

**INTERNAL MONITORING REPORT**

May 1, 2019

POLICY: **2.4 FINANCIAL CONDITION AND ACTIVITIES**  
POLICY CATEGORY: **OPERATING LIMITATIONS**  
PERIOD MONITORED: **July 1, 2018 – March 31, 2019**

This is my monitoring report on the Board of Education’s Executive Limitation policy “Financial Condition and Activities.” I certify that the information contained in this report is true and complete, and it is presented in accordance with the routine monitoring report schedule. This report will monitor the policy starting at its more detailed prohibitions and end with the global prohibition.



Christopher Gdowski, Superintendent  
April 24, 2019

1. **POLICY PROHIBITION:** *Shall not at any time: (a) Use any reserves other than as intended and permitted by law; or (b) allow discretionary reserves at the conclusion of a fiscal year to be less than 3% of general fund revenue except as provided in section 2.4.2*

**INTERPRETATION (2.4.1 a.):**

I interpret “(a) shall not use any reserves other than as intended and permitted by law” to mean:

The District (including charter schools) only expends restricted funds, as shown in the table below, for purposes permitted by law throughout the identified monitoring period. Reserves are maintained as budgeted items not yet spent.

<b>TABOR</b>	An amount equal to 3% of the annual District revenues must be held in reserve unless the Board adopts a resolution permitting expenditure of the funds and provides security for these funds by means of a letter of credit or by using District assets as collateral. (TABOR reserves are not required for federal and enterprise funds).
<b>Contract Reserves</b>	<p><b>District:</b> Reserves held for future year payments of certified and classified employee longevity stipend for employees who have separated from employment.</p> <p><b>Charter Schools:</b> Reserves held per contract language for Special Education.</p>

**DATA REPORTED:** Reserves are maintained for the designated purposes as shown below. There has been no expenditure of these funds. The restricted reserve balance for TABOR has been decreased through March 31, 2019 due to receiving less At-Risk and ECEA funding from the State than originally budgeted. *(Although revenues are anticipated to increase from the Mill Levy Override, this funding source is excluded when calculating TABOR)*

**District**

	Budgeted Restricted Reserve Balance 7/1/2018	Restricted Reserved Balance 3/31/2019
TABOR Reserve	\$ 9,590,260	\$ 9,547,095
Contract Reserves	10,975,952	10,975,952
Total Restricted Reserve	<u>\$ 20,566,212</u>	<u>\$ 20,523,047</u>

### Prospect Ridge

	Budgeted Restricted Reserve Balance 7/1/2018	Restricted Reserved Balance 3/31/2019
TABOR Reserve	\$ 339,650	\$ 339,650
Contract Reserves	200,005	200,005
Total Restricted Reserve	<u>\$ 539,655</u>	<u>\$ 539,655</u>

### Stargate

	Budgeted Restricted Reserve Balance 7/1/2018	Restricted Reserved Balance 3/31/2019
TABOR Reserve	\$ 350,000	\$ 350,000
Contract Reserves	200,000	200,000
Total Restricted Reserve	<u>\$ 550,000</u>	<u>\$ 550,000</u>

### Westgate

	Budgeted Restricted Reserve Balance 7/1/2018	Restricted Reserved Balance 3/31/2019
TABOR Reserve	\$ 138,000	\$ 138,000
Contract Reserves	50,000	50,000
Total Restricted Reserve	<u>\$ 188,000</u>	<u>\$ 188,000</u>

### New America

	Budgeted Restricted Reserve Balance 7/1/2018	Restricted Reserved Balance 3/31/2019
TABOR Reserve	\$ 103,578	\$ 103,587
Contract Reserves	200,000	200,000
Total Restricted Reserve	<u>\$ 303,578</u>	<u>\$ 303,587</u>

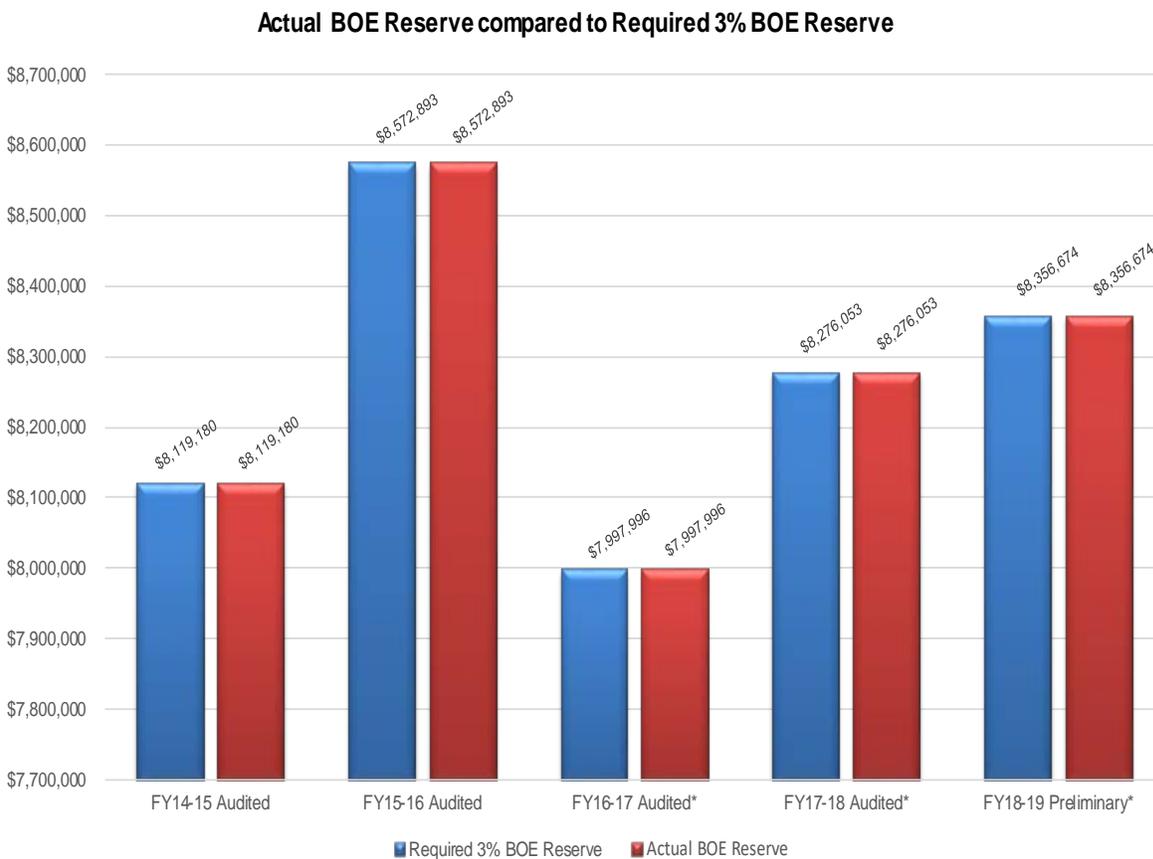
**COMPLIANCE:** The District and Charter School performance complies with the standard.

**INTERPRETATION (2.4.1 b.):**

I interpret “(b) shall not allow discretionary reserves at the conclusion of a fiscal year to be less than 3% of general fund revenues except as provided in section 2.4.2” to mean:

- A. A sum equal to 3% of General Fund Revenue in funds 10 and 19, excluding charter school transfers and voter approved mill levy, will be held as discretionary reserve (Board of Education Reserve) and shall not include funds designated as Committed, Reserved or Assigned.

**DATA REPORTED:**



\*FY16-17 thru FY18-19 Board Reserves are held at 3% of General Fund Revenue, per Board Policy language change effective 3/31/17. Prior year's Board Reserve is shown as 3% of General Fund expenditures.

**COMPLIANCE:** The District's performance complies with the standard.

- 2. POLICY PROHIBITION:** The discretionary reserve may be utilized for achievement of Board Ends and compliance with Operating Limitations Policies with prior Board approval and a specific plan for replenishing the reserves.

**INTERPRETATION:**

The policy language is clear as written and requires no further interpretation.

**DATA REPORTED:** As of March 31, 2019 the District has not utilized or established a need for use of the 3% discretionary reserve.

**COMPLIANCE:** The District’s performance complies with the standard.

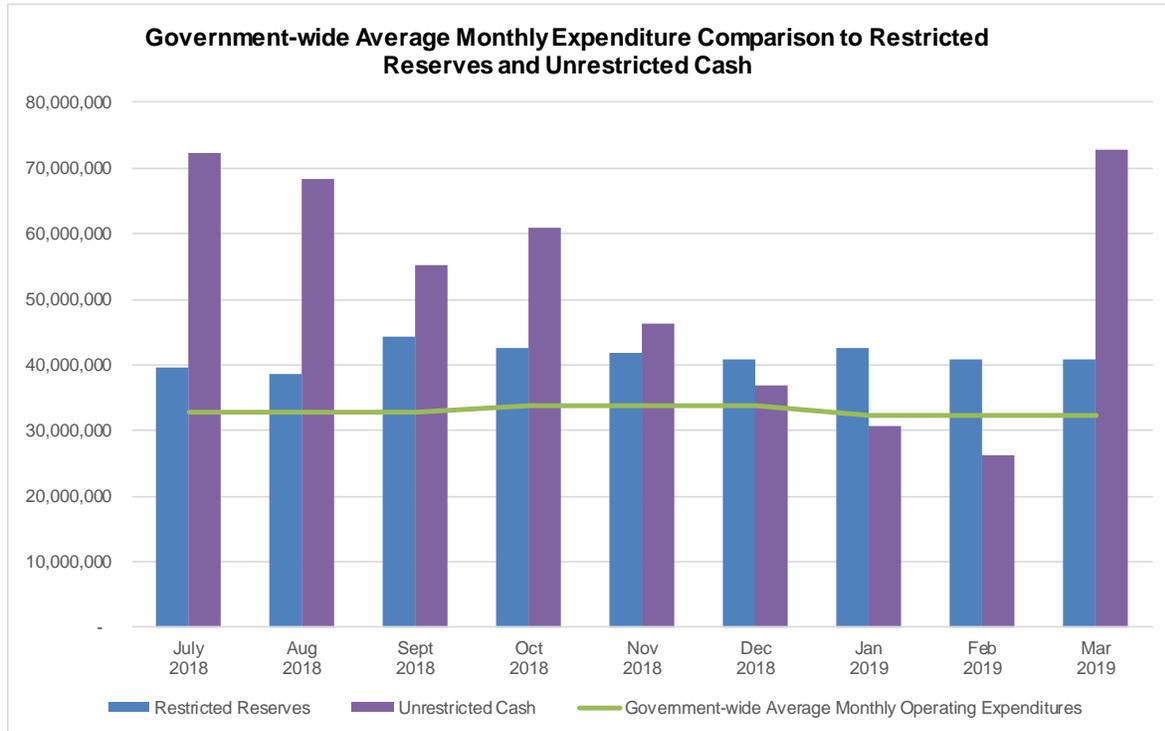
**3. POLICY PROHIBITION:** *Shall not at any time, allow unrestricted cash and equivalents to drop below an amount necessary to meet operating expenditures over a 30-day period, except that during normal seasonal fluctuations in property tax receipts cash balances may drop below the 30-day threshold but shall not be less than restricted cash.*

**INTERPRETATION:**

I interpret this to mean the District:

- A. Maintains cash at the end of each monthly accounting period at an amount that exceeds restricted cash and an amount equal to one month’s operating expenditures. Restricted cash includes Restricted Reserves, Board of Education Reserve and Reserves required in other funds.
  
- B. Operating expenditures over a 30-day period shall be calculated by using forecasted year-end expenditures.

**DATA REPORTED:** The District’s combined cash balance in all funds exceed the policy standard as of March 31, 2019. (From December to March unrestricted cash balances may drop below the 30-day threshold due to timing of property tax collections; this is not interpreted as non-compliance). The following graph illustrates that cash balance is maintained above required level.



Note: Bond Redemption-Debt Service and Building-Capital Project funds are excluded as they are not considered part of available operating funds.

**Restricted Reserves** include TABOR, Contract Reserves, Colorado Preschool Program (CPP), Board of Education Reserve, Insurance Reserve, Governmental Designated-Purpose Grants and one month of operating reserves for Capital Reserve-Capital Projects, Food Service and the Before, After, and Summer Enrichment Funds.

**Government-wide Average Monthly Expenditures** include General Fund, Insurance Reserve, Governmental Designate-Purpose Grants, Capital Reserve-Capital Projects, Pupil Activity Special Revenue, Other Special Revenue, Instructional Special Revenue, Interscholastic Athletic Special Revenue, Food Service and the Before, After, and Summer Enrichment Funds.

**COMPLIANCE:** The District’s performance complied with the standard as of March 31, 2019. Unrestricted cash did fall below the required restricted reserve balance for periods December through February due to timing associated with the collection of property tax revenue, but has recovered through the quarter ending March 31, 2019. We have identified that The Before, After, and Summer Enrichment Fund may not comply with this standard at June 30, 2019, district staff has taken action to implement program efficiencies regarding operating costs and staffing during non-peak times. These efficiency have been implemented in the current fiscal year and will carryforward into fiscal year 2019-20.

**4. POLICY PROHIBITIONS:** *Shall not expend more operating funds than have been received in the fiscal year to date unless both the liquidity requirement and reserve requirement above are met.*

**INTERPRETATION:**

I interpret this to mean:

That at any time within a budget year, except when liquidity (unrestricted cash) and reserves are maintained in accordance with this Policy 2.4, the District expenditures will not exceed revenues in the following funds used for day-to-day activities.

**DATA REPORTED:** As of March 31, 2019, due to timing of actual property tax receipts, General Fund and Bond Redemption expenditures and transfers exceed revenue by \$26.5 million and \$10.8 million respectively (*this is because the majority of property tax revenue is received from March to May of each year*). Principal and interest debt service payments for the Bond Redemption fund are due annually in December, prior to the majority of property tax payments being received and beginning fund balance has been appropriate for use.

Fund	Beginning Fund Balance	Revenues	Transfers	Expenditures	Net Change	3/31/2019 Fund Balance
General	43,657,259	246,980,947	(41,611,577)	231,837,219	(26,467,850)	17,189,409
Insurance Reserve	4,113,142	906	3,931,988	3,143,755	789,139	4,902,282
Bond Redemption	66,411,355	24,140,020	-	34,982,475	(10,842,455)	55,568,900
Gov't Designated Grants	-	19,443,282	-	14,524,723	4,918,558	4,918,558
Capital Reserve	15,109,494	4,814,158	11,526,056	7,695,154	8,645,060	23,754,554
Pupil Activity Special Revenue	3,735,477	3,731,466	213,713	3,457,002	488,177	4,223,654
Other Special Revenue	2,246,841	1,580,947	22,403	1,329,186	274,164	2,521,005
Instructional Special Revenue	4,723,595	2,062,243	4,176,287	1,762,662	4,475,868	9,199,463
Interscholastic Athletic Special Revenue	418,858	892,612	1,428,019	1,609,668	710,963	1,129,820
Food Service	3,506,913	8,795,992	-	8,546,892	249,100	3,756,013
Before, After, and Summer Enrichment Special Revenue	1,051,159	6,477,547	-	6,277,350	200,196	1,251,355
Pupil Activity-Agency Fund	595,614	806,904	-	625,092	181,813	777,427

*Note: General fund transfers out include transfers to Charter Schools for their share of School Finance Act funding*

**COMPLIANCE:** Operating expenditures have exceeded revenues in two funds as noted above. Due to the timing of property tax receipts, the General Fund will experience a negative fund balance from December through February. This policy provides, however, that when policy section 2.4.1(b) fund balance requirements and policy 2.4.3 cash liquidity requirements are met, policy section 2.4.4 will be in compliance even if a deficiency is reported. The District's performance has complied with both section 2.4.1(b) and section 2.4.3. Accordingly, the District's performance complies with section 2.4.4.

**5. POLICY PROHIBITION:** *Shall not allow the organization to incur penalties in material amounts for tax payments, other government ordered payments, or other payments, or allow any filings that are overdue or inaccurately filed.*

**INTERPRETATION:**

I interpret this to mean:

All payments are made without incurring late payment fees in excess of the aggregate amount of \$1,000 for any fiscal year; further, reports and other required documents are submitted and accepted in accordance with Colorado Department of Education and Federal timelines. This is reasonable as it represents compliance with external requirements, and the \$1,000 amount has minimal impact on operations of the District.

**DATA REPORTED:** As of March 31, 2019, the district has met all filing requirements and is not aware of any penalties, fines or findings.

**COMPLIANCE:** The District's performance during this monitoring period complies with the standard.

**6. POLICY PROHIBITION:** *Shall not fail to aggressively pursue receivables after a reasonable grace period.*

**INTERPRETATION:**

I interpret this to mean:

A monthly attempt is made to collect accounts receivable that are past due by more than thirty days.

**DATA REPORTED:** As of March 31, 2019, the District did not have accounts receivable that were unpaid for more than 30 days except for a variety of student fee obligations that remain outstanding for prior fiscal years. With the successful passage of 5C, the district reduced the student fees by discontinuing the instructional material supply and technology fees. The district issues statements on the 20th of each month to families for past due fee payments but does not aggressively pursue student fee receivable balances that remain outstanding. District staff have continued to discuss and analyze student fee assignments, past collections and current outstanding amounts. Staff is finalizing processes and procedures to implement improved collection practices starting in fiscal year 2019-20 which will consist of:

- Billing for course fees at the start of the school year
- Improved reporting/research tools for bookkeeping offices
- District level support with contacting households and payment arrangements

**COMPLIANCE:** The District's performance does not currently comply with the standard. The District's performance is expected to be in compliance no later than the 2019-20 school year.

**7. POLICY PROHIBITION:** *Shall not allow (a) bond funds and funding from certificates of participation to be spent inefficiently or in any way other than intended, or (b) override funds to be commingled with other funds or spent other than to directly achieve Ends.*

**INTERPRETATION (2.4.7 a):**

I interpret “(a) *Shall not allow bond funds and funding from certificates of participation to be spent inefficiently or in any way other than intended*” to mean:

- A. Bond funds shall be spent in a manner consistent with plans and commitments presented to District voters.
- B. Certificates of participation (COP) shall be spent in a manner consistent with plans and commitments approved by the Board of Education.
- C. Bond and certificate of participation proceeds are spent efficiently when they meet the following criteria:
  - 1. District construction shall comply with the District Educational Specifications and Technical Guidelines in place at the time of construction.
  - 2. District construction costs shall be controlled through a competitive process that will be utilized to bring the best value to the District and ensure alignment with market pricing.
  - 3. Cost of services provided by District staff shall be less than or equal costs incurred in comparable Colorado school district or local government programs.
  - 4. Projects shall be managed and completed so that the start date of the school year is not impacted by construction.

**DATA REPORTED:**

- A. On December 5, 2018 the District sold \$65 million and on December 20, 2016 the District sold \$285 million for a total of \$350 million in voter approved general obligation bonds. This bond was approved for the purpose of investing in aging school buildings, relieving overcrowding, building a PK-8 school, and addressing programming needs to ensure all students in the District learn in a safe, warm and dry environment.
- B. On December 20, 2016, the District defeased the 2015 certificates of participation with proceeds from the 2016 Bond. Original remaining proceeds from the 2015 COP were spent in accordance within the parameters of voter approved Bond projects and have been fully spent as of December 31, 2018.
- C. A cross-functional team of District staff members, called the “Bond Steering Committee,” meets multiple times each month to ensure that projects are designed to meet applicable Educational Specifications and Technical Guidelines, that competitive bidding processes required by District policies have been followed, and that projects are planned for on-time delivery. All projects initiated to date comply with these three criteria. It is noted that the construction bidding for the STEM lab project, given the change in its scope following passage of the bond measure as compared to its original scope in the 2015 COPs, could have been better managed but did not, in the opinion of CliftonLarsonAllen following a thorough review, violate District procurement policies. While violation of policy was not found by CliftonLarsonAllen, the district’s bond steering committee did implement process improvements according the CliftonLarsonAllen review. Improvements were made to

district policy and district process aligned to procurement, project budget management, contracts, change orders and levels of approval.

- The summary of expenditures listed on the following page documents expenditures from the December 2016 and the December 2018 Bond. I certify that these expenditures have been made for only improvements and new construction within the parameters approved by voters.
- The Long Range Planning Advisory Committee (LRPAC) convenes monthly to review use of bond proceeds to ensure that projects underway align with the bond plan presented to the Board of Education in August 2016 and that cost variances to budget are for reasonable grounds. LRPAC has not raised concerns of noncompliance with these provisions to staff to date. LRPAC representatives presented a progress report to the BOE in March 2018 that provided further assurances that the standards in this policy standard have been met.
- Expenditures through March 31, 2019 for administrative staff necessary to implement the bond, including project managers, accounting and communications staff, total approximately \$5.0 million or about 1.17% of the \$427 million total bond program.

**Adams 12 Five Star Schools**  
**2016 Bond Projects - Summary**  
**Budget to Actual Expenditures - Bond Projects**  
**Bond Status Based on Current Budget**  
**For the Period Ending March 31st, 2019**

Project Description	Current Budget*	2015-16 Actual (YTD)	2016-17 Actual (YTD)	2017-18 Actual (YTD)	2018-19 Actual (YTD)	Total Expenditures	Available Budget	% Spent
Thunder Vista PK-8	\$ 48,650,000	\$ -	\$ 5,108,865	\$ 35,739,109	\$ 4,870,082	\$ 45,718,056	\$ 2,931,944	93.97%
Charter School Projects	\$ 15,338,082	\$ -	\$ 15,338,082	\$ -	\$ -	\$ 15,338,082	\$ -	100.00%
STEM Lab Reconstruction	\$ 28,058,000	\$ -	\$ 1,155,776	\$ 15,350,975	\$ 6,641,944	\$ 23,148,695	\$ 4,909,305	82.50%
Turf Project 2017	\$ 1,221,096	\$ -	\$ -	\$ -	\$ 747,718	\$ 747,718	\$ 473,378	61.23%
Turf Project 2018	\$ 3,255,000	\$ -	\$ -	\$ -	\$ 31,354	\$ 31,354	\$ 3,223,646	0.96%
Bollman Renovation	\$ 15,713,180	\$ -	\$ -	\$ 15,000	\$ 1,749,768	\$ 1,764,768	\$ 13,948,412	11.23%
Centennial Renovation	\$ 4,900,251	\$ -	\$ -	\$ 106,210	\$ 199,921	\$ 306,130	\$ 4,594,121	6.25%
Cherry Drive Renovation	\$ 3,552,942	\$ -	\$ -	\$ 76,061	\$ 187,539	\$ 263,600	\$ 3,289,342	7.42%
DW Renovation	\$ 310,000	\$ -	\$ -	\$ 23,675	\$ 3,045	\$ 26,720	\$ 283,280	8.62%
ECE Renovation	\$ 657,324	\$ -	\$ -	\$ 41,543	\$ 41	\$ 41,584	\$ 615,740	6.33%
Five Star Renovation	\$ 6,500,000	\$ -	\$ -	\$ 280,878	\$ 152	\$ 281,030	\$ 6,218,970	4.32%
Horizon HS Renovation	\$ 7,888,117	\$ -	\$ -	\$ 1,666,676	\$ 1,757,827	\$ 3,424,502	\$ 4,463,615	43.41%
Mountain View Renovation	\$ 1,943,921	\$ -	\$ -	\$ 681,087	\$ 1,080,555	\$ 1,761,643	\$ 182,278	90.62%
North Mor Renovation	\$ 2,498,626	\$ -	\$ 20,328	\$ 967,214	\$ 1,295,035	\$ 2,282,577	\$ 216,049	91.35%
North Star Renovation	\$ 3,010,029	\$ -	\$ -	\$ 1,069,746	\$ 1,615,902	\$ 2,685,649	\$ 324,380	89.22%
Northglenn HS Renovation	\$ 13,314,925	\$ -	\$ 7,622	\$ 1,968,016	\$ 5,937,960	\$ 7,913,598	\$ 5,401,327	59.43%
Northglenn MS & Coyote Reno	\$ 4,727,280	\$ -	\$ -	\$ 91,179	\$ 176,845	\$ 268,024	\$ 4,459,256	5.67%
Riverdale & Federal Hgts Pkg	\$ 6,980,612	\$ -	\$ -	\$ 676,713	\$ 2,036,657	\$ 2,713,370	\$ 4,267,242	38.87%
STEM Launch Renovation	\$ 3,634,868	\$ -	\$ -	\$ -	\$ 190,662	\$ 190,662	\$ 3,444,206	5.25%
Student & Fam Bldg Renovation	\$ 394,857	\$ -	\$ -	\$ 17,471	\$ 72	\$ 17,543	\$ 377,314	4.44%
Stukey Renovation	\$ 2,875,924	\$ -	\$ 31,116	\$ 1,024,192	\$ 1,504,998	\$ 2,560,305	\$ 315,619	89.03%
Thornton Elementary Reno	\$ 1,828,406	\$ -	\$ -	\$ 17,074	\$ 76,994	\$ 94,068	\$ 1,734,338	5.14%
Thornton High School Reno	\$ 14,380,782	\$ -	\$ -	\$ 103,312	\$ 1,718,806	\$ 1,822,118	\$ 12,558,664	12.67%
Westlake Middle Reno	\$ 3,022,906	\$ -	\$ -	\$ 45,044	\$ 239,544	\$ 284,588	\$ 2,738,318	9.41%
Westview Renovation	\$ 2,183,293	\$ -	\$ 21,857	\$ 771,601	\$ 1,242,032	\$ 2,035,491	\$ 147,802	93.23%
Woodglen Renovation	\$ 2,336,907	\$ -	\$ -	\$ 939,423	\$ 1,286,894	\$ 2,226,318	\$ 110,589	95.27%
Camera/Entry/Lockdown Package	\$ 47,809	\$ -	\$ -	\$ 3,480	\$ 220	\$ 3,700	\$ 44,109	7.74%
Interior Renovations - 2019B	\$ 1,176,596	\$ -	\$ -	\$ 5,928	\$ 49,364	\$ 55,292	\$ 1,121,304	4.70%
Interior Renovations - 2020A	\$ 2,460,996	\$ -	\$ -	\$ 3,670	\$ 51,650	\$ 55,320	\$ 2,405,676	2.25%
Arapahoe Addition & ECE Expans	\$ 7,792,231	\$ -	\$ 84,440	\$ 4,254,050	\$ 3,122,655	\$ 7,461,145	\$ 331,086	95.75%
Cotton Creek Addition	\$ 7,344,595	\$ -	\$ 88,110	\$ 3,960,113	\$ 2,790,230	\$ 6,838,453	\$ 506,142	93.11%
Roof Package - 2021A	\$ 4,039,603	\$ -	\$ -	\$ -	\$ 13,825	\$ 13,825	\$ 4,025,778	0.34%

**Adams 12 Five Star Schools**  
**2016 Bond Projects - Summary**  
**Budget to Actual Expenditures - Bond Projects**  
**Bond Status Based on Current Budget**  
**For the Period Ending March 31st, 2019**

Project Description	Current Budget*	2015-16	2016-17	2017-18	2018-19	Total	Available	
		Actual (YTD)	Actual (YTD)	Actual (YTD)	Actual (YTD)	Expenditures	Budget	% Spent
CTE Expansion Project	\$ 19,600,001	\$ -	\$ 8,450	\$ 126,795	\$ 157,214	\$ 292,459	\$ 19,307,542	1.49%
DW Controls Project	\$ 3,000,000	\$ -	\$ -	\$ 209,851	\$ 543,421	\$ 753,272	\$ 2,246,728	25.11%
DW DVR Project	\$ 200,000	\$ -	\$ -	\$ 108,950	\$ -	\$ 108,950	\$ 91,050	54.48%
DW Tech Refresh Program	\$ 3,459,621	\$ -	\$ -	\$ -	\$ 140,088	\$ 140,088	\$ 3,319,533	4.05%
DW Land Purchase Program	\$ 3,500,000	\$ -	\$ -	\$ -	\$ 1,288,001	\$ 1,288,001	\$ 2,211,999	36.80%
DW North Park Program	\$ 10,000,000	\$ -	\$ -	\$ 25,250	\$ 3,000	\$ 28,250	\$ 9,971,750	0.28%
DW Comm & Alert System	\$ 6,500,000	\$ -	\$ 25,062	\$ 2,238,407	\$ 973,533	\$ 3,237,002	\$ 3,262,998	49.80%
School Connectivity	\$ 20,000,000	\$ -	\$ 5,720	\$ 383,785	\$ 3,230,887	\$ 3,620,392	\$ 16,379,608	18.10%
DW Wireless Upgrade Program	\$ 4,000,000	\$ -	\$ -	\$ 6,754	\$ -	\$ 6,754	\$ 3,993,246	0.17%
Playground & Concrete Pkg	\$ 2,270,423	\$ -	\$ -	\$ -	\$ 170,956	\$ 170,956	\$ 2,099,467	7.53%
Playground Package - 2020	\$ 1,779,605	\$ -	\$ -	\$ -	\$ 67,381	\$ 67,381	\$ 1,712,224	3.79%
MEP Package & Minor Crawlspace	\$ 3,609,460	\$ -	\$ -	\$ -	\$ 194,566	\$ 194,566	\$ 3,414,894	5.39%
MEP Package 2020	\$ 489,657	\$ -	\$ -	\$ -	\$ 21,971	\$ 21,971	\$ 467,686	4.49%
MEP Package 2021	\$ 789,779	\$ -	\$ -	\$ 3,670	\$ -	\$ 3,670	\$ 786,109	0.46%
Crawlspace/Plumbing Repairs	\$ 6,590,891	\$ -	\$ -	\$ -	\$ 357,105	\$ 357,105	\$ 6,233,786	5.42%
Crawlspace/plumb Repairs 2020	\$ 2,456,757	\$ -	\$ -	\$ -	\$ 140,767	\$ 140,767	\$ 2,315,990	5.73%
Ext Door/Window Package	\$ 2,904,575	\$ -	\$ -	\$ 3,670	\$ 19,770	\$ 23,440	\$ 2,881,135	0.81%
Studio Renovations	\$ 2,618,572	\$ -	\$ -	\$ 27,696	\$ 143,385	\$ 171,081	\$ 2,447,491	6.53%
Fire/Intercom/Access Package	\$ 4,892,844	\$ -	\$ -	\$ -	\$ 192,883	\$ 192,883	\$ 4,699,961	3.94%
Rubber Gym Floor Replacement	\$ 503,862	\$ -	\$ -	\$ 2,400	\$ 4	\$ 2,404	\$ 501,458	0.48%
Track Repairs	\$ 212,900	\$ -	\$ -	\$ -	\$ 6,694	\$ 6,694	\$ 206,206	3.14%
Interior Renovations 2019A	\$ 3,488,763	\$ -	\$ -	\$ -	\$ 69,047	\$ 69,047	\$ 3,419,716	1.98%
Interior Renovations 2021	\$ 1,564,769	\$ -	\$ -	\$ 7,340	\$ 18,871	\$ 26,211	\$ 1,538,558	1.68%
IU - Arapahoe Ridge Elem	\$ 160,383	\$ -	\$ -	\$ 114,601	\$ 43,959	\$ 158,561	\$ 1,822	98.86%
IU - Centennial ES	\$ 219,383	\$ -	\$ -	\$ 107,756	\$ 71,557	\$ 179,313	\$ 40,070	81.73%
IU - Century Middle School	\$ 366,383	\$ -	\$ -	\$ -	\$ 312,925	\$ 312,925	\$ 53,458	85.41%
IU - Cherry Drive Elementary	\$ 219,383	\$ -	\$ 140,290	\$ 48,349	\$ -	\$ 188,638	\$ 30,745	85.99%
IU - Coronado Elementary	\$ 160,383	\$ -	\$ -	\$ 30,983	\$ 54,631	\$ 85,614	\$ 74,769	53.38%
IU - Cotton Creek Elementary	\$ 200,383	\$ -	\$ -	\$ 106,229	\$ 88,733	\$ 194,962	\$ 5,421	97.29%
IU - Coyote Ridge Elementary S	\$ 160,383	\$ -	\$ -	\$ 15,562	\$ 139,172	\$ 154,734	\$ 5,649	96.48%
IU - Eagleview Elementary	\$ 160,383	\$ -	\$ -	\$ -	\$ 134,716	\$ 134,716	\$ 25,667	84.00%

**Adams 12 Five Star Schools**  
**2016 Bond Projects - Summary**  
**Budget to Actual Expenditures - Bond Projects**  
**Bond Status Based on Current Budget**  
**For the Period Ending March 31st, 2019**

Project Description	Current Budget*	2015-16	2016-17	2017-18	2018-19	Total	Available	
		Actual (YTD)	Actual (YTD)	Actual (YTD)	Actual (YTD)	Expenditures	Budget	% Spent
IU - Federal Heights Elem	\$ 210,383	\$ -	\$ -	\$ 12,606	\$ 189,255	\$ 201,861	\$ 8,522	95.95%
IU - Glacier Peak Elem	\$ 160,383	\$ -	\$ -	\$ -	\$ 141,413	\$ 141,413	\$ 18,970	88.17%
IU - Hillcrest Elementary	\$ 228,383	\$ -	\$ -	\$ 29,167	\$ 184,952	\$ 214,118	\$ 14,265	93.75%
IU - Horizon High School	\$ 619,383	\$ -	\$ -	\$ -	\$ 424,677	\$ 424,677	\$ 194,706	68.56%
IU - Hulstrom K-8	\$ 261,383	\$ -	\$ -	\$ -	\$ 16,304	\$ 16,304	\$ 245,079	6.24%
IU - Hunters Glen Elem	\$ 210,383	\$ -	\$ -	\$ -	\$ 202,865	\$ 202,865	\$ 7,518	96.43%
IU - International School TM	\$ 366,383	\$ -	\$ -	\$ -	\$ 349,876	\$ 349,876	\$ 16,507	95.49%
IU - Leroy Elem	\$ 210,383	\$ -	\$ -	\$ 79,541	\$ 51,231	\$ 130,772	\$ 79,611	62.16%
IU - Malley Drive Elem	\$ 210,383	\$ -	\$ -	\$ -	\$ 109,295	\$ 109,295	\$ 101,088	51.95%
IU - McElwain Elem	\$ 160,383	\$ -	\$ -	\$ 31,941	\$ 128,429	\$ 160,370	\$ 13	99.99%
IU - Mountain View Elem	\$ 219,383	\$ -	\$ -	\$ 158,080	\$ 28,934	\$ 187,014	\$ 32,369	85.25%
IU - North Mor Elem	\$ 238,383	\$ -	\$ 25,994	\$ 98,543	\$ 41,115	\$ 165,651	\$ 72,732	69.49%
IU - North Star Elem	\$ 238,383	\$ -	\$ -	\$ 179,307	\$ 59,875	\$ 239,183	\$ (800)	100.34%
IU - Northglenn MS	\$ 414,383	\$ -	\$ -	\$ 72,835	\$ 285,004	\$ 357,840	\$ 56,543	86.35%
IU - Prairie Hills Elem	\$ 160,383	\$ -	\$ -	\$ 143,496	\$ 15,393	\$ 158,889	\$ 1,494	99.07%
IU - Riverdale Elem	\$ 210,383	\$ -	\$ -	\$ 166,329	\$ 43,862	\$ 210,190	\$ 193	99.91%
IU - Rocky Mountain Elem	\$ 160,383	\$ -	\$ -	\$ -	\$ 111,572	\$ 111,572	\$ 48,811	69.57%
IU - Rocky Top MS	\$ 366,383	\$ -	\$ -	\$ 186,061	\$ 179,336	\$ 365,397	\$ 986	99.73%
IU - Shadow Ridge MS	\$ 366,383	\$ -	\$ -	\$ 4,791	\$ 99,107	\$ 103,897	\$ 262,486	28.36%
IU - Silver Creek Elem	\$ 160,383	\$ -	\$ -	\$ -	\$ 153,372	\$ 153,372	\$ 7,011	95.63%
IU - Skyview Elem	\$ 160,383	\$ -	\$ -	\$ -	\$ 144,563	\$ 144,563	\$ 15,820	90.14%
IU - Stellar Elem	\$ 160,383	\$ -	\$ -	\$ 25,104	\$ 22,059	\$ 47,163	\$ 113,220	29.41%
IU - STEM Launch	\$ 261,383	\$ -	\$ -	\$ -	\$ 108,686	\$ 108,686	\$ 152,697	41.58%
IU - Stukey Elem	\$ 238,383	\$ -	\$ -	\$ 136,035	\$ 95,569	\$ 231,604	\$ 6,779	97.16%
IU - Tarver Elem	\$ 219,383	\$ -	\$ -	\$ -	\$ 24,260	\$ 24,260	\$ 195,123	11.06%
IU - The Studio School	\$ 228,383	\$ -	\$ -	\$ -	\$ 8,835	\$ 8,835	\$ 219,548	3.87%
IU - Thornton Elem	\$ 219,383	\$ -	\$ -	\$ 15,292	\$ 8,472	\$ 23,764	\$ 195,619	10.83%
IU - Thornton HS	\$ 675,383	\$ -	\$ -	\$ 85,019	\$ 77,774	\$ 162,793	\$ 512,590	24.10%
IU - Vantage Pt/Crossroads	\$ 414,383	\$ -	\$ -	\$ -	\$ 16,504	\$ 16,504	\$ 397,879	3.98%
IU - Westlake MS	\$ 396,383	\$ -	\$ -	\$ -	\$ 270,095	\$ 270,095	\$ 126,288	68.14%
IU - Westview Elem	\$ 256,383	\$ -	\$ -	\$ 153,646	\$ 95,353	\$ 249,000	\$ 7,383	97.12%

Adams 12 Five Star Schools  
 2016 Bond Projects - Summary  
 Budget to Actual Expenditures - Bond Projects  
 Bond Status Based on Current Budget  
 For the Period Ending March 31st, 2019

Project Description	Current Budget*	2015-16	2016-17	2017-18	2018-19	Total	Avaliable	
		Actual (YTD)	Actual (YTD)	Actual (YTD)	Actual (YTD)	Expenditures	Budget	% Spent
IU - Woodglen Elem	\$ 148,383	\$ -	\$ -	\$ 112,296	\$ 21,489	\$ 133,785	\$ 14,598	90.16%
DWIT Infrastructure	\$ 1,500,000	\$ -	\$ -	\$ 484,786	\$ -	\$ 484,786	\$ 1,015,214	32.32%
IU - Demo Sites	\$ 245,000	\$ -	\$ 116,503	\$ 73,445	\$ 24,480	\$ 214,428	\$ 30,572	87.52%
Tech Switches	\$ 355,379	\$ -	\$ 317,501	\$ (310,962)	\$ 2,795	\$ 9,333	\$ 346,046	2.63%
16 Bond Environmental Prjs	\$ 3,370,785	\$ -	\$ 152,032	\$ 1,191,549	\$ 1,113,521	\$ 2,457,102	\$ 913,683	72.89%
Door Hard ware	\$ 2,118,764	\$ -	\$ -	\$ 18,759	\$ 188,690	\$ 207,449	\$ 1,911,315	9.79%
DW Patch & Paint	\$ 500,000	\$ -	\$ -	\$ -	\$ 76,296	\$ 76,296	\$ 423,704	15.26%
Labor/Supplies/Material Costs	\$ 13,000,000	\$ -	\$ 1,202,063	\$ 2,125,449	\$ 1,869,363	\$ 5,196,875	\$ 7,803,125	39.98%
COP Remaining Projects	\$ 6,969,415	\$ 2,664,936	\$ 3,208,803	\$ 201,597	\$ 91,501	\$ 6,166,836	\$ 802,579	88.48%
COP Repayment	\$ 27,087,163	\$ -	\$ 27,087,163	\$ -	\$ -	\$ 27,087,163	\$ -	100.00%
	<b>\$ 391,816,463</b>	<b>\$ 2,664,936</b>	<b>\$ 54,145,777</b>	<b>\$ 78,942,200</b>	<b>\$ 56,281,697</b>	<b>\$ 192,034,610</b>	<b>\$ 199,781,853</b>	<b>49.01%</b>

\*In addition to the budget line for COP Remaining Projects, the budget presented on the previous schedule includes COP allocation for Thunder Vista PK-8 and STEM Lab Reconstruction. Thunder Vista's budget also includes funding from the Service Expansion Fee from Broomfield County.

**COMPLIANCE:** Expenditures from these funds were spent only for capital projects permissible pursuant to the terms of the Bond agreement. The District's performance during the monitoring period complied with the standard.

**INTERPRETATION (2.4.7 b):**

I interpret "(b) *Shall not allow override funds to be commingled with other funds or spent other than to directly achieve Ends*" to mean:

Additional operating funds received annually by the District per voter approval in November 1991, 2000, 2004, 2008 and 2018 shall be accounted for in the District's General Fund. All override funds shall be spent for the purposes described in the voter-approved ballot question to achieve the Ends established by Board policy.

**DATA REPORTED:** Override funds are budgeted in the General Fund to support achievement of ends. As of March 31, 2019 expenditures have been made in accordance with promises made to voters for use in directly supporting Board of Education Ends.

**COMPLIANCE:** The District's performance complies with this standard.

**8. POLICY PROHIBITION:** *Shall not achieve compliance with these provisions by endangering future capacity to accomplish Ends.*

**INTERPRETATION:**

I interpret this to mean:

Endangering future capacity means committing to multiple-year expenditures without a reliable funding source.

**DATA REPORTED:** For fiscal year 2018-2019, General Fund revenues and expenditures are currently being received and expended as anticipated. The District has not expended funds anticipated from third parties prior to receipt and has not committed to multiple-year expenditures without a reliable funding source.

**COMPLIANCE:** The District's performance complied with this standard.

**9. POLICY PROHIBITION:** *Shall not commit revenues due to student enrollment growth to continuing line item or program expenditures without considering needs associated with the opening of new schools.*

**INTERPRETATION:**

I interpret this to mean:

The annual budget plan developed by the Superintendent shall allocate adequate funds for teaching staff, school operations, and transportation services necessary for student enrollment growth in the District before any remaining revenues received for those new students are allocated for expenditures to continue in future years.

**DATA REPORTED:** The District's 2018-19 budget projected that the funded pupil count would decline by 159 and charter school funded pupil count would increase by 398. The overall budget projection provides for a combined growth of 239 total students in comparison to the 2017-18 school year largely due to the addition of New America School. The 2018-19 budget included a combination of one-time and ongoing reductions to expenditures necessary to create alignment between anticipated future revenues, ongoing expenditures and the decline in enrollment in District-administered schools for 2018-19.

Actual funded pupil count for the district declined by 102 and charter funded pupil count increased by 409 for a combined growth increase in 2018-19 by 307 total students in comparison to the 2017-18 school year. The 2018-19 amended budget includes the necessary alignments between increased revenue and ongoing expenditures.

**COMPLIANCE:** The District's performance complied with the standard.

**10. POLICY PROHIBITION:** *Shall not determine borrowing levels.*

**INTERPRETATION:**

I interpret this to mean:

Shall not approve or complete certificates of participation, bonds, multiple-year lease-purchase agreements, or similar financing transactions obligating the District for repayment without approval by the Board of Education. This is reasonable as these types of financing transactions represent borrowing by the District.

**DATA REPORTED:** On December 5, 2018 the district issued \$65 million in bond proceeds related to the 2016 Bond Election. Bond Resolution authorizing the sale of general obligation bonds was approved by the Board on October 17, 2018.

**COMPLIANCE:** The District's performance complied with the standard.

**11. POLICY PROHIBITION:** *Shall not fail to provide for an annual audit of the financial statements of the District each fiscal year by a qualified third party and make provisions for payment of the expenses of conducting the audit.*

**INTERPRETATION:**

The Board of Education's policy is clear and requires no further interpretation.

**DATA REPORTED:** CliftonLarsonAllen, LLP (CLA) has been contracted to complete the fiscal year 2018-19 audit for a third year under the current contract terms. The fiscal year 2018-19 adopted budget includes amounts necessary to pay for the audit contract.

**COMPLIANCE:** The District's performance complied with the standard.

**12. POLICY PROHIBITION:** *Shall not commit District support to, or commit District resources, monetary or in kind, to join or support litigation initiated between third parties.*

**INTERPRETATION:**

The Board of Education's policy is clear and requires no further interpretation.

**DATA REPORTED:** The District has not entered into litigation initiated between third parties and has not provided monetary or in kind support during the 2018-19 fiscal year.

**COMPLIANCE:** The District's performance complied with this standard.

**13. POLICY PROHIBITION:** *Shall not fail to undertake a full-scale competitive process for the selection of independent auditors pursuant to the most current Government Finance Officers Association recommendations regarding the selection of auditing services.*

**INTERPRETATION:**

The policy language is clear as written and requires no further interpretation.

**DATA REPORTED:** A competitive process for the selection of an independent auditor was completed as of March 31, 2017. CliftonLarsonAllen, LLP (CLA) was awarded the contract for fiscal year 2016-17 with the option to extend up to three additional years. The audit partner and audit manager for the fiscal year 2016-17 audit were new to our engagement consistent with GFOA recommendations given that CliftonLarsonAllen has served as the District's independent auditor for the prior five years. For fiscal year 2017-18 the audit partner and manager remained the same. It is expected that for the 2018-19 audit the audit partner and manager will remain the same which is consistent with GFOA best practices.

**COMPLIANCE:** The District's performance complied with the standard.

**14. POLICY PROHIBITION:** *Shall not receive, process or disburse funds under controls which are insufficient to meet the Board-appointed auditor's standards.*

**INTERPRETATION:**

I interpret this to mean:

The District manages money and money-related transactions using a system of internal controls which provide for separation of duties, fraud protection, and an authorization process providing reasonable assurance that appropriate controls exist. This is reasonable because independent auditors and the Finance and Audit Committee review these controls on an annual basis and report their findings to the District administration and the Board of Education.

**DATA REPORTED:** Funds have been managed in accordance with professionally appropriate standards and internal controls as demonstrated by the most recent independent audit for the period ending June 30, 2018, performed by CliftonLarsonAllen, LLP. In addition, the Finance and Audit Committee completed a review of internal control documents in August, 2018.

**COMPLIANCE:** The District has complied with this standard.

**15. POLICY PROHIBITION:** *Shall not invest or hold operating, capital, bond and reserve funds without following the “prudent investor” standard and complying with the legal investment of public funds requirements under C.R.S. 24-75-601.1 and other applicable law.*

**INTERPRETATION:**

I interpret this to mean:

All funds are invested in compliance with C.R.S. 24-75-601.1 and other applicable law as follows:

- A. Cash is deposited in eligible depository banks subject to FDIC insurance or which pledge collateral in accordance with the Colorado Public Deposit Protection Act (“CPDPA”), or
- B. Cash is deposited in money market funds or local government investment pools with the highest credit rating assigned by a nationally recognized credit rating agency, or
- C. Investments in securities comply with applicable Colorado law and the credit rating, diversification and maturity restrictions as specified by the District’s investment policy, and
- D. Cash and other funds are not invested in instruments other than those permitted by Interpretations A-C.

**DATA REPORTED:** As of March 31, 2019 financials, the District maintained cash and investments as follows:

	Market Values	Investment Policy	Investment Policy	Actual
	All Portfolios	Limit	Compliance	Allocation
Depository Banks	\$ 14,064,714	100%	✓	3%
Local Government Select Series	\$ 160,030,215	100%	✓	39%
U.S. Treasuries	\$ 99,482,724	100%	✓	24%
Federal Agencies	\$ 49,495,863	75%	✓	12%
Supra-National Agency Bond/Notes	\$ 15,995,609	75%	✓	4%
Municipal Obligations	\$ 2,547,537	25%	✓	1%
Corporate Notes	\$ 12,138,743	35%	✓	3%
Negotiable Certificates of Deposit	\$ 34,114,320	35%	✓	8%
Commercial Paper	\$ 18,647,441	35%	✓	5%
PFM Funds - Government Select Series	\$ 164,315	100%	✓	<1%
Total cash and investments through 3/31/19	\$ 406,681,481			

**COMPLIANCE:** The District's performance complies with the standard.

**16. POLICY PROHIBITION:** *Shall not endanger the district's public image or credibility, particularly in ways that would hinder the accomplishment of its Ends.*

**INTERPRETATION:**

I interpret this to mean:

Maintaining positive public image is measured through the compliance with 2.4 policy prohibitions and/or the implementation of corrective actions for any non-compliance with the 2.4 policy prohibitions.

**DATA REPORTED:** The District has reported compliance with all standards within monitoring report 2.4, except 2.4.6 whereas, District staff will be implementing change processes in order to comply starting in fiscal year 2019-20.

**COMPLIANCE:** The District's performance complies with the standard.

**GLOBAL POLICY PROHIBITION:** *With respect to the actual, ongoing financial condition and activities, the Superintendent shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Ends policies.*

I interpret the condition of fiscal jeopardy to mean: entering an agreement to pay expenses when the source of funding 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:**

1. The District has not agreed to pay for expenses without an identified funding source.
2. The 2018-19 Adopted budget projected there would not be adequate revenues in place to pay all expenses incurred through June 30, 2019 in the General, Interscholastic Athletic, Other Special Revenue, Instructional Special Revenue, Food Service, BASE, and Building Capital Projects Funds. In anticipation of the revenue shortfall, the Board of Education adopted and approved on June 20, 2018 resolutions to use a portion of beginning fund balance for the intentional draw-down of accumulated fund balance for operational expenses.
3. The Board of Education adopted and approved on January 16, 2019 the amended budget which provides that the General Fund will have adequate revenues in place to pay all expenses incurred through June 30, 2019.
4. Current year expenditures are allocated to support implementation of the District's ELEVATE plan, Unified Improvement Plans and achieving Ends.

**COMPLIANCE:** The District's performance complies with the standard.

**17. POLICY PROHIBITION:** *Shall not fail to ensure that mill levy override revenues are used and distributed according to the plan established by the Board.*

**INTERPRETATION:**

I interpret this to mean:

The policy language is clear as written and requires no further interpretation.

**DATA REPORTED:** Mill levy override revenues have been distributed and used according to the 2018-2019 Revised Budget Plan as approved by the Board of Education.

**COMPLIANCE:** The District's performance complies with the standard.

**The Board acknowledged receipt of a monitoring report as of May 1, 2019, for the period July 1, 2018 through March 31, 2019, of the Superintendent concerning Board Policy 2.4 Financial Condition and Activities and found the superintendent's interpretations were reasonable and supported by data that was relevant, justified and complete.**