

Eagle County Schools

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2007**



Eagle County Schools

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
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Prepared by Business Services

Phil Onofrio, CFO



Eagle County Schools

Financial Section



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Eagle County Schools

Introductory Section





November 19, 2007

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

Colorado Revised Statute 29-1-603 requires that all school districts publish within five months of the close of each fiscal year 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 Schools for the fiscal year ended June 30, 2007.

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 McMahan and Associates, L.L.C., 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, 2007, are free of 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 unqualified opinion that Eagle County Schools' financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's 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. The results of the District’s single audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses or reportable conditions in internal control or material violations of applicable laws, regulation, contracts or grants.

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 43-62, 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 require 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 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 15 independent districts were consolidated into a countywide district encompassing the 1,694 square miles of Eagle County, Colorado. The District is located in the western Colorado and the 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 5,100 students. This includes basic 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 functions, in essence, as a school within Eagle County Schools and therefore has been included as an integral part of Eagle County Schools' financial statements. Eagle County Schools also benefits exclusively from the Eagle County Public Education Foundation. Therefore, the Foundation's financial operations have been included as an integral part of these financial statements. Additional information on these two entities can be found in Note I.A in the notes to the financial statements.

The annual budget serves as the foundation for Eagle County Schools' financial planning and control. The Board of Education begins the budget cycle annually in October by reviewing several five-year projections to evaluate the overall financial health of the district. Based upon this review and current financial policies, the Board establishes the facts and assumptions that will be used in the development of the annual budget. 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 Fund, this comparison is presented on page 33 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, this comparison is presented in the governmental fund subsection of this report, which starts on pages 68-75.

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. Although the Colorado School Finance Act was implemented with the best intentions, tight state revenues have resulted in the Act, and therefore schools, being under funded for over eighteen years.

In November 2000, the voters of Colorado passed a statewide ballot issue to amend the State Constitution, Amendment 23. This amendment requires that the state fund public education at a minimum of growth plus inflation plus one percent for the next ten years beginning with fiscal 2001-02 and thereafter at growth plus inflation.

Enrollment is the second key factor to financing a school district. Eagle County School District's enrollment continues to increase moderately. The District increased 107.5 students or 2.2%. The 2007-08 budget has been prepared forecasting a 3.7% enrollment growth for the next fiscal year.

Major Initiatives

Student achievement and accountability in education guide the goals of the District. In addition to the Measurable Goals adopted by the Board of Education in 1999-2000, there were several major initiatives continued during 2006-07. They are: Focus on Literacy, a High Quality Teacher in Every Classroom and the enhancement of Early Education.

Focus on Student Achievement. The District continued its focus on student achievement of literacy. The District's commitment to literacy begins with Master and Mentor teachers in every building. This, in addition to job embedded staff development and data driven instruction, is expected to increase literacy achievement throughout the district.

A High Quality Teacher in Every Classroom. In March 2002, the Board of Education adopted Eagle County Schools Teacher Advancement Plan (TAP). This plan provided the framework for teacher performance pay, as well as, structuring schools to continue to strive towards the District's mission of student achievement. The framework has evolved into a structure unique to Eagle schools as follows:

Multiple Career Paths

<i>Traditional Structure</i>	<i>ECSD Structure</i>
<ul style="list-style-type: none"> o Single career path o Requires the same level of professional qualifications for each teacher o Each teacher has the same level of responsibility and authority 	<ul style="list-style-type: none"> o Multiple career paths (Career Teacher, Mentor, Master) o Requires increased levels of professional qualifications based on level of responsibility o Provides teachers with the opportunity for additional responsibility and authority

Market-Driven Compensation

Traditional Structure

- Salary schedule driven compensation
- Lock step salary that is determined by years of experience and level of education

ECSD Structure

- Performance and responsibility driven compensation
- Salary determined by the effectiveness of performance and level of responsibility

Performance Based Accountability

Traditional Structure

- The current structure does not contain elements of this principle

ECSD Structure

- Bonuses based on student learning gains as measured by standardized tests
- Hiring, advancement, salary and bonus decisions are based on performance reviews conducted (4 times/yr) by the principal, master teacher and mentor teacher

Ongoing, Applied Professional Development

Traditional Structure

- Isolated days and weekly designated time for professional development
- Concentrated on district wide goals and objectives

ECSD Structure

- Provides time within the regular work day for teachers to learn, plan and grow collaboratively
- Allows for differentiated types of development based on individual and school needs

Expanding the Supply of High Quality Educators

Traditional Structure

- In order for teachers to advance their career in education, they are forced to leave the classroom and pursue administration
- In order for teachers to receive higher compensation, they often leave the profession

ECSD Structure

- Provides the opportunity for quality teachers to advance their career through increased responsibility and compensation without leaving the classroom
- The opportunity for teachers to increase their compensation through increased responsibility

The District believes that this program will continue to enhance the learning of all students as it works to place a highly qualified teacher in front of students every day. The Eagle County Charter School is not participating in the ECSD framework.

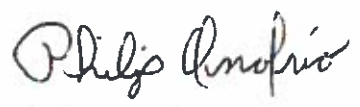
Expanding Early Education. The District is working hard to close the achievement gap between Anglo students and Hispanic students. The District believes that this should begin with early education. As a commitment to closing this achievement gap, 2006-07 provided for a full day kindergarten program throughout the District. This program was made available through a community partnership with the Vail Valley Foundation, Eagle County School and parents. Throughout these three funding sources, all kindergarten students in Eagle County can now attend full time. Even though the state does not fund full day kindergarten, the District is committed to providing this service to all students and the District believes strongly that this early childhood will reap student achievement benefits for years to come.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services department and former Assistant Superintendent for Business Services, Karen Strakbein. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Superintendent and Board of Education for their

unfailing support for maintaining the highest standards of professionalism in the management of Eagle County Schools' finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Philip Onofrio". The signature is written in a cursive, flowing style.

Philip Onofrio, CPA
Chief Financial Officer

The organizational chart for the Board of Education is structured as follows:

- Board of Education** (Yellow box)
 - Parent & Non-Parent Tax payers** (Yellow box)
 - Superintendent** (Yellow box)
 - Dir of Comm.** (Yellow box)
 - Comm. Specialist** (Yellow box)
 - Admin Asst BOE Secretary** (Yellow box)
- Learning Services** (Blue text)
 - Exe Dir Elem Ed** (Green box)
 - Ed Support Specialist** (Green box)
 - Elem Principals** (Green box)
 - Teachers & Support Staff** (Green box)
 - Inst Coaches (3)** (Green box)
 - Inst Tech Coach** (Green box)
 - Exe Dir Sec Ed** (Green box)
 - Media Coordinator** (Green box)
 - Secondary Principals** (Green box)
 - Teachers & Support Staff** (Green box)
 - Ed Support Specialist** (Green box)
 - Dir of Assessment** (Green box)
 - Dir of ELA** (Green box)
 - Dir of SR&ED** (Green box)
 - Dir of Prof. Dev** (Green box)
 - Inst Coaches (3)** (Green box)
 - Inst Tech Coach** (Green box)
 - Dir of Early Childhood** (Green box)
- Operations** (Blue text)
 - CFO** (Blue box)
 - Business Services** (Blue box)
 - Transportation** (Blue box)
 - Food Service** (Blue box)
 - Construction** (Blue box)
 - Maintenance** (Blue box)
 - Dir Human Resources** (Blue box)
 - HR Manager** (Blue box)
 - HR Support Specialist** (Blue box)
 - Receptionist** (Blue box)
 - HR Admin Assistant** (Blue box)
 - CTO** (Blue box)
 - Network Svc Manager** (Blue box)
 - Network Engineers (3)** (Blue box)
 - P&M Support Spec (4)** (Blue box)
 - Info Services Manager** (Blue box)
 - Student Systems Admin** (Blue box)
 - Business Systems Admin** (Blue box)
 - Data Systems Assistant** (Blue box)
 - Tech Support Specialist** (Blue box)
 - Ed Tech Svc Manager** (Blue box)

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EAGLE COUNTY SCHOOLS

Eagle, Colorado

PRINCIPAL OFFICIALS

Board of Education

Scott Green..... President
Connie Kincaid-Strahan..... Vice President
Brian Nolan Secretary/Treasurer
Andy Arnold..... Director
Jason Benderly Director
Carrie Benway Director
Jeanne McQueeney Director

District Administration

John Pacheco Interim Superintendent
Phil Onofrio..... Chief Financial Officer
Heather Eberts Director of Elementary Education
Mike Gass..... Director Secondary Education
Bonnie Pottorff..... Director of Special Education
John Kuglin..... Director of Technology
Jason Glass..... Director of Human Resources

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.



McMahan and Associates, I.I.C.

Certified Public Accountants and Consultants

Suite 222/Avon Center
100 West Beaver Creek Blvd.
P.O. Box 5850 Avon, CO 81620

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Facsimile: (970) 845-0851
E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Education Eagle County Schools Eagle, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Eagle County Schools (the "District"), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2007 on our consideration of the District's internal control over financial reporting and on our tests of its compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an

Performing services for local governments throughout Colorado

D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.

Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11 through 20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the Schedule of Expenditures of Federal Awards included in the single audit section is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining and individual fund statements and schedules, Colorado Department of Education Auditor's Electronic Data Integrity Check Figures and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McMahan and Associates, LLC

McMahan and Associates, L.L.C.
November 13, 2007

Eagle County Schools

Management's Discussion and Analysis



Eagle County Schools
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2007

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, 2007. 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 1-6 of this report.

Financial Highlights

- ❖ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$42,432,274.
- ❖ The District's total net assets increased by \$14,314,288.
- ❖ As of the close of the current fiscal year, the Eagle County School District's governmental funds reported combined ending fund balances of \$172,593,780, an increase of \$117,222,327 in comparison with the prior year. The majority of this is a result of issuing \$128,370,000 in General Obligation Bonds.
- ❖ At the end of the current fiscal year, unreserved fund balance for the general fund was \$14,615,715 or 36% percent of total General Fund expenditures.
- ❖ The District issued \$128,370,000 in general obligation bonds approved by voters in November 2006.
- ❖ The Eagle County School District debt increased by \$124,230,000 to a balance of \$189,105,000. The District currently has three outstanding general obligation bonds from 1999, 2005 and 2007. The District completed the final payment in 2007 for the 1996 bond issue.

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 Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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). 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. Such services include activities relating to building maintenance, technology and administration.
- **Business-type activities:** The food service program and District housing is included under this heading.

The district-wide financial statement includes not only the District itself, but also the legally separate Eagle County Public Education Foundation and the Eagle County Charter Academy. The Eagle County Public Education Foundation solely benefits the District and the Eagle County Charter Academy functions for all practical purposes as a school of the District, and therefore these organizations been included as an integral part of the District's financial statements.

The District-wide financial statements can be found on pages 23-25 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 and debt service fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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 basic major governmental fund financial statements can be found on pages 26-34.

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. 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 and the District housing fund, both of which are considered to be major funds of the District.

The basic proprietary fund financial statements can be found on pages 36-41 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 statements can be found on page 42 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 44-62 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes. Combining fund statements and schedules can be found on pages 66-67 of this report.

Immediately following the combining statements and schedules are the statements reporting the District's annual appropriated budgets. These budget reports can be found on pages 68-75.

District-wide Financial Analysis:

As noted earlier, net assets may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$42,432,274 at the close of the most recent fiscal year.

Net assets invested in capital assets, net of related debt is currently a negative number of \$116,283,155. This is due to the issuance of \$128,370,000 in debt while the offsetting assets are under construction and not included in capital assets. 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 Assets:

	Governmental Activities		Business-type Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Assets:						
Current and other assets	\$ 170,325,502	\$ 32,296,334	\$ 146,232	\$ (350)	\$ 170,471,734	\$ 32,295,984
Capital assets	82,247,238	70,605,043	340,205	378,594	82,587,443	70,983,637
Total Assets	\$ 252,572,740	\$ 102,901,377	\$ 486,437	\$ 378,244	\$ 253,059,177	\$ 103,279,621
Liabilities:						
Other liabilities	\$ 11,220,631	\$ 8,566,903	\$ 30,202	\$ 35,469	11,250,833	8,602,372
Long-term liabilities	199,368,777	66,548,819	7,293	10,444	199,376,070	66,559,263
Total Liabilities	\$ 210,589,408	\$ 75,115,722	\$ 37,495	\$ 45,913	\$ 210,626,903	\$ 75,161,635
Net Assets (Liabilities):						
Invested in capital assets,						
net of related debt	\$ 12,325,892	\$ 4,670,066	\$ 340,205	\$ 378,594	12,666,097	5,048,660
Restricted	12,264,184	7,725,445	-	-	12,264,184	7,725,445
Unrestricted	17,393,256	15,390,144	108,737	(46,263)	17,501,993	15,343,881
Total Net Assets	\$ 41,983,332	\$ 27,785,655	\$ 448,942	\$ 332,331	\$ 42,432,274	\$ 28,117,986

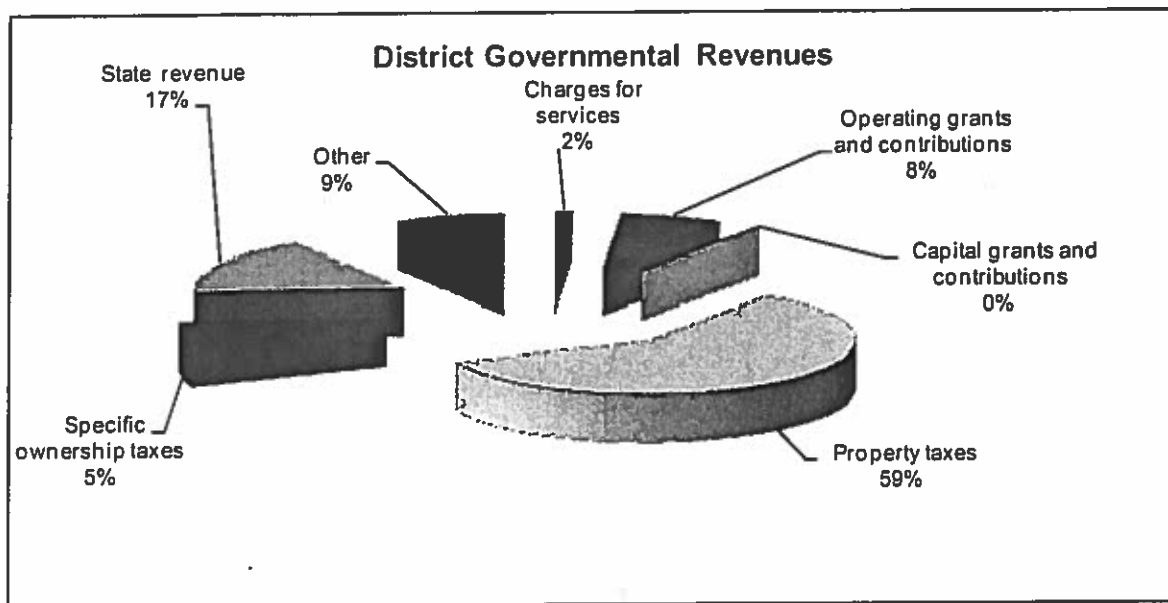
A portion of the District's net assets (29%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets \$146,451,245 less the net assets committed for construction, \$126,593,616 (\$19,857,629 or 47%) may be used to meet the District's ongoing obligations to its students and creditors.

Governmental Activities: Net assets for governmental activities increased by \$14,197,677. Capital asset activity accounted for a majority of this increase. The following graph summarizes the District's change in net assets:

Eagle County Schools Changes in Net Assets:

	Governmental Activities		Business-type Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Revenues:						
<i>Program revenues</i>						
Charges for services	\$ 753,254	\$ 816,315	\$ 1,040,863	\$ 1,009,435	\$ 1,794,117	\$ 1,825,770
Operating grants and contributions	4,390,928	3,617,003	553,063	525,940	4,943,991	4,142,943
Capital grants and contributions	54,315	39,611	15,358	-	69,673	39,611
<i>General revenues</i>						
Property taxes	46,732,834	38,428,577	-	-	46,732,834	38,428,577
Specific ownership taxes	2,864,549	2,618,053	-	-	2,864,549	2,618,053
State revenue	9,091,628	8,179,420	-	-	9,091,628	8,179,420
Investment earnings	3,994,797	517,704	-	-	3,994,797	517,704
Other	687,662	1,183,453	-	-	687,662	1,183,453
Total revenues	68,569,967	55,400,136	1,609,284	1,535,375	70,179,251	56,935,511
Expenditures:						
Direct Instruction	\$ 27,911,528	28,479,456	-	-	27,911,528	28,479,456
Indirect Instruction	4,698,293	4,668,381	-	-	4,698,293	4,668,381
Transportation	2,247,910	2,652,719	-	-	2,247,910	2,652,719
Custodial maintenance	5,281,807	5,202,034	-	-	5,281,807	5,202,034
Support services	3,140,722	2,984,920	-	-	3,140,722	2,984,920
General administration	5,908,565	4,073,791	-	-	5,908,565	4,073,791
Community service	101,179	62,525	-	-	101,179	62,525
Interest	5,082,286	3,009,685	-	-	5,082,286	3,009,685
Food services	-	-	1,400,582	1,356,779	1,400,582	1,356,779
Employee housing	-	-	92,091	90,851	92,091	90,851
Total Expenses	54,372,290	51,133,511	1,492,673	1,447,630	55,864,963	52,581,141
Change in net assets before transfers	14,197,677	4,266,625	116,611	87,745	14,314,288	4,354,370
Transfers	-	(3,675)	-	3,675	-	-
Change in net assets after transfers	14,197,677	4,262,950	116,611	91,420	14,314,288	4,354,370
Net assets - July 1	27,785,655	23,522,705	332,331	240,911	28,117,986	23,763,616
Net assets - June 30	\$ 41,983,332	\$ 27,785,655	\$ 448,942	\$ 332,331	\$ 42,432,274	\$ 28,117,986

Most school districts operating revenues comes from the School Finance Act of 1994 ("SFA"). Under this act, the District received \$6,635 per funded pupil in fiscal year ended June 30, 2007, and the funded pupil count was 5,096.5. SFA funding comes from general fund property taxes, specific ownership taxes, and state equalization. The District received 64% of SFA funding from property taxes and specific ownership tax and 17% from the state. Below is a graph that summarizes total revenues by source for governmental activities:



Business-Type Activities: Business-type activities changed the District's net assets by \$116,611. Key elements of this increase are as follows:

- The food service fund's net assets increased by \$66,828 as a result of controlled food costs.
- The District housing fund's net assets changed by \$49,783. The increase was a result of operations in which rental revenue is exceeding direct expenses.

Financial Analysis of the District's Funds

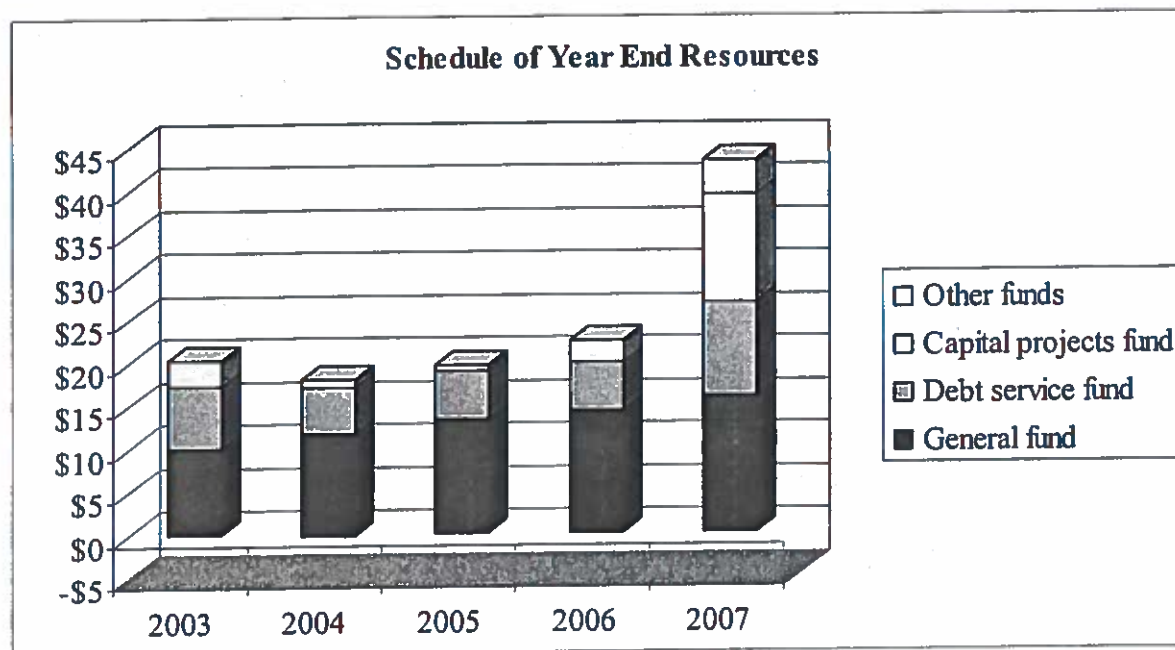
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved 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 \$157,436,635, an increase of \$134,982,708. \$126,593,616 due to the issuance of bonds. Of the remaining increase of \$8,389,092, \$5,368,755 is an increase in the Debt Fund, \$1,587,577 in the General Fund and \$1,432,760 in other governmental funds

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, 2007, the food service fund had net assets of \$107,240 and the District housing fund had net assets of \$341,702.

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 unfavorable to the final budget by \$584,455. Actual expenditures and other financing uses were \$15,185,263 less than budgeted. These variances caused an increase in the ending fund balance of the general fund of \$1,587,577. The major reasons for the variations compared to budget are as follows:

- The revenues were in part unfavorable compared to final budget due to low property taxes and state income.
- Expenditures were favorable compared to final budget as a result of small staffing shortages experienced throughout the entire District for teacher positions.

The largest variance from original budget to final budget related to outgoing transfers. The general fund's anticipated operational subsidy to the food service fund was not needed. The District has prepared a balanced budget for the next fiscal year.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$82,587,443 as of June 30, 2007. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years. The District completed several small capital projects throughout the fiscal year

ended 2007. The costs associated with these projects were funded through the Capital Reserve Fund. The District has \$35,541,004 in construction commitments as of June 30, 2007.

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 51-52 of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$189,105,000, representing a net change of \$124,230,000. This increase a result of the issuance of \$128,370,000 in new debt and principal payments of \$4,140,000 made during the fiscal year 2007.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessors Office, or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessors Office. The District's legal bonded debt limit as of June 30, 2007 is \$425,061,700.

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 53-55 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**

School District finance is also significantly affected by Amendment 23, which was approved by the voters in November, 2000. This state constitutional amendment requires that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window has expired, the state must increase funding at the rate of inflation. This funding calculation attempts to align Colorado Districts to inflation-adjusted funding levels of 1988. The formula will also increase the District's reliance upon the state and decrease the District's reliance upon local funding over time.

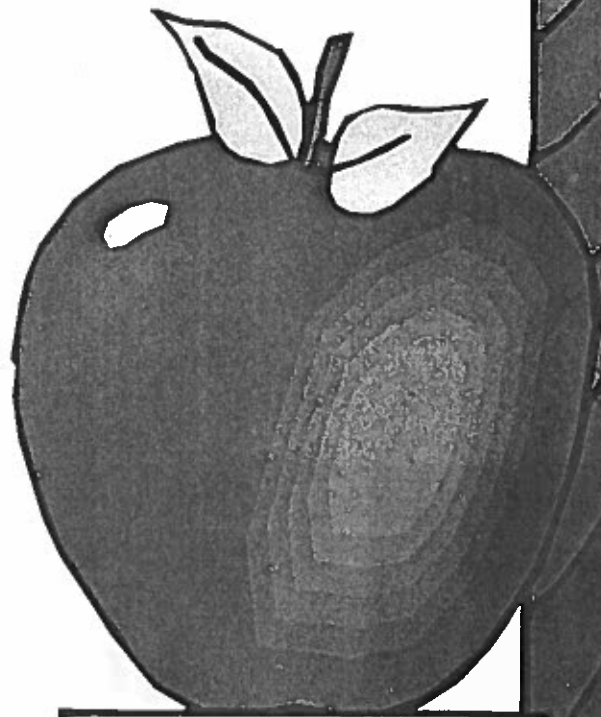
The District's total program per pupil funding increased from \$6,405 to \$6,635 for fiscal years June 30, 2006 and June 30, 2007 respectively, representing a 3.6% increase between years. This increase was due to the calendar year 2005 inflation rate of 2.1% plus the 1% increase above inflation required by Amendment 23. The District's funded pupil count increased from 4,989 to 5,096.5 from June 30, 2006 and June 30, 2007, representing a 2.2% increase between years. The District projects a pupil count increase over the next few years as well.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2007 totaled \$15,830,515. The fiscal year 2008 budget anticipates increase of this balance by \$94,549.

Request 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.

Eagle County Schools



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Eagle County Schools

Basic Financial Statements



EAGLE COUNTY SCHOOLS

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 163,733,845	\$ -	\$ 163,733,845
Accounts, taxes, and interest receivable	5,120,272	-	5,120,272
Due from other governments	347,904	69,281	417,185
Internal Balances	(22,272)	22,272	-
Inventory	-	54,679	54,679
Total current assets	<u>169,179,749</u>	<u>146,232</u>	<u>169,325,981</u>
Other assets:			
Deferred charges	<u>1,145,753</u>	<u>-</u>	<u>1,145,753</u>
Capital assets:			
Land and Buildings	142,617,935	815,274	143,433,209
Equipment and vehicles	9,454,565	613,098	10,067,663
Construction in Progress	2,636,256	-	2,636,256
Less accumulated depreciation	(72,461,518)	(1,088,167)	(73,549,685)
Total capital assets	<u>82,247,238</u>	<u>340,205</u>	<u>82,587,443</u>
Total assets	<u>252,572,740</u>	<u>486,437</u>	<u>253,059,177</u>
LIABILITIES			
Current liabilities:			
Accounts, retainage, arbitrage and deposits payable	\$ 4,438,654	\$ 4,844	\$ 4,443,498
Accrued compensation	5,113,934	-	5,113,934
Accrued interest	757,659	-	757,659
Deferred revenue	910,384	25,358	935,742
Total current liabilities:	<u>11,220,631</u>	<u>30,202</u>	<u>11,250,833</u>
Noncurrent liabilities:			
Compensated absences	498,179	7,293	505,472
Bonded debt payable:			
Due within one year	6,465,000	-	6,465,000
Due in more than one year	192,405,598	-	192,405,598
Total noncurrent liabilities	<u>199,368,777</u>	<u>7,293</u>	<u>199,376,070</u>
Total liabilities	<u>210,589,408</u>	<u>37,495</u>	<u>210,626,903</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,325,892	340,205	12,666,097
Restricted for:			
TABOR	1,214,800	-	1,214,800
Debt service	11,049,384	-	11,049,384
Unrestricted	<u>17,393,256</u>	<u>108,737</u>	<u>17,501,993</u>
Total net assets	<u>\$ 41,983,332</u>	<u>\$ 448,942</u>	<u>\$ 42,432,274</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Direct instruction	\$ 27,911,528	749,019	3,181,264	54,315
Indirect instruction	4,698,293	-	632,023	-
Transportation	2,247,910	-	507,925	-
Custodial and maintenance	5,281,807	-	-	-
Support services	3,140,722	-	-	-
General administration	5,908,565	-	-	-
Community service	101,179	4,235	69,716	-
Interest expense	5,082,286	-	-	-
Total governmental activities	<u>\$ 54,372,290</u>	<u>753,254</u>	<u>4,390,928</u>	<u>54,315</u>
Business-type Activities:				
Food service	\$ 1,400,582	898,989	553,063	15,358
Employee housing	92,091	141,874	-	-
Total business-type activities	<u>1,492,673</u>	<u>1,040,863</u>	<u>553,063</u>	<u>15,358</u>
Total primary government	<u>\$ 55,864,963</u>	<u>1,794,117</u>	<u>4,943,991</u>	<u>69,673</u>

General revenues:

Property taxes levied for general purposes
Property taxes levied for debt service
Specific ownership taxes
State revenue
Grants and contributions not restricted to specific programs
Interest and investment earnings
Total general revenues and transfers

Change in net assets

Net assets, beginning (restated)
Net assets, ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expenses) Revenue
and Changes in Net Assets**

Governmental Activities	Business Type Activities	Total
(23,926,930)	-	(23,926,930)
(4,066,270)	-	(4,066,270)
(1,739,985)	-	(1,739,985)
(5,281,807)	-	(5,281,807)
(3,140,722)	-	(3,140,722)
(5,908,565)	-	(5,908,565)
(27,228)	-	(27,228)
(5,082,286)	-	(5,082,286)
<u>(49,173,793)</u>	<u>-</u>	<u>(49,173,793)</u>
-	66,828	66,828
-	49,783	49,783
	<u>116,611</u>	<u>116,611</u>
<u>(49,173,793)</u>	<u>116,611</u>	<u>(49,057,182)</u>
31,876,531	-	31,876,531
14,856,303	-	14,856,303
2,864,549	-	2,864,549
9,091,628	-	9,091,628
687,662	-	687,662
3,994,797	-	3,994,797
<u>63,371,470</u>	<u>-</u>	<u>63,371,470</u>
14,197,677	116,611	14,314,288
27,785,655	332,331	28,117,986
<u>\$ 41,983,332</u>	<u>448,942</u>	<u>42,432,274</u>

EAGLE COUNTY SCHOOLS**Balance Sheet****Governmental Funds****June 30, 2007**

	General Fund	Building Fund	Debt Service Fund
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 23,766,393	\$ 128,949,252	\$ 10,960,446
Accounts, taxes, and interest receivable	2,100,539	-	638,833
Due from other governments	-	-	-
Due from other funds	368,646	-	-
Total assets and other debits	<u>26,235,578</u>	<u>128,949,252</u>	<u>11,599,279</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, retainage, arbitrage and deposits payable	\$ 3,261,273	\$ 68,936	\$ -
Due to other funds	1,686,272	2,286,700	271,077
Accrued compensation	4,848,407	-	-
Deferred revenue	609,111	-	278,818
Total liabilities	<u>10,405,063</u>	<u>2,355,636</u>	<u>549,895</u>
Fund balances:			
Reserved for:			
TABOR	1,214,800	-	-
Capital projects	-	126,593,616	-
Debt service	-	-	11,049,384
Unreserved reported in:			
General fund	14,615,715	-	-
Capital projects fund	-	-	-
Total fund balances	<u>15,830,515</u>	<u>126,593,616</u>	<u>11,049,384</u>
Total liabilities and fund balances	<u>\$ 26,235,578</u>	<u>\$ 128,949,252</u>	<u>\$ 11,599,279</u>

The notes to the basic financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 10,697	\$ 163,686,788
1,474,452	4,213,824
347,904	347,904
3,976,618	4,345,264
<u>5,809,671</u>	<u>172,593,780</u>

\$ 13,498	\$ 3,343,707
1,542,812	5,786,861
267,786	5,116,193
22,455	910,384
<u>1,846,551</u>	<u>15,157,145</u>

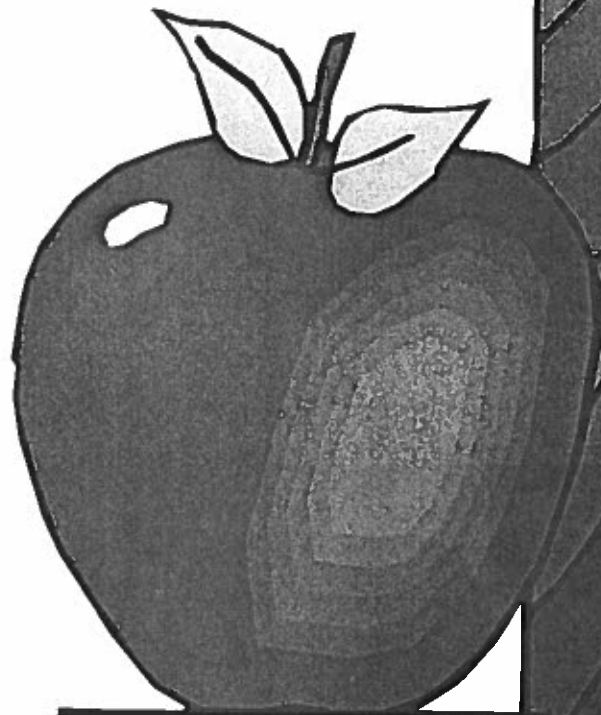
-	1,214,800
-	126,593,616
-	11,049,384
-	14,615,715
<u>3,963,120</u>	<u>3,963,120</u>
<u>3,963,120</u>	<u>157,436,635</u>
<u>\$ 5,809,671</u>	<u>\$ 172,593,780</u>

EAGLE COUNTY SCHOOLS
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets
June 30, 2007

Governmental Funds Total Fund Balance	\$ 157,436,635
Add:	
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	906,451
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	154,708,748
Deferred charges such as bond issuance costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Assets.	1,145,753
An internal service fund is used by the District's management to charge the costs employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	373,699
Less:	
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition	(72,461,518)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of bonded debt payable.	(198,870,598)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences not currently payable.	(498,179)
Interest payable on debt is not recorded on the fund statements but rather is recognized as an expenditure when due. This is the accrued interest on bonded debt that has been incurred but not yet due.	(757,659)
Governmental Activities Net Assets	<u>\$ 41,983,332</u>

The notes to the basic financial statements are an integral part of this statement.

Eagle County Schools



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EAGLE COUNTY SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes			
Property taxes	\$ 28,867,455	\$ -	\$ 14,856,303
Specific ownership taxes	2,802,578	-	-
Federal income	10,288	-	-
State income	7,867,724	-	-
Interest income	846,965	3,147,832	-
Other	1,922,240	-	-
Total revenues	<u>42,317,250</u>	<u>3,147,832</u>	<u>14,856,303</u>
EXPENDITURES			
Current:			
Direct instruction	25,014,432	-	-
Indirect instruction	3,717,634	-	-
Transportation	707	1,000	-
Custodial and maintenance	4,844,208	139,868	-
Support services	2,580,622	2,464,163	-
General administration	4,128,714	-	-
Community service	73,112	-	-
Debt Service:			
Principal	-	-	4,140,000
Interest	-	-	5,346,655
Other	-	-	893
Capital outlay	-	10,856,183	-
Total expenditures	<u>40,359,429</u>	<u>13,461,214</u>	<u>9,487,548</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,957,821</u>	<u>(10,313,382)</u>	<u>5,368,755</u>
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	-	127,422,126	-
Premium on issuance	-	9,484,872	-
Transfers in (out)	(370,244)	-	-
Total other financing sources (uses)	<u>(370,244)</u>	<u>136,906,998</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,587,577	126,593,616	5,368,755
FUND BALANCES, BEGINNING	<u>14,242,938</u>	<u>-</u>	<u>5,680,629</u>
FUND BALANCES, ENDING	<u>\$ 15,830,515</u>	<u>\$ 126,593,616</u>	<u>\$ 11,049,384</u>

The notes to the basic financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 4,934,567	\$ 48,658,325
61,971	2,864,549
2,238,088	2,248,376
765,763	8,633,487
-	3,994,797
213,483	2,135,723
<u>8,213,872</u>	<u>68,535,257</u>
1,534,117	26,548,549
770,064	4,487,698
1,924,892	1,926,599
8,422	4,992,498
161,270	5,206,055
10,773	4,139,487
29,041	102,153
-	4,140,000
-	5,346,655
-	893
2,697,260	13,553,443
<u>7,135,839</u>	<u>70,444,030</u>
<u>1,078,033</u>	<u>(1,908,773)</u>
-	127,422,126
-	9,484,872
354,727	(15,517)
<u>354,727</u>	<u>136,891,481</u>
1,432,760	134,982,708
<u>2,530,360</u>	<u>22,453,927</u>
<u>\$ 3,963,120</u>	<u>\$ 157,436,635</u>

EAGLE COUNTY SCHOOLS
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2007

Governmental Funds Changes in Fund Balances	\$ 134,982,708
Add:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions.	14,462,651
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the deferred property tax recognized in the statement of activities.	906,448
resources on the fund financial statements. The government-wide statements show these as a reduction against long-term liabilities.	4,140,000
governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest is recognized as it accrues, regardless of when it is due. This is the amount that accrued interest changed at the end of the year.	(514,881)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities.	(9,578)
fund financial statements but in the government wide financial statements the premium is capitalized and amortized over the life of the bonds. This represents the bond premium and cost of issuance less the related amortization.	1,661,736
Less:	
Bond proceeds represent an increase in current available resources in the fund financial statements. These proceeds represent an increase in liabilities on the government wide financial statements. This represents the total bonds issued during the year.	(137,854,872)
Accrued compensated absences 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 is the change in accrued compensated absences during the year.	115,664
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is prior year's deferred property tax revenue recognized in the prior fiscal year end on the government-wide statement of activities.	(871,739)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the depreciation expense for the year.	(2,820,460)
Governmental Activities Change in Net Assets	<u>\$ 14,197,677</u>

The notes to the basic financial statements are an integral part of this statement.

**EAGLE COUNTY SCHOOLS
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)
REVENUES				
Taxes				
Property taxes	\$ 29,697,991	\$ 29,697,991	\$ 28,867,455	\$ (830,536)
Specific ownership taxes	2,558,747	2,558,747	2,802,578	243,831
Federal income	57,000	57,000	10,288	(46,712)
State income	8,794,117	8,812,028	7,867,724	(944,304)
Interest income	580,000	580,000	846,965	266,965
Other	1,268,300	1,195,939	1,922,240	726,301
Total revenues	<u>42,956,155</u>	<u>42,901,705</u>	<u>42,317,250</u>	<u>(584,455)</u>
EXPENDITURES				
Current:				
Direct instruction	28,140,935	28,694,445	25,014,432	3,680,013
Indirect instruction	3,931,072	3,977,269	3,717,634	259,635
Custodial and maintenance	5,179,392	5,207,150	4,844,208	362,942
Support services	2,757,235	2,798,446	2,580,622	217,824
General administration	3,921,013	3,944,321	4,128,714	(184,393)
Community service	22,800	22,800	73,112	(50,312)
Transportation	-	-	707	(707)
Contingency	615,000	5,262	-	5,262
Total expenditures	<u>44,567,447</u>	<u>44,649,693</u>	<u>40,359,429</u>	<u>4,290,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,611,292)</u>	<u>(1,747,988)</u>	<u>1,957,821</u>	<u>3,705,809</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,110,941)	(9,974,245)	(370,244)	9,604,001
Total other financing sources (uses)	<u>(10,110,941)</u>	<u>(9,974,245)</u>	<u>(370,244)</u>	<u>9,604,001</u>
NET CHANGE IN FUND BALANCES	<u>(11,722,233)</u>	<u>(11,722,233)</u>	<u>1,587,577</u>	<u>13,309,810</u>
FUNDS BALANCES, BEGINNING	<u>11,722,233</u>	<u>11,722,233</u>	<u>14,242,938</u>	<u>2,520,705</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,830,515</u>	<u>\$ 15,830,515</u>

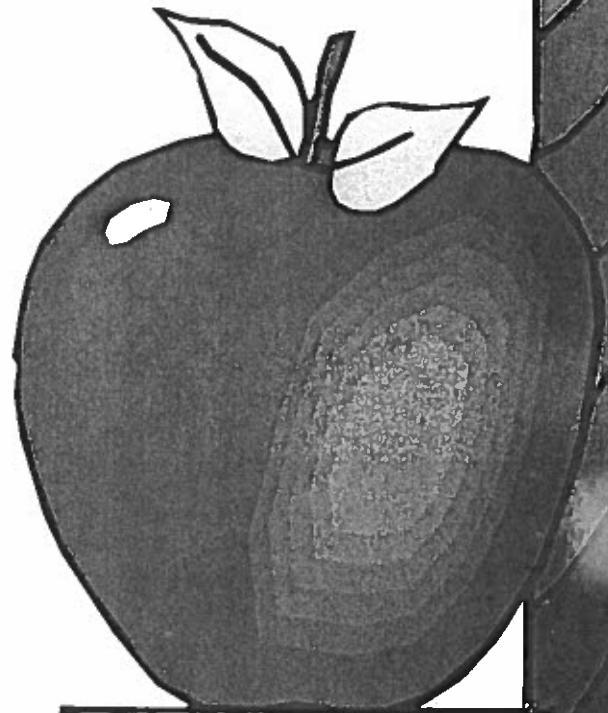
The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS**Building Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007**

	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)
REVENUES			
Interest income	-	3,147,832	3,147,832
Total revenues	-	3,147,832	3,147,832
EXPENDITURES			
Current:			
Custodial and maintenance	-	139,868	(139,868)
Support services	-	2,464,163	(2,464,163)
Transportation	-	1,000	(1,000)
Capital outlay	-	10,856,183	(10,856,183)
Total expenditures	-	13,461,214	(13,461,214)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(10,313,382)	(10,313,382)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	128,370,000	128,370,000
Premium on issuance	-	9,484,872	9,484,872
Bond issuance costs	-	(947,874)	(947,874)
Total other financing sources (uses)	-	136,906,998	136,906,998
NET CHANGE IN FUND BALANCES	-	126,593,616	126,593,616
FUNDS BALANCES, BEGINNING	-	-	-
FUND BALANCES, ENDING	-	126,593,616	126,593,616

The notes to the basic financial statements are an integral part of this statement.

Eagle County Schools



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EAGLE COUNTY SCHOOLS
Statement of Fund Net Assets/ Balance Sheet
Proprietary Funds
June 30, 2007

	Business-type Activities - Enterprise Funds		
	Food Service Fund	District Housing Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	69,281	-	69,281
Due from other funds	-	92,359	92,359
Inventories	54,679	-	54,679
Total current assets	<u>123,960</u>	<u>92,359</u>	<u>216,319</u>
Capital assets:			
Equipment	613,098	815,274	1,428,372
Less accumulated depreciation	(527,769)	(560,398)	(1,088,167)
Total capital assets	<u>85,329</u>	<u>254,876</u>	<u>340,205</u>
Total assets	<u>209,289</u>	<u>347,235</u>	<u>556,524</u>
LIABILITIES			
Current liabilities:			
Accounts and deposits payable	\$ -	\$ 4,844	\$ 4,844
Due to other funds	70,087	-	70,087
Accrued salaries, benefits and compensated absences	6,604	689	7,293
Deferred commodities	25,358	-	25,358
Total current liabilities	<u>102,049</u>	<u>5,533</u>	<u>107,582</u>
NET ASSETS			
Invested in capital assets, net of related debt	85,329	254,876	340,205
Unrestricted	<u>21,911</u>	<u>86,826</u>	<u>108,737</u>
Total net assets	<u>\$ 107,240</u>	<u>\$ 341,702</u>	<u>\$ 448,942</u>

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities -
Internal
Service Fund
(Restated)**

\$ 47,057

-

1,419,325

-

1,466,382

-

-

-

1,466,382

1,082,202

-

10,481

-

1,092,683

-

373,699

\$ 373,699

EAGLE COUNTY SCHOOLS
Statement of Revenues, Expenses, and Changes in Fund Net Assets/ Equity
Proprietary Funds
For the Year Ended June 30, 2007

	Business Type Activities - Enterprise Funds		
	Food Service Fund	District Housing Fund	Total
OPERATING REVENUES			
Food and Ala carte sales	\$ 898,989	\$ -	\$ 898,989
Rental income	-	141,874	141,874
Insurance premiums	-	-	-
Total operating revenues	<u>898,989</u>	<u>141,874</u>	<u>1,040,863</u>
OPERATING EXPENSES			
Salaries and employee benefits	\$ 740,635	\$ 18,997	\$ 759,632
Purchased services	9,105	44,645	53,750
Supplies	47,101	1,701	48,802
Food costs:			
Purchased food	520,281	-	520,281
Donated commodities	56,135	-	56,135
Depreciation	11,641	26,748	38,389
Claim losses	-	-	-
Premiums paid	-	-	-
Dues and fees	-	-	-
Total operating expenses	<u>1,400,582</u>	<u>92,091</u>	<u>1,492,673</u>
OPERATING INCOME (LOSS)	<u>(501,593)</u>	<u>49,783</u>	<u>(451,810)</u>
NONOPERATING REVENUES			
Federal aid:			
Federal government lunch reimbursement	483,506	-	483,506
USDA commodity contribution	56,135	-	56,135
State reimbursement	13,422	-	13,422
Contributed capital	15,358	-	15,358
Total nonoperating revenues	<u>568,421</u>	<u>-</u>	<u>568,421</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>66,828</u>	<u>49,783</u>	<u>116,611</u>
Transfers in	-	-	-
CHANGE IN NET ASSETS	<u>66,828</u>	<u>49,783</u>	<u>116,611</u>
TOTAL NET ASSETS - BEGINNING	<u>40,412</u>	<u>291,919</u>	<u>332,331</u>
TOTAL NET ASSETS - ENDING	<u>\$ 107,240</u>	<u>\$ 341,702</u>	<u>\$ 448,942</u>

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities -
Internal
Service Fund
(Restated)**

\$	-
	-
	4,113,334
	<u>4,113,334</u>

\$	-
	-
	-
	-
	-
	-
	3,621,632
	238,389
	278,407
	<u>4,138,428</u>
	<u>(25,094)</u>

	-
	-
	-
	-
	<u>-</u>
	<u>-</u>

(25,094)

	15,517
	<u>(9,577)</u>

	<u>383,276</u>
--	----------------

\$	<u><u>373,699</u></u>
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EAGLE COUNTY SCHOOLS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds		
	Food Service Fund	District Housing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 898,989	\$ 141,874	\$ 1,040,863
Payments to employees	(743,588)	(19,201)	(762,789)
Payments to vendors	(587,342)	(46,857)	(634,199)
Net cash provided (used) by operating activities	(431,941)	75,816	(356,125)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	(107,645)	(75,816)	(183,461)
Federal reimbursements	539,586	-	539,586
Net cash provided (used) by noncapital financing activities	431,941	(75,816)	356,125
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-
Cash and Cash Equivalents - July 1	-	-	-
Cash and Cash Equivalents - June 30	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (501,593)	\$ 49,783	\$ (451,810)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	11,641	26,748	38,389
Donated commodities	56,135	-	56,135
(Increase) decrease in inventory	4,829	-	4,829
Increase (decrease) in security deposits	-	(511)	(511)
Increase (decrease) in other current liabilities	-	-	-
Increase (decrease) in accrued compensation	(2,953)	(204)	(3,157)
Total adjustments	69,652	26,033	95,685
Net cash used for operating activities	\$ (431,941)	\$ 75,816	\$ (356,125)
Schedule of Noncash Transactions:			
Donated commodities acquired from USDA	\$ 56,135	\$ -	\$ -
Donated commodities used	(56,135)	-	-
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ -

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities -
Internal
Service Fund**

\$ 4,113,334

-

(3,556,157)

557,177

(523,030)

-

(523,030)

34,147

12,910

\$ 47,057

\$ (25,094)

-

-

-

-

582,426

(155)

582,271

\$ 557,177

\$ -

-

\$ -

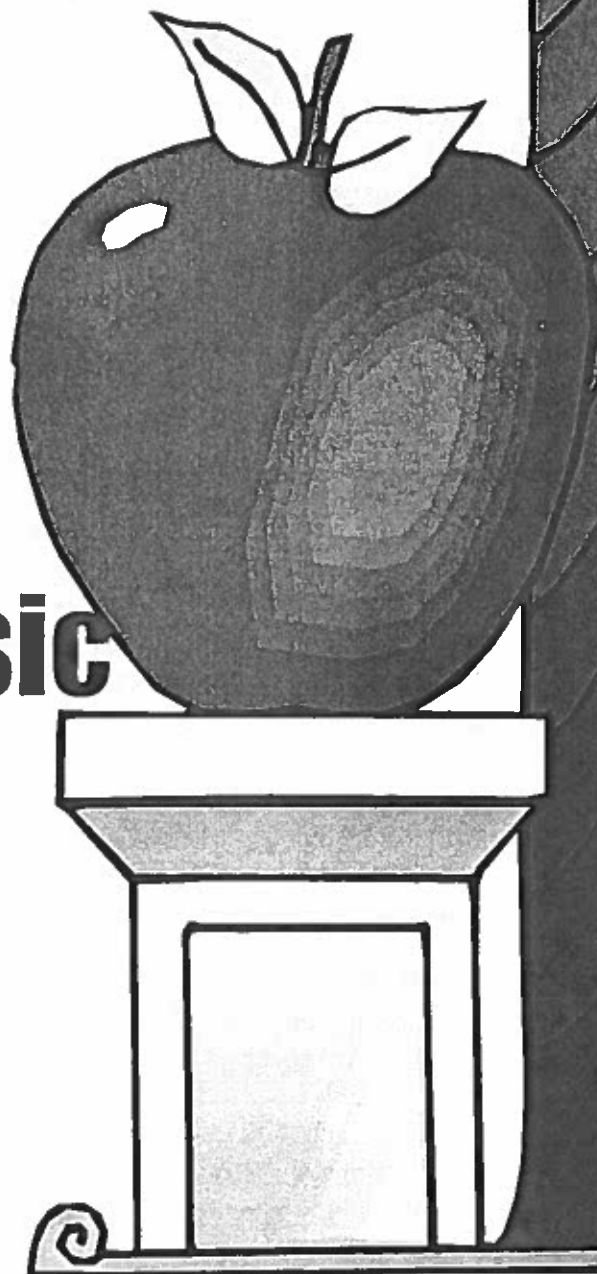
EAGLE COUNTY SCHOOLS
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2007

	<u>Student Activity Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 604,931</u>
Total assets	<u><u>604,931</u></u>
LIABILITIES	
Due to student activities and other organizations	<u><u>\$ 604,931</u></u>

The notes to the basic financial statements are an integral part of this statement.

Eagle County Schools

Notes to Basic Financial Statements



Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Eagle County Schools (the "District") was formed in 1958 when 16 independent districts were consolidated into a countywide district. The District operates under an elected Board of Education with seven members and provides educational services to approximately 5,000 students. The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the District's operations.

Blended Component Units. The State of Colorado Legislature in 1993 enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30-101." This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act Revenues and from revenues generated by the Charter Schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the District must approve all Charter School applications and budgets. Therefore, the Eagle County Charter Academy is included in the District's reporting entity because of the nature and significance of their operational or financial relationships with the District.

The Eagle County Public Education Foundation was formed in April 2001. It is legally operated as a 501(c)(3) Non-profit Corporation. It is dedicated to improving the quality of public education by attracting and brokering private resources and organizing community initiatives in support of schools, teachers, staff and students in Eagle County, Colorado. The Eagle County Public Education Foundation has a separate governing board; however, its sole mission is to provide funding to the District. Therefore, the Eagle County Public Education Foundation is included in the District's reporting entity because of the nature and significance of their operational or financial relationships with the District.

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 certain legally separate component units for which the primary government is financially accountable.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

The statement of activities demonstrates the degree to which the direct expenses of a 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 customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segments 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

Property taxes and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available. Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 *building fund* is used to account for the construction of new schools and repair of old ones.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

The *bond redemption debt service fund* is used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The District reports the following major proprietary funds:

The *food service fund* accounts for all financial activities associated with the District's school lunch program.

The *district housing fund* accounts for all financial activities associated with the District's employee housing units.

Additionally, the District reports the following fund types:

The *internal service fund* accounts for the employee health and dental benefits provided to other departments or funds of the District on a cost-reimbursement basis.

The *fiduciary fund* 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 Directors.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do no conflict or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the *food service fund* and *district housing fund* are charges to customers for sales or rent. Operating expenses for enterprise and internal service funds 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 the Basic Financial Statements
June 30, 2007

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

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments.

The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from investment of pooled cash balances are recorded in the *general fund*.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15.

Property taxes levied in 2006 but not yet collected in 2007 are identified as property taxes receivable and deferred revenues at June 30, 2007, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories recorded in the *food service fund* consist of purchased and donated commodities. Donated commodities inventories are offset by deferred revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

Property, vehicles and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15 - 30 years
Vehicles	7 to 13 years
Equipment	5 to 20 years

5. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the district-wide, proprietary, and fiduciary fund financial statements. Payment for up to 100 days of unused sick days is made upon an employee's retirement from the District at the base pay rate for their position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

6. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statements of net assets. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the *debt service fund*. Capital leases are serviced from property taxes and other revenues of the *capital reserve fund*. Capital leases in business-type activities are serviced from revenues generated by the operation. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

7. Bond Premiums, Discounts, Issuance costs, and deferred amount on refunding.

In the district-wide and proprietary fund financial statements, bond premiums and discounts, issuance costs, as well as the difference between the reacquisition price on refunding debt and the net book value of the old debt, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assts – governmental activities as reported in the district-wide statement of net assets. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the district-wide statement of activities.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for district-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

Due from other funds – governmental funds	\$ 4,345,264
Due to other funds – governmental funds	(5,786,861)
Elimination of internal service interfund activity	1,419,325
District-wide internal balances	<u>\$ (22,272)</u>

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about December 1, the Superintendent submits to the Board of Education a five year financial projection. This is the basis for budgeting guidelines established by the Board of Education.
- b. By May 31st, the Superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.
- c. Public hearings are conducted at a regular Board of Education meeting to obtain taxpayer comment.
- d. Prior to June 30, the budget is legally adopted by the Board of Education.
- e. Formal budgetary integration is employed as a management control device during the year for all funds.
- f. The District issues a separate budget document after the budget is approved by the Board of Education.

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year except they exclude appropriated available fund balance. Individual amendments were not material in relation to the original appropriations.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$100,000 of the District's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The deposits and investments held by the District at June 30, 2007, are as follows:

			<u>Maturities (Years)</u>	
<u>Type</u>	<u>Standard and Poors Rating</u>	<u>Fair Value</u>	<u>Less Than One year</u>	<u>Less Than Five Years</u>
Deposits:				
Petty Cash	Not rated	3,509	\$ -	\$ -
Cash with County Treasurer	Not rated	593,370	-	-
Checking Accounts	Not rated	1,669,575	-	-
Investments:				
Investment Pool	AAAm	161,467,391	161,467,391	-
Total		\$ 163,733,845	\$ 161,467,391	\$ -

The Investment Pool represents an investment in Colotrust which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools.

Credit quality distribution for investments, with credit exposure as a percentage of total investments (total investments include certificates of deposit, which are not represented in this table), are as follows at year end:

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Colotrust Investment Pool	AAAm	100%

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

- 100% of the District's portfolio may be invested in US Treasury notes, bonds or certificates, US Government sponsored corporations, or the Colotrust investment pool.
- 50% of the portfolio may be invested in certificates of deposit with no more than 10% held by any one issuer and not exceeding 20% of the issuer's net worth.
- 25% of the portfolio may be invested in bankers acceptances (10% per issuer), State or local government bonds (10% per issuer), and repurchase agreements (25% per dealer).
- 10% of the portfolio may be invested in commercial paper and other authorized investments.

Custodial Credit Risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the amount of securities that can be held by counterparties.

B. Accounts and Taxes Receivable

Receivable at June 30, 2007 for the District's individual major funds and nonmajor, internal service, and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property Taxes</u>	<u>Other Receivables</u>	<u>Total Receivable</u>
General fund	\$ 695,089	\$ 1,395,611	\$ 9,839	\$ 2,100,539
Debt service fund	-	638,833	-	638,833
Non-major and ISF	-	42,438	1,432,014	1,474,452
Total receivables	<u>\$ 695,089</u>	<u>\$ 2,076,882</u>	<u>\$ 1,441,853</u>	<u>\$ 4,213,824</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

<u>Fund</u>	<u>Deferred Revenue</u>	<u>Deferred Property Taxes</u>	<u>Total Deferred Revenue</u>
General fund	\$ -	\$ 609,111	\$ 609,111
Debt service fund	-	278,818	278,818
Non-major funds	3,933	18,522	22,455
Total deferred revenue	<u>\$ 3,933</u>	<u>\$ 906,451</u>	<u>\$ 910,384</u>

C. Capital Assets

Governmental Activities: Capital asset activity for the year ended June 30, 2007 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 2,636,256	\$ -	\$ 2,636,256
Capital assets being depreciated:				
Building	133,880,924	8,737,011	-	142,617,935
Equipment and vehicles	6,797,362	3,089,388	(432,185)	9,454,565
Total capital assets being depreciated	<u>\$ 140,678,286</u>	<u>\$ 14,462,655</u>	<u>\$ (432,185)</u>	<u>\$ 154,708,756</u>
Less accumulated depreciation for:				
Building	(65,193,597)	(2,140,144)	-	(67,333,741)
Equipment and vehicles	(4,879,646)	(680,316)	432,185	(5,127,777)
Total accumulated depreciation	<u>(70,073,243)</u>	<u>(2,820,460)</u>	<u>432,185</u>	<u>(72,461,518)</u>
Total capital assets, net	<u>\$ 70,605,043</u>	<u>\$ 11,642,195</u>	<u>\$ -</u>	<u>\$ 82,247,238</u>

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

Business-type Activities:

A summary of changes in the Business-type Activities capital assets is as follows:

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Total capital assets being depreciated	\$ 1,428,372	\$ -	\$ -	\$ 1,428,372
Less: accumulated depreciation	(1,049,778)	(38,389)		(1,088,167)
Total capital assets, net	<u>\$ 378,594</u>	<u>\$ (38,389)</u>	<u>\$ -</u>	<u>\$ 340,205</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Direct instruction	\$ 1,328,100
Indirect instruction	214,014
Transportation	313,132
Custodial and maintenance	299,187
Support services	446,487
General administration	219,540
Community service	-
Total depreciation expense - governmental activities	<u>\$ 2,820,460</u>

Business-type activities:

Food service	\$ 11,641
Employee housing	26,748
Total depreciation expense - business-type activities	<u>\$ 38,389</u>

D. Construction Commitments

As of June 30, 2007, the District had issued \$128,370,000 in general obligation bonds to help construct new buildings and repair existing schools. The District has active construction contracts as of June 30, 2007. At year end the District's commitment with contractors totaled \$35,541,004. The District anticipates entering into additional contracts after year end.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

E. Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the amount of pooled cash attributable to each fund, reported in its entirety in the *general fund*.

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:	Receivable	Payables
General fund	\$ -	\$ (1,317,627)
Debt service fund	-	(271,077)
Building fund	-	(2,286,699)
Non-major governmental funds	3,976,618	(1,542,812)
Food service fund	-	(70,087)
District housing fund	92,359	-
Internal service fund	1,419,325	-
	<u>\$ 5,488,302</u>	<u>\$ (5,488,302)</u>

Transfers are used to move unrestricted general revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2007, the District made the following transfer to fulfill the *general fund's* commitment to help offset operational cost:

	Transfers In (Out)
General fund	\$ (370,244)
Non-major governmental funds	354,727
Internal service fund	15,517
Total	<u>\$ -</u>

F. Long-Term Debt

General Obligation Bonds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both the governmental and business-type activities. During the year, \$128,370,000 in general obligation bonds were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are payable from general property taxes. These bonds generally are issued as 20 year serial bonds.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

General obligation bonds currently outstanding are as follows:

\$128,370,000 2007 Series General Obligation Bonds due in semi-annual installments with annual payments of \$2,475,000 to \$14,330,000 through December 1, 2027. Interest rate: 4.5% to 5.0%.	\$128,370,000
\$33,870,000 2005 Series Refunding Bonds due in semi-annual installments with annual payments of \$828,173 to \$4,606,875 through December 1, 2018. Interest rate: 3.5% to 4.75%	\$33,705,000
\$68,790,195 1999 Series Refunding Bonds due in semi-annual installments with annual payments of \$313,465 to \$6,565,000 through December 1, 2018. Interest rate: 3.0% to 5.3%	<u>\$27,030,000</u>
Total	<u>\$189,105,000</u>

Annual debt service requirement to maturity for general obligation bonds is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007 - 2008	\$ 6,465,000	\$ 8,954,426	\$ 15,419,426
2008 - 2009	6,150,000	8,684,794	14,834,794
2009 - 2010	6,425,000	8,406,602	14,831,602
2010 - 2011	6,765,000	8,127,093	14,892,093
2011 - 2012	7,025,000	7,857,763	14,882,763
2012 - 2017	40,110,000	34,026,373	74,136,373
2017 - 2022	51,030,000	22,884,450	73,914,450
2022 - 2027	65,135,000	8,460,625	73,595,625
Totals	<u>\$189,105,000</u>	<u>\$107,402,126</u>	<u>\$296,507,126</u>

Trust Agreement. Colorado State Statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to be administered by at least one third party custodian designated by the District. The third party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with Eagle County in order to meet this requirement.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

Defeased Debt. At various dates in prior years, the District placed proceeds from the refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. The monies deposited in the irrevocable escrow accounts are investing in U.S. Treasury obligations that, together with interest earned thereon, would provide amounts sufficient for payment of all principal and interest on the following bond issue on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issue appears remote. Accordingly, the escrow account and the following refunded bond are not included in the District's balance sheet:

		Outstanding Principal Balance as of
<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>June 30, 2007</u>
General Obligation Bonds	2/1/1990	\$ 2,055,000
General Obligation Bonds	10/1/1994	14,145,000
General Obligation Bonds	4/19/1999	34,640,000

Changes in General Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 64,875,000	\$ 128,370,000	\$ (4,140,000)	\$ 189,105,000	\$ 6,465,000
Unamortized premium and deferred amount on refunding	1,232,927	9,484,872	(952,201)	9,765,598	-
Compensated absences	613,842	(115,663)	-	498,179	199,271
Governmental activity long-term liabilities	<u>\$ 66,721,769</u>	<u>\$ 137,739,209</u>	<u>\$ (5,092,201)</u>	<u>\$ 199,368,777</u>	<u>\$ 6,664,271</u>
Business-type activities:					
Compensated absences	\$ 10,444	\$ -	\$ (3,151)	\$ 7,293	\$ -
Business-type activity long-term liabilities	<u>\$ 10,444</u>	<u>\$ -</u>	<u>\$ (3,151)</u>	<u>\$ 7,293</u>	<u>\$ -</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the *general fund*.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and distortion of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance.

Liability and Property. On January 1, 1988, the District joined the Colorado School Districts Self Insurance Pool. The Pool covers all insurance risks except for Worker's Compensation. The District's annual premium for June 30, 2007 was \$185,133 plus or minus any dividends during the year. Claim levels of the Pool may affect the District's premiums in future years. The District did not receive dividends during the year ended June 30, 2007.

The District maintains commercial insurance coverage for workers' compensation and employee vision. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Employee Health Care. The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The premiums to be deposited to the Employee Benefit Trust Fund are recorded as expenses in the funds of the District that have employees. The District provides full payment for single employee coverage with the additional premium required for family coverage to be paid by the employee. The plan provides for the District's trust fund to pay all allowable health expenses up to \$75,000 annually, for each insured, with all claims for each insured in excess of \$75,000 insured by a "stop-loss" insurance policy. The District does not obtained aggregate overall annual stop-loss insurance. Claim payments are based specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any. Unpaid claims at year end include all allocated claims adjustment expenditures. Claims the have been incurred but not reported ("IBNR") are reported as a reservation of governmental activities' fund balance (June 30, 2007 - \$1,082,202, June 30, 2006 - \$499,772). Changes in the balances of unpaid claims during the past two years are as follows:

	Year ended 6/30/07	Year ended 6/30/06
Unpaid claims, beginning of fiscal year	\$ -	-
Incurred claims (excluding IBNRs)	3,621,632	2,580,089
Claim Payments	(3,621,632)	(2,580,089)
Unpaid claims, end of fiscal year	<u>-</u>	<u>-</u>

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

B. Jointly Governed Organization - BOCES

The District, together with nine other school districts, participates in the Mountain Board of Cooperative Educational Services (the "BOCES"). The creation of BOCES is provided by Colorado statute and provides districts with a means to pool resources to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of the board of education of each participating district. Each district has equal voting rights in the decisions of the BOCES. The BOCES has issued its own audited financial statements for the year ended June 30, 2007, the latest available data. The following summary information is presented:

Assets	\$ 4,092,573
Liabilities	<u>(2,336,450)</u>
Net Assets	<u>\$ 1,756,123</u>
Expenses	\$ (11,899,599)
Program Revenues	11,983,330
General Revenues	<u>274,478</u>
Change in Net Assets	<u>358,209</u>
Net Assets - Beginning	<u>1,397,914</u>
Net Assets - Ending	<u>\$ 1,756,123</u>

For the year ended June 30, 2007 and 2006, the District made operating contributions of \$809,085 and \$770,770, respectively. For a complete audit report please contact Mountain BOCES at 1713 Mount Lincoln Drive West, Leadville, CO 80461.

C. Contingencies

Claims. During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2007.

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

Tabor Amendment - Revenue and Spending Limitation Amendment. In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% of adjusted revenue. The District has reserved a portion of its June 30, 2007 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$1,214,800, which is approximately 3% of the fiscal year spending at June 30, 2007.

The initial base for local government spending and revenue limits is June 30, 1993 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Arbitrage Rebate. The proceeds and the interest earned on the proceeds from the General Obligation Bonds - Series 1997 and 2001 are subject to the assessment of an arbitrage penalty if certain conditions are met.

Investment of bond reserves and bond proceeds at net interest rates in excess of the net interest rate being paid on the bonds may cause the District to be subject to an arbitrage penalty on the difference between the net interest earned and net interest paid. This arbitrage penalty would be payable to the U.S. Treasury on the five-year anniversary date of the bonds. Final arbitrage rebate cannot be determined until the bond proceeds are expended.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

Environmental Matters. The District's Minturn Middle School site may be at risk due to it's proximity to the Eagle Mine Facility, a Superfund site, located immediately adjacent to the school. The risk may be for among other things, such as soil, ambient air quality and drinking water. Based on tests the reports concludes that drinking water and risks from metal exposure are well within range of normally acceptable environmental risks and at levels at which corrective actions would normally not be undertaken. While it does not now appear that the proximity of the school to the Superfund site will adversely affect the District's operations of the school facility, no assurance can be given that conditions will not change which would adversely impact the District.

D. Defined Benefit Pension Plan

Plan Description: The District contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. Colorado Revised Statutes 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 CSSDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: Plan members and the District are required to contribute to the CSSDTF at a rate set by statute. 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 is 8.0%. The contribution rate for the District was 10.15% for the period of July 1, 2005 through December 31, 2005. Beginning January 1, 2006 through June 30, 2006, the District's contribution rate was set at 10.65%. A portion of the District's contribution (1.10% of covered salary) is allocated for the Health Care Trust Fund (See subsequent note). The District's contributions to CSSDTF for the years ending June 30, 2007, 2006, and 2005 were \$2,926,040, \$2,695,655, and \$2,798,189 respectively, equal to their required contributions for each year.

E. 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 PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Colorado Statutes 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 by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy. The District is required to contribute at a rate of 1.10% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established by state statutes. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2007

amended. The District's contributions to HCTF for the years ending June 30, 2007, 2006, and 2005 were \$526,173, \$318,857, and \$423,086, respectively, equal to their required contributions for each year.

F. Defined Contribution Pension Plan

Plan Description. The PERA member (See previous note) of the District may voluntary contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) plan to the State Legislature.

Funding Policy. The 401(k) Plan is funded by voluntary member contributions of up to 23% of covered salary to a maximum limit set by the IRS (\$15,000 in 2006 and \$14,000 in 2005). Beginning January 1, 2002, an employer match was legislated which would match 100% of a member's eligible tax-deferred retirement program contribution limited by 3.0% per payroll of the PERA includable salary. This rate could be reduced by 1% by the PERA Trustees in years that PERA is not fully funded. On January 1, 2003, the match was reduced from 3% to 2%. On May 31, 2004, the match was eliminated. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the Colorado Revised Statutes, as amended. The 401(k) Plan member contributions from the District for the year ended June 30, 2007 and 2006 were \$921,404 and \$914,186, respectively. The District did not make any contributions for the years ended June 30, 2007 and 2006.

G. Restatement

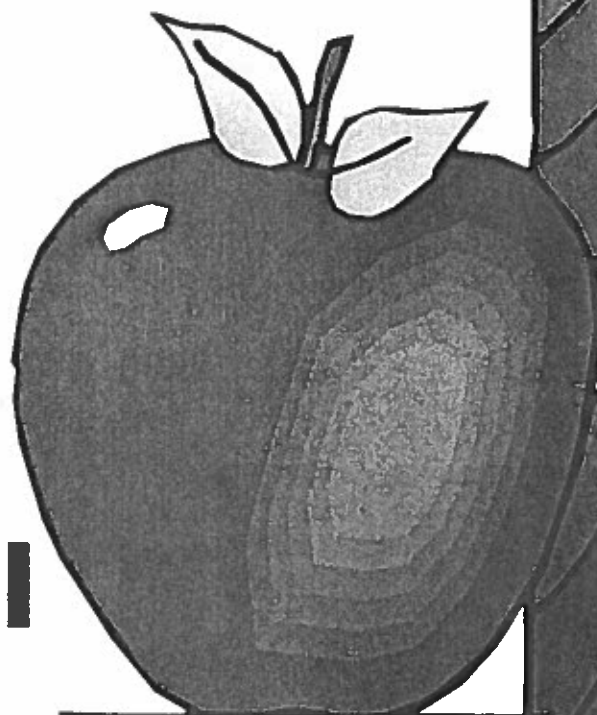
The Employee Benefit Trust beginning fund balance was restated in the amount of \$499,722 because the incurred but not reported claims was shown as a portion of fund balance in the prior year but should have been reported as an accounts payable. This restatement also affected the beginning balance for the government-wide net assets.

I. Compliance with State Statutes – Budgeting

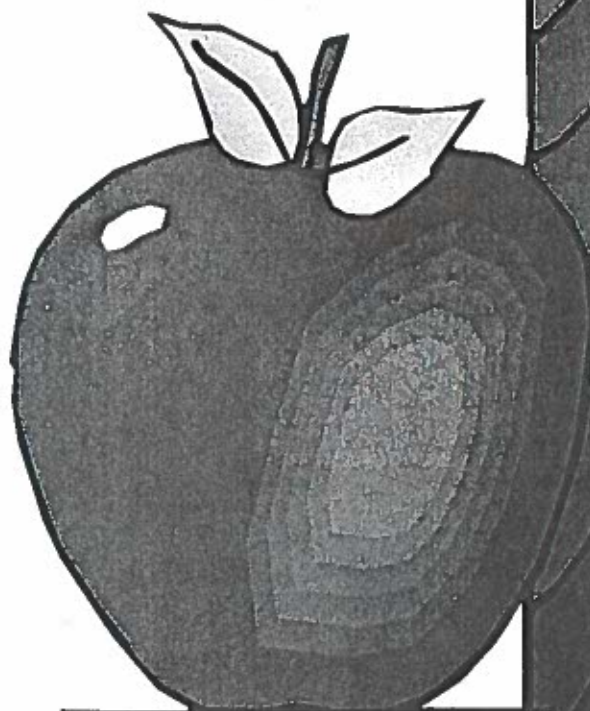
For fiscal year 2007, expenditures in the District's Building Fund, Grant Fund, and Employee Benefit Trust Fund exceeded budgeted appropriations by \$10,313,382, \$130,501, and \$1,457,225. This may be a violation of Colorado State statutes.

Eagle County Schools

Supplemental Information



Eagle County Schools



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Eagle County Schools

Non-major Governmental Funds

Special Revenue Funds

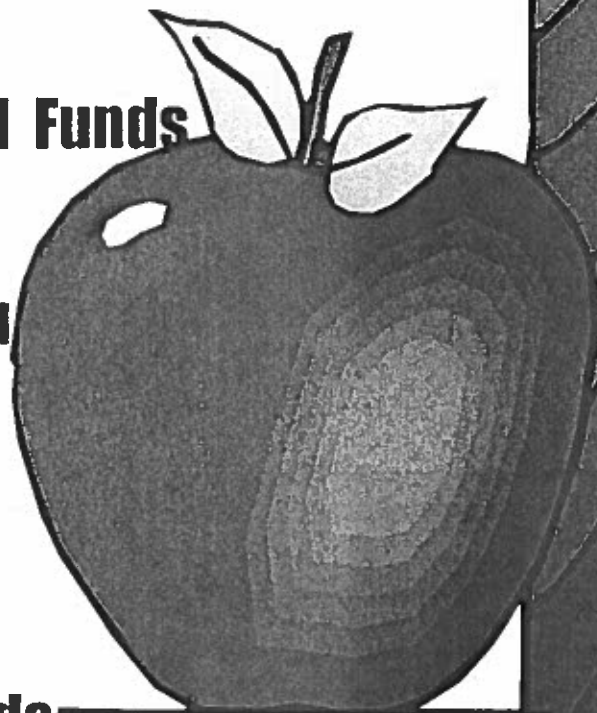
Designated Grants Fund and

Transportation Fund

Capital Projects Fund

Major Governmental Funds

Bond Redemption Debt Services



EAGLE COUNTY SCHOOLS
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Designated Purpose Grant Fund	Transportation Fund	Total	Capital Reserve Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ 10,697	\$ 10,697	\$ -	\$ 10,697
Accounts, taxes, and interest receivable	1,432,014	42,438	1,474,452	-	1,474,452
Due from other governments	347,904	-	347,904	-	347,904
Due from other funds	-	-	-	3,976,618	3,976,618
Total assets	\$ 1,779,918	\$ 53,135	\$ 1,833,053	\$ 3,976,618	\$ 5,809,671
LIABILITIES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 13,498	\$ 13,498
Accrued compensation	267,786	-	267,786	-	267,786
Due to other funds	1,508,199	34,613	1,542,812	-	1,542,812
Deferred revenue	3,933	18,522	22,455	-	22,455
Total liabilities	1,779,918	53,135	1,833,053	13,498	1,846,551
FUND BALANCES					
Unreserved, undesignated	-	-	-	3,963,120	3,963,120
Total fund balances	-	-	-	3,963,120	3,963,120
Total liabilities and fund balances	\$ 1,779,918	\$ 53,135	\$ 1,833,053	\$ 3,976,618	\$ 5,809,671

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Designated Purpose Grant Fund	Transportation Fund	Total	Capital Reserve Fund	
REVENUES					
Taxes					
Property taxes	\$ -	\$ 996,675	\$ 996,675	\$ 3,937,892	\$ 4,934,567
Specific ownership taxes	-	61,971	61,971	-	61,971
Intergovernmental revenue					
Federal revenue	2,238,088	-	2,238,088	-	2,238,088
State revenue	275,854	489,909	765,763	-	765,763
Other revenue	57,654	18,016	75,670	137,813	213,483
Total revenues	<u>2,571,596</u>	<u>1,566,571</u>	<u>4,138,167</u>	<u>4,075,705</u>	<u>8,213,872</u>
EXPENDITURES					
Current:					
Direct instruction	\$ 1,534,117	\$ -	\$ 1,534,117	\$ -	\$ 1,534,117
Indirect instruction	770,064	-	770,064	-	770,064
Transportation	9,624	1,915,268	1,924,892	-	1,924,892
Custodial and maintenance	2,392	6,030	8,422	-	8,422
Support services	161,270	-	161,270	-	161,270
Community Service	29,041	-	29,041	-	29,041
Capital outlay	54,315	-	54,315	2,642,945	2,697,260
Total expenditures	<u>2,571,596</u>	<u>1,921,298</u>	<u>2,188,713</u>	<u>2,642,945</u>	<u>7,135,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(354,727)</u>	<u>(354,727)</u>	<u>1,432,760</u>	<u>1,078,033</u>
OTHER FINANCING SOURCES					
Operating transfers in	<u>-</u>	<u>354,727</u>	<u>354,727</u>	<u>-</u>	<u>354,727</u>
Total other financing sources	<u>-</u>	<u>354,727</u>	<u>354,727</u>	<u>-</u>	<u>354,727</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,760</u>	<u>1,432,760</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,530,360</u>	<u>2,530,360</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,963,120</u>	<u>\$ 3,963,120</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS**Debt Service Fund****Bond Redemption Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007**

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes			
Property taxes	\$ 6,901,515	\$ 14,856,303	\$ 7,954,788
Total revenues	<u>6,901,515</u>	<u>14,856,303</u>	<u>7,954,788</u>
EXPENDITURES			
Debt service			
Principal	\$ 4,140,000	\$ 4,140,000	\$ -
Interest	2,903,128	5,346,655	(2,443,527)
Fiscal charges	<u>2,000</u>	<u>893</u>	<u>1,107</u>
Total expenditures	<u>7,045,128</u>	<u>9,487,548</u>	<u>(2,442,420)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(143,613)	5,368,755	5,512,368
FUND BALANCES, BEGINNING	<u>5,670,255</u>	<u>5,680,629</u>	<u>10,374</u>
FUND BALANCES, ENDING	<u>\$ 5,526,642</u>	<u>\$ 11,049,384</u>	<u>\$ 5,522,742</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Special Revenues Funds
Designated Purpose Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental revenue			
Federal revenue	\$ 2,177,058	\$ 2,238,088	\$ 61,030
State revenue	221,537	275,854	54,317
Local revenue	42,500	57,654	15,154
	<u>2,441,095</u>	<u>2,571,596</u>	<u>130,501</u>
Total revenues			
EXPENDITURES			
Current			
Direct instruction	\$ 1,771,846	\$ 1,534,117	\$ 237,729
Indirect instruction	1,092,761	770,064	322,697
Transportation	6,540	9,624	(3,084)
Custodial and maintenance	3,500	2,392	1,108
Support services	160,791	161,270	(479)
Community service	31,840	29,041	2,799
Capital outlay	-	54,315	(54,315)
	<u>3,067,278</u>	<u>2,571,596</u>	<u>495,682</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) UNDER EXPENDITURES	(626,183)	-	626,183
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (626,183)</u>	<u>\$ -</u>	<u>\$ 626,183</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Special Revenue Funds
Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>
REVENUES				
Taxes				
Property taxes	\$ 977,254	\$ 977,254	\$ 996,675	\$ 19,421
Specific ownership taxes	64,700	64,700	61,971	(2,729)
State revenue	446,610	446,610	489,909	43,299
Other income	7,500	7,500	18,016	10,516
Total revenues	<u>1,496,064</u>	<u>1,496,064</u>	<u>1,566,571</u>	<u>70,507</u>
EXPENDITURES				
Current				
Transportation				
Supervision of transportation	\$ 191,732	\$ 191,732	\$ 184,432	\$ 7,300
To and from school transportation	1,514,759	1,339,359	1,200,240	139,119
Monitoring services	16,569	16,569	6,309	10,260
Vehicle servicing	478,911	478,911	467,164	11,747
Transportation training	51,947	51,947	25,857	26,090
Building maintenance	61,800	61,800	31,266	30,534
Custodial maintenance	800	800	6,030	(5,230)
Total expenditures	<u>2,316,518</u>	<u>2,141,118</u>	<u>1,921,298</u>	<u>219,820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(820,454)</u>	<u>(645,054)</u>	<u>(354,727)</u>	<u>290,327</u>
OTHER FINANCING SOURCES				
Transfers in	<u>820,454</u>	<u>645,054</u>	<u>354,727</u>	<u>(290,327)</u>
Total other financing sources	<u>820,454</u>	<u>645,054</u>	<u>354,727</u>	<u>(290,327)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS**Capital Projects Fund****Capital Reserve Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007**

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Property tax allocation	\$ 2,568,682	\$ 3,937,892	\$ 1,369,210
Other local income	-	137,813	137,813
Total revenues	2,568,682	4,075,705	1,507,023
EXPENDITURES			
Capital outlay			
Facilities improvements and repairs	\$ 333,355	\$ 1,384,846	\$ (1,051,491)
Buses	429,620	443,040	(13,420)
Other vehicles	160,000	165,661	(5,661)
Technology	650,000	649,398	602
Total expenditures	1,572,975	2,642,945	(1,069,970)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	995,707	1,432,760	437,053
OTHER FINANCING SOURCES			
Transfers in	(2,265,337)	-	2,265,337
Total other financing sources	(2,265,337)	-	2,265,337
NET CHANGE IN FUND BALANCE	(1,269,630)	1,432,760	2,702,390
FUND BALANCES, BEGINNING	1,269,630	2,530,360	1,260,730
FUND BALANCES, ENDING	\$ -	\$ 3,963,120	\$ 3,963,120

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Enterprise Funds
Food Services Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007

	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)
REVENUES			
Food and Ala carte sales	\$ 869,200	\$ 898,989	\$ 29,789
Federal aid:			
Federal government lunch reimbursement	447,500	483,506	36,006
USDA Commodity contribution	50,000	56,135	6,135
State reimbursement	13,000	13,422	422
Contributed Capital	-	15,358	15,358
Total revenues	<u>1,379,700</u>	<u>1,467,410</u>	<u>87,710</u>
EXPENSES			
Salaries and employee benefits	\$ 764,200	\$ 740,635	\$ 23,565
Purchased services	10,400	9,105	1,295
Supplies	40,370	47,101	(6,731)
Food costs:			
Purchased food	597,630	520,281	77,349
Donated commodities	-	56,135	(56,135)
Depreciation	14,000	11,641	2,359
Property	3,100	15,684	(12,584)
Total expenses	<u>1,429,700</u>	<u>1,400,582</u>	<u>29,118</u>
INCOME (LOSS) BEFORE TRANSFERS	(50,000)	66,828	116,828
Transfers in	<u>6,304</u>	<u>-</u>	<u>(6,304)</u>
CHANGE IN NET ASSETS	(43,696)	66,828	110,524
TOTAL NET ASSETS - BEGINNING	<u>43,696</u>	<u>40,412</u>	<u>(3,284)</u>
TOTAL NET ASSETS - ENDING	<u>\$ -</u>	<u>\$ 107,240</u>	<u>\$ 107,240</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS**Enterprise Funds****District Housing Fund****Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007**

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Rental income	\$ 140,000	\$ 141,874	\$ 1,874
Total operating revenues	140,000	141,874	1,874
OPERATING EXPENSES			
Salaries and employee benefits	22,946	18,997	3,949
Purchased services	46,800	42,907	3,893
Supplies	800	1,701	(901)
Property	3,000	-	3,000
Depreciation	26,748	26,748	-
Other	5,000	1,738	3,262
Contingency	324,269	-	324,269
Total operating expenses	429,563	92,091	337,472
CHANGE IN NET ASSETS	(289,563)	49,783	339,346
TOTAL NET ASSETS - BEGINNING	289,563	291,919	2,356
TOTAL NET ASSETS - ENDING	\$ -	\$ 341,702	\$ 341,702

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Internal Service Fund
Employee Benefit Trust Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2007

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Insurance premiums	\$ 4,316,800	\$ 4,113,334	\$ (203,466)
Total operating revenues	<u>4,316,800</u>	<u>4,113,334</u>	<u>(203,466)</u>
OPERATING EXPENSES			
Claim losses	3,261,000	3,621,632	(360,632)
Premiums paid	284,000	238,389	45,611
Dues and fees	286,000	278,407	7,593
Total operating expenses	<u>3,831,000</u>	<u>4,138,428</u>	<u>(307,428)</u>
INCOME (LOSS) BEFORE TRANSFERS			
Transfers in	<u>1,149,797</u>	<u>15,517</u>	<u>(1,134,280)</u>
CHANGE IN NET ASSETS	1,635,597	(9,577)	(1,645,174)
TOTAL NET ASSETS - BEGINNING (RESTATED)	<u>663,997</u>	<u>383,276</u>	<u>(280,721)</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ 2,299,594</u></u>	<u><u>\$ 373,699</u></u>	<u><u>\$ (1,925,895)</u></u>

The notes to the basic financial statements are an integral part of this statement.

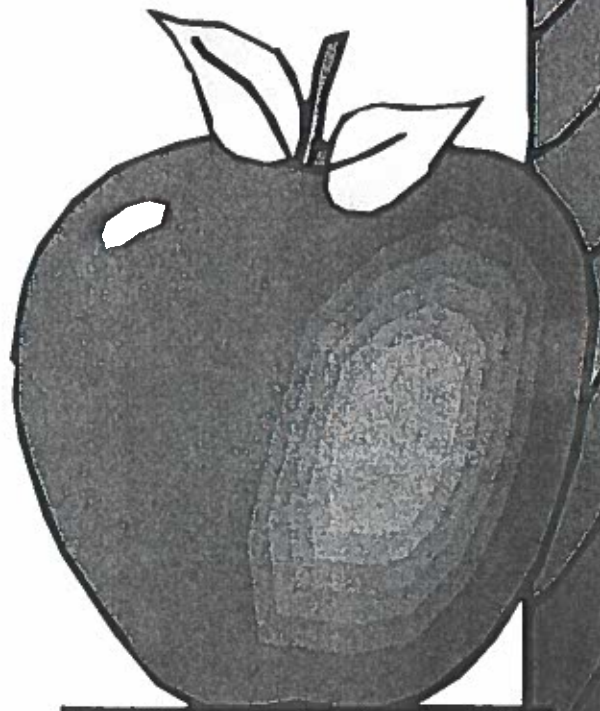
EAGLE COUNTY SCHOOLS
Schedule of Revenues, Expenditures, and Changes in
in Fiduciary Assets and Liabilities - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2007

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
ADDITIONS			
Programs	\$ 1,311,000	\$ 1,390,975	\$ 79,975
Total additions	<u>1,311,000</u>	<u>1,390,975</u>	<u>79,975</u>
DEDUCTIONS			
Programs	<u>1,940,180</u>	<u>1,294,161</u>	<u>646,019</u>
Total deductions	<u>1,940,180</u>	<u>1,294,161</u>	<u>646,019</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	(629,180)	96,814	725,994
DUE TO STUDENT ACTIVITIES - BEGINNING	<u>596,733</u>	<u>508,117</u>	<u>(88,616)</u>
DUE TO STUDENT ACTIVITIES - ENDING	<u>\$ (32,447)</u>	<u>\$ 604,931</u>	<u>\$ 637,378</u>

The notes to the basic financial statements are an integral part of this statement.

Eagle County Schools

Capital Assets Used in the Operation of Governmental Funds



EAGLE COUNTY SCHOOLS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Governmental funds capital assets:		
Land and Buildings	\$ 142,617,935	\$ 133,880,925
Equipment and vehicles	9,454,565	6,797,362
Construction in progress	<u>2,636,256</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 154,708,756</u>	<u>\$ 140,678,287</u>
 Investment in governmental funds capital assets by source		
General Fund	\$ 1,359,633	\$ 1,359,633
Capital Projects Funds:		
Capital Reserve Fund	8,094,932	7,975,115
Building Fund	<u>145,254,191</u>	<u>131,343,539</u>
Total governmental funds capital assets	<u>\$ 154,708,756</u>	<u>\$ 140,678,287</u>

The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2007

	<u>Land and Buildings</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
Instructional:			
Elementary Education	\$ 60,015,993	\$ 195,234	\$ 60,211,227
Middle School Education	39,802,649	230,520	40,033,169
High School Education	43,344,146	318,544	43,662,690
 Support Services:			
Administrative	1,098,439	3,590,840	4,689,279
Maintenance	496,443	587,753	1,084,196
Transportation	496,521	4,531,674	5,028,195
 Total General Fixed Assets	<u><u>\$ 145,254,191</u></u>	<u><u>\$ 9,454,565</u></u>	<u><u>\$ 154,708,756</u></u>

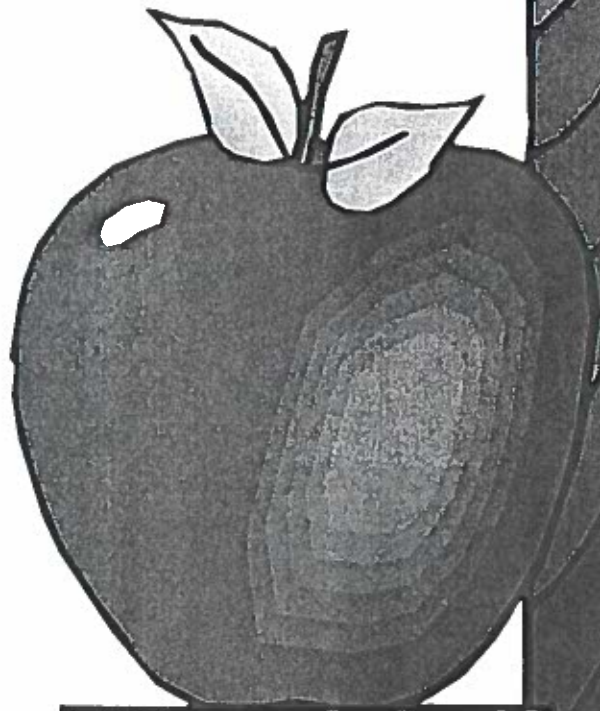
The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2007

	Governmental Funds Capital Assets July 01, 2006	Additions	Deletions	Governmental Funds Capital Assets June 30, 2007
Instructional:				
Elementary Education	\$ 58,697,940	\$ 1,513,287	\$ -	\$ 60,211,227
Middle School Education	39,672,962	360,207	-	40,033,169
High School Education	34,630,076	9,032,613	-	43,662,689
Support Services:				
Administrative	1,748,633	2,947,846	-	4,696,479
Maintenance	1,228,147	165,661	-	1,393,808
Transportation	4,700,529	443,040	432,185	4,711,384
 Total General Fixed Assets	 <u>\$ 140,678,287</u>	 <u>\$ 14,462,654</u>	 <u>\$ 432,185</u>	 <u>\$ 154,708,756</u>

The notes to the basic financial statements are an integral part of this statement.

Eagle County Schools



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Eagle County Schools

Statistical Section



EAGLE COUNTY SCHOOLS

Net Assets by Component

Last Four Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 4,395,911	\$ 3,995,294	\$ 4,670,066	\$(116,623,360)
Resetricted	7,120,369	7,306,533	7,225,673	12,264,184
Unrestricted	10,765,837	12,720,647	16,389,688	146,342,508
Total governmental activites net assets	\$22,282,117	\$24,022,474	\$28,285,427	\$ 41,983,332
Business-type activities				
Invested in capital assets, net of related debt	\$ 442,643	\$ 404,356	\$ 378,594	\$ 340,205
Resetricted	-	158,832	-	-
Unrestricted	(255,660)	(322,277)	(46,263)	108,737
Total business-type activites net assets	\$ 186,983	\$ 240,911	\$ 332,331	\$ 448,942
Primary government				
Invested in capital assets, net of related debt	\$ 4,838,554	\$ 4,399,650	\$ 5,048,660	\$(116,283,155)
Resetricted	7,120,369	7,465,365	7,225,673	12,264,184
Unrestricted	10,510,177	12,398,370	16,343,425	146,451,245
Total primary government net assets	\$24,263,385	\$24,263,385	\$28,617,758	\$ 42,432,274

EAGLE COUNTY SCHOOLS

Changes in Net Assets Last Four Fiscal Years

	2004	Fiscal Year 2005	2006	2007
Expenses				
Governmental activities:				
Current:				
Direct instruction	\$ 27,065,471	\$ 28,460,272	\$ 28,479,456	\$ 27,911,528
Indirect instruction	4,461,362	4,669,496	4,668,381	4,698,293
Transportation	2,308,708	2,283,486	2,652,719	2,247,910
Custodial and maintenance	4,875,202	4,882,091	5,202,034	5,281,807
Support services	2,467,760	2,911,697	2,984,920	3,140,722
General administration	4,249,960	4,111,950	4,073,791	5,908,565
Community service	182,144	94,894	62,525	101,179
Interest	3,630,626	3,345,164	3,009,685	5,082,286
Total governmental activities	<u>49,241,233</u>	<u>50,759,050</u>	<u>51,133,511</u>	<u>54,372,290</u>
Business-type activities				
Food services	1,363,494	1,372,419	1,356,779	1,400,582
Employee housing	87,292	93,335	90,851	92,091
Total business-type activities	<u>1,450,786</u>	<u>1,465,754</u>	<u>1,447,630</u>	<u>1,492,673</u>
Total primary government expenses	<u>\$ 50,692,019</u>	<u>\$ 52,224,804</u>	<u>\$ 52,581,141</u>	<u>\$ 55,864,963</u>
Program revenues				
Governmental activities:				
Charges for service	\$ 689,160	\$ 851,935	\$ 816,315	\$ 753,254
Operating grant and contributions	1,786,535	3,548,873	3,617,003	4,390,928
Capital grants and contributions	77,147	46,699	39,611	54,315
Total governmental activities program revenues	<u>2,552,842</u>	<u>4,447,507</u>	<u>4,472,929</u>	<u>5,198,497</u>
Business-type activities:				
Charges for service				
Food service	850,822	783,560	867,575	898,989
District housing rental	121,855	147,262	141,860	141,874
Operating grant and contributions	402,718	493,302	525,940	553,063
Capital grants and contributions	1,078	-	-	15,358
Total business-type activities program revenues	<u>1,376,473</u>	<u>1,424,124</u>	<u>1,535,375</u>	<u>1,609,284</u>
Total primary government program revenues	<u>\$ 3,929,315</u>	<u>\$ 5,871,631</u>	<u>\$ 6,008,304</u>	<u>\$ 6,807,781</u>
Net (Expense) / Revenue				
Governmental activities	\$(46,688,391)	\$(46,311,543)	\$(46,660,582)	\$(49,173,793)
Business-type activities	(74,313)	(41,630)	87,745	116,611
Total primary government net expense	<u>\$(46,762,704)</u>	<u>\$(46,353,173)</u>	<u>\$(46,572,837)</u>	<u>\$(49,057,182)</u>

EAGLE COUNTY SCHOOLS
Changes in Net Assets - Continued
Last Four Fiscal Years

	<u>2004</u>	<u>Fiscal Year 2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Local property taxes	\$ 39,315,563	\$ 37,520,259	\$ 38,428,577	\$ 46,732,834
Specific ownership taxes	2,421,150	2,468,769	2,618,053	2,864,549
State revenue	5,722,135	7,383,011	8,179,420	9,091,628
Grants and contributions not restricted to specific pi	457,944	563,082	1,183,453	687,662
Interest and investment earnings	125,909	212,337	517,704	3,994,797
Transfers	(110,331)	(95,558)	-	-
Total governmental activities	<u>47,932,370</u>	<u>48,051,900</u>	<u>50,927,207</u>	<u>63,371,470</u>
Business-type activities:				
Transfers	<u>110,331</u>	<u>95,558</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>110,331</u>	<u>95,558</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 48,042,701</u>	<u>\$ 48,147,458</u>	<u>\$ 50,927,207</u>	<u>\$ 63,371,470</u>
Change in Net Assets				
Governmental activities	\$ 1,243,979	\$ 1,740,357	\$ 4,266,625	\$ 14,197,677
Business-type activities	36,018	53,928	87,745	116,611
Total primary government	<u>\$ 1,279,997</u>	<u>\$ 1,794,285</u>	<u>\$ 4,354,370</u>	<u>\$ 14,314,288</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$ 3,356,872	\$ 3,099,625	\$ 3,225,930	\$ 2,224,206
Unreserved	5,094,580	6,189,910	7,332,170	8,694,509
Total general fund	<u>\$ 8,451,452</u>	<u>\$ 9,289,535</u>	<u>\$ 10,558,100</u>	<u>\$ 10,918,715</u>
 All Other Governmental Funds				
Reserved	\$ 5,468,726	\$ 7,331,576	\$ 28,551,858	\$ 7,891,926
Unreserved, reported in:				
Special revenue funds	74,282	28,255	11,378	17,178
Capital projects funds	602,952	47,176,812	11,395,071	8,009,383
Total all other governmental funds	<u>\$ 6,145,960</u>	<u>\$ 54,536,643</u>	<u>\$ 39,958,307</u>	<u>\$ 15,918,487</u>

Fiscal Year

2002	2003	2004	2005	2006	2007
\$ 1,239,091	\$ 1,372,853	\$ 1,760,116	\$ 1,436,720	\$ 3,120,053	\$ 1,214,800
10,659,044	8,714,670	10,009,349	11,896,947	11,122,888	14,615,715
<u>\$ 11,898,135</u>	<u>\$ 10,087,523</u>	<u>\$ 11,769,465</u>	<u>\$ 13,333,667</u>	<u>\$ 14,242,941</u>	<u>\$ 15,830,515</u>
\$ 7,723,264	\$ 7,289,911	\$ 5,360,253	\$ 5,519,085	\$ 5,680,629	\$ 137,643,000
23,349	-	-	-	-	-
3,632,730	2,864,294	956,399	870,951	2,530,360	3,963,120
<u>\$ 11,379,343</u>	<u>\$ 10,154,205</u>	<u>\$ 6,316,652</u>	<u>\$ 6,390,036</u>	<u>\$ 8,210,989</u>	<u>\$ 141,606,120</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
REVENUES				
Taxes				
Property taxes	\$ 26,840,612	\$ 32,167,694	\$ 33,217,936	\$ 35,155,370
Specific ownership taxes	2,014,822	2,254,926	2,503,032	2,606,325
Federal income	584,441	657,546	641,882	727,117
State income	113,769	207,009	804,291	1,408,687
Interest income	535,157	793,146	2,632,447	1,635,622
Other	1,336,711	644,288	1,147,577	1,010,007
Total revenues	<u>31,425,512</u>	<u>36,724,609</u>	<u>40,947,165</u>	<u>42,543,128</u>
EXPENDITURES				
Current:				
Direct instruction	16,048,099	17,060,932	17,791,298	18,279,450
Indirect instruction	2,199,760	2,090,459	2,355,134	2,519,022
Transportation	1,115,320	1,132,685	1,238,927	1,328,763
Custodial and maintenance	2,638,776	2,625,629	2,764,315	3,112,108
Support services	1,661,983	1,503,210	1,446,962	1,532,420
General administration	2,255,076	2,488,850	2,564,741	2,707,195
Community service	14,228	65,540	42,355	47,734
Debt Service:				
Principal	2,350,000	2,920,000	4,242,247	4,081,463
Interest	2,845,529	2,671,862	4,533,438	4,353,179
Capital outlay	4,186,937	3,092,969	17,245,519	27,814,005
Total expenditures	<u>35,315,708</u>	<u>35,652,136</u>	<u>54,224,936</u>	<u>65,775,339</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,890,196)</u>	<u>1,072,473</u>	<u>(13,277,771)</u>	<u>(23,232,211)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	68,949,230	-	-
Premium on issuance	-	(20,133,070)	-	-
Payment to refunded debt escrow agent	-	(691,867)	-	-
Bond issuance costs	-	(691,867)	-	-
Operating transfers in	1,753,708	124,900	225,070	277,401
Operating transfers out	(1,769,263)	(124,900)	(225,070)	(727,401)
Total other financing sources (uses)	<u>(15,555)</u>	<u>48,124,293</u>	<u>-</u>	<u>(450,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,905,751)</u>	<u>\$ 49,196,766</u>	<u>\$ (13,277,771)</u>	<u>\$ (23,682,211)</u>
Debt service as a percentage of noncapital expenditures	16.7%	17.2%	23.7%	22.2%

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 40,739,618	\$ 42,045,404	\$ 39,287,802	\$ 39,446,329	\$ 40,376,392	\$ 48,658,325
2,681,202	2,492,464	2,421,150	2,468,769	2,618,053	2,864,549
902,333	1,231,453	1,505,699	2,310,058	1,848,441	2,248,376
2,512,241	3,294,480	6,380,727	6,768,638	7,485,935	8,633,487
675,340	175,087	125,909	212,337	517,704	3,994,797
325,373	1,402,535	846,495	1,378,877	2,524,928	2,135,723
47,836,107	50,641,423	50,567,782	52,585,008	55,371,453	68,535,257
21,870,514	22,839,734	23,436,969	25,591,807	25,352,454	26,548,549
3,210,110	3,678,760	3,863,255	4,292,563	4,355,979	4,487,698
1,612,928	1,627,656	1,999,194	1,878,426	2,356,119	1,926,599
3,772,391	3,913,705	4,221,614	4,433,653	4,788,696	4,992,498
2,220,610	2,269,573	2,132,768	2,617,281	2,724,732	5,206,055
3,438,492	3,910,590	3,680,194	3,729,080	3,667,761	4,139,487
85,332	120,960	174,946	100,468	67,263	102,153
4,543,329	4,990,309	5,558,465	3,655,225	3,895,000	4,140,000
4,151,317	3,920,695	3,653,442	3,417,482	3,169,758	5,346,655
6,880,827	4,494,260	3,892,215	1,141,066	2,263,463	13,554,336
51,785,850	51,766,242	52,613,062	50,857,051	52,641,225	70,444,030
(3,949,743)	(1,124,819)	(2,045,280)	1,727,957	2,730,228	(1,908,773)
-	-	-	37,018,967	-	127,422,126
-	-	-	(36,715,197)	-	9,484,872
-	-	-	(303,769)	-	-
2,926,761	2,312,190	476,446	438,186	-	-
(2,533,726)	(2,451,227)	(586,777)	(528,558)	-	(15,517)
393,035	(139,037)	(110,331)	(90,371)	-	136,891,481
\$ (3,556,708)	\$ (1,263,856)	\$ (2,155,611)	\$ 1,637,586	\$ 2,730,228	\$ 134,982,708
19.4%	18.9%	18.9%	14.2%	14.0%	16.7%

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

Fiscal Year Ended June 30, 2006	Residential Property		Commercial Property		Industrial, State & Natural	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1998	735,768,345	6,959,837,423	268,986,680	927,538,780	11,421,980	56,904,580
1999	755,392,180	9,110,498,789	370,049,950	1,276,033,093	14,214,870	49,016,960
2000	934,022,270	8,910,777,822	414,020,240	1,427,809,530	13,169,630	45,413,540
2001	994,003,420	9,480,262,811	423,154,850	1,459,153,211	17,438,210	61,166,900
2002	1,208,790,635	12,342,734,178	459,198,735	1,583,377,374	18,459,470	63,653,360
2003	1,278,552,449	13,021,525,214	490,133,211	1,690,115,221	19,729,490	68,032,586
2004	1,220,031,920	14,382,474,552	501,182,710	1,728,215,190	19,196,310	66,194,050
2005	1,263,390,280	15,870,263,150	497,450,100	1,715,345,890	19,519,140	67,307,000
2006	1,316,292,810	16,536,321,180	530,796,750	1,830,347,670	19,075,450	65,776,980
2007	1,320,060,190	16,583,650,460	512,988,160	1,768,938,890	58,832,461	202,870,340

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
1998	10.36%	29.00%
1999	9.74%	29.00%
2000	9.74%	29.00%
2001	9.15%	29.00%
2002	9.15%	29.00%
2003	7.96%	29.00%
2004	7.96%	29.00%
2005	7.96%	29.00%
2006	7.96%	29.00%
2007	7.96%	29.00%

Vacant Land & Agricultural		Less: Tax Exempt Property		Total Taxable Value		Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	
197,099,285	679,926,271	17,016,010	59,472,550	1,196,260,280	8,564,734,504	22.408
188,415,700	649,700,910	79,807,540	275,732,800	1,248,265,160	10,809,516,952	25.641
234,377,830	808,330,300	91,024,630	314,561,610	1,504,565,340	10,877,769,582	22.047
219,465,230	756,768,500	95,185,330	328,897,770	1,558,876,380	11,428,453,652	22.312
259,144,070	893,597,725	101,676,960	351,337,740	1,843,915,950	14,532,024,897	21.655
241,328,720	832,164,900	116,006,590	366,267,160	1,913,737,280	15,245,570,761	21.981
251,410,440	866,929,240	133,912,570	462,457,300	1,857,908,810	16,581,355,732	21.120
230,782,310	795,798,570	194,473,180	670,595,530	1,816,668,650	17,778,119,080	21.074
219,435,850	756,674,510	133,073,760	517,653,970	1,952,527,100	18,671,466,370	19.595
222,663,010	767,802,260	138,091,670	535,251,290	1,976,452,151	18,788,010,660	19.235

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

	Fiscal Year			
	1997	1998	1999	2000
Eagle County School District				
General operations	21.030	17.830	18.694	16.050
General obligation debt service	5.197	4.578	6.322	5.585
Transportation	0.000	0.000	0.625	0.412
Total direct property tax rate	26.227	22.408	25.641	22.047
Overlapping Rates^a				
Arrowhead Metro District	29.291	28.800	28.800	29.088
Avon Metro District	8.595	5.855	5.876	5.079
Bachelor Gulch Metro	45.000	45.000	45.000	45.000
Beaver Creek Metro District	31.750	28.174	42.288	35.585
Bellyache Ridge Metro	23.387	17.480	17.290	17.480
Berry Creek Metro District	27.922	25.922	25.598	23.598
Buckhorn Valley Metro District #2	-	-	-	-
Cascade Village Metro	-	-	-	-
Chatfield Corners Metro	-	-	-	-
Colorado Mtn. College	3.785	3.944	3.539	3.655
Cordillera Metro District	38.310	38.310	38.310	34.310
Cordillera Mountain Metro District	-	-	-	45.000
Cordillera Vly Club Metro	-	-	-	-
Cordillera Metro Cons	-	-	-	-
Cotton Ranch Metro Dist	30.000	30.000	30.000	30.000
Eagle County	8.937	7.463	7.463	7.050
Eagle Ranch Metro District	-	-	-	25.000
Eagle-Vail Metro District	19.800	16.300	16.300	13.635
Edwards Metro District	16.533	10.734	4.191	4.191
Lake Creek Metro District	-	-	18.682	16.594
Red Sky Ranch Metro District	-	-	-	-
Saddle Ridge Metro	-	-	-	-
Town of Avon	22.785	19.568	19.372	18.347
Town of Eagle	6.121	4.765	4.606	3.999
Town of Gypsum	9.890	8.649	8.649	6.144
Town of Minturn	17.057	16.087	17.934	17.934
Town of Red Cliff	71.936	55.966	55.966	56.045
Town of Vail	4.710	4.321	4.406	4.064
Vail Park & Rec	2.760	2.760	2.593	2.529
Valagua Metro Dist	-	-	-	-
Western Eagle County Metro Rec. District	2.185	1.884	1.884	1.631

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 owner 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 apply 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.

Fiscal Year						
2001	2002	2003	2004	2005	2006	2007
16.118	16.400	16.601	16.688	16.726	15.639	15.489
5.815	4.881	4.941	3.892	3.862	3.505	7.090
0.379	0.374	0.439	0.540	0.486	0.451	0.471
22.312	21.655	21.981	21.120	21.074	19.595	23.050

26.300	24.300	24.300	23.000	20.000	20.000	20.000
4.857	3.607	3.478	3.619	3.479	3.283	3.281
45.000	42.500	38.000	36.000	33.000	30.000	27.000
35.484	30.740	30.741	31.990	31.784	25.317	25.800
22.500	22.500	22.500	22.500	22.500	22.500	22.500
21.098	19.098	16.500	16.500	16.535	15.746	15.746
40.000	40.000	40.000	43.000	43.000	43.000	42.934
-	-	-	0.000	-	-	12.224
-	-	-	40.000	40.000	42.844	43.597
3.997	3.997	3.997	3.997	3.997	3.997	3.997
33.570	31.805	40.759	22.049	21.121	21.121	27.035
45.000	45.000	49.000	30.897	35.893	35.893	50.981
-	-	-	25.000	25.000	25.000	25.000
-	-	-	22.421	22.833	25.231	24.306
30.000	38.060	42.016	42.016	45.231	45.345	39.074
7.079	6.999	6.999	8.499	8.499	8.499	8.499
25.000	25.000	25.000	25.000	25.000	25.000	27.886
15.435	15.435	15.435	16.135	16.535	14.835	14.835
1.691	1.691	1.691	1.691	1.691	1.691	1.691
13.750	12.526	12.671	13.714	13.495	10.869	10.014
-	-	45.000	45.000	45.000	45.000	45.000
-	-	-	-	-	-	35.100
15.488	14.606	14.234	14.111	13.781	13.339	13.287
3.999	3.327	3.327	3.327	3.327	3.327	3.173
6.084	6.018	6.259	5.612	5.715	5.664	5.604
17.934	17.934	17.934	17.934	17.934	17.934	17.934
59.036	45.958	51.548	51.548	39.221	48.916	51.687
4.705	4.696	4.717	4.704	4.708	4.702	4.699
2.646	2.638	2.760	2.760	2.760	3.287	3.287
-	-	-	-	-	-	40.000
1.631	1.529	3.650	3.650	3.650	3.650	3.650

EAGLE COUNTY SCHOOLS
Principal Property Tax Payers
Current Year and Five Years Ago

Taxpayer	2007			2002		
	Taxable Assessed Value	Rank	% of Total County Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total County Taxable Assessed Valuation
Vail Corp	\$ 62,537,980	1	2.58%	\$ 87,606,900	1	4.75%
Vail Associates Inc.	23,636,590	2	0.97%			
Crescent Real Est.Funding	12,414,180	3	0.51%	9,646,700	5	0.52%
Bachelor Gulch Operating	11,089,690	4	0.46%			
Union Pacific Corp	10,613,200	5	0.44%	8,149,900	6	0.44%
Holy Cross Electric	9,849,000	6	0.41%	14,500,000	2	0.79%
Vail Plaza Development	9,681,740	7	0.40%			
Public Service	8,838,600	8	0.36%	9,778,700	4	0.53%
Diamondrock Vail LLC	7,325,530	9	0.30%			
Sonnenalp Properties Inc	7,055,180	10	0.29%	6,597,550	10	0.36%
Arrabelle at Vail Square						
Vail Associates Inc.						
L-O Vail Holding Inc				10,818,680	3	0.59%
Eagle Materials Inc.						
Traer Creek-WMTLLC						
Centex Eagle-Gypsum Co.				7,657,660	7	0.42%
Qwest Corp				6,958,900	8	0.38%
Stag Gulch Partners				6,904,730	9	0.37%
Total	<u>\$163,041,690</u>		<u>6.72%</u>	<u>\$147,098,430</u>		<u>7.98%</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
1998	26,805,801	26,397,890	98.5%	13,140	26,411,030	98.5%
1999	32,006,768	31,773,882	99.3%	56,123	31,830,005	99.4%
2000	33,171,151	33,066,358	99.7%	(144)	33,066,214	99.7%
2001	34,781,650	34,704,193	99.8%	322,711	35,026,904	100.7%
2002	39,930,001	39,629,700	99.2%	(233,213)	39,396,487	98.7%
2003	42,065,858	39,866,412	94.8%	2,072,434	41,938,846	99.7%
2004	39,654,187	37,134,926	93.6%	1,916,158	39,051,084	98.5%
2005	39,640,206	37,718,700	95.2%	1,757,185	39,475,885	99.6%
2006	40,478,703	38,324,438	94.7%	67,754	38,392,192	94.8%
2007	48,988,525	46,665,080	95.3%		46,665,080	95.3%

¹Collections through June 30, 2007

Source: Eagle County School District Business Services Department

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Net Bonded Debt per Capita</u>	<u>Percentage of Per Capita Income</u>
1998	68,767,222	5.75%	2,030	6.24%
1999	96,770,195	7.75%	2,757	8.15%
2000	92,527,948	6.15%	2,221	6.40%
2001	88,446,485	5.67%	2,056	5.44%
2002	83,903,156	4.55%	1,862	4.81%
2003	78,912,847	4.12%	1,680	4.41%
2004	73,354,382	3.95%	1,530	3.84%
2005	69,455,000	3.82%	1,423	3.41%
2006	64,875,000	3.32%	1,282	2.90%
2007	189,105,000	9.57%	3,736	7.95%

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

EAGLE COUNTY SCHOOLS
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Arrowhead Metro District	\$ 8,830,000	100.00	\$ 8,830,000
Avon Metro District	1,715,000	100.00	1,715,000
Bachelor Gulch Metro	43,080,000	100.00	43,080,000
Beaver Creek Metro District	7,784,491	100.00	7,784,491
Berry Creek Metro District	3,040,000	100.00	3,040,000
Buckhorn Valley Metro District #2	2,500,000	100.00	2,500,000
Cascade Village Metro District	1,165,000	100.00	1,165,000
Chatfield Corners Metro District	3,000,000	100.00	3,000,000
Cordillera Valley Club Metro District	161,622	100.00	161,622
Cordillera Metro District	26,610,000	100.00	26,610,000
Cordillera Mountain Metro District	10,940,000	100.00	10,940,000
Cotton Ranch Metro Dist	9,525,000	100.00	9,525,000
Eagle Ranch Metro District	12,431,965	100.00	12,431,965
Eagle River Water & San District - Water Sub	12,760,000	100.00	12,760,000
Eagle River Water & Sanitation District	14,285,875	100.00	14,285,875
Eagle Sanitation District	26,621	100.00	26,621
Eagle Valley Library District	3,210,000	100.00	3,210,000
Eagle-Vail Metro District	1,865,000	100.00	1,865,000
Edwards Metro District	395,000	100.00	395,000
Lake Creek Metro District	678,583	100.00	678,583
Red Sky Ranch Metro District	7,500,000	100.00	7,500,000
Town of Avon	4,678,774	100.00	4,678,774
Town of Eagle	1,339,495	100.00	1,339,495
Town of Gypsum	205,000	100.00	205,000
Western Eagle County Ambulance District	185,000	100.00	185,000
Western Eagle County Metro Rec. District	7,070,000	100.00	7,070,000
Subtotal, overlapping debt			184,982,426
Eagle County School District direct debt			189,105,000
Total direct and overlapping debt			<u>\$ 374,087,426</u>

Source: Assessed value data used to estimate applicable percentages provided by the Eagle County Assessor's Office. 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
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Assessed valuation	<u>\$ 1,196,260,280</u>	<u>\$ 1,248,265,160</u>	<u>\$ 1,504,565,340</u>	<u>\$ 1,558,876,380</u>
Debt limit (20% of assessed valuation)	<u>\$ 239,252,056</u>	<u>\$ 249,653,032</u>	<u>\$ 300,913,068</u>	<u>\$ 311,775,276</u>
Debt applicable to limit:				
General obligation bonds	\$ 68,767,222	\$ 96,770,195	\$ 92,527,948	\$ 88,446,485
Less: Amount set aside for repayment of general obligation debt	<u>(4,312,087)</u>	<u>(6,433,708)</u>	<u>(6,069,507)</u>	<u>(6,782,058)</u>
Total net debt applicable to limit	<u>64,455,135</u>	<u>90,336,487</u>	<u>86,458,441</u>	<u>81,664,427</u>
Legal debt margin	<u>\$ 174,796,921</u>	<u>\$ 159,316,545</u>	<u>\$ 214,454,627</u>	<u>\$ 230,110,849</u>
Total net debt applicable to the limit as a percentage of debt limit	5.39%	7.24%	5.75%	5.24%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 20% of total 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.

Fiscal Year					
2002	2003	2004	2005	2006	2007
<u>\$1,843,915,950</u>	<u>\$1,913,737,280</u>	<u>\$1,857,908,810</u>	<u>\$1,881,663,978</u>	<u>\$2,065,766,954</u>	<u>\$2,125,308,501</u>
<u>\$ 368,783,190</u>	<u>\$ 382,747,456</u>	<u>\$ 371,581,762</u>	<u>\$ 376,332,796</u>	<u>\$ 413,153,391</u>	<u>\$ 425,061,700</u>
 \$ 83,903,156	 \$ 78,912,847	 \$ 73,354,382	 \$ 69,455,000	 \$ 64,875,000	 \$ 189,105,000
<u>(7,024,970)</u>	<u>(7,289,911)</u>	<u>(5,360,253)</u>	<u>(5,519,085)</u>	<u>(5,680,629)</u>	<u>(11,049,384)</u>
<u>76,878,186</u>	<u>71,622,936</u>	<u>67,994,129</u>	<u>63,935,915</u>	<u>59,194,371</u>	<u>178,055,616</u>
<u>\$ 291,905,004</u>	<u>\$ 311,124,520</u>	<u>\$ 303,587,633</u>	<u>\$ 312,396,881</u>	<u>\$ 353,959,020</u>	<u>\$ 247,006,084</u>
 4.17%	 3.74%	 3.66%	 3.40%	 2.87%	 8.38%

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
1998	32,099	32,542	4,259	4,022.0	2.7%
1999	33,882	33,824	4,403	4,165.0	3.3%
2000	35,094	34,717	4,536	4,273.0	2.7%
2001	41,659	37,770	4,686	4,444.0	2.2%
2002	43,027	38,733	4,887	4,627.0	3.0%
2003	45,067	38,060	4,913	4,654.5	4.7%
2004	46,978	39,816	5,007	4,757.5	3.4%
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%

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

Current Year

Employer	Rank
Vail Resorts Inc.	1
Vail Food Service	
Beaver Creek Food Service	
Eagle County School District	2
Vail Valley Medical Center	3
Ritz Carlton Hotel	4
Eagle County	5
Vail Cascade Hotel	6
Hyatt Regency Beaver Creek	7
East West Resorts LLC	8
Wal Mart Stores Inc.	9
Sonnenalp Properties Inc.	10

Sources: 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
1998	35,315,708	4,022.0	8,781	-19.8%	329.26	12.22
1999	35,652,136	4,165.0	8,560	-2.5%	336.46	12.38
2000	54,224,936	4,273.0	12,690	48.2%	349.40	12.23
2001	65,775,339	4,444.0	14,801	16.6%	356.42	12.47
2002	51,785,850	4,627.0	11,192	-24.4%	391.75	11.81
2003	51,766,242	4,654.5	11,122	-0.6%	386.31	12.05
2004	52,613,062	4,757.5	11,059	-0.6%	402.32	11.83
2005	50,857,051	4,830.0	10,529	-4.8%	419.01	11.53
2006	52,641,225	4,989.0	10,551	0.2%	439.17	11.36
2007	70,444,030	5,096.5	13,822	31.0%	445.05	11.45

Sources: Nonfinancial information provided by the district's personnel

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

EAGLE COUNTY SCHOOLS

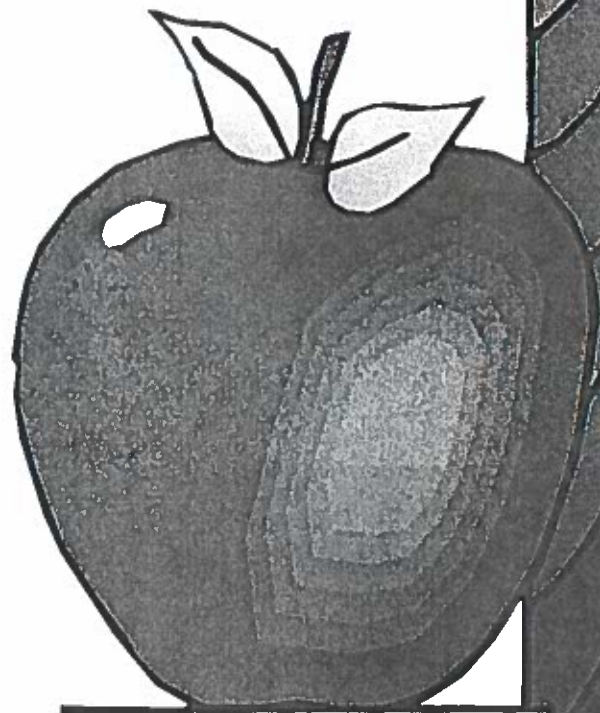
Schedule of Insurance

(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	Pinnacle		
Unemployment	Claims basis		

Source: School District Records

Eagle County Schools



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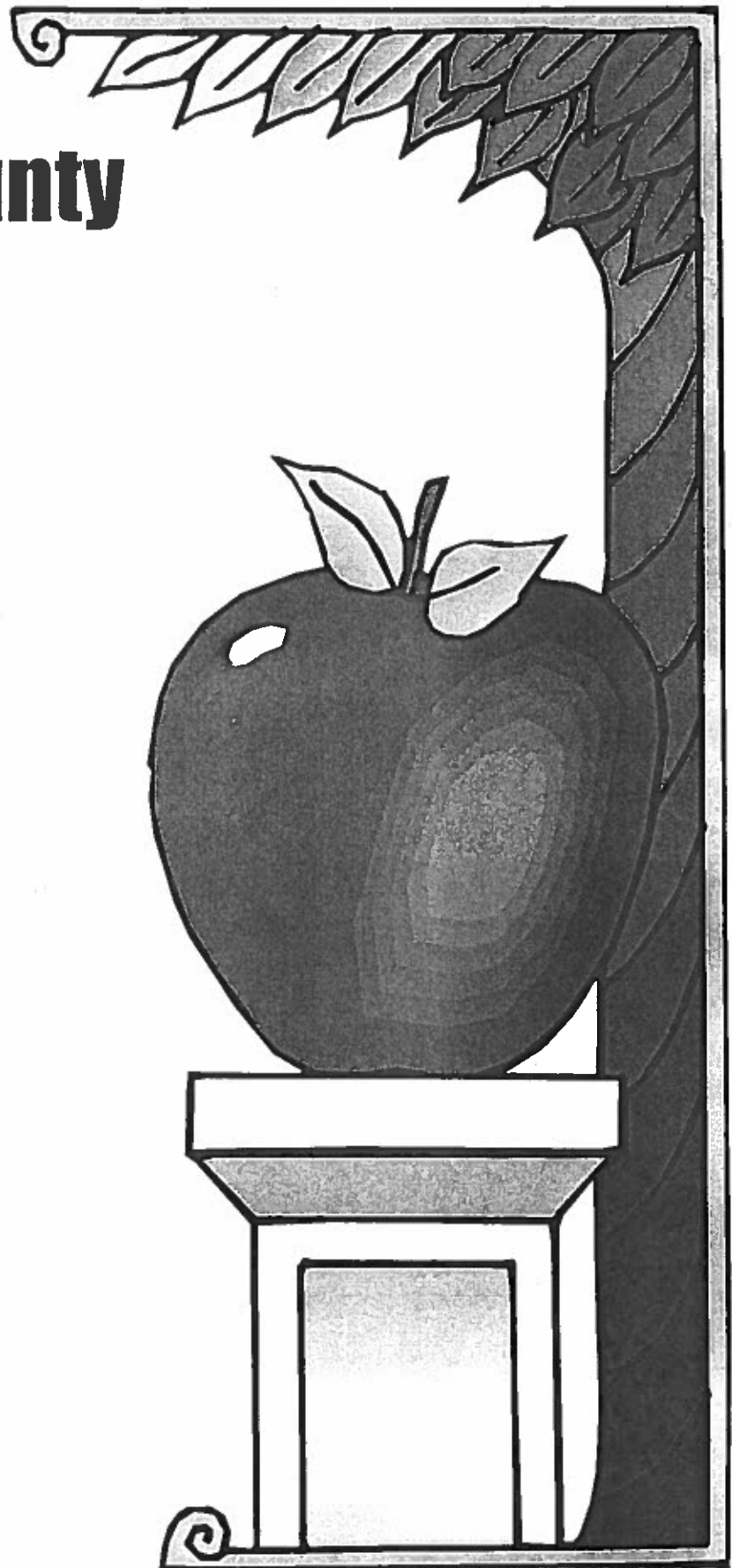
**Eagle County
Schools**

**Statutory
Section**



Eagle County Schools

Single Audit





McMahan and Associates, I.I.c.

Certified Public Accountants and Consultants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON A AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

**Board of Education
Eagle County Schools
Eagle, Colorado**

We have audited the financial statements of the Eagle County Schools (the "District") as of and for the year ended June 30, 2007, and have issued our report thereon dated November 13, 2007. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Performing services for local governments throughout Colorado

D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.

Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants

National and Colorado Government Finance Officers Association/Colorado Municipal League

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McMahan and Associates, LLC

**McMahan and Associates, L.L.C.
November 13, 2007**



McMahan and Associates, I.I.c.

Certified Public Accountants and Consultants

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100 West Beaver Creek Blvd.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Eagle County Schools
Eagle, Colorado

Compliance

We have audited the compliance of the Eagle County Schools (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 District's 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Performing services for local governments throughout Colorado

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**Board of Education
Eagle, Colorado**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants, caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McMahan and Associates, LLC

**McMahan and Associates, L.L.C.
November 13, 2007**

Eagle County School District RE 50J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program – Teacher Incentive Fund	CFDA #84.374
Major program – Title I	CFDA #84.010
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Eagle County School District RE 50J
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Note: There were no findings for the fiscal year ended June 30, 2006.

EAGLE COUNTY SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program (Yes/No)</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Title VII, Bilingual Education	84.290	No	\$ 39,178
Teacher Incentive Fund	84.374	Yes	849,422
Passed through State Department of Education:			
Title I	84.010	Yes	506,379
Drug-Free Schools and Communities	84.186	No	10,030
Homeless Grant	84.196	No	39,506
Tech Prep Grant	84.243	No	35,815
Title V, Innovative	84.298	No	7,516
Title II, Technology	84.318	No	2,857
Comprehensive School Reform	84.332	No	4,544
Title III, Immigrant Education	84.365	No	158,927
Title II, Teacher Quality	84.367	No	88,667
Passed through Mountain Board of Cooperative Educational Services (BOCES):			
Child Find	84.009	No	10,730
PL 99-457, Early Childhood	84.173	No	17,240
Passed through Colorado Mountain College:			
Vocational Education - Carl Perkins, PL 98.524	84.048	No	23,725
Passed through Lake County School District:			
Migrant Education	84.011	No	30,210
Total U.S. Department of Education			<u>1,824,746</u>

EAGLE COUNTY SCHOOLS
Schedule of Expenditures of Federal Financial Awards
For the Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program (Yes/No)</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Eagle County Treasurer:			
Forest Reserve	10.666	No	22,731
Passed through Colorado Department of Social Services:			
Food Distribution, Commodities	10.550	No	56,135
Passed through State Department of Education:			
National School Lunch Program	10.555	No	483,506
Total Passed through State Department of Agriculture			<u>562,372</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
HeadStart	93.600	No	413,341
Total U.S. Department of Health and Human Services			<u>413,341</u>
Total Federal Financial Assistance			<u>\$ 2,800,459</u>

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2007:

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs of the Eagle County Schools (the District). The District's reporting entity is defined in note (1) to the District's basic financial statements.

Note 2. Basis of Presentation:

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in note (1)(D) to the District's basic financial statements. The Federal financial reports that are submitted to the grantors are prepared on the cash basis and may not agree to this schedule.

Note 3. Noncash Programs

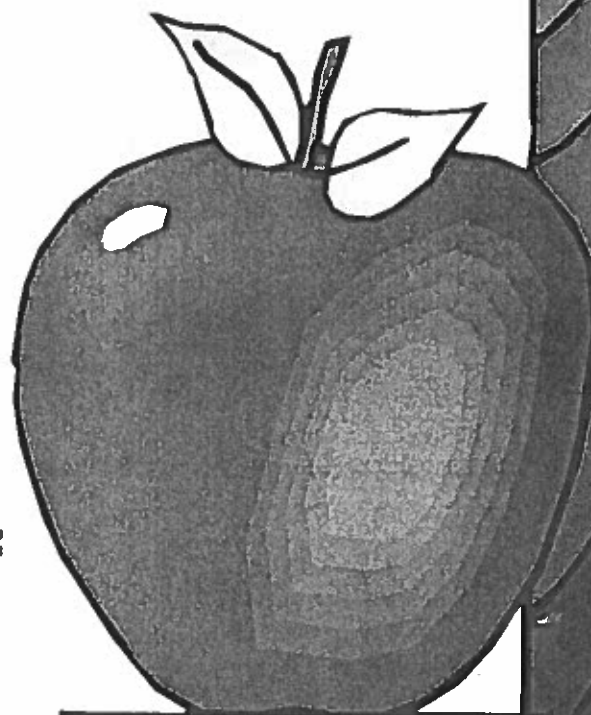
Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$56,135 are valued based on the USDA's Donated Commodity Price List.

Note 4. Subrecipients:

Eagle County Schools did not provide any federal awards received to subrecipients.

Eagle County Schools

Colorado Department of Education Requirements



Colorado Department of Education

Automated Data Exchange Download Report

11/30/2007
EAGLE EAGLE COUNTY RE 50
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District Code: 0910

Colorado Department of Education

Fiscal Year 2006-2007

Colorado School District/BOCES
Auditor's Integrity Report

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & (6880*) Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999		0001 - 0999		6700 - 6799 & Prior Per Adj
		Total Revenues & Other Sources -	Total Expenditures & Other Uses -	Total Revenues & Other Sources -	Total Expenditures & Other Uses -	
Governmental						
10 General Fund	14,242,938	39,229,400	37,641,824	15,830,514		
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0		
19 Colorado Preschool Program Fund	-0	373,669	373,669	0		
Subtotal	14,242,938	39,603,069	38,015,493	15,830,514		
11 Charter School Fund	0	2,343,938	2,343,938	0		
20 Special Revenue Fund	0	0	0	0		
21 Capital Reserve Spec Revenue Fund	0	0	0	0		
22 Govt Designated-Purpose Grants Fund	0	2,571,596	2,571,596	0		
23 Pupil Activity Special Revenue Fund	0	0	0	0		
25 Transportation Fund	0	1,921,298	1,921,298	0		
30 Debt Service Fund	0	0	0	0		
31 Bond Redemption Fund	5,680,629	14,856,303	9,487,548	11,049,384		
41 Building Fund	0	141,002,704	14,409,088	126,593,616		
42 Special Building Fund	0	0	0	0		
43 Capital Reserve Capital Projects Fund	2,530,360	4,075,705	2,642,945	3,963,119		
TOTALS	22,453,927	206,374,613	71,391,907	157,436,633		
Proprietary						
51 Food Service Fund	40,412	1,467,410	1,400,581	107,240		
50 Other Enterprise Funds	291,919	141,874	92,091	341,702		
64 (63) Risk-Related Activity Fund	0	0	0	0		
60,65-69 Other Internal Service Funds	383,276	4,128,851	4,138,429	373,697		
TOTALS	715,606	5,738,134	5,631,101	822,639		
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	508,117	1,390,975	1,294,161	604,931		
85 Foundations	0	0	0	0		
TOTALS	508,117	1,390,975	1,294,161	604,931		

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

From submitted data file: fd0910.24c

Program: fdrdh.sqr

File: fd0910.dhc

FINAL

Eagle County Schools

The End

