allocated annually from the General Fund for the general purpose of maintaining the plant.

*"Plant"* to mean: All district facilities including, buildings, building systems, utilities, and site improvements.

**Data Reported:** The FY (2016-17) Projected Replacement Value (PRV) of the Plant was \$1,009.35 million. For the reporting period the adopted budget for preventative maintenance,

minor repair and unscheduled maintenance was \$5.86 million or 0.58 percent of the prior year's PRV, which is \$4.23 million deficient of the 1% requirement.

**Compliance Statement:** The district's performance did not comply with the standard.

**Interpretation:** The following interpretation has not changed since the last report.

*I interpret: "maintain the plant with due care in a manner that ensures facilities are open for scheduled student/staff contact days"* to mean: Financial resources allocated to Facilities Maintenance are expended for preventative maintenance, minor repair, and unscheduled maintenance in a manner that best maintains the plant, such that the plant is operational and functioning in the capacity necessary at a rate of ninety-nine percent (99%) of the 1,080 hours and 990 hours of annual instructional time for a secondary and elementary school, respectively.

**Data Reported:** The Facilities Maintenance budget was allocated \$5.86 million in the 2016-17 FY budget. A net total of \$6.39 million was expended for direct labor, indirect labor, employee benefits, supplies, contractors, management and office support for the performance of:

<b>Facilities Maintenance Budget \$5.86 million</b>	
Planned and scheduled (preventive maintenance)	\$2.25 million
Corrective (Unforeseen maintenance)	\$2.59 million
Other (i.e. contracted, indirect and benefit expenses)	\$1.55 million
Net Total	\$6.39 million

Labor Breakdown:

- **16,826** work orders completed during the monitoring period.
  - **5,295** were preventative and minor work orders
  - **8,827** were for unscheduled maintenance work orders
  - **578** were for construction/project related work orders
  - **2,126** were other work orders\*
  - **93.57%** of all work orders were performed at schools
  - **6.43%** were performed at support facilities.
- \* Other work orders are for snow removal, graffiti removal, vandalism, etc.

Accounting for all funds in the **2016-17** FY Facilities Maintenance budget:

<b>2016-2017 Budget</b>	
2016-2017 Budget Allocation	\$5,858,935
Billings for non-required projects performed by maintenance staff (revenue)	\$340,377
2016-2017 Total Maintenance Expenditures	\$(6,394,413)
<b>Funds Over/(Under) Budget in Fund 10</b>	<b>\$(195,101)</b>

The maintenance department expended all funds allocated for FY 2016-17 and performed billable projects in the amount of \$340,377. Funds remaining at the end of FY 2016-17 FY totaled \$(195,101) in the General Fund. The \$(195,101) overage was funded from general fund savings.

The district's Communication Center and maintenance records indicate zero facilities-related school closure(s) on scheduled student/staff contact days during the monitoring period.

**Compliance Statement:** The district's performance complied with the standard.

**Interpretation:** The following interpretation has changed since the last report:

The district now contracts with CostLab to forecast deferred maintenance because CostLab acquired MARS (previous contractor). CostLab has removed asset degradation from their model. Degradation is an assumption that one deferred maintenance item would impact multiple-facility components and accelerate their failure rate. This assumption is no longer included in the CostLab forecasting model.

I interpret: *"The projected cost of total deferred maintenance shall not exceed ten percent (10%) of the projected replacement value"* to mean: 10% of deferred maintenance is the cost of major repair and replacement tasks not performed according to their prescribed lifecycle frequency, resulting from maintenance that was unable to be completed due to the lack of human or financial resources.

**Data Reported:** The total deferred maintenance estimated by CostLab for the reporting period is \$72.93 million or 7.23% of the FY 2016-2017 PRV of \$1,009.35 million. This represents a decrease in deferred maintenance of \$24.73 million from FY 2015-16 to FY 2016-17 which is due to the CostLab forecasting model removing asset degradation costs from the calculation.

**Compliance Statement:** The district's performance complied with the standard.

**Interpretation: The following interpretation has not changed since the last report:**

I interpret: *“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”* to mean: The remaining balance of funds allocated annually for Facilities Maintenance in any fiscal year and all prior fiscal years shall be transferred to a Plant Contingency Fund to be used for maintaining the plant with due care, facility program changes, and replacement of capital equipment.

**Data Reported:** On June 30, 2017 the accrued balance of the Plant Contingency Fund was \$1.38 million or 0.14% of the PRV. This does not exceed the stipulated maximum of 3.0% of PRV in the Plant Contingency Fund. Facilities Maintenance was \$(195,101) for FY 2016-17. No balance was transferred to the Plant Contingency Fund for the 17/18 FY.

**Compliance Statement:** The district’s performance complied with the standard.

**3. POLICY PROHIBITION:** *Shall not fail to maintain equipment with due care to provide necessary services for student/staff contact days and essential district operations or to fund said maintenance with adequate resources on an annual basis.*

**Interpretation: The following interpretation has not changed since the last report.**

I interpret: *“Shall not fail to maintain equipment with due care”* to mean: Financial and human resources for the maintenance and upkeep of equipment are expended for personnel, materials, and contract services necessary to maintain, monitor, and repair equipment in a manner consistent with manufacturer requirements.

*“equipment”* to mean: The following capital assets; (A) student transport vehicles, (B) Information technology infrastructure (computer network switches, routers, servers, storage systems, communication systems (email, telephone, website), software (such as PeopleSoft Finance, PeopleSoft HR, IEP System, Early Warning System, Educator Resource Center, and Infinite Campus), and cloud-based Internet applications (such as Google, Educator Effectiveness, SchoolDude, Schoology).

*“to provide necessary services”* to mean: Equipment is operational for the support of student/staff contact days and essential district operations.

*“student/staff contact days”* to mean: Ninety-nine percent (99%) of the 1,080 hours and 990 hours of annual instructional time for a secondary and elementary school, respectively.

*“essential district operations”* to mean: The district is able to perform its legal and fiduciary duties. i.e. (transport students safely, meet payroll requirements, meet financial and human

resource obligations, CDE reporting, communicate critical information to parents, students and staff, and provide fire and intrusion monitoring).

*“or to fund said maintenance with adequate resources on an annual basis”* to mean: Sufficient financial and human resources are allocated yearly to ensure equipment is operational in the manner necessary to provide services to students/staff without unnecessary interruption.

(A) Student Transport Vehicle Inspections

**Data Reported:** (A1) CDE Annual Student Transport Vehicle Inspections. CDE regulations require all vehicles used for student transportation to receive a comprehensive safety inspection every 365 days. The measure of compliance for annual inspections is 100 percent.

<b>CDE Annual Student Transport Vehicle Inspections: July 1, 2016 - June 30, 2017</b>		
Completed on time	152	99%
Completed late	1	1%
Total Inspections	153	100%

99% of all student transport vehicles met the annual inspection standard required by CDE for student transportation. There were no instances of lost instructional time due to insufficient maintenance or equipment failures of student transport vehicles. The late inspection of one vehicle was due to an engine replacement. The bus was offsite for service, therefore, the required inspection could not be completed when scheduled. The bus was not returned to service until the required annual inspection vehicle was completed.

**Compliance Statement:** The district’s performance does not comply with the standard.

**Data Reported:** (A2) The measure of compliance for preventative maintenance of student transport vehicles is ninety percent (90%) of all vehicles will have preventive maintenance completed within 6 months after the annual CDE inspection. Preventative maintenance schedules are evaluated and adjusted to align with CDE guidelines and manufacturer's recommendations.

<b>Completion of Preventative Maintenance: July 1, 2016 - June 30, 2017</b>		
Completed within 6 months after CDE inspection	150	100%
Completed late	0	
Total preventative maintenance Performed	150	100%

The Fleet Department was able to meet the 100% standard of the preventative maintenance inspections. There were no instances of lost instructional time due to insufficient preventative maintenance or equipment failures of student transport vehicles.

**Compliance Statement:** The district’s performance complied with the standard.

(B) Information technology infrastructure (computer network switches, routers, servers, storage systems, communication systems (email, telephone, website), software (such as PeopleSoft Finance, PeopleSoft HR, IEP System, Early Warning System, Educator Resource Center, and Infinite Campus), and cloud-based Internet applications (such as Google, Educator Effectiveness, SchoolDude, Schoology).

**Data Reported:** (B) Shall not fail to maintain equipment with due care to provide necessary services for student/staff contact days and essential district operations or to fund said maintenance with adequate resources on an annual basis.

With the completion of many of the milestones in regard to the ongoing improvements to our datacenters and network, the standard of 99% uptime during instructional time with these systems was exceeded, with one exception\*, the majority of service interruptions occurring in a planned manner (to ensure ongoing maintenance) outside of instructional time. (Please see the section dealing with Policy Prohibition 5 in this report, as it sheds more light on how this uptime is achieved.)

<b>Services Category *</b>	<b>% Availability During Instructional Hours</b>
Student Information System	99.996%
Human Resources Systems	99.985%
Financial Systems	99.998%

Internet Availability	99.907%
Phone System *	See Below *
Average (without phone system data)	99.972%

\* The phone system, which is well beyond end-of-life, is not capable in the current configuration to produce automatic reports of precise downtime as in the table above. There were 46 telephony service interruption tickets with either site-specific or district-wide service interruptions. Most of these were single-site interruptions less than a few hours caused by electrical power interruption, telco carrier issues, hardware failure, or connecting link loss. The phone system is being replaced under the district's bond-funded project activity.

**Compliance Statement:** The district's performance does not comply with the standard.

**4. POLICY PROHIBITION:** *Shall not 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.*

**Interpretation:** The following interpretation has changed since the last report.

I interpret “*Shall not 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*” to mean: The district has district policies and procedures that expenditures meeting or exceeding \$5,000 (non-grant funded purchases) or \$3,000 (grant funded purchases/fund 22) for any transaction are subject to a competitive bid process. The competitive process includes the development of product/service specifications to ensure the level of quality required. The purchasing process incorporates the appropriate competitive process, an Invitation to Bid, a Request for Proposal (RFP), phone quote, competitive negotiation, email quote or fax quote, provided that at least (3) responses are obtained. A Procurement Deviation Justification Form (PDJ) must be completed and approved for sole source, single source and emergency purchases which typically are service related or specialized products such as proprietary software. For capital construction, bid limits were raised in FY16-17. Projects up to \$15,000 require no bid, \$15,000 - \$50,000 prices may be solicited via email or other written means provided there are at least three (3) proposals obtained.

**Data Reported:** District Policies (3300 – 3340) regarding conflicts of interest and competitive bidding/acquisition are in place, available through the district website, the Purchasing Webpage, the Purchasing SharePoint Page, and employee training. Training occurs at Support Staff/Office

Manager meetings, as well as other departmental training. Policies are consistent with the National Institute of Governmental Purchasing (NIGP) code of ethics and procurement standards for governmental purchasing. The district's Purchasing and Finance Departments maintain records regarding district purchases using purchasing cards, requisitions and purchase orders. Purchasing staff review transactions greater than \$5,000 (non-grant funded purchases) or \$3,000 (grant funded purchases/fund 22) for compliance with the policy requirements. The performance standard is that ninety-nine percent (99%) of all transactions meet the purchasing policy requirements. Between July 1, 2016 and June 30, 2017, there were 574 transactions either by Purchase Card, Declining Balance Card or by Purchase Order that met or exceeded the bid thresholds and thus required bid or other competitive process. There were three (3) known policy or process violations equaling .005 or less than one percent (>1%) of transactions reported during this time period.

**Compliance Statement:** The district's performance complied with the standard.

**5. POLICY PROHIBITION:** *Shall not fail to protect intellectual property, information and files from loss or significant damage.*

**Interpretation:** The following interpretation *has not* changed since the last report.

I interpret “*not fail to protect intellectual property, information and files from loss or significant damage*” to mean: The district shall employ industry standard measures to protect district data and other information assets both on-premises as well as in the cloud (Internet). This includes not only data sitting on drives, but also data that is in transmission on the district network, and on the Internet. The measures include firewalls, backup systems, virus protection, content filtering, encryption, and other generally accepted best practices for Information Assurance such as security audits and penetration testing.

**Data Reported:** No loss or damage with regard to district's intellectual property, information or files has been reported in this period. The district went through a significant external security audit conducted by The US Department of Homeland Security.

While the challenge in this space is significant every year, the district continues to have many solutions in play to help address the challenge, including:

No.	Item	Description	Benchmarks / Benefits
1.	Business Continuity and Data Backup	Primary and Secondary Data-Centers process and store the vast majority of district data and provide resilience against weather and public power disruption. A redundant multi-site backup architecture protects all data housed in district data-centers. During this year, full encryption of all monthly off-site off-line backups was enforced and data recovery requests within retention guidelines were fulfilled regularly.	At least one data center was up 100% of the instructional time, providing continuous expected service continuity with scheduled service interruptions after hours. 100% success reported with multi-site backup of 50+ Terabytes of active data each night Business transactional systems are additionally backed up multi-site at 10 minute intervals 24/7.
2.	Multi-Layer Firewalls	Protects in-district assets from internet-based attacks, internal attackers, and malware. Logs, alerts, and blocks threats both into and out of the district. Towards the end of the year, key district resources received additional customized security filtering.	Hundreds of thousands of attacks per month were stopped by using multi-layer firewall technology, based on monitoring of activity and statistics from these systems.
3.	Virtualization	The majority of all in-district servers are virtualized, resulting in reduced costs in physical hardware, and improving uptime.	Virtual infrastructure supported 500+ virtual machines and was operational 100% of the time.
4.	Digital Review of Applications and Websites	Educational applications to be used in classrooms (and office applications) are reviewed for security vulnerabilities upon request and as initiated through the purchasing, and web filter review processes.	200+ educational applications have been approved and whitelisted after a security review, and many more are pending review at this time. Thousands of websites and apps have been blocked (blacklisted) based on their security profile, and/or their noncompliance with regulations.
5.	Configuration Management	Patching vulnerabilities, updating antivirus, and ensuring security configuration and encryption levels allows the district to reduce security vulnerabilities on a regular basis with the tens of thousands of district computers and servers. Disruptive maintenance events are scheduled outside the instructional day based on a Change Management Review process.	~30,000 managed systems are automatically patched with updated virus protection, via multiple configuration management systems. Key data is encrypted in motion and in off-site off-line storage.

6.	Continuous monitoring, logging, and incident response.	Servers and services are monitored 24 x 7 x 365 by automated systems that alert personnel to events requiring attention. Major servers, services and system are continually logged, and logs are cross-reviewed during analysis and incident response. Significant incidents are rapidly managed and controlled under the management of a Certified Incident Handler.	Log accumulation from 631 servers and 3600 services allows access to large amounts of historical data on our district systems, for process improvement and incident response purposes.
7.	Access Controls	Employee access to district systems is authenticated, accounted and audited based on district-wide directories, major server user account systems, and local permissions.	The district maintains a centralized security account directory (system) with over 60,000 central user accounts in addition to specialized account databases for parents, etc.
8.	System Test Environments	The district continues to use a dedicated hardware-based environment to supplement the existing software testing environments that are extant on the production network.	No statistics are available for this yet, but this has greatly enhanced our ability to rapidly test security-related changes to our network.

**Compliance Statement:** The district’s performance complied with the standard.

**6. POLICY PROHIBITION:** *Shall not fail to timely apprise the Board of any contemplated property (real or otherwise) asset acquisition of \$250,000 or disposition in excess of \$100,000.*

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “shall not fail to timely apprise the Board of any contemplated property (real or otherwise) asset acquisition of \$250,000 or disposition in excess of \$100,000.” to mean: The district shall provide notification to the board through regular correspondence from the Superintendent at the time when district staff engages in the due diligence process in the event of a potential acquisition of property (real or otherwise) of \$250,000 or a disposition of property (real or otherwise) in excess of \$100,000.

**Data Reported:** The Board of Education was first apprised during an executive session on May 24, 2017, of an offer received for district-owned property located south of the ESC. The offer has been discussed at multiple sessions since May 24, 2017. The sale of this land is not complete.

**Compliance Statement:** The district’s performance complied with the standard.

**7. POLICY PROHIBITION:** *Shall not fail to gain Board approval of property (real or otherwise) asset acquisition of \$250,000 or disposition of \$100,000.*

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “*shall not fail to gain board approval of property (real or otherwise) asset acquisition of \$250,000 or disposition of \$100,000.*” to mean: The district shall gain approval of the board through board action prior to acquisition of property (real or otherwise) of \$250,000 or a disposition of property (real or otherwise) in excess of \$100,000.

**Data Reported:** The Board of Education was apprised during executive session on 1/11/2017 that the district was requesting conveyance of the Anthem school site from the City and County of Broomfield to the district. It was conveyed for no cost and has an appraised value of \$1,150,000.

**Compliance Statement:** The district’s performance complied with the standard.

**8. POLICY PROHIBITION:** *Shall not 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.*

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “*Shall not 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;*” to mean: The district does not acquire property without assurance that the value is considered at market value defined as being consistent with appraised value provided by a Colorado certified appraiser or through negotiations using real estate and legal professionals who primarily practice or specialize in the area of real estate brokerage, sales, development, planning or law. This is consistent with best practices used by professionals in the real estate industry. The district does not acquire property in excess of market value, or without using professionals who primarily practice or specialize in the area of real estate, unless these exceptions are disclosed to and approved by the Board of Education.

**Data Reported:** The Board of Education was apprised during executive session on 1/11/2017 that the district was requesting conveyance of the Anthem school site from the City and County

of Broomfield to the district. It was conveyed for no cost and has an appraised value of \$1,150,000.

**Compliance Statement:** The district's performance complied with the standard.

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “(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” to mean: The district does not acquire real estate that does not provide a current or future benefit to the district consistent with the district build out plan. The build out plan projects future needs for schools and facilities based upon growth in student enrollment. Furthermore, the district does not acquire or improve real estate without providing timely notice of such proposed acquisition/improvement to the appropriate city manager, planning commission, city council, fire chief, and/or chief executive of a special district and without making good faith efforts to address items of concerns identified by such persons.

**Data Reported:** The Board of Education was apprised during executive session on 1/11/2017 that the district was requesting conveyance of the Anthem school site from the City and County of Broomfield to the district. The district's 2016 build out plan identifies a need for school #33 in Anthem.

**Compliance Statement:** The district's performance complied with the standard.

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “(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;” to mean: The district contracts with professionals licensed in the State of Colorado, if applicable, to provide professional due diligence including but not limited to, ALTA surveys, geotechnical reports, title policies, property legal descriptions, zoning maps, environmental assessments, traffic reports, utility reports, investigation for the presence of wetlands, and other analyses as required by unique site conditions. The district maintains checklists to ensure a comprehensive due diligence process is followed.

**Data Reported:** The Board of Education was apprised during executive session on 1/11/2017 that the district was requesting conveyance of the Anthem school site from the City and County of Broomfield to the district. The district performed due diligence prior to accepting the land conveyance. The due diligence included an access agreement, legal description and survey (completed by the developer Newland Communities), phase I environmental site assessment, title search, approval from the Colorado Geological Survey, and FAA clearance to build within 20,000 feet of a public use airport.

**Compliance Statement:** The district's performance complied with the standard.

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “(f) if the transaction is financially infeasible; or (g) that is not safe, accessible or functional thereafter;” to mean: (f) the cost to acquire property is not in the best economic interest of the district because the cost would outweigh the benefit of the acquisition and/or the district would not have sufficient financial resources for the acquisition. (g) The condition of the property would preclude the property from being developed in a manner consistent with all applicable safety and state building codes necessary for Certificate of Occupancy or other appropriate designations for the safe usage of property.

**Data Reported:** The Board of Education was apprised during executive session on 1/11/2017 that the district was requesting conveyance of the Anthem school site from the City and County of Broomfield to the district. The district performed due diligence prior to accepting the land conveyance and determined the land was suitable for school #33.

**Compliance Statement:** The district’s performance complied with the standard.

**9. POLICY PROHIBITION:** *Shall not 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 8(b)-8(e) above are not observed; (iii) or if any remaining district property and operations become financially infeasible, unsafe, inaccessible or dysfunctional thereafter.*

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “*Shall not 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*” to mean: The district does not relinquish property ownership without assurance that the value received is considered to be at market value unless a proposed purchase in excess of market value is disclosed to and approved by the Board of Education. Market value is defined as being consistent with appraised value provided by a State of Colorado certified appraiser or through negotiations using real estate and legal professionals who primarily practice or specialize in the area of real estate brokerage, sales, development, planning, or law. In addition, the disposal of said property must not reduce the market value of any remaining district property retained.

**Data Reported:** The district has not relinquished any property ownership during FY16-17.

**Compliance Statement:** The district’s performance complied with the standard.

**Interpretation:** The following interpretation has not changed since the last report.

I interpret “(iii) or if any remaining district property and operations become financially infeasible, unsafe, inaccessible or dysfunctional thereafter“ to mean: The district does not relinquish property ownership if conditions cause remaining property to have an economic disadvantage to the district. The district does not relinquish property ownership if conditions cause remaining property conditions that pose hazards for the district’s use of the property that are financially infeasible to remedy. Property disposed of by the district will provide an equal value or a net economic advantage.

**Data Reported:** The district has not relinquished any property ownership during FY16-17.

**Compliance Statement:** The district’s performance complied with the standard.

**Global Policy:** *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: (1-9 above)*

I submit that the board’s policy is comprehensively interpreted in the preceding provisions. This is reasonable because my interpretations, data reported and compliance statements are presented with those provisions above.

**Compliance Statement:** The district’s performance complied with the standard.

**The Board acknowledged receipt of a revised monitoring report as of January 17, 2018, for the period July 1, 2016 through June 30, 2017, of the Superintendent concerning Board Policy 2.5 Asset Protection and finds the superintendent’s interpretations were reasonable and that his conclusions were reasonably supported by data that was relevant, justified and complete.**