



**SUPERINTENDENT MONITORING REPORT**  
**February 15, 2011**  
**Executive Limitations: 3.3 Financial Conditions (Balance Sheet)**  
**and Activity (Income Statement)**

**Policy 3.3 Summary**

The Superintendent shall neither cause nor allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in *District Goals* policies.

**Interpretation of policy elements 1, 2 and 4.** Policy elements 1, 2 and 4 address activities found in the district's income statement. These activities relate to changes in the district's net assets at year end as reflected on the district's balance sheet. Activities that would result in a net deficit position arising within the general fund at year-end, and after netting interfund borrowing and maintenance of required reserves, are prohibited and the Superintendent will not cause or allow the district or any school chartered by the district to:

1. Expend more funds in any fund than have been received in the fiscal year to date unless the debt, reserve and liquidity guidelines identified in policy elements 2, 3, 4 and 11 below are met.
2. Indebt or obligate the district in an amount greater than can be repaid by certain, otherwise unencumbered revenues by the end of the fiscal year. For any fund, have inadequate reserves, use any reserve other than intended, or use any Board-designated reserves.
  - a. For the general fund, allow reserves to be less than 5 percent of its annual revenues.
4. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within each fiscal year.

**Interpretation of policy elements 3, 5, 6, 7 and 11.** Policy elements 3, 5, 6, 7 and 11 address district assets and liabilities as reflected in its balance sheet and as related to the district's capacity to continue activities as a going concern. Actions that would change the district's position with regard to fixed real assets or other significant assets are prohibited and the Superintendent will not cause or allow the district or any school chartered by the district to:

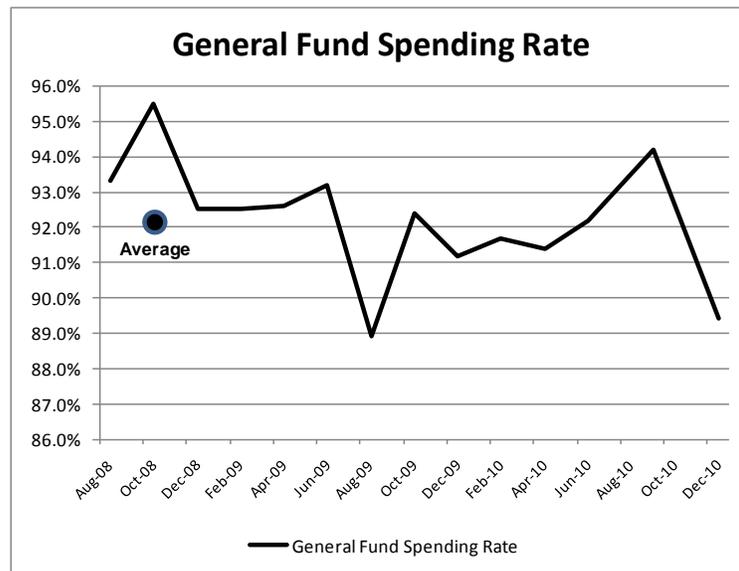
3. Incur a financially illiquid condition.
5. Receive, acquire, encumber, improve or dispose of real property.  
Maintenance and replacement of building components are permitted improvements.

6. Sell any significant portion of the district's assets.
7. Achieve compliance with Policy 3.3 by endangering the district's future capacity to achieve its Goals.
11. Establish and retain less than prudent reserves for contingent obligations.

**Interpretation of policy elements 8 through 10.** Policy elements 8 through 10 address the timely conduct of financial and business transactions that affect the district's cash flows. The Superintendent shall accomplish these transactions so as to:

8. Settle payroll, accounts and debts in a timely manner.
9. Make timely and accurate tax and other government ordered payments.
10. Aggressively pursue receivables after a reasonable grace period.

**Report of Financial Activities.** As of December 31, 2010 the General Fund spending rate was 89.4 percent. The average spending rate over the last 14 reporting periods was 92.2 percent.



As reflected in the unaudited December 31, 2010, Consolidated Quarterly Financial Report, financial activities were accomplished so as to comply with policy. Looking forward, and taking into account the additional reductions in state equalization funding and \$14.6 million of accrued compensation, we anticipate ending FY2010-11 with a General Fund balance of \$14.6 million or 5.1 percent of budgeted General Fund revenues.

With regard to interfund lending, as of December 31, a balance of \$5,414,322 was on loan from the General Fund to the Grants Fund, pending receipt of reimbursements from federal grant sources. A balance of \$232,511 was on loan from the General Fund to the Nutrition Services Fund, pending receipt of meal reimbursements from federal grant sources.

During FY2010-11, revised borrowing requirements are as follows:

Fund	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
General	14,252,330	8,356,196	10,369,239	6,358,922	20,133,081	30,268,156
Risk	326,502	487,918	686,282	398,240	617,799	833,878
CPP	414,347	403,489	361,567	312,662	276,236	477,867
Grants	(4,535,025)	(4,412,998)	(4,578,034)	(4,249,374)	(5,627,648)	(6,125,697)
Spec Programs	3,950,993	3,443,095	3,019,913	2,604,388	1,918,937	1,627,081
Athletic	255,693	236,361	221,505	203,808	185,821	151,137
Cap Reserve	1,237,559	1,458,222	1,731,074	1,939,792	2,177,424	1,449,300
Nutrition	(600,576)	(730,494)	(628,515)	(344,775)	100,536	(438,533)
Copier Svs	279,232	291,945	290,095	305,106	299,206	238,298
Print Svs	370,879	349,963	328,481	302,324	286,510	285,828
Total	15,951,934	9,883,696	11,801,608	7,831,092	20,367,902	28,767,315

Amounts in (parentheses) indicate negative cash balances requiring interfund borrowing. On November 16, 2010, the board approved a \$25 million borrowing resolution from the state treasurer's interest-free loan program. However, cash flow revisions due to state funding changes in student count indicate that the district will require only the December borrowing from the state treasurer under the interest-free loan program. The district drew down \$16,821,059 from the authorized amount on December 16, 2010. The loan is expected to be paid in full during the March/April timeframe. Cash balances will continue to be monitored.

The district ended Q2 of FY2010-11 in a liquid and sound financial condition. Moreover, I can report that its financial activities comported with the requirements of Policy 3.3, elements 1, 2 and 4. Barring unforeseen and profoundly adverse macroeconomic or public finance shocks, the district will remain in a sound and liquid financial condition throughout FY2010-11.

**Evidence of Compliance with Policy 3.3, elements 1, 2 and 4.** Detailed evidence of financial activity compliance can be found on pages 11 through 14 of the December 31, 2010, Consolidated Quarterly Financial Report.

**Statement of Financial Position.** As addressed above, the district retained reserves required by Board Policy 3.3 and TABOR.

Spending rates as an annualized percentage of appropriated budget exceeded 100 percent for the following funds or charter schools:

Lotus School for Excellence	102.3 %
Global Village Academy	113.9 %
Risk Related Activity Fund	115.5 %

Funds will be monitored to ensure that appropriated budgets are not exceeded at year end.

**Evidence of Compliance with Policy 3.3, elements 3, 5, 6, 7 and 11.** Detailed evidence of the district's financial position with regard to assets, liabilities and

capacity to continue operations as a going concern is presented on pages 7 through 9 of the Consolidated Quarterly Financial Report.

With regard to liquidity, as illustrated on page 6, "Cash Flow Analysis," of the Consolidated Financial Report, district cash on hand, including the cash flow loan from the state treasurer's office was sufficient to serve the needs of the district throughout the quarter ending December 31, 2010.

**Statement of Compliance with Policy 3.3, elements 8 through 10.** During this monitoring period, the district made tax withholding, retirement account, medical insurance and other payments in a timely manner. It also completed payroll and debt service payments in a timely manner. With regard to receivables, the district promptly sought reimbursement for Medicare, transportation, food service and federal grants, thereby minimizing the need for interfund borrowing.

**Evidence of timely accomplishment of financial and business transactions.** As of January 31, 2011, invoice aging reflected an outstanding payable balance of \$358,214. Of this amount, 88 percent was for invoices received in the past 30 days and 12 percent was on invoices with an age of 30 days or longer. The district makes payment on invoices in accordance with invoice payment terms and following receipt of invoiced goods and services. Where goods are purchased on a purchase order, payment is made following a match between the purchase order, receipt of an invoice and receipt of goods. Payments made with P-cards are generally negotiated with the merchant within 1-3 working days; the district reconciles merchant payments on a monthly basis and pays the balance due on the fifth day of each month.



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## **SUPERINTENDENT MONITORING REPORT**

### **March 1, 2011**

#### **Executive Limitations 3.2: Treatment of Staff**

The Superintendent shall neither cause nor allow District circumstances for staff (including employees, independent contractors and volunteers) that are unfair, undignified, disrespectful, disorganized or unclear.

The Superintendent shall not cause or allow the District to

1. Operate without sufficient, written rules, expectations and processes or those, whether written or not, that:
  - subject staff to rules or expectations that are unavailable or confusing;
  - *The 2011 staff climate survey provides data on staff perceptions related to this policy requirement.*
    - *Classified staff – 90 percent report understanding their roles and responsibilities as an employee of APS; 72 percent report that clear goals and objectives have been defined for their job.*
    - *Licensed staff – 66 percent report knowing how their work relates to APS goals and priorities as stated in the VISTA 2015 plan; 64 percent report that performance evaluations are fair at their school (another 22 percent answered neutral).*
    - *Administrative/Professional Technical staff – 87 percent report knowing how their work relates to the district's goals and priorities as stated in the VISTA 2015 plan; 83 percent report that their performance evaluations are fair.*
  - leave staff an ineffective or biased method of resolving grievances; or
    - *Article 43 of the Negotiated Agreement provides a proven and unbiased method of resolving grievances for certificated staff.*
    - *Policy GBK and accompanying regulation and exhibits is the grievance procedure for classified staff.*
    - *Policy GCQF addresses the grievance procedure for administrative and professional/technical staff.*

- subject staff to wrongful conditions, nepotism, or preferential treatment based on personal or unprofessional reasons.
  - *Policy GBA – Hiring / Equal Employment Opportunity*
  - *Policy GBAA – Nondiscrimination / Non-harassment of Employees*
  - *Policy GBEA – Staff Ethics / Conflict of Interest*
  - *Policy GBEB – Gifts to and Solicitation by Staff*
  - *Policy GBI – Staff Participation in Political Activities*
  
- 2. Act contrary to law by discriminating or retaliating against any staff member for non-disruptive expression of dissent.
  - Because of the VISTA 2015 commitment to transparency and two-way, communication, the District has created opportunities for staff to provide feedback, including dissenting views. Below are examples of this work.
    - APS High School Schedule
      - In fall 2010, staff created several opportunities for feedback on the arbitrator’s nonbinding decision at board meetings. This included relocating a meeting to a larger venue, and organizing the agenda so there was ample opportunity for audience comments.
      - Based on feedback and dissenting views, the District asked high school staff to work together to consider whether APS should continue with the best-practice model of an eight-period, alternating block schedule, or if the District should adopt a revised bell schedule.
      - After two months of discussion and feedback in winter 2011, the high school schedule for 2011-12 has been adjusted to a seven-period traditional model with teachers offering five periods of instruction each day.
    - Graduation requirements
      - In alignment with the APS vision to graduate every student with the choice to attend college without remediation, the District proposed a change in graduation requirements, which would align them with the Colorado Commission on Higher Education.
      - Before introducing a proposal for change, the Division of Instruction conducted numerous meetings and discussions with high school principals, high school teachers and building accountability committees. The work was coordinated by a committee comprised of high school principals, high school counselors and representatives from the Division of Instruction.
      - When the proposal was presented to the Board of Education, staff created opportunities for feedback and organized the board agenda to provide ample opportunity for audience comments.
      - Now that the Board has approved the change in requirements, the Division of Instruction will actively create opportunities to engage physical education teachers in the development of academic and career pathway elements that promote health and wellness.
    - APS budget reduction process
      - Because APS predicted a \$25 million gap between revenues and expenditures, the District continued its practice of providing a proactive, transparent budget reduction process that includes the opportunity for staff and parents to present their views on cost reductions and revenue increase ideas.

- Prior to creating the list of more than \$40 million possible cuts, the District consulted with representatives from employee groups.
- The Superintendent has provided staff regular budget updates.
- The District created a 2011-12 budget website that provides staff information about the budget reduction process.
- In Feb. 2011, the District encouraged staff to complete a budget survey
- On Feb. 28, staff, parents and community members will have the opportunity to share additional views on the budget reduction process
- Staff will create opportunities for feedback at Board meeting by organizing the board agenda to provide ample opportunity for audience comments.

3. Permit staff to be unprepared to deal with emergency situations.

*District and site administrators make sure staff members are prepared and aware of emergency situations in the district and throughout the community. Drills are practice routinely at school and district sites including:*

- *Incident Response Team Drills*
- *Tabletop Exercises*
- *Level Lockdown Drills*
- *Tornado Drills*
- *Emergency Handbook*
- *Connect-ED messages to inform of inclement weather, delays, cancelations*
- *Communication Updates via e-mail*
- *Communication support when incidents/emergencies do occur, including strategy, message development and media response*

4. Ineffectively or untimely (a) resolve concerns and complaints or (b) respond to inquiries.

- *In a timely and effective manner, respond to statements of concern or requests for explanations that have been submitted by parents or citizens to the BOE during Board meetings.*
- *Request additional information as needed from the appropriate department to address concerns or complaints.*
- *Provide the information or answer to the parent or citizen.*
- *Examples of this: questions regarding standard-based grading (Division of instruction) and attendance issues (Division of Equity and Engagement)*

5. Ignore staff opinion about pending decisions or actions from those likely to be affected.

*Numerous subjects have been presented to staff for input including:*

- *VISTA 2015*
- *District Calendars*
- *Climate Surveys*
- *Pacing Guides*
- *Response to Intervention*

- *Equity Training*
- *School Based Health Centers*
- *Graduation Requirements*
- *Interim Assessments*
- *Standards Based Grading & Gradebook*
- *Professional Learning*
- *Fifth Block*

6. Permit staff (a) to be uninformed of this policy or (b) without a process to be heard for persons who believe they have not been accorded a reasonable interpretation of their protections under this policy.

*Staff will be presented with information in regard to governance policy 3.2, treatment of staff, via the following communications:*

- *Superintendent Bulletin*
- *Briefings with AEA, CEC and SEA*
- *Meetings with Principals*
- *District Web site*
- *Board agenda/minutes*