

**EAGLE COUNTY SCHOOLS
EAGLE, COLORADO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2014

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INTRODUCTORY SECTION

December 15, 2014

Board of Education and Residents
Eagle County Schools
Eagle, Colorado 81631

Colorado Revised Statute 29-1-603 requires that all school districts publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Eagle County School District for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of Eagle County Schools. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Eagle County Schools has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Eagle County Schools' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Eagle County Schools' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Swanhorst & Company LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Eagle County Schools for the fiscal year ended June 30, 2014, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Eagle County Schools' financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Single Audit – The independent audit of the financial statements of Eagle County Schools was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Budgeting Controls – In addition, the District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. A quarterly financial report is prepared and presented to the Board of Education on a regular basis. Activities of all funds are included in this report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and are generally re-established in the following year as an obligation against that year's appropriated budget.

Accounting Policies – Detailed descriptions of the District's accounting policies are contained in the Notes to the Basic Financial Statements on pages 11-25, and they are an integral part of this report. These policies describe the basis of accounting, fund and accounts used, valuation policies for inventories and investments and other significant accounting information.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Eagle County Schools' MD&A can be found immediately following the report of the independent auditors.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Profile of the District

Eagle County Schools was formed in 1958 when 16 independent districts were consolidated into a countywide district encompassing the 1,694 square miles of Eagle County, Colorado. The District is located in western Colorado and in the central Rocky Mountains. Eagle County Schools is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District operates under an elected Board of Education with seven members. Policy-making and legislative authority are vested in the Board of Education. The Board is responsible, among other things, for adopting policies, appointing committees, adopting the budget, and hiring the Superintendent. The Superintendent is responsible for carrying out the policies and regulations of the Board, for overseeing the day-to-day operations of the District, and for hiring principals and administrators. The Board is elected on a non-partisan basis at large. Board members serve four-year staggered terms, with four or three Board members elected every two years.

The District provides a full range of educational programs and services authorized by Colorado State Statute to approximately 6,500 students. This includes basic pre-K-12 education in elementary, middle and high schools, special education for handicapped students, English language acquisition, preschool and numerous other programs. The Eagle County Charter Academy is a school within Eagle County Schools and therefore has been included as an integral part of Eagle County Schools' financial statements.

The annual budget serves as the foundation for Eagle County Schools' financial planning and control. The Administrative Team of the District, which consists of all building principals and district office administrators, discusses and reviews the Board direction. This input is then provided to the Board who finalizes their budget guidelines. The Business Services department then converts these guidelines into broad allocations to each school and department. The school or department determines their staffing and budgets to meet the needs of their customers and input for their respective communities within their allocations. The Business Services department then collects this budget detail and compiles the proposed budget. In May, the Superintendent presents this proposed budget to the Board for review. The Board is required to hold public hearings on the budget and to adopt a final budget by no later than June 30, the close of Eagle County Schools' fiscal year. The appropriated budget is prepared by fund, program and department. Principals and department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the approval of the Board of Education. Budget-to-actual comparisons are provided in this report for every fund. For the General and Grants Funds, comparisons are presented on pages 26 and 27 as part of the basic financial statements for the governmental funds. For other governmental funds, these comparisons are presented in the supplementary information section of this report, which starts on page 29.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Eagle County Schools operates. The two factors that determine the level of funding for any year for a Colorado school district is the Colorado School Finance Act and individual district enrollment.

The Colorado School Finance Act was developed in 1988 to bring equity to funding of school districts throughout the State. In 1994, the Act was amended. The Act currently determines the amount of per pupil funding for each district in the state based upon four district factors: base, size, at-risk and cost of living. These factors determine a per pupil dollar amount that is then multiplied by the number of students enrolled on October 1 of the current year.

“Becoming World Class”

Under the direction and vision of Superintendent Dr. Jason Glass, Eagle County Schools is evolving many of its practices to be in alignment with the top performing school systems in the world. An expanded version of this direction is available in *Unparalleled Altitude: a globally inspired vision for Eagle County Schools*, online at <http://issuu.com/eagleschools/docs/altitudereport3>.

The vision draws focus on five main areas: the three peaks of world class learning; treating teachers as professionals, customizing instruction for students, holding high expectations for all students; and integrating technology into the learning process.

Three Peaks of World Class Learning

The path to educational greatness requires a renewed focus on the instructional core: Learners, Educators, and Standards. Improvements must impact this holy trinity of learning if we are to see students succeed at higher rates.

Treating Teachers as Professionals

Inherently, the best way to improve learning is to start with better teaching. While we have outstanding teachers in our system, we also see high levels of turnover each year. We seek to hire the most qualified teachers, from the most respected Universities and Districts, to ensure that we start with the best.

Customizing Instruction for Students

Though Common Core standards-based, our curriculum is intentionally flexible enough for our educators to tailor instruction to meet the needs of individual students. We're adding new vocational pathways for students moving straight into careers, and moving toward multilingualism to ensure our students are prepared for global opportunities.

Holding High Expectations for All Students

We believe that all students should be held to uniformly high standards. We're working to eliminate and guard against ability-based learning tracks, and instead focusing on preparing all students to succeed on the same, single, high-level track.

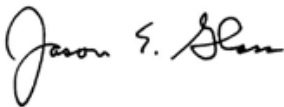
Integrating Technology

Without question, one of the biggest challenges facing public education is the pace of technological progress. We are striving to integrate computer technology throughout the learning process, to arrive at one-to-one device ratios for students, and to reinvestment more frequently to keep up with the pace of innovation.

Finally, Eagle County Schools recognizes the importance of community support services in ensuring that the diverse needs of students are fully met. We're strengthening relationships with support agencies, philanthropic organizations, and community foundations to offset the deleterious effects of poverty and remove all possible barriers to learning.

Through a five to seven year process, we believe we will see incremental gains in student achievement each year in our journey of becoming world class.

Respectfully submitted,

A handwritten signature in black ink that reads "Jason E. Glass". The signature is fluid and cursive, with the first name being the most prominent.

Jason Glass
Superintendent

EAGLE COUNTY SCHOOLS

Eagle, Colorado

PRINCIPAL OFFICIALS

Board of Education

Jeanne McQueeney President
Carrie Benway..... Vice President
Kate CocchiarellaSecretary/Treasurer
Shelly Jarnot..... Director
Tessa Kirchner Director
Carrie Larson..... Director
Patrick Hirn Director

District Administration

Dr. Jason Glass..... Superintendent
Sandra Mutchler Chief Financial Officer
Heather Eberts..... Assistant Superintendent of Learning Services
Mike Gass Assistant Superintendent of Student Services
Christopher Madison.....Director of Exceptional Students
Brian Childress.....Chief Human Resources Officer

In compliance with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Eagle County Schools does not unlawfully discriminate on the basis of race, color, national origin, sex or handicap in admissions, or access to, or treatment, or employment in, educational programs or activities which it operates.

Information regarding grievance procedures for Title IX and Section 504 have been established for students, parents and employees. Specific complaints of alleged discrimination under Section 504 (for handicap) or Title IX (Sexual Discrimination) should be referred to: Bonnie Pottorff, Director of Special Education, Eagle County School District, PO Box 740, Eagle, CO 81631 (970) 569-2912.

Public

Board of Education

Superintendent
Jason Glass*

**SUPPORT
SERVICES**

**Asst. Supt. Student
Support Services**
Mike Gass*

Director Technology
Mike Gass (interim)

**Director
Transportation**
Melanie McMichael

Director Food Service
Ray Edel

Director Maintenance
Diana Scott

**LEARNING
SERVICES**

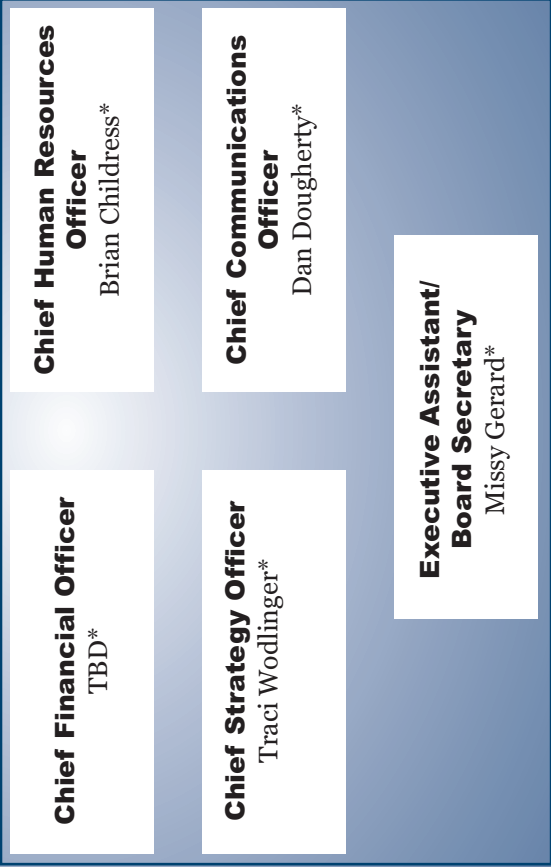
**Asst. Supt. Learning
Services**
Heather Eberts*

**Director Exceptional
Student Services**
Chris Madison*

**Director Educator
Quality**
TBD

**Director English
Language Learning**
Jessica Martinez

**Director Early
Childhood Education**
Shelley Smith



*Denotes Leadership Team Member

In support of schools and students.



FINANCIAL SECTION



Board of Education
Eagle County Schools
Eagle, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Schools, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Eagle County Schools' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Eagle County Schools' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in the year ended June 30, 2014, the Eagle County Schools adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The introductory section, supplementary information, statistical section, and auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the auditors integrity report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the Eagle County Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eagle County Schools' internal control over financial reporting and compliance.

Swanlund & Company LLC

December 3, 2014

Eagle County Schools
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2014

As management of Eagle County Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- ❖ The net position of the District exceeded its liabilities at the close of the most recent fiscal year by \$34,838,552.
- ❖ The District's total net position decreased by \$590,374. As of the close of the current fiscal year, the Eagle County School District's governmental activities reported ending net position of \$34,284,095, a decrease of \$761,079 from \$35,045,174 in the prior year. \$12,388,845 is available for spending at the District's discretion.
- ❖ At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$8,630,252.
- ❖ The Eagle County School District general obligation debt decreased by \$9,264,972 to a balance of \$158,037,503.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide Financial Statements: The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges

(business-type activities). The two categories reported in the district-wide financial statements are as follows:

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance, technology and administration.
- **Business-type activities:** The food service program and district housing are included under this heading.

The district-wide financial statements include not only the District itself, but also the legally separate Eagle County Charter Academy. The Eagle County Charter Academy functions for all practical purposes as a school of the District, and therefore this organization has been included as an integral part of the District's financial statements.

The district-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Eagle County Schools maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Grants Fund, Bond Redemption Fund, and Capital Reserve Fund, which are considered to be major funds. Data from the other non-major governmental fund is reported in a single column.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with State budget statutes.

The governmental fund financial statements can be found on pages 3-6.

Proprietary Funds: The District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses enterprise funds to account for its food service and employee housing operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits. The District discontinued self-funding as of January 1, 2014. This fund will remain in effect only until the estimated liability for incurred but not reported claims is considered immaterial. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide financial reports for the District's food service fund, which is considered a major fund of the District, and the District Housing Fund.

The proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund used by the District accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

The basic fiduciary fund financial statement can be found on page 10 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 11-25 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The budgetary comparison schedules for the General Fund and the Grant Fund can be found on pages 26-27 followed by the Notes to the

Immediately following the required supplementary information are the statements reporting the District's annual appropriated budgets for the remaining funds. These budget reports can be found on pages 29-34.

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$34,838,552 at the close of the most recent fiscal year.

Net investment in capital assets is currently \$8,366,346. The District uses these capital assets to provide services to its students and the community; consequently, these assets are not available for further spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

Eagle County Schools Summary of Net Position:

	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Assets:						
Current and other assets	35,162,681	37,707,098	816,871	637,106	35,979,552	38,344,204
Capital assets	163,863,277	171,768,351	776,669	814,385	164,639,946	172,582,736
Total Assets	199,025,958	209,475,449	1,593,540	1,451,491	200,619,498	210,926,940
Deferred Outflows	11,343,879	12,373,426	-	-	11,343,879	12,373,426
Liabilities:						
Other liabilities	8,014,368	8,338,952	21,309	51,326	8,035,677	8,390,278
Long-term liabilities	169,071,374	179,464,749	17,774	16,413	169,089,148	179,481,162
Total Liabilities	177,085,742	187,803,701	39,083	67,739	177,124,825	187,871,440
Net Position:						
Net Investment in						
Capital Assets	7,589,677	7,734,444	776,669	814,385	8,366,346	8,548,829
Restricted	14,083,361	14,285,280	-	-	14,083,361	14,285,280
Unrestricted	11,611,057	12,025,450	777,788	569,367	12,388,845	12,594,817
Total Net Position	33,284,095	34,045,174	1,554,457	1,383,752	34,838,552	35,428,926

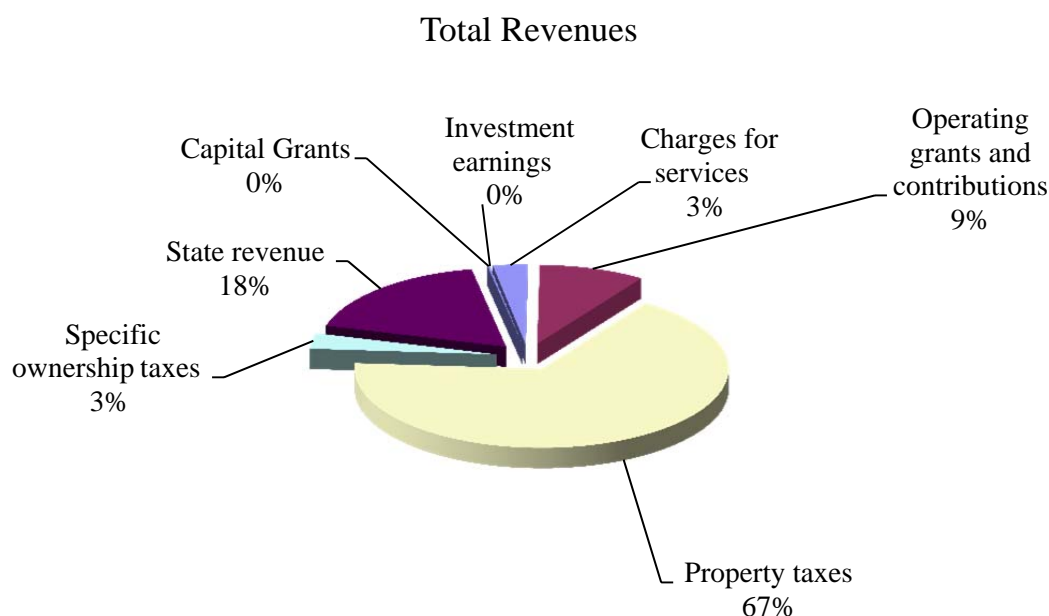
A portion of the District's governmental activities net position (64%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position \$12,388,845 or (36%), may be used to meet the District's ongoing obligations to its students and creditors.

Governmental Activities: Net position for governmental activities decreased \$761,079. The District adopted Governmental Accounting Standards Board 65, *Items Previously Reported as Assets and Liabilities*; as a result, the Governmental Activities Beginning Net Position was restated to remove debt issuance costs capitalized in previous years by \$1,316,198. The following table summarizes the District's changes in net position:

Eagle County Schools Changes in Net Position:

	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Revenues:						
Program revenues						
Charges for services	\$ 2,247,002	\$ 1,921,745	\$ 824,511	\$ 975,060	\$ 3,071,513	\$ 2,896,805
Operating grants and contributions	6,906,428	5,696,852	1,149,166	1,047,559	8,055,594	6,744,411
Capital grants and contributions	121,681	-	-	-	121,681	-
General revenues						
Property taxes	50,150,229	53,498,964	-	-	50,150,229	53,498,964
Specific ownership taxes	2,386,297	2,204,151	-	-	2,386,297	2,204,151
State revenue	13,311,387	10,273,931	-	-	13,311,387	10,273,931
Not restricted grants	-	125,491	-	-	-	125,491
Investment earnings	21,489	37,537	-	-	21,489	37,537
Other	1,340,913	1,097,715	-	-	1,340,913	1,097,715
Total revenues	76,485,426	74,856,386	1,973,677	2,022,619	78,459,103	76,879,005
Expenditures:						
Direct Instruction	43,222,676	41,032,263	-	-	43,222,676	41,032,263
Supporting Services	27,923,881	26,224,131	-	-	27,923,881	26,224,131
Interest	6,099,948	7,293,570	-	-	6,099,948	7,293,570
Food services	-	-	1,686,166	1,636,314	1,686,166	1,636,314
Employee housing	-	-	116,806	131,311	116,806	131,311
	77,246,505	74,549,964	1,802,972	1,767,625	79,049,477	76,317,589
Changes in net position before transfers	(761,079)	306,422	170,705	254,994	(590,374)	561,416
Transfers	-	(50,000)	-	50,000	-	-
Changes in net position after transfers	(761,079)	256,422	170,705	304,994	(590,374)	561,416
Net position - July 1	34,045,174	33,788,752	1,383,752	1,078,758	35,428,926	34,867,510
Net position - June 30	\$33,284,095	\$34,045,174	\$1,554,457	\$1,383,752	\$34,838,552	\$35,428,926

Most school districts' operating revenues comes from the School Finance Act of 1994 ("SFA"). Under this act, the District received \$6,902.38 per funded pupil in fiscal year ended June 30, 2014, and the funded pupil count was 6,460.40. Originally the SFA provided \$8,160.85 per student however, the State reduced that amount by \$1,258.47 per student or \$8,130,219.03 due to pressures on State revenues and the inclusion of the Negative Factor in the SFA. Even with this significant Negative Factor, State Funding increased from 14% in the prior year and decreased the property percentage to 67% from 72% in the prior year. The District is expecting the Negative Factor to continue to decrease as the economy continues to grow. SFA funding comes from General Fund property taxes, specific ownership taxes, and State equalization. The District received 67% of SFA funding from property taxes and 3% from specific ownership tax and 18% from the State. Economic growth also provided for additional revenue from charges for services and operating grants and contributions. Below is a graph that summarizes total revenues by source for governmental activities:



Business-Type Activities: Business-type activities increased the District's net position by \$170,705. Key elements of this increase are as follows:

- The Food Service Fund's net position increased by \$147,851 as a result of operating efficiencies.
- The District Housing Fund's net position increased by \$22,854. The increase was a result of operations in which rental revenue is exceeding direct expenses.

Financial Analysis of the District's Funds

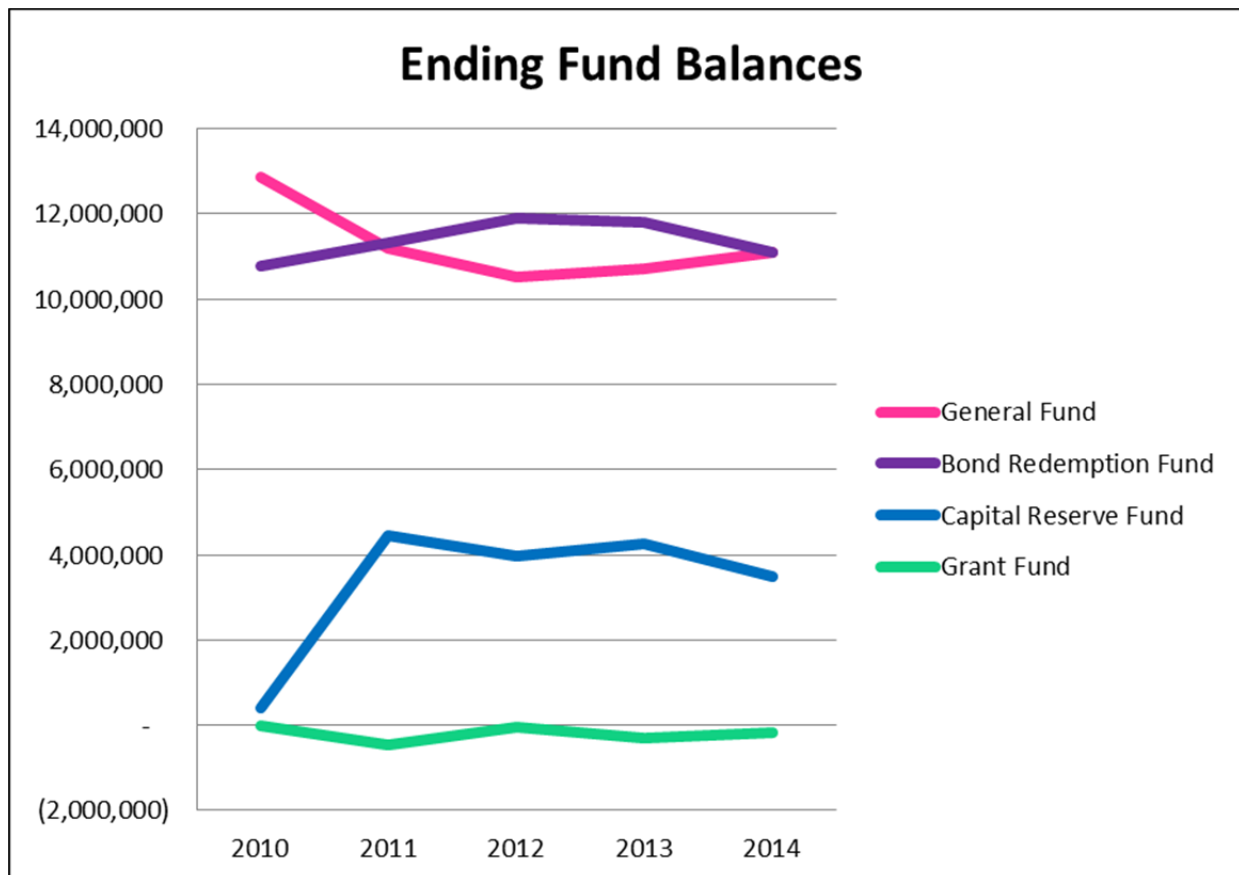
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$25,555,509 a decrease of \$925,039. The fund balance in the General Fund increased by \$376,600, the Grants Fund increased by \$127,498, Bond Redemption Fund decreased by \$685,103, Capital Reserve Fund decreased by \$770,021 and the Transportation Fund increased by \$25,987. The District was able to increase expenditures of direct instruction and supporting services from 2013 to 2014 because of increased revenue sources. Capital outlay expenditures also increased from the previous year.

Proprietary Funds: The District's proprietary funds provide the same type of information found in the district-wide financial statements, but in more detail. As of June 30, 2014, the Food Service Fund had net position of \$514,168 and the District Housing Fund had net position of \$1,040,289.

The following graph provides a view of the District's ending fund balances for the last five fiscal years:



Budget Variances in the General Fund: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

One of the most important variances to discuss is budgeted vs. actual revenues and expenditures in the General Fund. Actual revenues were favorable to the final budget by \$2,261,906. Actual expenditures and other financing uses before transfers out were \$8,096,596 less than budgeted. Transfers out are \$730,000 less than budgeted.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$164,639,946 as of June 30, 2014. The District capitalizes assets, including land, buildings and improvements, and equipment, with an original cost greater than \$5,000 and useful life of more than one year. The costs associated with these projects were funded through the Capital Reserve Fund.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement on pages 18-19 of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's governmental activities long-term liabilities totaled \$169,071,034 representing a net change of \$10,393,375. This decrease is the result of principal payments.

Colorado School law limits the amount of bonded indebtedness to 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessor's Office, or 5.2% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessor's Office. The District's legal bonded debt limit as of June 30, 2014 is \$499,751,510.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages 20-22 of this report.

Economic Factors

The Public School Finance Act of 1994 is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes in to account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization

The District's total program per pupil funding increased from \$6,727 to \$6,900 from fiscal years June 30, 2013 to June 30, 2014, representing a 1.03% increase between years. This increase was due to positive impacts on the State economy and State revenue funding to education.

Next Year's Budget and Rates: The District's General Fund fund balance at the end of fiscal year 2014 totaled \$11,088,502. The fiscal year 2015 budget anticipates maintaining the current fund balance.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Eagle County Schools, Business Services Department, PO Box 740, Eagle, Colorado 81631.

BASIC FINANCIAL STATEMENTS

EAGLE COUNTY SCHOOLS

STATEMENT OF NET POSITION

June 30, 2014

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	EAGLE COUNTY
	ACTIVITIES	ACTIVITIES		CHARTER
				ACADEMY
ASSETS				
Cash and Investments	\$ 29,852,999	\$ 766,134	\$ 30,619,133	\$ 1,759,930
Restricted Cash and Investments	1,504,974	-	1,504,974	-
Accounts Receivable	402,528	550	403,078	6,362
Taxes Receivable	2,345,816	-	2,345,816	-
Grants Receivable	1,056,364	-	1,056,364	-
Prepaid Expenses	-	-	-	11,565
Inventories	-	50,187	50,187	6,001
Capital Assets, Not Being Depreciated	11,317,836	11,776	11,329,612	-
Capital Assets, Net of Accumulated Depreciation	152,545,441	764,893	153,310,334	11,302,428
TOTAL ASSETS	199,025,958	1,593,540	200,619,498	13,086,286
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	11,343,879	-	11,343,879	-
LIABILITIES				
Accounts Payable	799,141	-	799,141	216,854
Accrued Liabilities	1,962,653	15,368	1,978,021	68,838
Accrued Salaries and Benefits	4,335,231	-	4,335,231	293,838
Unearned Revenues	87,314	-	87,314	11,160
Insurance Claims Payable	268,472	-	268,472	-
Security Deposits	-	5,941	5,941	-
Accrued Interest Payable	561,557	-	561,557	-
Noncurrent Liabilities				
Due Within One Year	8,699,368	1,183	8,700,551	-
Due in More Than One Year	160,372,006	16,591	160,388,597	-
TOTAL LIABILITIES	177,085,742	39,083	177,124,825	590,690
NET POSITION				
Net Investment in Capital Assets	7,589,677	776,669	8,366,346	11,302,428
Restricted for Capital Renewal	-	-	-	39,767
Restricted for Debt Service	11,625,111	-	11,625,111	-
Restricted for Multi-Year Contracts	614,750	-	614,750	-
Restricted for Emergencies	1,843,500	-	1,843,500	99,000
Unrestricted	11,611,057	777,788	12,388,845	1,054,401
TOTAL NET POSITION	\$ 33,284,095	\$ 1,554,457	\$ 34,838,552	\$ 12,495,596

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 43,222,676	\$ 1,616,632	\$ 4,904,334	\$ -
Supporting Services	27,923,881	630,370	2,002,094	-
Interest on Long-Term Debt	6,099,948	-	-	121,681
Total Governmental Activities	77,246,505	2,247,002	6,906,428	121,681
Business-Type Activities				
Food Service	1,686,166	684,851	1,149,166	-
District Housing	116,806	139,660	-	-
Total Business-Type Activities	1,802,972	824,511	1,149,166	-
TOTAL PRIMARY GOVERNMENT	\$ 79,049,477	\$ 3,071,513	\$ 8,055,594	\$ 121,681
COMPONENT UNIT				
Eagle County Charter Academy	\$ 4,213,773	\$ 345,604	\$ -	\$ 160,922

GENERAL REVENUES

Local Property Taxes
Specific Ownership Taxes
State Equalization
Per Pupil Revenue
Grants and Contributions not Restricted to Specific Programs
Investment Income
Other

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EAGLE COUNTY CHARTER ACADEMY
\$ (36,701,710)	\$ -	\$ (36,701,710)	\$ -
(25,291,417)	-	(25,291,417)	-
(5,978,267)	-	(5,978,267)	-
(67,971,394)	-	(67,971,394)	-
-	147,851	147,851	-
-	22,854	22,854	-
-	170,705	170,705	-
(67,971,394)	170,705	(67,800,689)	-
-	-	-	(3,707,247)
50,150,229	-	50,150,229	430,848
2,386,297	-	2,386,297	-
13,311,387	-	13,311,387	-
-	-	-	2,277,451
-	-	-	868,741
21,489	-	21,489	1,203
1,340,913	-	1,340,913	250
67,210,315	-	67,210,315	3,578,493
(761,079)	170,705	(590,374)	(128,754)
34,045,174	1,383,752	35,428,926	12,624,350
\$ <u>33,284,095</u>	\$ <u>1,554,457</u>	\$ <u>34,838,552</u>	\$ <u>12,495,596</u>

EAGLE COUNTY SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2014

	GENERAL	GRANTS	BOND REDEMPTION	CAPITAL RESERVE
ASSETS				
Cash and Investments	\$ 15,746,184	\$ -	\$ 10,803,544	\$ 1,979,974
Restricted Cash and Investments	-	-	-	1,504,974
Accounts Receivable	339,448	-	-	-
Taxes Receivable	1,753,059	-	545,645	-
Grants Receivable	-	1,056,364	-	-
Interfund Receivables	647,499	-	-	-
TOTAL ASSETS	\$ 18,486,190	\$ 1,056,364	\$ 11,349,189	\$ 3,484,948
LIABILITIES				
Accounts Payable	\$ 748,594	\$ 50,547	\$ -	\$ -
Accrued Liabilities	1,930,437	-	-	-
Accrued Salaries and Benefits	4,027,416	307,815	-	-
Interfund Payables	-	632,657	-	-
Unearned Revenues	-	87,314	-	-
TOTAL LIABILITIES	6,706,447	1,078,333	-	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	691,241	-	238,199	-
Grants	-	150,112	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	691,241	150,112	238,199	-
FUND BALANCES				
Restricted for Debt Service	-	-	11,110,990	837,479
Restricted for Capital Outlay	-	-	-	667,495
Restricted for Multi-Year Contracts	614,750	-	-	-
Restricted for Emergencies	1,843,500	-	-	-
Assigned to Capital Outlay	-	-	-	1,979,974
Assigned to Transportation	-	-	-	-
Unrestricted, Unassigned	8,630,252	(172,081)	-	-
TOTAL FUND BALANCES	11,088,502	(172,081)	11,110,990	3,484,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,486,190	\$ 1,056,364	\$ 11,349,189	\$ 3,484,948

The accompanying notes are an integral part of the financial statements.

NONMAJOR TRANSPORTATION	TOTAL
\$ -	\$ 28,529,702
-	1,504,974
62,390	401,838
47,112	2,345,816
-	1,056,364
-	647,499
<u>109,502</u>	<u>34,486,193</u>
\$ -	\$ 799,141
32,216	1,962,653
-	4,335,231
14,842	647,499
-	87,314
<u>47,058</u>	<u>7,831,838</u>
19,294	948,734
-	150,112
<u>19,294</u>	<u>1,098,846</u>
-	11,948,469
-	667,495
-	614,750
-	1,843,500
-	1,979,974
43,150	43,150
-	8,458,171
<u>43,150</u>	<u>25,555,509</u>
<u>\$ 109,502</u>	<u>\$ 34,486,193</u>

EAGLE COUNTY SCHOOLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2014

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 25,555,509
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	163,863,277
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes \$948,734 and grants \$150,112 not available as current financial resources.	1,098,846
Long-term liabilities and related items, including bonds payable (\$158,037,503), certificates of participation (\$10,247,471), compensated absences (\$786,400), loss on refunding \$11,343,879 and accrued interest payable (\$561,557), are not due and payable in the current year and, therefore, are not reported in governmental funds.	(158,289,052)
An internal service fund is used by management to charge the costs of health and dental insurance to individual funds. Assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	<u>1,055,515</u>
Total Net Position of Governmental Activities	\$ <u><u>33,284,095</u></u>

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 Year Ended June 30, 2014

	<u>GENERAL</u>	<u>GRANTS</u>	<u>BOND REDEMPTION</u>	<u>CAPITAL RESERVE</u>
REVENUES				
Local Sources	\$ 42,500,215	\$ 1,275,885	\$ 13,194,785	\$ 47,097
State Sources	15,183,457	-	-	-
Federal Sources	<u>72,250</u>	<u>3,363,580</u>	<u>-</u>	<u>121,681</u>
TOTAL REVENUES	<u>57,755,922</u>	<u>4,639,465</u>	<u>13,194,785</u>	<u>168,778</u>
EXPENDITURES				
Current				
Instruction	34,595,070	2,374,001	-	-
Supporting Services	20,464,005	2,137,966	-	-
Capital Outlay	-	-	-	1,287,594
Debt Service				
Principal	-	-	7,480,000	1,185,000
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>6,399,888</u>	<u>486,452</u>
TOTAL EXPENDITURES	<u>55,059,075</u>	<u>4,511,967</u>	<u>13,879,888</u>	<u>2,959,046</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,696,847</u>	<u>127,498</u>	<u>(685,103)</u>	<u>(2,790,268)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	2,020,247
Transfers Out	<u>(2,320,247)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,320,247)</u>	<u>-</u>	<u>-</u>	<u>2,020,247</u>
NET CHANGE IN FUND BALANCES	376,600	127,498	(685,103)	(770,021)
FUND BALANCES, Beginning	<u>10,711,902</u>	<u>(299,579)</u>	<u>11,796,093</u>	<u>4,254,969</u>
FUND BALANCES, Ending	<u>\$ 11,088,502</u>	<u>\$ (172,081)</u>	<u>\$ 11,110,990</u>	<u>\$ 3,484,948</u>

The accompanying notes are an integral part of the financial statements.

NONMAJOR TRANSPORTATION		TOTAL	
\$	1,136,799	\$	58,154,781
	450,108		15,633,565
	-		3,557,511
	<u>1,586,907</u>		<u>77,345,857</u>
	-		36,969,071
	1,860,920		24,462,891
	-		1,287,594
	-		8,665,000
	-		6,886,340
	<u>1,860,920</u>		<u>78,270,896</u>
	<u>(274,013)</u>		<u>(925,039)</u>
	300,000		2,320,247
	-		(2,320,247)
	<u>300,000</u>		<u>-</u>
	25,987		(925,039)
	<u>17,163</u>		<u>26,480,548</u>
\$	<u><u>43,150</u></u>	\$	<u><u>25,555,509</u></u>

EAGLE COUNTY SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ (925,039)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$8,203,963), and loss on disposal (\$6,109) exceeded capital outlay \$304,998 in the current year.	(7,905,074)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property taxes (\$732,966) and grants (\$127,465) not available as current financial resources.	(860,431)
Repayments of long-term debt are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	8,665,000
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of debt premiums \$1,791,915 and amortization of loss on refundings (\$1,029,547).	762,368
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in compensated absences (\$63,540) and accrued interest payable \$24,024.	(39,516)
An internal service fund is used by management to charge the costs of health and dental insurance to individual funds. Net income of the internal service fund is reported with governmental activities in the statement of activities.	(458,387)
Change in Net Position of Governmental Activities	\$ <u>(761,079)</u>

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>GOVERNMENTAL ACTIVITIES</u>
	<u>FOOD SERVICE</u>	<u>DISTRICT HOUSING</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE</u>
ASSETS				
Current Assets				
Cash and Investments	\$ 212,684	\$ 553,450	\$ 766,134	\$ 1,323,297
Accounts Receivable	-	550	550	690
Inventories	50,187	-	50,187	-
Total Current Assets	262,871	554,000	816,871	1,323,987
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	11,776	11,776	-
Capital Assets, Net of Accumulated Depreciation	284,439	480,454	764,893	-
Total Noncurrent Assets	284,439	492,230	776,669	-
TOTAL ASSETS	547,310	1,046,230	1,593,540	1,323,987
LIABILITIES				
Current Liabilities				
Accrued Liabilities	15,368	-	15,368	-
Insurance Claims Payable	-	-	-	268,472
Security Deposits	-	5,941	5,941	-
Accrued Compensated Absences	1,183	-	1,183	-
Total Current Liabilities	16,551	5,941	22,492	268,472
Noncurrent Liabilities				
Accrued Compensated Absences	16,591	-	16,591	-
TOTAL LIABILITIES	33,142	5,941	39,083	268,472
NET POSITION				
Net Investment in Capital Assets	284,439	492,230	776,669	-
Unrestricted	229,729	548,059	777,788	1,055,515
TOTAL NET POSITION	\$ 514,168	\$ 1,040,289	\$ 1,554,457	\$ 1,055,515

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	FOOD SERVICE	DISTRICT HOUSING	TOTAL	INTERNAL SERVICE
OPERATING REVENUES				
Charges for Services	\$ 684,851	\$ -	\$ 684,851	\$ 2,379,905
Rental Income	-	139,660	139,660	-
TOTAL OPERATING REVENUES	684,851	139,660	824,511	2,379,905
OPERATING EXPENSES				
Salaries	673,911	20,463	694,374	-
Employee Benefits	235,710	6,719	242,429	-
Purchased Services	16,148	47,544	63,692	208,292
Donated Commodities	76,411	-	76,411	-
Supplies and Materials	644,840	8,435	653,275	-
Other	64	-	64	-
Claims	-	-	-	2,431,021
Insurance Premiums	-	-	-	198,979
Depreciation	39,082	33,645	72,727	-
TOTAL OPERATING EXPENSES	1,686,166	116,806	1,802,972	2,838,292
OPERATING INCOME (LOSS)	(1,001,315)	22,854	(978,461)	(458,387)
NONOPERATING REVENUES				
State Sources	30,189	-	30,189	-
Federal Sources				
Donated Commodities	76,411	-	76,411	-
National School Lunch Program	920,365	-	920,365	-
School Breakfast Program	122,201	-	122,201	-
TOTAL NONOPERATING REVENUES	1,149,166	-	1,149,166	-
CHANGE IN NET POSITION	147,851	22,854	170,705	(458,387)
NET POSITION, Beginning	366,317	1,017,435	1,383,752	1,513,902
NET POSITION, Ending	\$ 514,168	\$ 1,040,289	\$ 1,554,457	\$ 1,055,515

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Increase (Decrease) in Cash and Cash Equivalents
Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	FOOD SERVICE	DISTRICT HOUSING	TOTAL	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Sale of Meals	\$ 684,851	\$ -	\$ 684,851	\$ -
Cash Received from Tenants	-	131,471	131,471	-
Premiums Received	-	-	-	2,379,905
Cash Paid to Suppliers	(889,767)	(62,698)	(952,465)	(407,271)
Cash Paid to Employees	(694,171)	(20,463)	(714,634)	-
Claims Paid	-	-	-	(2,984,822)
Net Cash Provided (Used) by Operating Activities	(899,087)	48,310	(850,777)	(1,012,188)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to Other Funds	(42,012)	-	(42,012)	-
Cash Received from State Programs	31,316	-	31,316	-
Cash Received from Federal Programs	1,157,478	-	1,157,478	-
Net Cash Provided by Noncapital Financing Activities	1,146,782	-	1,146,782	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(35,011)	-	(35,011)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	212,684	48,310	260,994	(1,012,188)
CASH AND CASH EQUIVALENTS, Beginning	-	505,140	505,140	2,335,485
CASH AND CASH EQUIVALENTS, Ending	\$ 212,684	\$ 553,450	\$ 766,134	\$ 1,323,297
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,001,315)	\$ 22,854	\$ (978,461)	\$ (458,387)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	39,082	33,645	72,727	-
Donated Commodities	76,411	-	76,411	-
Changes in Assets and Liabilities				
Accounts Receivable	-	(550)	(550)	(690)
Inventories	6,995	-	6,995	-
Accrued Liabilities	(21,621)	-	(21,621)	-
Insurance Claims Payable	-	-	-	(553,111)
Security Deposits	-	(7,639)	(7,639)	-
Accrued Compensated Absences	1,361	-	1,361	-
Total Adjustments	102,228	25,456	127,684	(553,801)
Net Cash Provided (Used) by Operating Activities	\$ (899,087)	\$ 48,310	\$ (850,777)	\$ (1,012,188)
SCHEDULE OF NON-CASH TRANSACTIONS				
Commodities Received	\$ 76,411	\$ -	\$ 76,411	\$ -

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

June 30, 2014

	<u>STUDENT ACTIVITY</u>
ASSETS	
Cash and Investments	\$ <u>1,144,903</u>
TOTAL ASSETS	<u>1,144,903</u>
LIABILITIES	
Due to Student Groups	<u>1,144,903</u>
TOTAL LIABILITIES	\$ <u><u>1,144,903</u></u>

The accompanying notes are an integral part of the financial statements.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eagle County Schools (the “District”) was formed in 1958 when sixteen independent districts were consolidated into a County-wide district. The District provides educational services and is governed by an elected Board of Education with seven members.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the District.

Based upon the application of this criteria, the District includes the Eagle County Charter Academy (ECCA) within its reporting entity. ECCA is a public charter school authorized by State statutes. ECCA’s charter is granted by the District and ECCA is dependent on the District for the majority of its funding. Since ECCA has a separately elected board, it is discretely presented in the financial statements. Separate financial statements may be obtained by contacting ECCA at 1105 Miller Ranch Road, Edwards, Colorado 81632.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for the governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the District's government-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund financial statements are reported using the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

EAGLE COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Grants Fund* accounts for restricted local, state and federal grant revenues and the related expenditures.

The *Bond Redemption Fund* accounts for dedicated property taxes restricted for the payment of general obligation bonds.

The *Capital Reserve Fund* accounts for expenditures related to the acquisition of land, construction of new facilities, improvements to existing structures, and the acquisition of vehicles and equipment financed primarily with transfers from the General Fund.

The District reports the following major proprietary fund:

The *Food Service Fund* accounts for the financial activities associated with the District's student lunch and breakfast programs.

Additionally, the District reports the following fund types:

The *Employee Benefit Trust Fund* is an internal service fund that accounts for the District's partially self-insured employee health and dental benefit program. Effective January 1, 2014, the District discontinued its self-insurance program and insures for employee health and dental claims through an outside provider.

The *Agency Fund* is used to account for each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

Assets, Liabilities and Fund Balances/Net Position

Cash and Investments - The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. All investments are reported at fair value.

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments in pooled cash are considered cash equivalents.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balances/Net Position (Continued)

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year but not received at year end are reported as property taxes receivable and are presented net of an allowance for uncollectible taxes.

Inventories - Food Service Fund inventories consist of purchased and donated commodities. Inventories are valued using the first-in first out method. Donated inventories, received at no cost under a program supported by the federal government, are valued based upon the cost furnished by the federal government.

Inventory is recorded as an asset when individual items are purchased and as an expense when consumed.

Interfund Receivables/Payables - Receivables and payables between individual funds are classified in the fund financial statements as *interfund receivables* and *interfund payables*.

Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets - Capital assets, which include land, buildings and improvements, transportation vehicles, and other equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	15 - 30 years
Vehicles	7 - 13 years
Equipment	5 - 20 years

Accrued Salaries and Benefits - Salaries and benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reflected as a liability in the financial statements.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balances/Net Position (Continued)

Unearned Revenues - Unearned revenues include grants received before the eligibility requirements specified by the provider have been met.

Deferred Inflows of Resources - In the governmental fund financial statements, deferred inflows of resources include property taxes and grants earned but not available as current financial resources.

Compensated Absences - Employees of the District are allowed to accumulate unused vacation and sick time based on their length of employment and classification, up to a maximum of 240 hours of vacation time and 100 hours of sick time. Accumulated vacation time vests immediately, and sick time vests after 20 years of employment. These compensated absences are paid at termination.

These compensated absences are recognized as current salary costs when earned in the proprietary funds and when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts, and refunding losses are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The Board of Education is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balance first, followed by committed, assigned, and unassigned fund balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Payments are due in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date of November 1.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At June 30, 2014, the Grants Fund had a negative fund balance of \$172,081 because certain deferred grant revenues were not available as current financial resources. Management expects this negative balance to be eliminated as the revenues are collected.

NOTE 3: CASH AND INVESTMENTS

At June 30, 2014, the District had the following cash and investments:

Cash on Hand	\$ 1,965
Deposits	3,102,172
Investments	<u>30,164,873</u>
Total	<u>\$ 33,269,010</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 30,619,133
Restricted Cash and Investments	1,504,974
Agency Fund Cash and Investments	<u>1,144,903</u>
Total	<u>\$ 33,269,010</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2014, the District had bank deposits of \$2,906,166 collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes generally do not address custodial risk.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings provided by nationally recognized statistical rating organizations, depending on the investment type.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At June 30, 2014, the District had \$30,164,873 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At June 30, 2014, the Capital Reserve Fund held cash and investments of \$667,495 representing unspent debt proceeds restricted for capital projects. In addition, the Capital Reserve Fund reported a debt service reserve for the certificates of participation (See Note 7) of \$837,479.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 4: INTERFUND BALANCES AND TRANSACTIONS

Interfund balances and transactions as of and for the year ended June 30, 2014, consisted of the following:

<u>Interfund Receivables</u>	<u>Interfund Payables</u>	
General Fund	Grants Fund	\$ 632,657
General Fund	Transportation Fund	<u>14,842</u>
Total		<u>\$ 647,499</u>

The General Fund has temporarily subsidized the negative cash balances of the Grants and Transportation Funds.

<u>Transfers In</u>	<u>Transfers Out</u>	
Capital Reserve Fund	General Fund	\$ 2,020,247
Transportation Fund	General Fund	<u>300,000</u>
Total		<u>\$ 2,320,247</u>

The General Fund routinely subsidizes the operations of the Transportation Fund, and finances capital outlay reported in the Capital Reserve Fund.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, is summarized below.

	Balances 6/30/13	Additions	Deletions	Balances 6/30/14
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	<u>\$ 11,317,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,317,836</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	264,005,843	42,523	-	264,048,366
Vehicles and Equipment	<u>11,129,847</u>	<u>262,475</u>	<u>45,877</u>	<u>11,346,445</u>
Total Capital Assets, Being Depreciated	<u>275,135,690</u>	<u>304,998</u>	<u>45,877</u>	<u>275,394,811</u>
Less Accumulated Depreciation				
Buildings and Improvements	104,659,093	7,954,311	-	112,613,404
Vehicles and Equipment	<u>10,026,082</u>	<u>249,652</u>	<u>39,768</u>	<u>10,235,966</u>
Total Accumulated Depreciation	<u>114,685,175</u>	<u>8,203,963</u>	<u>39,768</u>	<u>122,849,370</u>
Total Capital Assets, Being Depreciated, Net	<u>160,450,515</u>	<u>(7,898,965)</u>	<u>6,109</u>	<u>152,545,441</u>
Governmental Activities Capital Assets, Net	<u>\$ 171,768,351</u>	<u>\$ (7,898,965)</u>	<u>\$ 6,109</u>	<u>\$ 163,863,277</u>

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 5: CAPITAL ASSETS (Continued)

	Balances 6/30/13	Additions	Deletions	Balances 6/30/14
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 11,776	\$ -	\$ -	\$ 11,776
Capital Assets, Being Depreciated				
Buildings and Improvements	1,303,498	-	-	1,303,498
Equipment	931,831	35,011	63,962	902,880
Total Capital Assets, Being Depreciated	2,235,329	35,011	63,962	2,206,378
Less Accumulated Depreciation				
Buildings and Improvements	789,399	33,645	-	823,044
Equipment	643,321	39,082	63,962	618,441
Total Accumulated Depreciation	1,432,720	72,727	63,962	1,441,485
Total Capital Assets, Being Depreciated, Net	802,609	(37,716)	-	764,893
Business-Type Activities Capital Assets, Net	<u>\$ 814,385</u>	<u>\$ (37,716)</u>	<u>\$ -</u>	<u>\$ 776,669</u>

Depreciation expense was charged to programs of the District as follows.

Governmental Activities	
Instruction	\$ 5,731,678
Supporting Services	2,472,285
Total	<u>\$ 8,203,963</u>
Business-Type Activities	
Food Service	\$ 39,082
District Housing	33,645
Total	<u>\$ 72,727</u>

NOTE 6: SHORT-TERM DEBT

During the year ended June 30, 2014, the District borrowed \$9,693,809 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full in March, 2014, from property taxes received in February and March.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2014.

	Balances 6/30/13	Additions	Reductions	Balances 6/30/14	Due Within One Year
Governmental Activities					
General Obligation Bonds					
2013 Refunding Bonds	\$ 102,245,000	\$ -	\$ 370,000	\$ 101,875,000	\$ -
Bond Premium	18,477,919	-	1,319,851	17,158,068	-
2009 Refunding Bonds	9,200,000	-	1,000,000	8,200,000	1,000,000
Bond Premium	739,464	-	147,893	591,571	-
2007 Bonds	11,060,000	-	2,585,000	8,475,000	2,700,000
Bond Premium	586,562	-	146,640	439,922	-
2005 Refunding Bonds	23,970,000	-	3,525,000	20,445,000	3,705,000
Bond Premium	1,023,530	-	170,588	852,942	-
Total General Obligation Bonds	167,302,475	-	9,264,972	158,037,503	7,405,000
2010 Certificates of Participation	11,245,000	-	1,185,000	10,060,000	1,200,000
COPs Premium	194,414	-	6,943	187,471	-
Compensated Absences	722,860	355,937	292,397	786,400	94,368
Total Governmental Activities	<u>\$ 179,464,749</u>	<u>\$ 355,937</u>	<u>\$ 10,749,312</u>	<u>\$ 169,071,374</u>	<u>\$ 8,699,368</u>
Business-Type Activities					
Compensated Absences	<u>\$ 16,413</u>	<u>\$ 3,065</u>	<u>\$ 1,704</u>	<u>\$ 17,774</u>	<u>\$ 1,183</u>

Compensated absences of the governmental activities are expected to be liquidated with revenues of the General Fund.

General Obligation Bonds

\$102,245,000 General Obligation Refunding Bonds, Series 2013, were issued to refund a portion of the outstanding General Obligation Bonds, Series 2007. Principal payments are due annually on December 1, through 2026. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 5% per annum.

\$13,800,000 General Obligation Refunding Bonds, Series 2009, were issued to refund the outstanding General Obligation Improvement and Refunding Bonds, Series 1999. Principal payments are due annually on December 1, through 2018. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.25% to 5% per annum.

\$128,370,000 General Obligation Bonds, Series 2007, were issued to construct new school facilities and provide for other capital improvement projects. Principal payments are due annually on December 1, through 2026. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 4.5% to 5% per annum.

\$33,870,000 General Obligation Refunding Bonds, Series 2005, were issued to refund a portion of the General Obligation Improvement and Refunding Bonds, Series 1999. Principal payments are due annually on December 1, through 2018. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.5% to 5% per annum.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7: LONG-TERM DEBT (Continued)**General Obligation Bonds (Continued)**

Bond payments, to maturity, are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,405,000	\$ 6,100,463	\$ 13,505,463
2016	8,335,000	5,741,463	14,076,463
2017	8,800,000	5,332,338	14,132,338
2018	9,205,000	4,886,463	14,091,463
2019	9,665,000	4,426,432	14,091,432
2020 - 2024	55,660,000	14,670,562	70,330,562
2025 - 2027	<u>39,925,000</u>	<u>2,293,125</u>	<u>42,218,125</u>
Total	<u>\$ 138,995,000</u>	<u>\$ 43,450,846</u>	<u>\$ 182,445,846</u>

Certificates of Participation

In September, 2010, the District issued \$4,995,000 Certificates of Participation, Series 2010A and \$6,525,000 Certificates of Participation, 2010B, to finance the demolition of the Meadow Mountain Elementary School and the renovation of the former Battle Mountain High School. Principal payments on the Series 2010A are due annually beginning December 1, 2010, through 2040. Interest accrues at rates ranging from 2% to 4.75% per annum and is due semi-annually on June 1 and December 1. Principal payments on the Series 2010B are due annually beginning December 1, 2025, through 2040. Interest accrues at rates ranging from 5.13% to 6% per annum and are due semi-annually on June 1 and December 1. The Series 2010B Certificates of Participation were issued as Build America Bonds whereby the District will receive a subsidy from the United States Treasury equal to 35% of each interest payment. Debt payments, to maturity, are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,200,000	\$ 460,578	\$ 1,660,578
2016	1,275,000	429,453	1,704,453
2017	200,000	407,828	607,828
2018	200,000	402,328	602,328
2019	200,000	396,328	596,328
2020 - 2024	1,150,000	1,841,801	2,991,801
2025 - 2029	1,345,000	1,522,443	2,867,443
2030 - 2034	1,635,000	1,098,872	2,733,872
2035 - 2039	1,955,000	570,280	2,525,280
2040 - 2041	<u>900,000</u>	<u>54,712</u>	<u>954,712</u>
Total	<u>\$ 10,060,000</u>	<u>\$ 7,184,623</u>	<u>\$ 17,244,623</u>

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7: LONG-TERM DEBT (Continued)

Defeased Debt

In June, 2013, proceeds of the General Obligation Refunding Bonds, Series 2013, in the amount of \$119,849,331 were deposited in an irrevocable trust with an escrow agent to provide for the future debt service requirements of \$103,590,000 of the General Obligation Refunding Bonds, Series 2007. As a result, the refunded bonds are considered defeased and the liability has been removed from the financial statements. The outstanding balance of the defeased debt at June 30, 2014, was \$103,590,000.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District accounts for and finances its risk activities in the General and Internal Service Funds.

The District purchases commercial insurance for workers compensation risks. For its risk of property loss or damage and general liability, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP).

Colorado School Districts Self-Insurance Pool

The CSDSIP is sponsored by the Colorado Association of School Boards (CASB), and operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The District pays an annual premium to the CSDSIP for property and liability insurance coverage. The CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

Internal Service Fund

The District established a partially self-insured program for employee health and dental benefits. Transactions of the self-insurance program are reported in the Employee Benefit Trust Fund, an internal service fund. The District purchased excess insurance policies to cover individual claims in excess of \$85,000 annually. Effective January 1, 2014, the District discontinued its self-insured program and began purchasing health and dental insurance from an outside provider.

Claims liabilities, including estimated incurred but not reported claims (IBNR), are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Other than current amounts, the District does not believe the estimated claims liability is fully measurable, and the District could incur additional costs related to IBNR claims.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 8: RISK MANAGEMENT (Continued)

Internal Service Fund (Continued)

Changes in claims payable were as follows:

	<u>2014</u>	<u>2013</u>
Claims Payable, Beginning	\$ 821,583	\$ 885,195
Claims Incurred and Adjustments	2,431,021	5,107,030
Claims Paid	<u>(2,984,132)</u>	<u>(5,170,642)</u>
Claims Payable, Ending	<u>\$ 268,472</u>	<u>\$ 821,583</u>

NOTE 9: JOINTLY GOVERNED ORGANIZATION

The District, in conjunction with other surrounding districts, created the Mountain Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their administrative offices located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461. During the year ended June 30, 2014, the District paid \$36,267 to the BOCES.

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy - The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salaries. The District's contribution rate for calendar years 2014, 2013 and 2012 was 17.45%, 16.55% and 15.65% of covered salaries, respectively. A portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). The District's contributions to the SDTF for the years ended June 30, 2014, 2013 and 2012 were \$6,029,630, \$5,482,621 and \$5,510,277, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy - The District is required to contribute at the rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ended June 30, 2014, 2013 and 2012 was \$355,580, \$340,966 and \$363,297, respectively, equal to the required amounts for each year.

NOTE 12: COMMITMENTS AND CONTINGENCIES**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2014, significant amounts of expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

In November, 2000, voters within the District authorized the District to collect, retain and spend the full revenues received by the District from any source effective July 1, 2000, and continuing thereafter as exceptions to the limits which would otherwise apply under the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2014, the District's reserve, of \$1,843,500, was reported as restricted fund balance in the General Fund.

EAGLE COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

The District is a defendant in various pending or threatened litigation. However, the outcome of the litigation cannot be determined at this time.

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2014, the District adopted the standards of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, net position of the governmental activities at June 30, 2013, was restated to remove debt issuance costs capitalized in previous years, as follows.

	<u>Governmental Activities</u>
Net Position, June 30, 2013, as Originally Stated	\$ 35,361,372
Issuance Costs, Net of Accumulated Amortization	<u>(1,316,198)</u>
Net Position, June 30, 2013, as Restated	<u>\$ 34,045,174</u>

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 36,502,663	\$ 36,502,663	\$ 36,757,483	\$ 254,820
Specific Ownership Taxes	2,241,800	2,241,800	2,340,641	98,841
Delinquent Taxes, Penalties and Interest	-	-	(78,479)	(78,479)
Tuition and Fees	818,000	818,000	906,552	88,552
Pupil Activities	-	-	710,080	710,080
Charter School Services	-	-	434,555	434,555
Investment Income	35,000	35,000	19,801	(15,199)
Other	1,331,978	1,331,978	1,409,582	77,604
Total Local Sources	40,929,441	40,929,441	42,500,215	1,570,774
State Sources				
State Equalization	12,630,000	13,060,000	13,311,387	251,387
Special Education	910,000	910,000	1,271,747	361,747
English Language Proficiency Act (ELPA)	200,000	200,000	327,654	127,654
Other	394,575	394,575	272,669	(121,906)
Total State Sources	14,134,575	14,564,575	15,183,457	618,882
Federal Sources				
Grants	-	-	72,250	72,250
TOTAL REVENUES	55,064,016	55,494,016	57,755,922	2,261,906
EXPENDITURES				
Current				
Salaries	32,014,479	32,014,479	32,008,145	6,334
Employee Benefits	9,853,065	9,853,065	10,188,507	(335,442)
Purchased Services	3,790,706	3,790,706	5,203,674	(1,412,968)
Supplies and Materials	3,445,840	3,445,840	3,923,898	(478,058)
Property	-	-	151,303	(151,303)
Other	-	-	875,249	(875,249)
Charter School	2,682,225	2,682,225	2,708,299	(26,074)
Reserves	12,161,105	11,369,356	-	11,369,356
TOTAL EXPENDITURES	63,947,420	63,155,671	55,059,075	8,096,596
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,883,404)	(7,661,655)	2,696,847	10,358,502
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,620,247)	(3,050,247)	(2,320,247)	730,000
NET CHANGE IN FUND BALANCE	(11,503,651)	(10,711,902)	376,600	11,088,502
FUND BALANCE, Beginning	11,503,651	10,711,902	10,711,902	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 11,088,502	\$ 11,088,502

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULEGRANTS FUND

Year Ended June 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Grants	\$ 2,662,000	\$ 1,275,885	\$ (1,386,115)
Federal Grants	<u>3,403,567</u>	<u>3,363,580</u>	<u>(39,987)</u>
TOTAL REVENUES	<u>6,065,567</u>	<u>4,639,465</u>	<u>(1,426,102)</u>
EXPENDITURES			
Current			
Salaries	4,245,897	2,320,943	1,924,954
Employee Benefits	1,213,113	524,942	688,171
Purchased Services	424,590	1,398,023	(973,433)
Supplies and Materials	181,967	113,996	67,971
Other	-	89,204	(89,204)
Capital Outlay	<u>-</u>	<u>64,859</u>	<u>(64,859)</u>
TOTAL EXPENDITURES	<u>6,065,567</u>	<u>4,511,967</u>	<u>1,553,600</u>
NET CHANGE IN FUND BALANCE	-	127,498	127,498
FUND BALANCE, Beginning	<u>-</u>	<u>(299,579)</u>	<u>(299,579)</u>
FUND BALANCE, Ending	\$ <u>-</u>	\$ <u>(172,081)</u>	\$ <u>(172,081)</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted for all funds except the agency fund on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures in establishing the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- All annual appropriations lapse at fiscal year end.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

SUPPLEMENTARY INFORMATION

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

TRANSPORTATION FUND

Year Ended June 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Property Taxes	\$ 1,000,000	\$ 1,009,406	\$ 9,406
Specific Ownership Taxes	42,000	45,656	3,656
Charges for Services	375,000	81,737	(293,263)
State Sources			
Transportation Funding	425,000	450,108	25,108
TOTAL REVENUES	1,842,000	1,586,907	(255,093)
EXPENDITURES			
Supporting Services			
Transportation	2,342,000	1,860,920	481,080
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(500,000)	(274,013)	225,987
OTHER FINANCING SOURCES			
Transfers In	500,000	300,000	(200,000)
NET CHANGE IN FUND BALANCE	-	25,987	25,987
FUND BALANCE, Beginning	-	17,163	17,163
FUND BALANCE, Ending	\$ -	\$ 43,150	\$ 43,150

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

BOND REDEMPTION FUND

Year Ended June 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Property Taxes	\$ 14,500,000	\$ 13,213,612	\$ (1,286,388)
Delinquent Taxes, Penalties and Interest	-	(18,827)	(18,827)
TOTAL REVENUES	14,500,000	13,194,785	(1,305,215)
EXPENDITURES			
Debt Service			
Principal	7,110,000	7,480,000	(370,000)
Interest and Fiscal Charges	7,102,813	6,399,888	702,925
Reserves	11,845,654	-	11,845,654
TOTAL EXPENDITURES	26,058,467	13,879,888	12,178,579
NET CHANGE IN FUND BALANCE	(11,558,467)	(685,103)	10,873,364
FUND BALANCE, Beginning	11,558,467	11,796,093	237,626
FUND BALANCE, Ending	\$ -	\$ 11,110,990	\$ 11,110,990

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULECAPITAL RESERVE FUND

Year Ended June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ -	\$ -	\$ 1,688	\$ 1,688
Other	-	-	45,409	45,409
Federal Sources				
Build America Bonds Interest Subsidy	124,450	124,450	121,681	(2,769)
TOTAL REVENUES	124,450	124,450	168,778	44,328
EXPENDITURES				
Capital Outlay	1,347,000	1,777,000	1,287,594	489,406
Debt Service				
Principal	1,185,000	1,185,000	1,185,000	-
Interest and Fiscal Charges	484,428	484,428	486,452	(2,024)
Reserves	2,653,062	2,653,062	-	2,653,062
TOTAL EXPENDITURES	5,669,490	6,099,490	2,959,046	3,140,444
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,545,040)	(5,975,040)	(2,790,268)	3,184,772
OTHER FINANCING SOURCES				
Transfers In	2,020,247	2,450,247	2,020,247	(430,000)
NET CHANGE IN FUND BALANCE	(3,524,793)	(3,524,793)	(770,021)	2,754,772
FUND BALANCE, Beginning	3,524,793	4,254,969	4,254,969	-
FUND BALANCE, Ending	\$ -	\$ 730,176	\$ 3,484,948	\$ 2,754,772

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICE FUND

Year Ended June 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services			
Student Lunches	\$ 569,180	\$ 684,851	\$ 115,671
State Sources	44,000	30,189	(13,811)
Federal Sources			
Donated Commodities	70,000	76,411	6,411
National School Lunch Program	910,000	920,365	10,365
School Breakfast Program	-	122,201	122,201
Transfers In	100,000	-	(100,000)
TOTAL REVENUES	1,693,180	1,834,017	140,837
EXPENSES			
Salaries	690,200	673,911	16,289
Employee Benefits	206,900	235,710	(28,810)
Purchased Services	31,100	16,148	14,952
Donated Commodities	-	76,411	(76,411)
Supplies and Materials	641,780	644,840	(3,060)
Other	3,200	64	3,136
Depreciation	20,000	39,082	(19,082)
Reserves	162,593	-	162,593
TOTAL EXPENSES	1,755,773	1,686,166	69,607
CHANGE IN NET POSITION	(62,593)	147,851	210,444
NET POSITION, Beginning	62,593	366,317	303,724
NET POSITION, Ending	\$ -	\$ 514,168	\$ 514,168

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

DISTRICT HOUSING FUND

Year Ended June 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Rental Income	\$ 160,000	\$ 139,660	\$ (20,340)
EXPENSES			
Salaries	25,000	20,463	4,537
Employee Benefits	7,500	6,719	781
Purchased Services	85,000	47,544	37,456
Supplies and Materials	-	8,435	(8,435)
Depreciation	40,000	33,645	6,355
Reserves	1,021,816	-	1,021,816
TOTAL EXPENSES	1,179,316	116,806	1,062,510
CHANGE IN NET POSITION	(1,019,316)	22,854	1,042,170
NET POSITION, Beginning	1,019,316	1,017,435	(1,881)
NET POSITION, Ending	\$ -	\$ 1,040,289	\$ 1,040,289

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE
EMPLOYEE BENEFIT TRUST FUND
 Year Ended June 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 7,400,000	\$ 2,379,905	\$ (5,020,095)
TOTAL REVENUES	7,400,000	2,379,905	(5,020,095)
EXPENSES			
Administration Fees	372,500	208,292	164,208
Claims	6,750,000	2,431,021	4,318,979
Insurance Premiums	250,000	198,979	51,021
Reserves	1,213,872	-	1,213,872
TOTAL EXPENSES	8,586,372	2,838,292	5,748,080
CHANGE IN NET POSITION	(1,186,372)	(458,387)	727,985
NET POSITION, Beginning	1,186,372	1,513,902	327,530
NET POSITION, Ending	\$ -	\$ 1,055,515	\$ 1,055,515

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended June 30, 2014

	BALANCES 6/30/13	ADDITIONS	DEDUCTIONS	BALANCES 6/30/14
Student Activity Fund				
ASSETS				
Cash	\$ <u>1,187,938</u>	\$ <u>1,336,387</u>	\$ <u>1,379,422</u>	\$ <u>1,144,903</u>
LIABILITIES				
Due to Student Groups	\$ <u>1,187,938</u>	\$ <u>1,336,387</u>	\$ <u>1,379,422</u>	\$ <u>1,144,903</u>

See the accompanying Independent Auditors' Report.

STATISTICAL SECTION

EAGLE COUNTY SCHOOLS
Net Position by Component
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in Capital Assets										
Restricted	\$ 3,995,294	\$ 4,670,066	\$ (116,623,360)	\$ 25,396,437	\$ 31,051,569	\$ 21,142,826	\$ 15,745,542	\$ 9,797,454	\$ 7,734,444	\$ 7,589,677
Unrestricted	7,306,533	7,225,673	12,264,184	11,561,732	11,680,649	13,211,059	14,456,158	14,558,291	14,285,280	14,083,361
Total governmental activities net position	12,720,647	16,389,688	146,342,508	9,642,870	5,558,406	10,972,742	8,758,457	10,531,879	12,025,450	11,611,057
	\$ 24,022,474	\$ 28,285,427	\$ 41,983,332	\$ 46,601,039	\$ 48,290,624	\$ 45,326,627	\$ 38,960,157	\$ 34,887,624	\$ 34,045,174	\$ 33,284,095
Business-type activities										
Net Investment in Capital Assets										
Restricted	\$ 404,356	\$ 378,594	\$ 340,205	\$ 301,072	\$ 809,505	\$ 797,478	\$ 737,996	\$ 746,240	\$ 814,385	\$ 776,669
Unrestricted	158,832	-	-	-	-	-	-	-	-	-
Total business-type activities net position	(322,277)	(46,263)	108,737	169,996	213,221	186,355	222,520	332,518	569,367	777,788
	\$ 240,911	\$ 332,331	\$ 448,942	\$ 471,068	\$ 1,022,726	\$ 983,833	\$ 960,516	\$ 1,078,758	\$ 1,383,752	\$ 1,554,457
Primary government										
Net Investment in Capital Assets										
Restricted	\$ 4,399,650	\$ 5,048,660	\$ (116,283,155)	\$ 25,697,509	\$ 31,861,074	\$ 21,940,304	\$ 16,483,538	\$ 10,543,694	\$ 8,548,829	\$ 8,366,346
Unrestricted	7,465,365	7,225,673	12,264,184	11,561,732	11,680,649	13,211,059	14,456,158	14,558,291	14,285,280	14,083,361
Total primary government net position	12,398,370	16,343,425	146,451,245	9,812,866	5,771,627	11,159,097	8,980,977	10,864,397	12,594,817	12,388,845
	\$ 24,263,385	\$ 28,617,758	\$ 42,432,274	\$ 47,072,107	\$ 49,313,350	\$ 46,310,460	\$ 39,920,673	\$ 35,966,382	\$ 35,428,926	\$ 34,838,552

Source: Eagle County Schools Finance Department

*The District adopted GASB 65 for 2014 and restated only 2013

EAGLE COUNTY SCHOOLS
Changes in Net Position
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Current:										
Instruction	\$ 28,460,272	\$ 28,479,456	\$ 27,911,528	\$ 31,779,754	\$ 38,245,670	\$ 42,826,781	\$ 42,246,912	\$ 41,816,115	\$ 41,032,263	\$ 43,222,676
Supporting services	18,953,614	19,644,370	21,378,476	24,363,714	24,101,064	30,830,181	32,347,124	30,191,463	26,224,131	27,923,881
Interest on long term debt	3,345,164	3,009,685	5,082,286	8,984,827	7,217,294	7,434,997	7,897,727	7,738,412	7,293,570	6,099,948
Total governmental activities	50,759,050	51,133,511	54,372,290	65,128,295	69,564,028	81,091,959	82,491,763	79,745,990	74,549,964	77,246,505
Business-type activities										
Food service	1,372,419	1,356,779	1,400,582	1,541,759	1,602,255	1,744,765	1,747,459	1,632,902	1,636,314	1,686,166
Employee housing	93,335	90,851	92,091	90,506	126,281	133,348	102,054	106,371	131,311	116,806
Total business-type activities	1,465,754	1,447,630	1,492,673	1,632,265	1,728,536	1,878,113	1,849,513	1,739,273	1,767,625	1,802,972
Total primary government expenses	\$ 52,224,804	\$ 52,581,141	\$ 55,864,963	\$ 66,760,560	\$ 71,292,564	\$ 82,970,072	\$ 84,341,276	\$ 81,485,263	\$ 76,317,589	\$ 79,049,477
Program revenues										
Governmental activities:										
Charges for service	\$ 851,935	\$ 816,315	\$ 753,254	\$ 868,357	\$ 1,032,204	\$ 1,242,220	\$ 1,391,453	\$ 1,530,516	\$ 1,921,745	\$ 2,247,002
Operating grants and contributions	3,548,873	3,617,003	4,390,928	3,935,164	5,197,724	6,552,789	6,558,755	5,971,961	5,696,852	6,906,428
Capital grants and contributions	46,699	39,611	54,315	-	-	-	-	-	-	121,681
Total governmental activities program revenues	4,447,507	4,472,929	5,198,497	4,803,521	6,229,928	7,795,009	7,950,208	7,502,477	7,618,597	9,275,111
Business-type activities:										
Charges for service										
Food service	783,560	867,575	898,989	927,920	839,829	732,889	677,260	725,109	835,578	684,851
District housing	147,262	141,860	141,874	130,603	138,159	145,787	155,611	155,962	139,482	139,660
Operating grants and contributions	493,302	525,940	553,063	595,868	735,171	906,166	933,325	976,444	1,047,559	1,149,166
Capital grants and contributions	-	-	15,358	-	500,000	-	-	-	-	-
Total business-type activities program revenues	1,424,124	1,535,375	1,609,284	1,654,391	2,213,159	1,784,842	1,786,196	1,857,515	2,022,619	1,973,677
Total primary government program revenues	\$ 5,871,631	\$ 6,008,304	\$ 6,807,781	\$ 6,457,912	\$ 8,443,087	\$ 9,579,851	\$ 9,736,404	\$ 9,359,992	\$ 9,641,216	\$ 11,248,788
Net (Expense) / Revenue										
Governmental activities	\$ (46,311,543)	\$ (46,660,582)	\$ (49,173,793)	\$ (60,324,774)	\$ (63,334,100)	\$ (73,296,950)	\$ (74,541,555)	\$ (72,243,513)	\$ (66,931,367)	\$ (67,971,394)
Business-type activities	(41,630)	87,745	116,611	22,126	484,623	(93,271)	(63,317)	118,242	254,994	170,705
Total primary government net expense	\$ (46,353,173)	\$ (46,572,837)	\$ (49,057,182)	\$ (60,302,648)	\$ (62,849,477)	\$ (73,390,221)	\$ (74,604,872)	\$ (72,125,271)	\$ (66,676,373)	\$ (67,800,689)

*The District adopted GASB 65 for 2014 and restated only 2013

EAGLE COUNTY SCHOOLS
Changes in Net Position - Continued
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Local property taxes	\$ 37,520,259	\$ 38,428,577	\$ 46,732,834	\$ 56,017,342	\$ 55,843,506	\$ 62,493,060	\$ 62,448,639	\$ 54,203,228	\$ 53,498,964	\$ 50,150,229
Specific ownership taxes	2,468,769	2,618,053	2,864,549	3,025,835	2,679,333	2,310,004	2,098,497	2,065,651	2,204,151	2,386,297
State equalization	7,383,011	8,179,420	9,091,628	892,042	4,385,923	3,662,810	355,434	9,704,283	10,273,931	13,311,387
Grants not restricted to specific programs	563,082	1,183,453	687,662	241,924	217,871	-	1,674,514	300,292	125,491	-
Investment income	212,337	517,704	3,994,797	5,045,414	1,968,306	553,378	373,872	28,650	37,537	21,489
Other	-	-	-	-	(4,214)	1,368,079	1,264,129	1,076,228	1,097,715	1,340,913
Transfers	(95,558)	-	-	(280,077)	(67,038)	(54,379)	(40,000)	-	(50,000)	-
Total governmental activities	48,051,900	50,927,207	63,371,470	64,942,480	65,023,687	70,332,952	68,175,085	67,378,332	67,187,789	67,210,315
Business-type activities:										
Transfers	95,558	-	-	-	67,038	54,379	40,000	-	50,000	-
Total business-type activities	95,558	-	-	-	67,038	54,379	40,000	-	50,000	-
Total primary government	\$ 48,147,458	\$ 50,927,207	\$ 63,371,470	\$ 64,942,480	\$ 65,090,725	\$ 70,387,331	\$ 68,215,085	\$ 67,378,332	\$ 67,237,789	\$ 67,210,315
Change in Net Position										
Governmental activities	\$ 1,740,357	\$ 4,266,625	\$ 14,197,677	\$ 4,617,706	\$ 1,689,587	\$ (2,963,998)	\$ (6,366,470)	\$ (4,865,181)	\$ 256,422	\$ (761,079)
Business-type activities	53,928	87,745	116,611	22,126	551,661	(38,892)	(23,317)	118,242	304,994	170,705
Total primary government	\$ 1,794,285	\$ 4,354,370	\$ 14,314,288	\$ 4,639,832	\$ 2,241,248	\$ (3,002,890)	\$ (6,389,787)	\$ (4,746,939)	\$ 561,416	\$ (590,374)

Source: Eagle County Schools Finance Department

EAGLE COUNTY SCHOOLS
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 1,436,720	\$ 3,120,053	\$ 1,214,800	\$ 1,292,800	\$ 1,508,000	\$ 1,870,000	\$ -	\$ -	\$ -	-
Unreserved	11,896,947	11,122,888	14,615,715	14,765,119	12,040,672	10,996,103	-	-	-	-
Restricted	-	-	-	-	-	-	1,667,000	2,001,848	1,775,000	2,458,250
Unrestricted, Unassigned	-	-	-	-	-	-	9,529,733	8,510,074	8,936,902	8,630,252
Total General Fund	\$ 13,333,667	\$ 14,242,941	\$ 15,830,515	\$ 16,057,919	\$ 13,548,672	\$ 12,866,103	\$ 11,196,733	\$ 10,511,922	\$ 10,711,902	\$ 11,088,502
All Other Governmental Funds										
Reserved	\$ 5,519,085	\$ 5,680,629	\$ 137,643,000	\$ 95,954,849	\$ 32,983,779	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	10,777,163	-	-	-	-
Capital projects funds	870,951	2,530,360	3,963,120	1,938,841	305,766	10,250,949	-	-	-	-
Restricted For:										
Debt Service	-	-	-	-	-	-	11,323,445	12,733,092	12,633,775	11,948,469
Capital Projects	-	-	-	-	-	-	12,056,033	3,002,273	2,334,556	667,495
Assigned To:										
Capital Projects	-	-	-	-	-	-	150,573	121,908	1,082,731	1,979,974
Transportation	-	-	-	-	-	-	64,538	17,184	17,163	43,150
Unrestricted, Unassigned	-	-	-	-	-	-	(446,926)	(55,287)	(299,579)	(172,081)
Total all other governmental funds	\$ 6,390,036	\$ 8,210,989	\$ 141,606,120	\$ 97,893,690	\$ 33,289,545	\$ 21,028,112	\$ 23,147,663	\$ 15,819,170	\$ 15,768,646	\$ 14,467,007

Source: Eagle County Schools Finance Department

EAGLE COUNTY SCHOOLS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008
REVENUES				
Federal Sources	\$ 6,768,638	\$ 7,485,935	\$ 8,633,487	\$ 2,178,917
State Sources	2,310,058	1,848,441	2,248,376	2,378,624
Local Sources	43,506,312	46,037,077	57,653,394	64,607,202
Total revenues	<u>52,585,008</u>	<u>55,371,453</u>	<u>68,535,257</u>	<u>69,164,743</u>
EXPENDITURES				
Current:				
Instruction	25,591,807	25,352,454	26,548,549	28,895,819
Supporting Services	17,051,471	17,960,550	20,854,490	20,872,741
Capital outlay	1,141,066	2,263,463	13,554,336	47,522,618
Debt Service:				
Principal	3,655,225	3,895,000	4,140,000	6,465,000
Interest and Fiscal Charges	3,417,482	3,169,758	5,346,655	8,955,035
Debt Issuance Costs	-	303,769	-	-
Total expenditures	<u>50,857,051</u>	<u>52,944,994</u>	<u>70,444,030</u>	<u>112,711,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,727,957</u>	<u>2,426,459</u>	<u>(1,908,773)</u>	<u>(43,546,470)</u>
OTHER FINANCING SOURCES (USES)				
Debt Issued	-	37,018,967	-	-
Debt Premium	-	-	-	-
Payment to Escrow Agent	-	(36,715,197)	-	-
Sale of Capital Assets	-	-	-	61,446
Transfers in	476,446	438,186	-	-
Transfers out	(586,777)	(528,558)	-	-
Total other financing sources (uses)	<u>(110,331)</u>	<u>213,398</u>	<u>-</u>	<u>61,446</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,617,626</u>	<u>\$ 2,639,857</u>	<u>\$ (1,908,773)</u>	<u>\$ (43,485,024)</u>
Debt service as a percentage of noncapital expenditures	14.2%	14.5%	16.7%	23.7%

Source: Eagle County Schools Finance Department

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 5,928,228	\$ 4,250,314	\$ 5,567,694	\$ 2,986,046	\$ 1,891,057	\$ 3,557,511
3,459,496	5,785,951	2,354,302	10,495,253	11,080,005	15,633,565
60,953,138	68,468,900	67,950,937	62,447,059	61,732,151	58,154,781
70,340,862	78,505,165	75,872,933	75,928,358	74,703,213	77,345,857
32,325,020	37,515,839	35,464,796	35,891,461	34,937,057	36,969,071
23,132,882	25,079,284	27,606,284	26,185,023	23,393,321	24,462,891
67,181,371	16,037,277	7,733,457	7,213,170	647,920	1,287,594
6,150,000	2,100,000	6,875,000	7,275,000	7,605,000	8,665,000
8,684,935	7,927,073	8,351,065	8,212,609	7,920,459	6,886,340
-	120,057	251,792	-	873,588	-
137,474,208	88,779,530	86,282,394	84,777,263	75,377,345	78,270,896
(67,133,346)	(10,274,365)	(10,409,461)	(8,848,905)	(674,132)	(925,039)
-	13,800,000	11,520,000	-	102,245,000	-
-	1,064,828	215,243	-	18,477,919	-
-	(19,494,923)	-	-	(119,849,331)	-
19,953	-	-	-	-	-
-	1,503,258	941,433	534,352	1,238,183	2,320,247
-	(1,503,258)	(981,433)	(534,352)	(1,288,183)	(2,320,247)
19,953	(4,630,095)	11,695,243	-	823,588	-
\$ (67,113,393)	\$ (14,904,460)	\$ 1,285,782	\$ (8,848,905)	\$ 149,456	\$ (925,039)
21.1%	13.9%	19.7%	20.0%	21.9%	20.2%

EAGLE COUNTY SCHOOLS
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions of Real Property		Total Value		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	
2005	1,881,663,978	19,885,473,085	71,067,360	243,805,580	156,236,930	569,431,470	2,108,968,268	20,698,710,135	10.46%
2006	2,065,766,954	19,586,189,670	78,303,670	269,153,670	157,640,110	540,946,660	2,301,710,734	20,396,290,000	11.60%
2007	2,125,308,501	20,289,843,370	80,195,980	272,650,180	141,234,740	549,068,860	2,346,739,221	21,111,562,410	11.50%
2008	2,922,368,820	28,665,521,650	84,770,040	471,309,270	222,567,340	937,768,360	3,229,706,200	30,074,599,280	11.23%
2009	2,933,681,930	29,762,511,660	89,144,250	308,228,950	223,818,220	936,862,780	3,246,644,400	31,007,603,390	11.00%
2010	3,268,342,952	34,245,196,420	101,651,460	350,522,450	300,211,100	1,193,813,520	3,670,205,512	35,789,532,390	10.94%
2011	3,261,264,657	34,694,499,120	92,521,320	319,038,940	306,005,580	1,216,552,680	3,659,791,557	36,230,090,740	10.85%
2012	2,525,433,131	26,668,651,830	87,942,860	303,249,230	239,377,650	958,662,950	2,852,753,641	27,930,564,010	10.81%
2013	2,519,484,390	26,713,889,900	83,138,600	286,684,710	242,758,620	978,147,950	2,845,381,610	27,978,722,560	10.79%
2014	2,498,757,550	25,204,000,320	89,975,170	310,258,390	218,295,890	878,280,780	2,807,028,610	26,392,539,490	10.89%

Source: Eagle County Assessor's Office

Note: The assessment ratios for all taxable property in the State of Colorado are as follows:

Years	Residential	Commercial
2005	7.96%	29.00%
2006	7.96%	29.00%
2007	7.96%	29.00%
2008	7.96%	29.00%
2009	7.96%	29.00%
2010	7.96%	29.00%
2011	7.96%	29.00%
2012	7.96%	29.00%
2013	7.96%	29.00%
2014	7.96%	29.00%

EAGLE COUNTY SCHOOLS
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Eagle County School District										
General operations	16,726	15,639	15,489	14,586	14,855	14,359	14,382	15,085	15,087	15,030
General obligation debt service	3,862	3,505	7,090	5,123	5,218	4,736	4,785	6,120	5,878	5,382
Transportation	0,486	0,451	0,471	0,342	0,341	0,306	0,307	0,396	0,397	0,414
Total direct property tax rate	21,074	19,595	23,050	20,051	20,414	19,401	19,474	21,601	21,362	20,826
County Government										
General Fund	4,706	4,919	4,924	4,924	4,924	4,924	4,924	4,924	4,924	4,924
Special Revenue Funds	1,919	1,960	2,032	2,014	2,014	2,014	2,014	2,014	2,014	2,014
Capital Expenditures Fund	0,043	0,043	0,043	0,061	0,061	0,061	0,061	0,061	0,061	0,006
Debt Service Funds	0,331	0,077	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Open Space Fund	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total County	8,499	8,499	8,499	8,499	8,499	8,499	8,499	8,499	8,499	8,499
Miscellaneous County-wide										
Colorado Mountain Jr. College	3,997	3,997	3,997	3,997	3,997	3,997	3,997	3,997	3,997	3,997
Colorado River Water Conservancy	0,252	0,230	0,221	0,191	0,199	0,000	0,000	0,000	0,000	0,000
Total County-wide levies	12,748	12,726	12,717	12,687	12,695	12,496	12,496	12,496	12,496	12,496
Municipalities										
Avon	13,781	13,339	13,287	12,271	11,392	11,208	11,220	11,220	11,983	12,258
Basalt	6,669	6,474	6,560	5,058	5,181	3,873	4,066	4,066	6,386	7,560
Eagle	3,327	3,327	3,173	2,683	3,997	3,547	3,659	3,659	4,064	4,475
Gypsum	5,715	5,664	5,604	5,414	5,094	5,094	5,094	5,094	5,094	5,094
Minturn	17,934	17,934	17,934	17,934	17,934	17,934	17,934	17,934	17,934	17,934
Redcliff	39,221	48,916	51,687	38,827	37,820	33,878	33,878	33,878	33,878	33,878
Vail	4,708	4,702	4,699	4,690	4,979	4,690	4,726	4,726	4,765	4,706
Fire Protection, Ambulance and Hospital Districts										
Several, range from high of	7,927	7,927	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
to low of	2,013	2,010	2,006	2,019	2,055	1,780	1,768	1,768	2,023	2,006
Water, Sanitation, Library, Metro and Cemetery Districts										
Several, range from high of	45,231	45,345	50,981	45,000	99,000	67,000	62,000	62,000	100,000	115,000
to low of	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000

Source: Eagle County Assessor's Office

Note: The District's property tax rate may be increased only by a majority vote of the District's residents. Rates for debt service are set based on each year's requirements.

^aOverlapping rates are those of local and county governments that apply to property owners within the boundaries of the Eagle County School District. Not all overlapping rates apply to all Eagle County School District property owners; for example, although the County property tax rate applies to all school district property owners, the Gypsum Fire District rates apply only to the residents of Gypsum whose property is located within that district's geographic boundaries.

EAGLE COUNTY SCHOOLS
Principal Property Tax Payers
June 30, 2014

	2014		% of Total County Taxable Assessed Valuation
	Taxable Assessed Value	2013 Rank	
Taxpayer			
Vail Corp	65,530,880	1	2.17%
Vail Associates	27,283,570	4	0.90%
DiamondRock Vail Owner LLC	24,565,400	3	0.81%
Union Pacific Corp	22,426,600	5	0.74%
Public Service Co of CO	19,493,900	8	0.50%
Holy Cross Electric Assoc Inc.	18,111,200	10	0.60%
Solaris Property Owner LLC	10,958,260		0.28%
Ferruco Vail Ventures LLC	10,580,610	6	0.35%
Ritz-Carlton Development CO INC	10,152,490		0.26%
Vail Development 09 LLC	9,720,550		0.32%
Total Assessed Valuation	<u>\$ 218,823,460</u>		<u>6.93%</u>

Source: Eagle County Assessor's Office

EAGLE COUNTY SCHOOLS
Property Tax Levies And Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	% of Levy		Amount	Percentage of Levy
2005	39,640,206	38,610,984	97.4%	864,900	39,475,884	99.6%
2006	40,478,703	39,442,989	97.4%	795,707	40,238,696	99.4%
2007	48,988,525	47,806,306	97.6%	960,197	48,766,503	99.5%
2008	58,596,416	55,372,153	94.5%	1,979,979	57,352,132	97.9%
2009	59,888,244	59,413,901	99.2%	1,908,877	61,322,778	102.4%
2010	63,412,390	62,493,060	98.6%	1,503,665	63,996,725	100.9%
2011	63,509,868	60,953,478	96.0%	2,238,913	63,192,391	99.5%
2012	54,551,881	52,555,579	96.3%	1,101,283	53,656,862	98.4%
2013	53,821,226	51,926,679	96.5%	1,185,359	53,112,038	98.7%
2014	50,290,510	49,040,534	97.5%	1,190,365	50,230,899	99.9%

Source: Eagle County Schools Finance Department

EAGLE COUNTY SCHOOLS
Ratio Of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Net Bonded Debt per Capita	Percentage of Per Capita Income
2005	69,455,000	3.29%	1,448	3.47%
2006	64,875,000	2.82%	1,329	3.01%
2007	189,105,000	8.06%	3,736	7.95%
2008	182,640,000	5.66%	3,478	7.32%
2009	176,490,000	5.44%	3,275	6.60%
2010	169,300,000	4.61%	3,063	6.74%
2011	162,425,000	4.44%	3,112	6.96%
2012	155,250,000	5.44%	2,860	6.24%
2013	146,475,000	5.15%	2,729	5.61%
2014	138,995,000	4.95%	2,502	5.16%

Source: Eagle County Schools Finance Department

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

EAGLE COUNTY SCHOOLS
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation	\$ 1,881,663,978	\$ 2,065,766,954	\$ 2,125,308,501	\$ 2,922,368,820	\$ 2,933,681,930	\$ 3,268,342,952	\$ 3,261,264,657	\$ 2,525,433,131	2,519,484,390	2,498,757,550
Debt limit (20% of assessed valuation)	\$ 376,332,796	\$ 413,153,391	\$ 425,061,700	\$ 584,473,764	\$ 586,736,386	\$ 653,668,590	\$ 652,252,931	\$ 505,086,626	\$ 503,896,878	\$ 499,751,510
Debt applicable to limit:										
General obligation bonds	\$ 69,455,000	\$ 64,875,000	\$ 189,105,000	\$ 182,640,000	\$ 176,490,000	\$ 169,300,000	\$ 162,425,000	\$ 155,250,000	\$ 146,475,000	\$ 138,995,000
Less: Amount set aside for repayment										
of general obligation debt	(5,519,085)	(5,680,629)	(11,049,384)	(15,419,426)	(10,172,649)	(10,777,163)	(11,323,445)	(11,896,492)	(11,796,093)	(11,110,990)
Total net debt applicable to limit	63,935,915	59,194,371	178,055,616	167,220,574	166,317,351	158,522,837	151,101,555	143,353,508	134,678,907	127,884,010
Legal debt margin	\$ 312,396,881	\$ 353,959,020	\$ 247,006,084	\$ 417,253,190	\$ 420,419,035	\$ 495,145,753	\$ 501,151,376	\$ 361,733,118	\$ 369,217,971	\$ 371,867,500

Total net debt applicable to the limit as a percentage of debt limit

	3.40%	2.87%	8.38%	5.72%	5.67%	4.85%	4.63%	5.68%	5.35%	5.12%
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Source: Eagle County Schools Finance Department, Eagle County Assessor

Note: Under State of Colorado finance law, the District's outstanding general obligation debt should not exceed 20% of tot assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

EAGLE COUNTY SCHOOLS
Direct and Overlapping Governmental Activities Debt
June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Town of Avon	1,480,000	100.00%	1,480,000
Town of Eagle	601,059	100.00%	601,059
Town of Basalt	5,010,000	65.38%	3,275,372
Basalt & Rural Fire District	238,613	42.00%	100,217
Basalt Regional Library District	9,444,000	50.60%	4,778,664
Airport Commerce Center Metro District	3,200,000	100.00%	3,200,000
Arrowhead Metro District	14,135,000	100.00%	14,135,000
Beaver Creek Metro District	2,110,000	100.00%	2,110,000
Berry Creek Metro District	4,255,000	100.00%	4,255,000
Eagle Vail Metro District	6,295,000	100.00%	6,295,000
Bachelor Gulch Metro District	23,680,000	100.00%	23,680,000
Lake Creek Metro District	250,593	100.00%	250,593
Cotton Ranch Metro District	7,840,000	100.00%	7,840,000
Eagle Ranch Metro District	16,685,000	100.00%	16,685,000
Crown Mountain Park & Rec District	3,420,000	55.96%	1,913,832
Solaris Metro District No. 1	28,749,000	100.00%	28,749,000
Red Sky Ranch Metro District	6,435,000	100.00%	6,435,000
Ruedi Shores Metro District	1,843,000	100.00%	1,843,000
Buckhorn Valley Metro District #2	9,280,000	100.00%	9,280,000
Western Eagle County Metro Rec District	3,280,000	100.00%	3,280,000
Traer Creek Metro District	41,175,000	100.00%	41,175,000
Cascade Village Metro District	2,165,000	100.00%	2,165,000
Confluence Metro District	24,025,000	100.00%	24,025,000
Chatfield Corners Metro District	2,800,000	100.00%	2,800,000
Cordillera Valley Club Metro District	41,510	100.00%	41,510
Valagua Metro District	21,000,000	100.00%	21,000,000
Cordillera Metro District	13,340,000	100.00%	13,340,000
Cordillera Mountain Metro District	6,505,000	100.00%	6,505,000
Mid-Valley Metro	135,000	92.60%	125,010
School District JT-1 (West Grand)	9,010,000	3.00%	270,300
School District RE-1 (Roaring Fork)	87,699,984	19.60%	17,189,197
Vail Square Metro District No. 1	14,875,000	100.00%	14,875,000
Basalt Sanitation District	2,167,800	45.00%	975,510
Eagle River Water & Sanitation Dist (Wastewater)	3,746,724	100.00%	3,746,724
Eagle River Water & San Dist- Water Sub Dist- Vail	10,350,000	100.00%	10,350,000
Subtotal, Total Overlapping Debt	\$ 387,267,283		\$ 298,769,988
Eagle County School District direct debt			\$ 149,055,000
Total direct and overlapping debt			<u>\$ 447,824,988</u>

Source: Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of outstanding debt of those overlapping governments that are borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

EAGLE COUNTY SCHOOLS
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Per Capita Income	October 1 School Enrollment	October 1 Funded Pupil Count	Unemployment Rate
2005	47,955	41,773	5,117	4,830.0	4.4%
2006	48,820	44,220	5,332	4,989.0	3.3%
2007	50,612	46,985	5,427	5,096.5	3.4%
2008	52,517	47,511	5,681	5,288.0	3.1%
2009	53,898	49,635	6,007	5,637.0	3.6%
2010	55,269	45,430	6,244	5,880.0	7.3%
2011	52,197	44,709	6,181	5,846.0	9.5%
2012	54,283	45,807	6,344	5,993.7	8.6%
2013	53,681	48,618	6,408	6,013.5	8.1%
2014	55,548	48,485	6,520	6,182.4	6.6%

Sources: Population, median household income and unemployment rate information provided by Eagle County. School enrollment data provided by the Eagle County School District Business Services Department.

EAGLE COUNTY SCHOOLS
Principal Employers
June 30, 2014

2014 Rank	Employer	Product or Service	2013 Rank
1	Vail Resorts Inc.	Ski Resorts	1
2	Eagle County School District	Education	2
3	Vail Valley Medical Center	Health Care	3
4	Vail Cascade Resort	Hotel	4
5	Eagle County	Government	5
6	Ritz Carlton- Bachelor Gulch	Hotel	6
7	Park Hyatt Beaver Creek Resort & Spa	Hotel	7
8	Vail Marriot	Hotel	8
9	Sonnenalp Resort	Hotel	9
10	Town of Vail	Government	10
11	Wal-Mart Stores	Construction	11

Source: Eagle County

EAGLE COUNTY SCHOOLS
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Governmental Fund Expenditures	Funded Students	Cost Per Pupil	Percentage Change	Teaching Staff FTE	Pupil Teacher Ratio
2005	50,857,051	4,830.0	10,529	-4.8%	419.01	11.53
2006	52,944,994	4,989.0	10,612	0.8%	439.17	11.36
2007	70,444,030	5,096.5	13,822	30.2%	445.05	11.45
2008	112,711,213	5,288.0	21,315	54.2%	416.88	12.68
2009	137,474,208	5,637.0	24,388	14.4%	459.99	12.25
2010	88,779,530	5,880.0	15,099	-38.1%	479.77	12.26
2011	86,282,394	5,847.0	14,757	-2.3%	486.64	12.02
2012	84,777,263	5,994.0	14,144	-4.2%	428.80	13.98
2013	75,377,345	6,013.5	12,535	-11.4%	370.10	16.25
2014	78,270,896	6,182.4	12,660	1.0%	379.70	16.28

Source: Eagle County Schools Finance and Human Resources Departments

Note: Enrollment based on October enrollment. Teaching staff are full-time equivalents for the year as a whole.

**Schedule of Insurance
(Unaudited)**

Description of Insurance	Carrier or Pool	Coverage Limit	Deductible
General Liability	Colorado School Districts Self Insurance Pool (CSDSIP)	\$2,000,000	\$0
Property including:			
Inland marine	CSDSIP	\$65,000,000	\$1,000
Boiler and machinery	CSDSIP	\$5,000,000	\$1,000
Automobile liability:	CSDSIP		
Combined single limit		\$1,000,000	\$0
Personal injury protection		\$5,000	\$0
Uninsured motorist		\$1,000,000	\$0
School Leaders Errors and Omissions	CSDSIP	\$2,000,000	\$0
Public Officials Bond	CSDSIP	\$10,000	\$100
Crime:	CSDSIP		
Employee dishonesty		\$150,000	\$500
Theft		\$10,000	\$100
Forgery/alteration		\$10,000	\$100
Employment Practices Liability	CSDSIP	\$1,000,000	\$1,000
Worker's Compensation	Pinnacol	NO LIMIT	\$1,000
Unemployment	Claims basis	NO LIMIT	

Source: Eagle County Schools

COMPLIANCE SECTION

SINGLE AUDIT



Board of Education
Eagle County Schools
Eagle, Colorado

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Schools, and have issued our report thereon dated December 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Eagle County Schools' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eagle County Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Eagle County Schools' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Eagle County Schools' financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the Eagle County Schools' internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eagle County Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Eagle County Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eagle County Schools' internal control and compliance. Accordingly, this report is not suitable for any other purpose.



December 3, 2014



Board of Education
Eagle County Schools
Eagle, Colorado

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the Eagle County Schools' compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Eagle County Schools' major federal programs for the year ended June 30, 2014. The Eagle County Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Eagle County Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Eagle County Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Eagle County Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, the Eagle County Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Eagle County Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Eagle County Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Eagle County Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the Eagle County Schools' internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Schools. We issued our report thereon dated December 3, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Swanlund & Company, LLC

December 3, 2014

EAGLE COUNTY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes x no

Identification of major programs:

84.027 Special Education
84.173 Special Education - Preschool
84.366 Mathematics and Science Partnerships

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes _____ no

Financial Statement Findings

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

EAGLE COUNTY SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Passed through Colorado Department of Education			
Title I	4010	84.010	512,303
Migrant Education	4011	84.011	43,371
Special Education	4027	84.027	986,565
Special Education - Preschool	4173	84.173	25,033
English Language Acquisition	4365	84.365	132,188
Mathematics and Science Partnerships	5366	84.366	652,527
Improving Teacher Quality	4367	84.367	105,400
Race to the Top	4413	84.413	29,639
Race to the Top - Early Learning Challenge	5412	84.412	1,825
Passed through Colorado Community College System			
Career and Technical Education		84.048	48,730
Passed through Colorado Department of Human Services			
Vocational Rehabilitation		84.126	65,131
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,602,712</u>
U.S. Department of Health and Human Services			
Direct Program			
Head Start		93.600	424,993
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>424,993</u>
U.S. Department of Agriculture			
Passed through Colorado Department of Education			
School Breakfast Program	4553	10.553	122,201
National School Lunch Program	4555	10.555	920,365
Passed through Colorado Department of Human Services			
Donated Commodities		10.555	76,411
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,118,977</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 4,146,682</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
District: 0910 - EAGLE COUNTY RE 50
Fiscal Year 2013-14
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental		+		-	=
10	General Fund	10,711,901	52,727,376	52,350,775	11,088,502
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
Sub- Total		10,711,901	52,727,376	52,350,775	11,088,502
11	Charter School Fund	3,525,301	3,593,823	6,399,254	719,870
20,26-29	Special Revenue Fund	0	0	0	0
21	Capital Reserve Spec Revenue Fund	0	0	0	0
22	Govt Designated-Purpose Grants Fund	-299,578	4,639,465	4,511,969	-172,081
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	17,164	1,886,906	1,860,920	43,150
31	Bond Redemption Fund	11,796,093	13,194,785	13,879,888	11,110,990
39	Non-Voter Approved Debt Service Fund	0	0	0	0
41	Building Fund	0	0	0	0
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	4,254,969	2,189,025	2,959,046	3,484,948
Totals		30,005,650	76,231,361	61,961,652	26,275,379
Proprietary					
51	Food Service Fund	366,318	1,834,018	1,686,167	514,168
50	Other Enterprise Funds	1,017,435	139,661	116,807	1,040,289
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	1,513,903	0	458,388	1,055,515
Totals		2,897,655	1,973,678	2,261,362	2,609,972
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	1,187,938	1,336,387	1,379,421	1,144,903
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		1,187,938	1,336,387	1,379,421	1,144,903

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.