

**EAGLE COUNTY SCHOOLS  
EAGLE, COLORADO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**June 30, 2011**

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## **INTRODUCTORY SECTION**



December 27, 2011

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, 2011.

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

The District's financial statements have been audited by Swanhorst & Company LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Eagle County Schools for the fiscal year ended June 30, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

Accounting Policies – Detailed descriptions of the District’s accounting policies are contained in the Notes to the Basic Financial Statements on pages 10-24, 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 6,000 students. This includes basic pre-K-12 education in elementary, middle and high schools, special education for handicapped students, English language acquisition, preschool and numerous other programs. The Eagle County Charter Academy is a school within Eagle County Schools and therefore has been included as an integral part of Eagle County Schools' financial statements.

The annual budget serves as the foundation for Eagle County Schools' financial planning and control. The 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 and the Grants Fund this comparison is presented starting on page 25 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 supplementary information section of this report, which starts on page 28.

### **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. This funding model was adjusted for fiscal year 2010-11 due to recessionary pressures and revised to lower funding levels in 2010-11. Funding over the three years decreased over 10% from initial levels.

## **Major Initiatives**

Recent studies show that knowledge of core content is necessary, but no longer sufficient for success in the world today. Even if all students mastered core academic subjects, they would still be woefully under-prepared to succeed in postsecondary institutions and workplaces. In 2010-11 school year, students will enjoy new technologies that will help them develop these essential skills through the installation of interactive electronic white boards in every school, state-of-the-art document cameras, video on-demand services and hand-held student response (Clicker) systems for immediate assessment of student's understanding of key objectives during a lesson. The district has developed a computerized testing schedule for all students in the district. This real time testing gives teachers an ongoing understanding of a student's progress throughout the year rather than only at the end of the year. Students that are not achieving can be identified early and given additional assistance in the subject area to keep a student on track to reach their educational goals. The district has developed a three year goal for each student based on their current abilities. High achievers are expected to attain a year's growth in each year and students below grade level are expected to achieve faster growth rates so that they will be at grade level within three years. District staff has developed new curriculum addressing state standards in core subject arrears and formative assessment tests to measure students progress. Test scores for 2010-11 have shown statistically significant improvement across all levels.

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, 2010-11 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.

## Acknowledgments

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. 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 dark ink that reads "Philip Onofrio, CPA". The signature is written in a cursive style with a large, stylized "P" and "O".

Philip Onofrio, CPA  
Chief Financial Officer

**Eagle County Schools  
Eagle, Colorado**

PRINCIPAL OFFICIALS

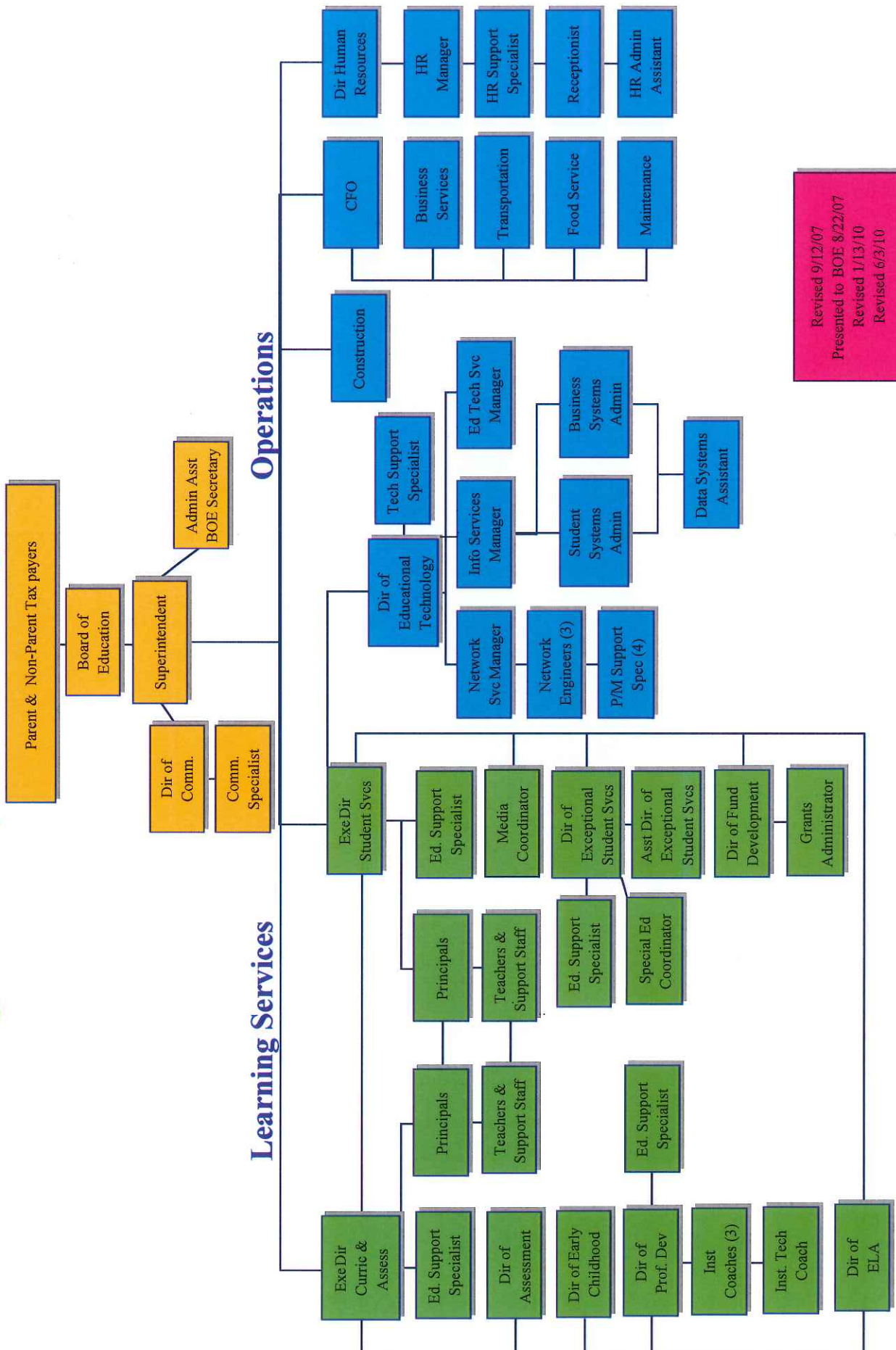
Board of Education

|                             |                     |
|-----------------------------|---------------------|
| Connie Kincaid-Strahan..... | President           |
| Jeanne McQueeney.....       | Vice President      |
| Brian Nolan.....            | Secretary/Treasurer |
| Kate Cocchiarella.....      | Director            |
| Ross Morgan.....            | Director            |
| Carrie Benway.....          | Director            |
| TJ Johnson.....             | Director            |

District Administration

|                           |  |
|---------------------------|--|
| Dr. Sandra Smyser.....    | Superintendent   |
| Phil Onofrio.....         | Chief Financial Officer                                    |
| Heather Eberts.....       | Executive Director of Curriculum, Instruction & Assessment |
| Mike Gass.....            | Executive Director of Student Services/Innovative programs |
| Teresa Bandel-Schott..... | Director of Special Education                              |
| Brian Childress.....      | Director of Human Resources                                |

# Eagle County Schools Organizational Chart



## **FINANCIAL SECTION**



Board of Education  
Eagle County Schools  
Eagle, Colorado

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Eagle County Schools, as listed in the table of contents. These financial statements are the responsibility of the Eagle County Schools' management. 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of the Eagle County Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*Swanlund & Company LLC*

December 27, 2011



**Eagle County Schools**  
**Management's Discussion and Analysis**  
**As of and for the fiscal year ended June 30, 2011**

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

**Financial Highlights**

- ❖ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$39,920,673.
- ❖ The District's total net assets decreased by \$6,389,787. As of the close of the current fiscal year, the Eagle County School District's governmental activities reported ending net assets of \$38,960,157, a decrease of \$6,366,470 in comparison with the prior year. The majority of this is a result of increases in accounts payable, retainage payable and long term debt. \$8,758,457 is available for spending at the District's discretion.
- ❖ At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$9,529,733 or 18% percent of total General Fund expenditures.
- ❖ The Eagle County School District general obligation debt decreased by \$6,875,000 to a balance of \$162,425,000. The District currently has three outstanding general obligation bonds from 2005 and 2007 and 2009.

**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 support 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 component unit, Eagle County Charter Academy. The Eagle County Charter Academy functions for all practical purposes as a school of the District, and therefore this organization has been included as an integral part of the District's financial statements.

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

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

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

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds 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 six individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Grants Fund, Building Fund, Bond Redemption Fund, and Capital Reserve Fund, which are considered to be major funds. Data from the non-major Transportation Fund is presented in a single column also.

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

The governmental fund financial statements can be found on pages 3-5.

**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. The food service fund is considered a major fund of the District.

The proprietary fund financial statements can be found on pages 6-8 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 9 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 10-24 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary and other supplementary information.

The District's annual appropriated budgets for the major and non-major funds can be found on pages 25-34.

### **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 \$39,920,673 at the close of the most recent fiscal year.

Net assets invested in capital assets, net of related debt is currently \$16,483,538. 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 2011                 | FY 2010            | FY 2011                  | FY 2010        | FY 2011            | FY 2010            |
| Assets:                     |                         |                    |                          |                |                    |                    |
| Current and other assets    | 47,426,031              | 44,625,537         | 249,313                  | 200,302        | 47,675,344         | 44,825,839         |
| Deferred charges            | 1,179,620               | 1,060,726          | -                        | -              | 1,179,620          | 1,060,726          |
| Capital assets              | <u>184,455,442</u>      | <u>187,784,402</u> | <u>737,996</u>           | <u>797,478</u> | <u>185,193,438</u> | <u>188,581,880</u> |
| Total Assets                | <u>233,061,093</u>      | <u>233,470,665</u> | <u>987,309</u>           | <u>997,780</u> | <u>234,048,402</u> | <u>234,468,445</u> |
| Liabilities:                |                         |                    |                          |                |                    |                    |
| Other liabilities           | 9,253,381               | 7,784,921          | 11,143                   | 6,768          | 9,264,524          | 7,791,689          |
| Long-term liabilities       | <u>184,847,555</u>      | <u>180,359,117</u> | <u>15,650</u>            | <u>7,179</u>   | <u>184,863,205</u> | <u>180,366,296</u> |
| Total Liabilities           | <u>194,100,936</u>      | <u>188,144,038</u> | <u>26,793</u>            | <u>13,947</u>  | <u>194,127,729</u> | <u>188,157,985</u> |
| Net Assets:                 |                         |                    |                          |                |                    |                    |
| Invested in capital assets, |                         |                    |                          |                |                    |                    |
| net of related debt         | 15,745,542              | 21,142,826         | 737,996                  | 797,478        | 16,483,538         | 21,940,304         |
| Restricted                  | 14,456,158              | 13,211,059         | -                        | -              | 14,456,158         | 13,211,059         |
| Unrestricted                | <u>8,758,457</u>        | <u>10,972,742</u>  | <u>222,520</u>           | <u>186,355</u> | <u>8,980,977</u>   | <u>11,159,097</u>  |
| Total Net Assets            | <u>38,960,157</u>       | <u>45,326,627</u>  | <u>960,516</u>           | <u>983,833</u> | <u>39,920,673</u>  | <u>46,310,460</u>  |

A portion of the District's governmental activities net assets (37%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets \$8,758,457 or (22.5%) may be used to meet the District's ongoing obligations to its students and creditors.

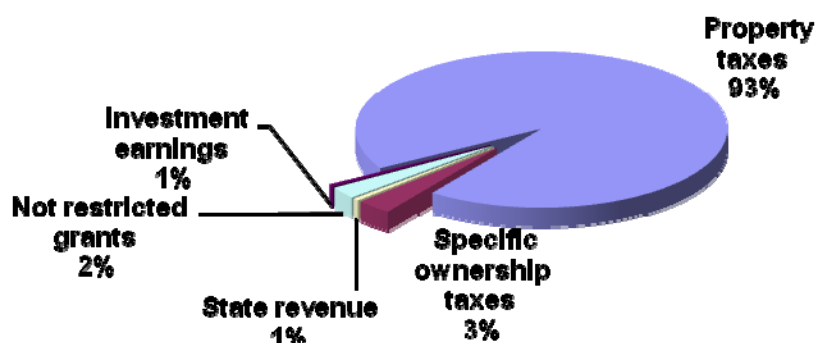
**Governmental Activities:** Net assets for governmental activities decreased \$6,366,470. Capital asset and long-term debt activity accounted for a majority of this decrease. The following table summarizes the District's change in net assets:

## Eagle County Schools Changes in Net Assets:

|  | Governmental Activities |                     | Business-type Activities |                   | Total               |                      |
|--|-------------------------|---------------------|--------------------------|-------------------|---------------------|----------------------|
|  | FY 2011                 | FY 2010             | FY 2011                  | FY 2010           | FY 2011             | FY 2010              |
| Revenues:                              |                         |                     |                          |                   |                     |                      |
| Program revenues                       |                         |                     |                          |                   |                     |                      |
| Charges for services                   | \$ 1,391,453            | \$ 1,242,220        | \$ 832,871               | \$ 878,676        | \$ 2,224,324        | \$ 2,120,896         |
| Operating grants and contributions     | 6,558,755               | 6,552,789           | 953,325                  | 906,166           | 7,512,080           | 7,458,955            |
| General revenues                       |                         |                     |                          |                   |                     |                      |
| Property taxes                         | 62,448,639              | 62,493,060          | -                        | -                 | 62,448,639          | 62,493,060           |
| Specific ownership taxes:              | 2,098,497               | 2,310,004           | -                        | -                 | 2,098,497           | 2,310,004            |
| State revenue                          | 355,434                 | 3,662,810           | -                        | -                 | 355,434             | 3,662,810            |
| Not restricted grants                  | 1,674,514               | -                   | -                        | -                 | 1,674,514           | -                    |
| Investment earnings                    | 373,872                 | 553,378             | -                        | -                 | 373,872             | 553,378              |
| Other                                  | 1,264,129               | 1,368,079           | -                        | -                 | 1,264,129           | 1,368,079            |
| Total revenues                         | <u>76,165,293</u>       | <u>78,182,340</u>   | <u>1,786,196</u>         | <u>1,784,842</u>  | <u>77,951,489</u>   | <u>79,967,182</u>    |
| Expenditures:                          |                         |                     |                          |                   |                     |                      |
| Direct Instruction                     | 42,246,912              | 42,826,781          | -                        | -                 | 42,246,912          | 42,826,781           |
| Supporting Services                    | 32,347,124              | 30,830,181          | -                        | -                 | 32,347,124          | 30,830,181           |
| Interest                               | 7,897,727               | 7,434,997           | -                        | -                 | 7,897,727           | 7,434,997            |
| Food services                          | -                       | -                   | 1,747,459                | 1,744,765         | 1,747,459           | 1,744,765            |
| Employee housing                       | -                       | -                   | 102,054                  | 133,348           | 102,054             | 133,348              |
|  | <u>82,491,763</u>       | <u>81,091,959</u>   | <u>1,849,513</u>         | <u>1,878,113</u>  | <u>84,341,276</u>   | <u>82,970,072</u>    |
| Changes in net assets before transfers | (6,326,470)             | (2,909,619)         | (63,317)                 | (93,271)          | (6,389,787)         | (3,002,890)          |
| Transfers                              | (40,000)                | (54,379)            | 40,000                   | 54,379            | -                   | -                    |
| Changes in net assets after transfers  | (6,366,470)             | (2,963,998)         | (23,317)                 | (38,892)          | (6,389,787)         | (3,002,890)          |
| Net assets - July 1                    | 45,326,627              | 48,290,625          | 983,833                  | 1,022,725         | 46,310,460          | 49,313,350           |
| Net assets - June 30                   | <u>\$38,960,157</u>     | <u>\$45,326,627</u> | <u>\$ 960,516</u>        | <u>\$ 983,833</u> | <u>\$39,920,673</u> | <u>\$ 46,310,460</u> |

Most school districts' operating revenues comes from the School Finance Act of 1994 ("SFA"). Under this act, the District received \$6,813 per funded pupil in fiscal year ended June 30, 2011, and the funded pupil count was 5,846. Originally the SFA provided \$7,600 per student, and then the State reduced that amount by \$787 per student, or \$4,602,376, due to pressures on State revenues due to the recession. SFA funding comes from general fund property taxes, specific ownership taxes, and State equalization. The District received 96% of SFA funding from property taxes and 3% from specific ownership tax and 1% from the State. Below is a graph that summarizes general revenues by source for governmental activities:

## District Governmental Revenues



**Business-Type Activities:** Business-type activities changed the District's net assets by \$23,317. Key elements of this increase are as follows:

- The Food Service Fund's net assets decreased by \$76,874 as a result of operating losses.
- The District Housing Fund's net assets increased by \$53,557. The increase was a result of operations in which rental revenue is exceeding direct expenses.

### Financial Analysis of the District's Funds

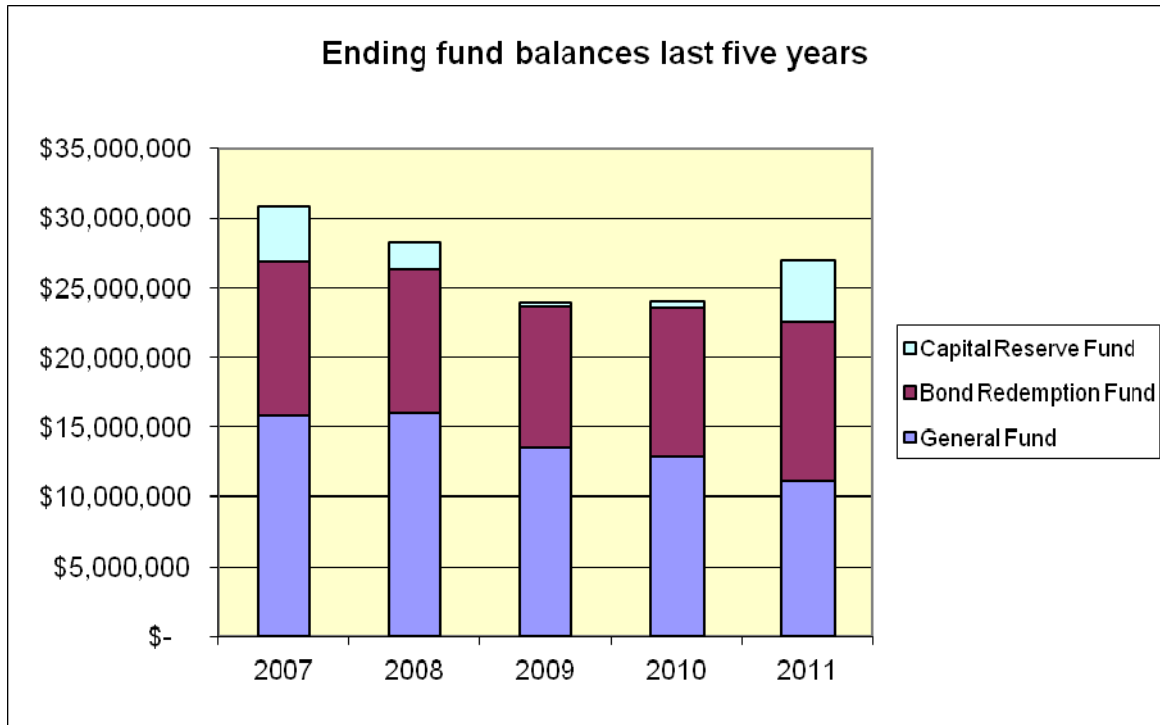
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 35,179,997 an increase of \$1,285,782. The fund balance in the General Fund decreased \$1,669,370 due to maintaining educational programs while the revenues were affected by the recession. The Building Fund decreased \$1,264,138 due to completion of construction projects and the Capital Reserve Fund increased \$4,055,396 as a result of unspent debt proceeds. In addition, the Bond Redemption Fund increased by \$546,282 and the Transportation Fund increased by \$64,538.

**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, 2011, the Food Service Fund had net assets of \$843 and the District Housing Fund had net assets of \$959,673.

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 \$1,919,605. Actual expenditures before transfers were \$446,282 less than budgeted. The major reasons for the reduction in expenditures compared to budget are salaries and benefits.

**Capital Assets:** The District's governmental activities capital assets, net of accumulated depreciation, totaled \$ 184,455,442 as of June 30, 2011. 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 one year. The District completed a high school construction project, a high school remodel and several small capital projects throughout the fiscal year ended 2011. The costs associated with these projects were funded through the Building and Capital Reserve Funds

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 17-18 of this report.

**Long-Term Debt:** As of the end of the current fiscal year, the District's general obligation long-term liabilities totaled \$170,217,253 representing a net change of \$7,330,232. This decrease is result of principal payments made during the fiscal year. In addition, the District issued \$11,520,000 of Certificates of Participation to finance a school renovation project.

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 5.2% 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, 2011 is \$652,252,931.

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 19-20 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 decreased from \$7,373 to \$6,812 for fiscal years June 30, 2010 and June 30, 2011 respectively, representing a 10% decrease between years. This decrease was due to recessionary pressures on state revenue. Amendment 23 requires an increase in the per pupil funding at the rate of inflation. The State relied on a legal opinion that allowed the reduction. The District's funded pupil count decreased from 5,880 to 5,846 from June 30, 2010 and June 30, 2011, representing a 0.5% decrease between years. This is a reversal of a long-term trend of continual increases.

**Next Year's Budget and Rates:** The District's General Fund balance at the end of fiscal year 2011 totaled \$11,196,733. The fiscal year 2012 budget anticipates decrease of this balance by up to \$1.7M due to possible reductions in funding at the state level, a result of significantly reduced revenue during the recession.

## **Requests for Information**

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



## **BASIC FINANCIAL STATEMENTS**

## EAGLE COUNTY SCHOOLS

STATEMENT OF NET ASSETS

June 30, 2011

|  | PRIMARY GOVERNMENT         |                             |               | COMPONENT UNIT<br>EAGLE COUNTY<br>CHARTER<br>ACADEMY |
|--|----------------------------|-----------------------------|---------------|--|
|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL         |  |
| ASSETS   |                            |                             |               |  |
| Cash and Investments                                 | \$ 26,970,021              | \$ 374,183                  | \$ 27,344,204 | \$ 1,924,509   |
| Restricted Cash and Investments                      | 13,418,959                 | -                           | 13,418,959    | -  |
| Accounts Receivable                                  | 126,733                    | -                           | 126,733       | -  |
| Taxes Receivable                                     | 4,689,325                  | -                           | 4,689,325     | -  |
| Grants Receivable                                    | 1,885,345                  | 129,384                     | 2,014,729     | -  |
| Inventories  | -                          | 81,394                      | 81,394        | 10,736   |
| Prepaid Expenses                                     | -                          | -                           | -             | -  |
| Internal Balances                                    | 335,648                    | (335,648)                   | -             | -  |
| Debt Issuance Costs, Net of Accumulated Amortization | 1,179,620                  | -                           | 1,179,620     | -  |
| Capital Assets, Not Being Depreciated                | 17,390,174                 | 11,776                      | 17,401,950    | -  |
| Capital Assets, Net of Accumulated Depreciation      | 167,065,268                | 726,220                     | 167,791,488   | 542,779  |
| TOTAL ASSETS   | 233,061,093                | 987,309                     | 234,048,402   | 2,478,024  |
| LIABILITIES  |                            |                             |               |  |
| Accounts Payable                                     | 1,887,859                  | -                           | 1,887,859     | 14,301   |
| Retainage Payable                                    | 527,325                    | -                           | 527,325       | -  |
| Accrued Liabilities                                  | 792,648                    | -                           | 792,648       | -  |
| Accrued Salaries and Benefits                        | 4,648,608                  | -                           | 4,648,608     | 284,761  |
| Deferred Revenues                                    | 12,774                     | -                           | 12,774        | 9,600  |
| Insurance Claims Payable                             | 699,454                    | -                           | 699,454       | -  |
| Security Deposits                                    | -                          | 11,143                      | 11,143        | -  |
| Accrued Interest Payable                             | 684,713                    | -                           | 684,713       | -  |
| Noncurrent Liabilities                               |                            |                             | -             | -  |
| Due Within One Year                                  | 9,456,803                  | 1,722                       | 9,458,525     | -  |
| Due in More Than One Year                            | 175,390,752                | 13,928                      | 175,404,680   | -  |
| TOTAL LIABILITIES                                    | 194,100,936                | 26,793                      | 194,127,729   | 308,662  |
| NET ASSETS   |                            |                             |               |  |
| Invested in Capital Assets, Net of Related Debt      | 15,745,542                 | 737,996                     | 16,483,538    | 542,779  |
| Restricted for Capital Outlay                        | -                          | -                           | -             | 228,737  |
| Restricted for Facility Construction                 | -                          | -                           | -             | 12,140   |
| Restricted for Debt Service                          | 12,789,158                 | -                           | 12,789,158    | -  |
| Restricted for Emergencies                           | 1,667,000                  | -                           | 1,667,000     | 76,600   |
| Unrestricted   | 8,758,457                  | 222,520                     | 8,980,977     | 1,309,106  |
| TOTAL NET ASSETS                                     | \$ 38,960,157              | \$ 960,516                  | \$ 39,920,673 | \$ 2,169,362   |

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

## EAGLE COUNTY SCHOOLS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

| FUNCTIONS/PROGRAMS                          | EXPENSES             | PROGRAM REVENUES        |  |
|---|----------------------|-------------------------|--|
|   |                      | CHARGES<br>FOR SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS |
| <b>PRIMARY GOVERNMENT</b>                   |                      |                         |  |
| <b>Governmental Activities</b>              |                      |                         |  |
| Instruction                                 | \$ 42,246,912        | \$ 1,067,658            | \$ 5,741,928                             |
| Supporting Services                         | 32,347,124           | 323,795                 | 816,827                                  |
| Interest on Long-Term Debt                  | 7,897,727            | -                       | -  |
| Total Governmental Activities               | 82,491,763           | 1,391,453               | 6,558,755                                |
| <b>Business-Type Activities</b>             |                      |                         |  |
| Food Service                                | 1,747,459            | 677,260                 | 953,325                                  |
| District Housing                            | 102,054              | 155,611                 | -  |
| Total Business-Type Activities              | 1,849,513            | 832,871                 | 953,325                                  |
| <b>TOTAL PRIMARY GOVERNMENT</b>             | <b>\$ 84,341,276</b> | <b>\$ 2,224,324</b>     | <b>\$ 7,512,080</b>                      |
| <b>COMPONENT UNIT</b>                       |                      |                         |  |
| Eagle County Charter Academy                | \$ 3,176,853         | \$ 279,224              | \$ -                                     |
| <b>GENERAL REVENUES</b>                     |                      |                         |  |
| Local Property Taxes                        |                      |                         |  |
| Specific Ownership Taxes                    |                      |                         |  |
| State Equalization                          |                      |                         |  |
| Grants not Restricted to Specific Programs  |                      |                         |  |
| Per Pupil Revenue                           |                      |                         |  |
| Investment Income                           |                      |                         |  |
| Other                                       |                      |                         |  |
| <b>TRANSFERS</b>                            |                      |                         |  |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b> |                      |                         |  |
| <b>CHANGE IN NET ASSETS</b>                 |                      |                         |  |
| NET ASSETS, Beginning                       |                      |                         |  |
| NET ASSETS, Ending                          |                      |                         |  |

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

| NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS |                             |                 |                                    |
|--|-----------------------------|-----------------|------------------------------------|
| PRIMARY GOVERNMENT                             |                             |                 | COMPONENT UNIT                     |
| GOVERNMENTAL<br>ACTIVITIES                     | BUSINESS-TYPE<br>ACTIVITIES | TOTAL           | EAGLE COUNTY<br>CHARTER<br>ACADEMY |
| \$ (35,437,326)                                | \$ -                        | \$ (35,437,326) | \$ -                               |
| (31,206,502)                                   | -                           | (31,206,502)    | -                                  |
| (7,897,727)                                    | -                           | (7,897,727)     | -                                  |
| (74,541,555)                                   | -                           | (74,541,555)    | -                                  |
| -  | (116,874)                   | (116,874)       | -                                  |
| -  | 53,557                      | 53,557          | -                                  |
| -  | (63,317)                    | (63,317)        | -                                  |
| (74,541,555)                                   | (63,317)                    | (74,604,872)    | -                                  |
| -  | -                           | -               | (2,897,629)                        |
| 62,448,639                                     | -                           | 62,448,639      | 392,575                            |
| 2,098,497                                      | -                           | 2,098,497       | -                                  |
| 355,434  | -                           | 355,434         | -                                  |
| 1,674,514                                      | -                           | 1,674,514       | 664,974                            |
| -  | -                           | -               | 2,021,071                          |
| 373,872  | -                           | 373,872         | 8,647                              |
| 1,264,129                                      | -                           | 1,264,129       | 4,749                              |
| (40,000)                                       | 40,000                      | -               | -                                  |
| 68,175,085                                     | 40,000                      | 68,215,085      | 3,092,016                          |
| (6,366,470)                                    | (23,317)                    | (6,389,787)     | 194,387                            |
| 45,326,627                                     | 983,833                     | 46,310,460      | 1,974,975                          |
| \$ 38,960,157                                  | \$ 960,516                  | \$ 39,920,673   | \$ 2,169,362                       |

EAGLE COUNTY SCHOOLS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

|   | GENERAL           | GRANTS           | BOND<br>REDEMPTION |
|---|-------------------|------------------|--------------------|
| ASSETS                                  |                   |                  |                    |
| Cash and Investments                    | \$ 13,673,744     | \$ -             | \$ 10,801,333      |
| Restricted Cash and Investments         | -                 | -                | -                  |
| Accounts Receivable                     | 126,733           | -                | -                  |
| Taxes Receivable                        | 3,463,176         | -                | 1,152,224          |
| Grants Receivable                       | -                 | 1,885,345        | -                  |
| Interfund Receivables                   | 1,878,864         | -                | -                  |
| <br>TOTAL ASSETS                        | <br>\$ 19,142,517 | <br>\$ 1,885,345 | <br>\$ 11,953,557  |
| LIABILITIES AND FUND BALANCES           |                   |                  |                    |
| LIABILITIES                             |                   |                  |                    |
| Accounts Payable                        | \$ 1,879,397      | 8,462            | \$ -               |
| Retainage Payable                       | -                 | -                | -                  |
| Accrued Salaries and Benefits           | 4,327,715         | 320,893          | -                  |
| Interfund Payables                      | -                 | 1,543,216        | -                  |
| Deferred Revenues                       | -                 | 459,700          | -                  |
| Deferred Property Taxes                 | 1,738,672         | -                | 630,112            |
| <br>TOTAL LIABILITIES                   | <br>7,945,784     | <br>2,332,271    | <br>630,112        |
| FUND BALANCES                           |                   |                  |                    |
| Restricted for Debt Service             | -                 | -                | 11,323,445         |
| Restricted for Capital Outlay           | -                 | -                | -                  |
| Restricted for Emergencies              | 1,667,000         | -                | -                  |
| Assigned to Capital Outlay              | -                 | -                | -                  |
| Assigned to Transportation              | -                 | -                | -                  |
| Unrestricted, Unassigned                | 9,529,733         | (446,926)        | -                  |
| <br>TOTAL FUND BALANCES                 | <br>11,196,733    | <br>(446,926)    | <br>11,323,445     |
| <br>TOTAL LIABILITIES AND FUND BALANCES | <br>\$ 19,142,517 | <br>\$ 1,885,345 | <br>\$ 11,953,557  |

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

Total Fund Balances of Governmental Funds

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes \$2,406,727 and grants \$446,926 not available as current financial resources.

Long-term liabilities and related items, including bonds payable (\$170,217,253), certificates of participation (\$11,728,300), arbitrage (\$2,092,790), compensated absences (\$809,212), debt issuance costs \$1,179,620, and accrued interest payable (\$684,713) are not due and payable in the current year and, therefore, are not reported in the funds.

An internal service fund is used by management to charge the costs of health and dental insurance to individual funds. Assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Total Net Assets of Governmental Activities

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

| BUILDING            | CAPITAL<br>RESERVE  | TRANSPORTATION    | TOTAL                |
|---------------------|---------------------|-------------------|----------------------|
| \$ -                | \$ 150,573          | \$ 28,556         | \$ 24,654,206        |
| 8,581,045           | 4,837,914           | -                 | 13,418,959           |
| -                   | -                   | -                 | 126,733              |
| -                   | -                   | 73,925            | 4,689,325            |
| -                   | -                   | -                 | 1,885,345            |
| -                   | -                   | -                 | 1,878,864            |
| <u>\$ 8,581,045</u> | <u>\$ 4,988,487</u> | <u>\$ 102,481</u> | <u>\$ 46,653,432</u> |

|          |                |               |                   |
|----------|----------------|---------------|-------------------|
| \$ -     | \$ -           | \$ -          | \$ 1,887,859      |
| -        | 527,325        | -             | 527,325           |
| -        | -              | -             | 4,648,608         |
| -        | -              | -             | 1,543,216         |
| -        | -              | -             | 459,700           |
| -        | -              | 37,943        | 2,406,727         |
| <u>-</u> | <u>527,325</u> | <u>37,943</u> | <u>11,473,435</u> |

|                     |                     |                   |                      |
|---------------------|---------------------|-------------------|----------------------|
| -                   | 835,601             | -                 | 12,159,046           |
| 8,581,045           | 3,474,988           | -                 | 12,056,033           |
| -                   | -                   | -                 | 1,667,000            |
| -                   | 150,573             | -                 | 150,573              |
| -                   | -                   | 64,538            | 64,538               |
| -                   | -                   | -                 | 9,082,807            |
| <u>8,581,045</u>    | <u>4,461,162</u>    | <u>64,538</u>     | <u>35,179,997</u>    |
| <u>\$ 8,581,045</u> | <u>\$ 4,988,487</u> | <u>\$ 102,481</u> | <u>\$ 46,653,432</u> |

\$ 35,179,997

184,455,442

2,853,653

(184,352,648)

823,713  
\$ 38,960,157

EAGLE COUNTY SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
 Year Ended June 30, 2011

|   | GENERAL       | GRANTS       | BOND<br>REDEMPTION |
|---|---------------|--------------|--------------------|
| REVENUES  |               |              |                    |
| Local Sources                                   | \$ 50,902,271 | \$ 193,992   | \$ 15,399,707      |
| State Sources                                   | 1,619,673     | 303,949      | -                  |
| Federal Sources                                 | -             | 5,567,694    | -                  |
|   | <hr/>         | <hr/>        | <hr/>              |
| TOTAL REVENUES                                  | 52,521,944    | 6,065,635    | 15,399,707         |
|   | <hr/>         | <hr/>        | <hr/>              |
| EXPENDITURES                                    |               |              |                    |
| Current   |               |              |                    |
| Instruction                                     | 32,290,205    | 3,174,591    | -                  |
| Supporting Services                             | 20,845,443    | 3,337,970    | -                  |
| Capital Outlay                                  | -             | -            | -                  |
| Debt Service                                    |               |              |                    |
| Principal                                       | -             | -            | 6,875,000          |
| Interest and Fiscal Charges                     | 22,083        | -            | 7,978,425          |
| Debt Issuance Costs                             | 52,150        | -            | -                  |
|   | <hr/>         | <hr/>        | <hr/>              |
| TOTAL EXPENDITURES                              | 53,209,881    | 6,512,561    | 14,853,425         |
|   | <hr/>         | <hr/>        | <hr/>              |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (687,937)     | (446,926)    | 546,282            |
|   | <hr/>         | <hr/>        | <hr/>              |
| OTHER FINANCING SOURCES (USES)                  |               |              |                    |
| Debt Issued                                     | -             | -            | -                  |
| Debt Premium                                    | -             | -            | -                  |
| Transfers In                                    | -             | -            | -                  |
| Transfers Out                                   | (981,433)     | -            | -                  |
|   | <hr/>         | <hr/>        | <hr/>              |
| TOTAL OTHER FINANCING SOURCES (USES)            | (981,433)     | -            | -                  |
|   | <hr/>         | <hr/>        | <hr/>              |
| NET CHANGE IN FUND BALANCES                     | (1,669,370)   | (446,926)    | 546,282            |
|   | <hr/>         | <hr/>        | <hr/>              |
| FUND BALANCES, Beginning                        | 12,866,103    | -            | 10,777,163         |
|   | <hr/>         | <hr/>        | <hr/>              |
| FUND BALANCES, Ending                           | \$ 11,196,733 | \$ (446,926) | \$ 11,323,445      |
|   | <hr/>         | <hr/>        | <hr/>              |

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

| <u>BUILDING</u>     | <u>CAPITAL<br/>RESERVE</u> | <u>TRANSPORTATION</u> | <u>TOTAL</u>         |
|---------------------|----------------------------|-----------------------|----------------------|
| \$ 198,557          | \$ 101,747                 | \$ 1,154,663          | \$ 67,950,937        |
| -                   | -                          | 430,680               | 2,354,302            |
| -                   | -                          | -                     | 5,567,694            |
| <u>198,557</u>      | <u>101,747</u>             | <u>1,585,343</u>      | <u>75,872,933</u>    |
| -                   | -                          | -                     | 35,464,796           |
| -                   | 960,633                    | 2,462,238             | 27,606,284           |
| 1,462,695           | 6,270,762                  | -                     | 7,733,457            |
| -                   | -                          | -                     | 6,875,000            |
| -                   | 350,557                    | -                     | 8,351,065            |
| -                   | 199,642                    | -                     | 251,792              |
| <u>1,462,695</u>    | <u>7,781,594</u>           | <u>2,462,238</u>      | <u>86,282,394</u>    |
| <u>(1,264,138)</u>  | <u>(7,679,847)</u>         | <u>(876,895)</u>      | <u>(10,409,461)</u>  |
| -                   | 11,520,000                 | -                     | 11,520,000           |
| -                   | 215,243                    | -                     | 215,243              |
| -                   | -                          | 941,433               | 941,433              |
| -                   | -                          | -                     | (981,433)            |
| <u>-</u>            | <u>11,735,243</u>          | <u>941,433</u>        | <u>11,695,243</u>    |
| (1,264,138)         | 4,055,396                  | 64,538                | 1,285,782            |
| <u>9,845,183</u>    | <u>405,766</u>             | <u>-</u>              | <u>33,894,215</u>    |
| <u>\$ 8,581,045</u> | <u>\$ 4,461,162</u>        | <u>\$ 64,538</u>      | <u>\$ 35,179,997</u> |



EAGLE COUNTY SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

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

|   |                       |
|---|-----------------------|
| Net Change in Fund Balances of Governmental Funds   | \$ 1,285,782          |
| Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$8,832,231) and loss on disposal (\$622,618) exceeded capital outlay \$6,125,889 in the current year.   | (3,328,960)           |
| Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property tax revenues (\$304,678) and grants \$446,926 not available as current financial resources.   | 142,248               |
| Repayments of long-term debt are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.  | 6,875,000             |
| Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: debt issued (\$11,520,000), debt premium (\$215,243), debt issuance costs \$199,642, amortization of debt premiums \$684,092, amortization of loss on refundings (\$221,917), and amortization of debt issuance costs (\$80,748). | (11,154,174)          |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in arbitrage \$150,112, compensated absences (\$240,482), and accrued interest payable (\$8,837).  | (99,207)              |
| An internal service fund is used by management to charge the costs of health and dental insurance to individual funds. Net income of the internal service fund is reported with governmental activities in the statement of activities.   | (87,159)              |
| Change in Net Assets of Governmental Activities   | \$ <u>(6,366,470)</u> |

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

## EAGLE COUNTY SCHOOLS

STATEMENT OF NET ASSETSPROPRIETARY FUNDS

June 30, 2011

|   | BUSINESS-TYPE ACTIVITIES |                     |                   | GOVERNMENTAL<br>ACTIVITIES |
|---|--------------------------|---------------------|-------------------|----------------------------|
|   | FOOD SERVICE             | DISTRICT<br>HOUSING | TOTAL             | INTERNAL<br>SERVICE        |
| <b>ASSETS</b>                                   |                          |                     |                   |                            |
| Current Assets                                  |                          |                     |                   |                            |
| Cash and Investments                            | \$ -                     | \$ 374,183          | \$ 374,183        | \$ 2,315,815               |
| Grants Receivable                               | 129,384                  | -                   | 129,384           | -                          |
| Inventories                                     | 81,394                   | -                   | 81,394            | -                          |
| Total Current Assets                            | 210,778                  | 374,183             | 584,961           | 2,315,815                  |
| Noncurrent Assets                               |                          |                     |                   |                            |
| Capital Assets, Not Being Depreciated           | -                        | 11,776              | 11,776            | -                          |
| Capital Assets, Net of Accumulated Depreciation | 141,363                  | 584,857             | 726,220           | -                          |
| Total Noncurrent Assets                         | 141,363                  | 596,633             | 737,996           | -                          |
| <b>TOTAL ASSETS</b>                             | <b>352,141</b>           | <b>970,816</b>      | <b>1,322,957</b>  | <b>2,315,815</b>           |
| <b>LIABILITIES</b>                              |                          |                     |                   |                            |
| Current Liabilities                             |                          |                     |                   |                            |
| Accrued Liabilities                             | -                        | -                   | -                 | 792,648                    |
| Insurance Claims Payable                        | -                        | -                   | -                 | 699,454                    |
| Interfund Payables                              | 335,648                  | -                   | 335,648           | -                          |
| Security Deposits                               | -                        | 11,143              | 11,143            | -                          |
| Accrued Compensated Absences                    | 1,722                    | -                   | 1,722             | -                          |
| <b>TOTAL CURRENT LIABILITIES</b>                | <b>337,370</b>           | <b>11,143</b>       | <b>348,513</b>    | <b>1,492,102</b>           |
| Noncurrent Liabilities                          |                          |                     |                   |                            |
| Accrued Compensated Absences                    | 13,928                   | -                   | 13,928            | -                          |
| <b>TOTAL LIABILITIES</b>                        | <b>351,298</b>           | <b>11,143</b>       | <b>362,441</b>    | <b>1,492,102</b>           |
| <b>NET ASSETS</b>                               |                          |                     |                   |                            |
| Invested in Capital Assets                      | 141,363                  | 596,633             | 737,996           | -                          |
| Unrestricted                                    | (140,520)                | 363,040             | 222,520           | 823,713                    |
| <b>TOTAL NET ASSETS</b>                         | <b>\$ 843</b>            | <b>\$ 959,673</b>   | <b>\$ 960,516</b> | <b>\$ 823,713</b>          |

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

EAGLE COUNTY SCHOOLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended June 30, 2011

|                                    | BUSINESS-TYPE ACTIVITIES |                     |             | GOVERNMENTAL        |
|------------------------------------|--------------------------|---------------------|-------------|---------------------|
|                                    | FOOD SERVICE             | DISTRICT<br>HOUSING | TOTAL       | INTERNAL<br>SERVICE |
| OPERATING REVENUES                 |                          |                     |             |                     |
| Charges for Services               | \$ 677,260               | \$ -                | \$ 677,260  | \$ 7,453,751        |
| Rental Income                      | -                        | 155,611             | 155,611     | -                   |
| TOTAL OPERATING REVENUES           | 677,260                  | 155,611             | 832,871     | 7,453,751           |
| OPERATING EXPENSES                 |                          |                     |             |                     |
| Salaries                           | 754,822                  | 17,987              | 772,809     | -                   |
| Employee Benefits                  | 255,110                  | 5,323               | 260,433     | -                   |
| Purchased Services                 | 13,892                   | 37,546              | 51,438      | 484,708             |
| Donated Commodities                | 92,014                   | -                   | 92,014      | -                   |
| Supplies and Materials             | 612,494                  | 843                 | 613,337     | -                   |
| Claims                             | -                        | -                   | -           | 6,311,706           |
| Insurance Premiums                 | -                        | -                   | -           | 744,496             |
| Depreciation                       | 19,127                   | 40,355              | 59,482      | -                   |
| TOTAL OPERATING EXPENSES           | 1,747,459                | 102,054             | 1,849,513   | 7,540,910           |
| OPERATING INCOME (LOSS)            | (1,070,199)              | 53,557              | (1,016,642) | (87,159)            |
| NONOPERATING REVENUES              |                          |                     |             |                     |
| State Sources                      | 23,139                   | -                   | 23,139      | -                   |
| Federal Sources                    |                          |                     |             |                     |
| Donated Commodities                | 92,014                   | -                   | 92,014      | -                   |
| National School Lunch Program      | 838,172                  | -                   | 838,172     | -                   |
| TOTAL NONOPERATING REVENUES        | 953,325                  | -                   | 953,325     | -                   |
| NET INCOME (LOSS) BEFORE TRANSFERS | (116,874)                | 53,557              | (63,317)    | (87,159)            |
| Transfers In                       | 40,000                   | -                   | 40,000      | -                   |
| CHANGE IN NET ASSETS               | (76,874)                 | 53,557              | (23,317)    | (87,159)            |
| NET ASSETS, Beginning              | 77,717                   | 906,116             | 983,833     | 910,872             |
| NET ASSETS, Ending                 | \$ 843                   | \$ 959,673          | \$ 960,516  | \$ 823,713          |

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

## EAGLE COUNTY SCHOOLS

STATEMENT OF CASH FLOWSPROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended June 30, 2011

|  | BUSINESS-TYPE ACTIVITIES |                     |                     | GOVERNMENTAL<br>ACTIVITIES |
|--|--------------------------|---------------------|---------------------|----------------------------|
|  | FOOD SERVICE             | DISTRICT<br>HOUSING | TOTAL               | INTERNAL<br>SERVICE        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                     |                     |                            |
| Cash Received from Sale of Meals   | \$ 677,260               | \$ -                | \$ 677,260          | \$ -                       |
| Cash Received from Tenants   | -                        | 159,986             | 159,986             | -                          |
| Premiums Received  | -                        | -                   | -                   | 7,453,751                  |
| Cash Paid to Suppliers   | (648,007)                | (38,389)            | (686,396)           | (774,406)                  |
| Cash Paid to Employees   | (999,823)                | (24,948)            | (1,024,771)         | -                          |
| Claims Paid  | -                        | -                   | -                   | (6,218,078)                |
| Net Cash Provided (Used) by Operating Activities   | (970,570)                | 96,649              | (873,921)           | 461,267                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>   |                          |                     |                     |                            |
| Payments From Other Funds  | 133,045                  | -                   | 133,045             | -                          |
| Cash Received from Federal Programs  | 814,428                  | -                   | 814,428             | -                          |
| Cash Received from State Programs  | 23,097                   | -                   | 23,097              | -                          |
| Net Cash Provided by Noncapital Financing Activities   | 970,570                  | -                   | 970,570             | -                          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | -                        | 96,649              | 96,649              | 461,267                    |
| <b>CASH AND CASH EQUIVALENTS, Beginning</b>  | -                        | 277,534             | 277,534             | 1,854,548                  |
| <b>CASH AND CASH EQUIVALENTS, Ending</b>   | <u>\$ -</u>              | <u>\$ 374,183</u>   | <u>\$ 374,183</u>   | <u>\$ 2,315,815</u>        |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING<br/>ACTIVITIES</b> |                          |                     |                     |                            |
| Operating Income (Loss)  | \$ (1,070,199)           | \$ 53,557           | \$ (1,016,642)      | \$ (87,159)                |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities      |                          |                     |                     |                            |
| Depreciation   | 19,127                   | 40,355              | 59,482              | -                          |
| Donated Commodities  | 92,014                   | -                   | 92,014              | -                          |
| Changes in Assets and Liabilities  |                          |                     |                     |                            |
| Inventories  | (21,621)                 | -                   | (21,621)            | -                          |
| Accrued Liabilities  | -                        | -                   | -                   | 454,798                    |
| Insurance Claims Payable   | -                        | -                   | -                   | 93,628                     |
| Security Deposits  | -                        | 4,375               | 4,375               | -                          |
| Accrued Compensated Absences   | 10,109                   | (1,638)             | 8,471               | -                          |
| Total Adjustments  | 99,629                   | 43,092              | 142,721             | 548,426                    |
| Net Cash Provided (Used) by Operating Activities   | <u>\$ (970,570)</u>      | <u>\$ 96,649</u>    | <u>\$ (873,921)</u> | <u>\$ 461,267</u>          |
| <b>SCHEDULE OF NON-CASH TRANSACTIONS</b>   |                          |                     |                     |                            |
| Commodities Received   | <u>\$ 92,014</u>         | <u>\$ -</u>         | <u>\$ 92,014</u>    | <u>\$ -</u>                |

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

EAGLE COUNTY SCHOOLS  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
June 30, 2011

|                       | <u>STUDENT<br/>ACTIVITY</u>  |
|-----------------------|------------------------------|
| ASSETS                |                              |
| Cash and Investments  | \$ <u>828,222</u>            |
| <br>TOTAL ASSETS      | <br><u>828,222</u>           |
| LIABILITIES           |                              |
| Accounts Payable      | 2,542                        |
| Due to Student Groups | <u>825,680</u>               |
| <br>TOTAL LIABILITIES | <br>\$ <u><u>828,222</u></u> |

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

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Reporting Entity**

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

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

**Government-wide and Fund Financial Statements**

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

The *Building Fund* accounts for expenditures related to major capital projects and the debt proceeds used to finance those projects.

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

The District reports the following major proprietary fund:

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

Additionally, the District reports the following fund types:

The *Employee Benefit Trust Fund* is an internal service fund that accounts for the District's partially self-insured employee health and dental benefit plans.

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

**Assets, Liabilities and Fund Balances/Net Assets**

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

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



EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

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

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Deferred Revenues* - Deferred revenues include grants that have been collected but the corresponding expenditures have not been incurred. Property taxes and grants earned but not available are also reported as deferred revenues in the governmental fund financial statements.

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

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

*Long-Term Debt* - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Net Assets/Fund Balances* - In the government-wide and fund financial statements, net assets and fund balances are restricted when constraints placed on the use of resources are externally imposed.

In the fund financial statements, governmental funds report assigned fund balance when the Board of Education intends to use resources for a specific purpose but without a formal action.

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

**Property Taxes**

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

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Accountability**

At June 30, 2011, the Grants Fund had a negative fund balance of \$446,926 because grant revenues were not available as current financial resources. Management expects this negative balance to be eliminated as grant revenues are collected.

**NOTE 3: CASH AND INVESTMENTS**

At June 30, 2011, the District had the following cash and investments:

|              |                             |
|--------------|-----------------------------|
| Cash on Hand | \$ 3,987                    |
| Deposits     | 1,309,615                   |
| Investments  | <u>40,481,043</u>           |
| Total        | <b><u>\$ 41,794,645</u></b> |

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

|                                 |                             |
|---------------------------------|-----------------------------|
| Cash and Investments            | \$ 27,344,204               |
| Restricted Cash and Investments | 13,418,959                  |
| Eagle County Charter Academy    | 203,260                     |
| Agency Fund                     | <u>828,222</u>              |
| Total                           | <b><u>\$ 41,794,645</u></b> |

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**Investments**

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

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

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

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

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

*Local Government Investment Pool* - At June 30, 2011, the District had \$40,481,043 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Restricted Cash and Investments**

At June 30, 2011, the Building and Capital Reserve Funds held cash and investments of \$8,581,045 and \$4,002,313, respectively, representing unspent debt proceeds for capital projects. In addition, the Capital Reserve Fund reported a debt service reserve for the certificates of participation (See Note 7) of \$835,601.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 4: INTERFUND BALANCES AND TRANSACTIONS**

Interfund balances and transactions as of and for the year ended June 30, 2011, consisted of the following:

| <u>Interfund Receivables</u> | <u>Interfund Payables</u> |                            |
|------------------------------|---------------------------|----------------------------|
| General Fund                 | Grants Fund               | \$ 1,543,216               |
| General Fund                 | Food Service Fund         | <u>335,648</u>             |
| Total                        |                           | <b><u>\$ 1,878,864</u></b> |

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

| <u>Transfers In</u> | <u>Transfers Out</u> |                          |
|---------------------|----------------------|--------------------------|
| Transportation Fund | General Fund         | \$ 941,433               |
| Food Service Fund   | General Fund         | <u>40,000</u>            |
| Total               |                      | <b><u>\$ 981,433</u></b> |

The General Fund routinely subsidizes the operations of the Transportation and Food Service Funds.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, is summarized below.

|  | Balances<br>6/30/10          | Additions                    | Deletions                | Balances<br>6/30/11          |
|--|------------------------------|------------------------------|--------------------------|------------------------------|
| <b>Governmental Activities</b>               |                              |                              |                          |                              |
| Capital Assets, Not Being Depreciated        |                              |                              |                          |                              |
| Land   | \$ 11,317,836                | \$ -                         | \$ -                     | \$ 11,317,836                |
| Construction in Progress                     | <u>-</u>                     | <u>6,072,338</u>             | <u>-</u>                 | <u>6,072,338</u>             |
| Total Capital Assets, Not Being Depreciated  | <u>11,317,836</u>            | <u>6,072,338</u>             | <u>-</u>                 | <u>17,390,174</u>            |
| Capital Assets, Being Depreciated            |                              |                              |                          |                              |
| Buildings and Improvements                   | 255,675,100                  | 53,551                       | 2,264,681                | 255,463,970                  |
| Vehicles and Equipment                       | <u>11,345,786</u>            | <u>-</u>                     | <u>35,452</u>            | <u>11,310,334</u>            |
| Total Capital Assets, Being Depreciated      | <u>267,020,886</u>           | <u>53,551</u>                | <u>2,300,133</u>         | <u>264,774,304</u>           |
| Less Accumulated Depreciation                |                              |                              |                          |                              |
| Buildings and Improvements                   | 82,753,382                   | 7,749,664                    | 1,643,666                | 88,859,380                   |
| Vehicles and Equipment                       | <u>7,800,938</u>             | <u>1,082,567</u>             | <u>33,849</u>            | <u>8,849,656</u>             |
| Total Accumulated Depreciation               | <u>90,554,320</u>            | <u>8,832,231</u>             | <u>1,677,515</u>         | <u>97,709,036</u>            |
| Total Capital Assets, Being Depreciated, Net | <u>176,466,566</u>           | <u>(8,778,680)</u>           | <u>622,618</u>           | <u>167,065,268</u>           |
| Governmental Activities Capital Assets, Net  | <b><u>\$ 187,784,402</u></b> | <b><u>\$ (2,706,342)</u></b> | <b><u>\$ 622,618</u></b> | <b><u>\$ 184,455,442</u></b> |

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 5: CAPITAL ASSETS (Continued)**

|  | Balances<br>6/30/10 | Additions          | Deletions   | Balances<br>6/30/11 |
|--|---------------------|--------------------|-------------|---------------------|
| <b>Business-Type Activities</b>              |                     |                    |             |                     |
| Capital Assets, Not Being Depreciated        |                     |                    |             |                     |
| Land   | \$ 11,776           | \$ -               | \$ -        | \$ 11,776           |
| Capital Assets, Being Depreciated            |                     |                    |             |                     |
| Buildings and Improvements                   | 1,303,498           | -                  | -           | 1,303,498           |
| Equipment                                    | 731,099             | -                  | -           | 731,099             |
| Total Capital Assets, Being Depreciated      | 2,034,597           | -                  | -           | 2,034,597           |
| Less Accumulated Depreciation                |                     |                    |             |                     |
| Buildings and Improvements                   | 678,286             | 40,355             | -           | 718,641             |
| Equipment                                    | 570,609             | 19,127             | -           | 589,736             |
| Total Accumulated Depreciation               | 1,248,895           | 59,482             | -           | 1,308,377           |
| Total Capital Assets, Being Depreciated, Net | 785,702             | (59,482)           | -           | 726,220             |
| Business-Type Activities Capital Assets, Net | <u>\$ 797,478</u>   | <u>\$ (59,482)</u> | <u>\$ -</u> | <u>\$ 737,996</u>   |

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

|                          |                     |
|--------------------------|---------------------|
| Governmental Activities  |                     |
| Instruction              | \$ 6,182,562        |
| Supporting Services      | 2,649,669           |
| Total                    | <u>\$ 8,832,231</u> |
| Business-Type Activities |                     |
| Food Service             | \$ 19,127           |
| District Housing         | 40,355              |
| Total                    | <u>\$ 59,482</u>    |

**NOTE 6: SHORT-TERM DEBT**

During the year ended June 30, 2011, the District borrowed \$15,137,000 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full in June, 2011, from property taxes received from February through June.

During the year ended June 30, 2011, the District issued \$15,000,000 Tax Anticipation Notes, Series 2010, to provide cash flow. The notes bore interest at .5% per annum. The notes were paid in full in December, 2010, from proceeds of the State-sponsored interest-free loan program.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 7: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the year ended June 30, 2011.

|                                    | Balances<br>6/30/10   | Additions            | Reductions          | Balances<br>6/30/11   | Due Within<br>One Year |
|------------------------------------|-----------------------|----------------------|---------------------|-----------------------|------------------------|
| <b>Governmental Activities</b>     |                       |                      |                     |                       |                        |
| General Obligation Bonds           |                       |                      |                     |                       |                        |
| 2009 Refunding Bonds               | \$ 13,800,000         | \$ -                 | \$ 1,450,000        | \$ 12,350,000         | \$ 1,550,000           |
| Bond Premium                       | 1,005,671             | -                    | 59,157              | 946,514               | -                      |
| Loss on Refunding                  | (504,103)             | -                    | (100,820)           | (403,283)             | -                      |
| 2007 Bonds                         | 121,795,000           | -                    | 2,290,000           | 119,505,000           | 2,380,000              |
| Bond Premium                       | 7,122,535             | -                    | 418,973             | 6,703,562             | -                      |
| 2005 Refunding Bonds               | 33,705,000            | -                    | 3,135,000           | 30,570,000            | 3,245,000              |
| Bond Premium                       | 1,592,156             | -                    | 199,019             | 1,393,137             | -                      |
| Loss on Refunding                  | (968,774)             | -                    | (121,097)           | (847,677)             | -                      |
| Total General Obligation Bonds     | 177,547,485           | -                    | 7,330,232           | 170,217,253           | 7,175,000              |
| 2010 Certificates of Participation | -                     | 11,520,000           | -                   | 11,520,000            | 100,000                |
| Debt Premium                       | -                     | 215,243              | 6,943               | 208,300               | -                      |
| Arbitrage                          | 2,242,902             | -                    | 150,112             | 2,092,790             | 2,092,790              |
| Compensated Absences               | 568,730               | 240,482              | -                   | 809,212               | 89,013                 |
| Total Governmental Activities      | <u>\$ 180,359,117</u> | <u>\$ 11,975,725</u> | <u>\$ 7,487,287</u> | <u>\$ 184,847,555</u> | <u>\$ 9,456,803</u>    |
| <b>Business Type Activities</b>    |                       |                      |                     |                       |                        |
| Compensated Absences               | <u>\$ 7,179</u>       | <u>\$ 8,471</u>      | <u>\$ -</u>         | <u>\$ 15,650</u>      | <u>\$ 1,722</u>        |

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

**General Obligation Bonds**

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

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

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

EAGLE COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**NOTE 7: LONG-TERM DEBT** (Continued)

**General Obligation Bonds** (Continued)

Bond payments, to maturity, are as follows.

| <u>Year Ended June 30,</u> | <u>Principal</u>             | <u>Interest</u>             | <u>Total</u>                 |
|----------------------------|------------------------------|-----------------------------|------------------------------|
| 2012                       | \$ 7,175,000                 | \$ 7,708,299                | \$ 14,883,299                |
| 2013                       | 7,430,000                    | 7,419,562                   | 14,849,562                   |
| 2014                       | 7,110,000                    | 7,100,812                   | 14,210,812                   |
| 2015                       | 7,405,000                    | 6,768,938                   | 14,173,938                   |
| 2016                       | 8,335,000                    | 6,409,938                   | 14,744,938                   |
| 2017 - 2021                | 48,615,000                   | 25,337,783                  | 73,952,783                   |
| 2022 - 2026                | 62,025,000                   | 11,639,625                  | 73,664,625                   |
| 2027                       | <u>14,330,000</u>            | <u>358,250</u>              | <u>14,688,250</u>            |
| Total                      | <u><b>\$ 162,425,000</b></u> | <u><b>\$ 72,743,207</b></u> | <u><b>\$ 235,168,207</b></u> |

**Certificates of Participation**

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

Debt payments, to maturity, are as follows.

| <u>Year Ended June 30,</u> | <u>Principal</u>            | <u>Interest</u>            | <u>Total</u>                |
|----------------------------|-----------------------------|----------------------------|-----------------------------|
| 2012                       | \$ 100,000                  | \$ 501,715                 | \$ 601,715                  |
| 2013                       | 175,000                     | 498,247                    | 673,247                     |
| 2014                       | 1,185,000                   | 484,428                    | 1,669,428                   |
| 2015                       | 1,200,000                   | 460,578                    | 1,660,578                   |
| 2016                       | 1,275,000                   | 429,453                    | 1,704,453                   |
| 2017 - 2021                | 1,050,000                   | 1,975,140                  | 3,025,140                   |
| 2022 - 2026                | 1,210,000                   | 1,726,074                  | 2,936,074                   |
| 2027 - 2031                | 1,455,000                   | 1,365,778                  | 2,820,778                   |
| 2032 - 2036                | 1,755,000                   | 900,112                    | 2,655,112                   |
| 2037 - 2041                | <u>2,115,000</u>            | <u>327,488</u>             | <u>2,442,488</u>            |
| Total                      | <u><b>\$ 11,520,000</b></u> | <u><b>\$ 8,669,013</b></u> | <u><b>\$ 20,189,013</b></u> |



EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 8: RISK MANAGEMENT**

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

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

**Colorado School Districts Self-Insurance Pool**

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

**Internal Service Fund**

The District established a partially self-insured program for employee health and dental benefits. Transactions of the self-insurance program are reported in the Employee Benefit Trust Fund, an internal service fund. The District has purchased excess insurance policies to cover individual claims in excess of \$85,000 annually.

Claims liabilities, including estimated incurred but not reported claims (IBNR), are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in claims payable were as follows:

|                                 | <u>2011</u>              | <u>2010</u>              |
|---------------------------------|--------------------------|--------------------------|
| Claims Payable, Beginning       | \$ 605,826               | \$ 759,647               |
| Claims Incurred and Adjustments | 6,311,706                | 4,625,162                |
| Claims Paid                     | <u>(6,218,078)</u>       | <u>(4,778,983)</u>       |
| Claims Payable, Ending          | <u><u>\$ 699,454</u></u> | <u><u>\$ 605,826</u></u> |

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 9: JOINTLY GOVERNED ORGANIZATION**

The District, in conjunction with other surrounding districts, created the Mountain Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their administrative offices located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461. During the year ended June 30, 2011, the District paid \$50,000 to the BOCES.

**NOTE 10: DEFINED BENEFIT PENSION PLAN**

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

*Funding Policy* - The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salaries. The District's contribution rate for calendar years 2011, 2010 and 2009 was 14.75%, 13.85% and 12.95% of covered salaries, respectively. A portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). The District's contributions to the SDTF for the years ended June 30, 2011, 2010 and 2009 was \$5,668,093, \$5,273,718 and \$4,623,340, respectively, equal to the required contributions for each year.

**NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

*Funding Policy* - The District is required to contribute at the rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions of the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ended June 30, 2011, 2010 and 2009 was \$404,413, \$387,674 and \$370,980, respectively.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2011, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**Tabor Amendment**

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

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

The Amendment requires the District to establish a reserve for emergencies. At June 30, 2011, the District's reserve, of \$1,667,000, was reported as restricted fund balance in the General Fund.

**Arbitrage Rebate**

The District had interest earnings in excess of the interest costs related to the General Obligation Bonds, Series 2007. These excess earnings are subject to rebate five years from issuance of the related bonds, and the estimated excess earnings are reported as a liability in the government-wide financial statements. Management has estimated the rebate amount. However, the actual rebate could differ from this estimate.

EAGLE COUNTY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)**

**Construction Commitments**

The District has several capital projects under construction at June 30, 2011. These projects include the renovation of the former Battle Mountain High School. The District's construction commitments to complete these capital projects approximate \$2,572,000.

**Litigation**

The District is involved in various pending or threatened litigation. The outcome of the litigation cannot be determined at this time.

**NOTE 13: RESTATEMENT**

For the year ended June 30, 2011, the Eagle County Charter Academy (ECCA) financial statements include the financial activities of the Eagle County Charter Academy Education Foundation (the "Foundation"), a discretely presented component unit. Because the Foundation was not included in the prior year financial statements, the net assets of ECCA at June 30, 2010, have been restated in the amount of \$1,782,380.

## **REQUIRED SUPPLEMENTARY INFORMATION**

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2011

|   | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL               | VARIANCE<br>Positive<br>(Negative) |
|---|---------------------------------|----------------------|------------------------------------|
| REVENUES  |                                 |                      |                                    |
| Local Sources                                   |                                 |                      |                                    |
| Property Taxes                                  | \$ 46,790,107                   | \$ 46,516,389        | \$ (273,718)                       |
| Specific Ownership Taxes                        | 2,454,500                       | 2,065,417            | (389,083)                          |
| Delinquent Taxes, Penalties and Interest        | -                               | (151,805)            | (151,805)                          |
| Tuition and Fees                                | -                               | 822,501              | 822,501                            |
| Pupil Activities                                | -                               | 11,393               | 11,393                             |
| Charter School Services                         | -                               | 233,764              | 233,764                            |
| Investment Income                               | 200,000                         | 25,203               | (174,797)                          |
| Other   | 2,473,918                       | 1,379,409            | (1,094,509)                        |
| Total Local Sources                             | <u>51,918,525</u>               | <u>50,902,271</u>    | <u>(1,016,254)</u>                 |
| State Sources                                   |                                 |                      |                                    |
| State Equalization                              | 2,523,024                       | 355,434              | (2,167,590)                        |
| Exceptional Children's Education Act (ECEA)     | -                               | 843,724              | 843,724                            |
| English Language Proficiency Act (ELPA)         | -                               | 234,667              | 234,667                            |
| Other   | -                               | 185,848              | 185,848                            |
| Total State Sources                             | <u>2,523,024</u>                | <u>1,619,673</u>     | <u>(903,351)</u>                   |
| TOTAL REVENUES                                  | <u>54,441,549</u>               | <u>52,521,944</u>    | <u>(1,919,605)</u>                 |
| EXPENDITURES                                    |                                 |                      |                                    |
| Current   |                                 |                      |                                    |
| Salaries  | 35,653,503                      | 34,662,456           | 991,047                            |
| Employee Benefits                               | 8,668,304                       | 8,234,951            | 433,353                            |
| Purchased Services                              | 3,117,953                       | 3,990,913            | (872,960)                          |
| Supplies and Materials                          | 3,845,230                       | 3,418,578            | 426,652                            |
| Property  | -                               | 79,588               | (79,588)                           |
| Other   | -                               | 365,166              | (365,166)                          |
| Charter Schools                                 | 2,371,173                       | 2,413,646            | (42,473)                           |
| Debt Service                                    |                                 |                      |                                    |
| Interest and Fiscal Charges                     | -                               | 44,583               | (44,583)                           |
| TOTAL EXPENDITURES                              | <u>53,656,163</u>               | <u>53,209,881</u>    | <u>446,282</u>                     |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 785,386                         | (687,937)            | (1,473,323)                        |
| OTHER FINANCING SOURCES (USES)                  |                                 |                      |                                    |
| Transfers Out                                   | <u>(1,580,770)</u>              | <u>(981,433)</u>     | <u>599,337</u>                     |
| NET CHANGE IN FUND BALANCE                      | (795,384)                       | (1,669,370)          | (873,986)                          |
| FUND BALANCE, Beginning                         | <u>12,067,446</u>               | <u>12,866,103</u>    | <u>798,657</u>                     |
| FUND BALANCE, Ending                            | <u>\$ 11,272,062</u>            | <u>\$ 11,196,733</u> | <u>\$ (75,329)</u>                 |

See the accompanying Independent Auditors' Report.

## EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULEGRANTS FUND

Year Ended June 30, 2011

|                            | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|----------------------------|---------------------------------|--------------|------------------------------------|
| REVENUES                   |                                 |              |                                    |
| Local Grants               | \$ 200,000                      | \$ 193,992   | \$ (6,008)                         |
| State Grants               | 51,000                          | 303,949      | 252,949                            |
| Federal Grants             | 4,883,878                       | 5,567,694    | 683,816                            |
| TOTAL REVENUES             | 5,134,878                       | 6,065,635    | 930,757                            |
| EXPENDITURES               |                                 |              |                                    |
| Current                    |                                 |              |                                    |
| Instruction                | 5,134,878                       | 3,174,591    | 1,960,287                          |
| Supporting Services        | -                               | 3,337,970    | (3,337,970)                        |
| TOTAL EXPENDITURES         | 5,134,878                       | 6,512,561    | (1,377,683)                        |
| NET CHANGE IN FUND BALANCE | -                               | (446,926)    | (446,926)                          |
| FUND BALANCE, Beginning    | -                               | -            | -                                  |
| FUND BALANCE, Ending       | \$ -                            | \$ (446,926) | \$ (446,926)                       |

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

- By May 31, management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- All annual appropriations lapse at fiscal year end.

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

**Legal Compliance**

For the year ended June 30, 2011, the Grants Fund expenditures exceeded the amounts budgeted by \$1,377,683. This may be a violation of State statutes.



## **SUPPLEMENTARY INFORMATION**

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

BOND REDEMPTION FUND

Year Ended June 30, 2011

|  | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL        | VARIANCE<br>Positive<br>(Negative) |
|--|---------------------------------|---------------|------------------------------------|
| REVENUES                                 |                                 |               |                                    |
| Local Sources                            |                                 |               |                                    |
| Property Taxes                           | \$ 15,002,062                   | \$ 15,471,824 | \$ 469,762                         |
| Delinquent Taxes, Penalties and Interest | -                               | (72,117)      | (72,117)                           |
| TOTAL REVENUES                           | 15,002,062                      | 15,399,707    | 397,645                            |
| EXPENDITURES                             |                                 |               |                                    |
| Debt Service                             |                                 |               |                                    |
| Principal                                | 5,250,000                       | 6,875,000     | (1,625,000)                        |
| Interest and Fiscal Charges              | 7,979,525                       | 7,978,425     | 1,100                              |
| Reserves                                 | 12,624,488                      | -             | 12,624,488                         |
| TOTAL EXPENDITURES                       | 25,854,013                      | 14,853,425    | 11,000,588                         |
| NET CHANGE IN FUND BALANCE               | (10,851,951)                    | 546,282       | 11,398,233                         |
| FUND BALANCE, Beginning                  | 10,851,951                      | 10,777,163    | (74,788)                           |
| FUND BALANCE, Ending                     | \$ -                            | \$ 11,323,445 | \$ 11,323,445                      |

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

BUILDING FUND

Year Ended June 30, 2011

|                            | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|----------------------------|---------------------------------|--------------|------------------------------------|
| REVENUES                   |                                 |              |                                    |
| Local Sources              |                                 |              |                                    |
| Investment Income          | \$ 400,000                      | \$ 198,557   | \$ (201,443)                       |
| TOTAL REVENUES             | 400,000                         | 198,557      | (201,443)                          |
| EXPENDITURES               |                                 |              |                                    |
| Capital Outlay             | 6,116,712                       | 1,462,695    | 4,654,017                          |
| TOTAL EXPENDITURES         | 6,116,712                       | 1,462,695    | 4,654,017                          |
| NET CHANGE IN FUND BALANCE | (5,716,712)                     | (1,264,138)  | 4,452,574                          |
| FUND BALANCE, Beginning    | 5,716,712                       | 9,845,183    | 4,128,471                          |
| FUND BALANCE, Ending       | \$ -                            | \$ 8,581,045 | \$ 8,581,045                       |

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

CAPITAL RESERVE FUND

Year Ended June 30, 2011

|   | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|---|---------------------------------|--------------|------------------------------------|
| REVENUES  |                                 |              |                                    |
| Local Sources                                   |                                 |              |                                    |
| Other   | \$ -                            | \$ 101,747   | \$ 101,747                         |
| EXPENDITURES                                    |                                 |              |                                    |
| Current   |                                 |              |                                    |
| Supporting Services                             | 890,770                         | 960,633      | (69,863)                           |
| Capital Outlay                                  | 10,500,000                      | 6,270,762    | 4,229,238                          |
| Debt Service                                    |                                 |              |                                    |
| Interest  | -                               | 350,557      | (350,557)                          |
| Debt Issuance Costs                             | -                               | 199,642      | (199,642)                          |
| Reserves  | 443,656                         | -            | 443,656                            |
| TOTAL EXPENDITURES                              | 11,834,426                      | 7,781,594    | 4,052,832                          |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (11,834,426)                    | (7,679,847)  | 4,154,579                          |
| OTHER FINANCING SOURCES                         |                                 |              |                                    |
| Debt Issued                                     | 10,500,000                      | 11,520,000   | 1,020,000                          |
| Debt Premium                                    | -                               | 215,243      | 215,243                            |
| Transfers In                                    | 890,770                         | -            | (890,770)                          |
| TOTAL OTHER FINANCING SOURCES                   | 11,390,770                      | 11,735,243   | 344,473                            |
| NET CHANGE IN FUND BALANCE                      | (443,656)                       | 4,055,396    | 4,499,052                          |
| FUND BALANCE, Beginning                         | 443,656                         | 405,766      | (37,890)                           |
| FUND BALANCE, Ending                            | \$ -                            | \$ 4,461,162 | \$ 4,461,162                       |

See the accompanying Independent Auditors' Report.

## EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULETRANSPORTATION FUND

Year Ended June 30, 2011

|   | BUDGET       |              | ACTUAL     | VARIANCE               |
|---|--------------|--------------|------------|------------------------|
|   | ORIGINAL     | FINAL        |            | Positive<br>(Negative) |
| REVENUES  |              |              |            |                        |
| Local Sources                                   |              |              |            |                        |
| Property Taxes                                  | \$ 1,000,000 | \$ 1,000,000 | \$ 989,026 | \$ (10,974)            |
| Specific Ownership Taxes                        | 49,869       | 49,869       | 33,080     | (16,789)               |
| Other   | 210,000      | 210,000      | 132,557    | (77,443)               |
| State Sources                                   |              |              |            |                        |
| State Transportation                            | 470,000      | 470,000      | 430,680    | (39,320)               |
| TOTAL REVENUES                                  | 1,729,869    | 1,729,869    | 1,585,343  | (144,526)              |
| EXPENDITURES                                    |              |              |            |                        |
| Supporting Services                             |              |              |            |                        |
| Transportation                                  | 2,329,869    | 2,929,869    | 2,462,238  | 467,631                |
| TOTAL EXPENDITURES                              | 2,329,869    | 2,929,869    | 2,462,238  | 467,631                |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (600,000)    | (1,200,000)  | (876,895)  | 323,105                |
| OTHER FINANCING SOURCES                         |              |              |            |                        |
| Transfers In                                    | 600,000      | 1,200,000    | 941,433    | (258,567)              |
| NET CHANGE IN FUND BALANCE                      | -            | -            | 64,538     | 64,538                 |
| FUND BALANCE, Beginning                         | -            | -            | -          | -                      |
| FUND BALANCE, Ending                            | \$ -         | \$ -         | \$ 64,538  | \$ 64,538              |

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICE FUND

Year Ended June 30, 2011

|                               | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL     | VARIANCE<br>Positive<br>(Negative) |
|-------------------------------|---------------------------------|------------|------------------------------------|
| REVENUES                      |                                 |            |                                    |
| Charges for Services          |                                 |            |                                    |
| Student Lunches               | \$ 839,600                      | \$ 677,260 | \$ (162,340)                       |
| State Sources                 | 15,300                          | 23,139     | 7,839                              |
| Federal Sources               |                                 |            |                                    |
| Donated Commodities           | 62,000                          | 92,014     | 30,014                             |
| National School Lunch Program | 810,000                         | 838,172    | 28,172                             |
| Transfers In                  | -                               | 40,000     | 40,000                             |
| Capital Contributions         | 90,000                          | -          | (90,000)                           |
|                               |                                 |            |                                    |
| TOTAL REVENUES                | 1,816,900                       | 1,670,585  | (146,315)                          |
| EXPENSES                      |                                 |            |                                    |
| Salaries                      | 757,381                         | 754,822    | 2,559                              |
| Employee Benefits             | 170,660                         | 255,110    | (84,450)                           |
| Purchased Services            | 15,400                          | 13,892     | 1,508                              |
| Donated Commodities           | 62,000                          | 92,014     | (30,014)                           |
| Supplies and Materials        | 741,340                         | 612,494    | 128,846                            |
| Depreciation                  | 13,000                          | 19,127     | (6,127)                            |
| Capital Outlay                | 3,300                           | -          | 3,300                              |
| Reserves                      | 172,530                         | -          | 172,530                            |
|                               |                                 |            |                                    |
| TOTAL EXPENSES                | 1,935,611                       | 1,747,459  | 188,152                            |
|                               |                                 |            |                                    |
| CHANGE IN NET ASSETS          | (118,711)                       | (76,874)   | 41,837                             |
|                               |                                 |            |                                    |
| NET ASSETS, Beginning         | 118,711                         | 77,717     | (40,994)                           |
|                               |                                 |            |                                    |
| NET ASSETS, Ending            | \$ -                            | \$ 843     | \$ 843                             |

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULE

DISTRICT HOUSING FUND

Year Ended June 30, 2011

|                        | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL     | VARIANCE<br>Positive<br>(Negative) |
|------------------------|---------------------------------|------------|------------------------------------|
| REVENUES               |                                 |            |                                    |
| Rental Income          | \$ 160,000                      | \$ 155,611 | \$ (4,389)                         |
| EXPENSES               |                                 |            |                                    |
| Salaries               | 20,200                          | 17,987     | 2,213                              |
| Benefits               | 4,400                           | 5,323      | (923)                              |
| Purchased Services     | 98,300                          | 37,546     | 60,754                             |
| Supplies and Materials | -                               | 843        | (843)                              |
| Depreciation           | 35,000                          | 40,355     | (5,355)                            |
| Reserves               | 915,042                         | -          | 915,042                            |
| TOTAL EXPENSES         | 1,072,942                       | 102,054    | 970,888                            |
| CHANGE IN NET ASSETS   | (912,942)                       | 53,557     | 966,499                            |
| NET ASSETS, Beginning  | 912,942                         | 906,116    | (6,826)                            |
| NET ASSETS, Ending     | \$ -                            | \$ 959,673 | \$ 959,673                         |

See the accompanying Independent Auditors' Report.

## EAGLE COUNTY SCHOOLS

BUDGETARY COMPARISON SCHEDULEEMPLOYEE BENEFIT TRUST FUND

Year Ended June 30, 2011

|                       | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|-----------------------|--------------------|-----------------|--------------|------------------------------------|
| REVENUES              |                    |                 |              |                                    |
| Charges for Services  | \$ 7,175,081       | \$ 9,175,081    | \$ 7,453,751 | \$ (1,721,330)                     |
| TOTAL REVENUES        | 7,175,081          | 9,175,081       | 7,453,751    | (1,721,330)                        |
| EXPENSES              |                    |                 |              |                                    |
| Administration Fees   | 148,967            | 148,967         | 484,708      | (335,741)                          |
| Claims                | 5,518,839          | 7,518,839       | 6,311,706    | 1,207,133                          |
| Insurance Premiums    | 467,523            | 467,523         | 744,496      | (276,973)                          |
| Reserves              | 2,861,731          | 2,861,731       | -            | 2,861,731                          |
| TOTAL EXPENSES        | 8,997,060          | 10,997,060      | 7,540,910    | 3,456,150                          |
| CHANGE IN NET ASSETS  | (1,821,979)        | (1,821,979)     | (87,159)     | 1,734,820                          |
| NET ASSETS, Beginning | 1,821,979          | 1,821,979       | 910,872      | (911,107)                          |
| NET ASSETS, Ending    | \$ -               | \$ -            | \$ 823,713   | \$ 823,713                         |

See the accompanying Independent Auditors' Report.



## EAGLE COUNTY SCHOOLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIESAGENCY FUND

Year Ended June 30, 2011

|                              | BALANCE<br>6/30/10 | ADDITIONS           | DEDUCTIONS          | BALANCE<br>6/30/11 |
|------------------------------|--------------------|---------------------|---------------------|--------------------|
| <b>Student Activity Fund</b> |                    |                     |                     |                    |
| <b>ASSETS</b>                |                    |                     |                     |                    |
| Cash                         | \$ <u>718,766</u>  | \$ <u>1,424,334</u> | \$ <u>1,314,878</u> | \$ <u>828,222</u>  |
| <b>LIABILITIES</b>           |                    |                     |                     |                    |
| Accounts Payable             | 1,469              | 1,073               | -                   | 2,542              |
| Due to Student Groups        | <u>717,297</u>     | <u>1,423,261</u>    | <u>1,314,878</u>    | <u>825,680</u>     |
| <b>TOTAL LIABILITIES</b>     | \$ <u>718,766</u>  | \$ <u>1,424,334</u> | \$ <u>1,314,878</u> | \$ <u>828,222</u>  |

See the accompanying Independent Auditors' Report.

## **STATISTICAL SECTION**

**EAGLE COUNTY SCHOOLS**  
**Net Assets by Component**  
**Last Nine Fiscal Years**

|   | 2003          | 2004          | 2005          | 2006          | 2007             | 2008          | 2009          | 2010          | 2011          |
|---|---------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| <b>Governmental activities</b>                  |               |               |               |               |                  |               |               |               |               |
| Invested in capital assets, net of related debt | \$ 743,221    | \$ 4,395,911  | \$ 3,995,294  | \$ 4,670,066  | \$ (116,623,360) | \$ 25,396,437 | \$ 31,051,569 | \$ 21,142,826 | \$ 15,745,542 |
| Restricted                                      | 8,662,764     | 7,120,369     | 7,306,533     | 7,225,673     | 12,264,184       | 11,561,732    | 11,680,649    | 13,211,059    | 14,456,158    |
| Unrestricted                                    | 11,632,153    | 10,765,837    | 12,720,647    | 16,389,688    | 146,342,508      | 9,642,870     | 5,558,406     | 10,972,742    | 8,758,457     |
| Total governmental activities net assets        | \$ 21,038,138 | \$ 22,282,117 | \$ 24,022,474 | \$ 28,285,427 | \$ 41,983,332    | \$ 46,601,039 | \$ 48,290,624 | \$ 45,326,627 | \$ 38,960,157 |
| <b>Business-type activities</b>                 |               |               |               |               |                  |               |               |               |               |
| Invested in capital assets, net of related debt | \$ 482,136    | \$ 442,643    | \$ 404,356    | \$ 378,594    | \$ 340,205       | \$ 301,072    | \$ 809,505    | \$ 797,478    | \$ 737,996    |
| Restricted                                      | -             | -             | 158,832       | -             | -                | -             | -             | -             | -             |
| Unrestricted                                    | (331,171)     | (255,660)     | (322,277)     | (46,263)      | 108,737          | 169,996       | 213,221       | 186,355       | 222,520       |
| Total business-type activities net assets       | \$ 150,965    | \$ 186,983    | \$ 240,911    | \$ 332,331    | \$ 448,942       | \$ 471,068    | \$ 1,022,726  | \$ 983,833    | \$ 960,516    |
| <b>Primary government</b>                       |               |               |               |               |                  |               |               |               |               |
| Invested in capital assets, net of related debt | \$ 1,225,357  | \$ 4,838,554  | \$ 4,399,650  | \$ 5,048,660  | \$ (116,283,155) | \$ 25,697,509 | \$ 31,861,074 | \$ 21,940,304 | \$ 16,483,538 |
| Restricted                                      | 8,662,764     | 7,120,369     | 7,465,365     | 7,225,673     | 12,264,184       | 11,561,732    | 11,680,649    | 13,211,059    | 14,456,158    |
| Unrestricted                                    | 11,300,982    | 10,510,177    | 12,398,370    | 16,343,425    | 146,451,245      | 9,812,866     | 5,771,627     | 11,159,097    | 8,980,977     |
| Total primary government net assets             | \$ 21,189,103 | \$ 22,469,100 | \$ 24,263,385 | \$ 28,617,758 | \$ 42,432,274    | \$ 47,072,107 | \$ 49,313,350 | \$ 46,310,460 | \$ 39,920,673 |

Source: Eagle County Schools Finance Department

**EAGLE COUNTY SCHOOLS**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**

|   | Fiscal Year     |                 |                 |                 |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2003            | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            | 2011            |
| <b>Expenses</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Current:  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Direct instruction                              | \$ 28,236,404   | \$ 27,065,471   | \$ 28,460,272   | \$ 28,479,456   | \$ 27,911,528   | \$ 31,779,754   | \$ 38,245,670   | \$ 42,826,781   | \$ 42,246,912   |
| Supporting services                             | 19,504,497      | 18,545,136      | 18,953,614      | 19,644,370      | 21,378,476      | 24,363,714      | 24,101,064      | 30,830,181      | 32,347,124      |
| Interest  | 3,901,214       | 3,630,626       | 3,345,164       | 3,009,685       | 5,082,286       | 8,984,827       | 7,217,294       | 7,434,997       | 7,897,727       |
| Total governmental activities                   | 51,642,115      | 49,241,233      | 50,759,050      | 51,133,511      | 54,372,290      | 65,128,295      | 69,564,028      | 81,091,959      | 82,491,763      |
| Business-type activities                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Food services                                   | 1,404,585       | 1,363,494       | 1,372,419       | 1,356,779       | 1,400,582       | 1,541,759       | 1,602,255       | 1,744,765       | 1,747,459       |
| Employee housing                                | 80,104          | 87,292          | 93,335          | 90,851          | 92,091          | 90,506          | 126,281         | 133,348         | 102,054         |
| Total business-type activities                  | 1,484,689       | 1,450,786       | 1,465,754       | 1,447,630       | 1,492,673       | 1,632,265       | 1,728,536       | 1,878,113       | 1,849,513       |
| Total primary government expenses               | \$ 53,126,804   | \$ 50,692,019   | \$ 52,224,804   | \$ 52,581,141   | \$ 55,864,963   | \$ 66,760,560   | \$ 71,292,564   | \$ 82,970,072   | \$ 84,341,276   |
| <b>Program revenues</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for service                             | \$ 641,616      | \$ 689,160      | \$ 851,935      | \$ 816,315      | \$ 753,254      | \$ 868,357      | \$ 1,032,204    | \$ 1,242,220    | \$ 1,391,453    |
| Operating grants and contributions              | 1,493,948       | 1,786,535       | 3,548,873       | 3,617,003       | 4,390,928       | 3,935,164       | 5,197,724       | 6,552,789       | 6,558,755       |
| Capital grants and contributions                | 83,779          | 77,147          | 46,699          | 39,611          | 54,315          | -               | -               | -               | -               |
| Total governmental activities program revenues  | 2,219,343       | 2,552,842       | 4,447,507       | 4,472,929       | 5,198,497       | 4,803,521       | 6,229,928       | 7,795,009       | 7,950,208       |
| Business-type activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for service                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Food service                                    | 831,583         | 850,822         | 783,560         | 867,575         | 898,989         | 927,920         | 839,829         | 732,889         | 677,260         |
| District housing rental                         | 131,989         | 121,855         | 147,262         | 141,860         | 141,874         | 130,603         | 138,159         | 145,787         | 155,611         |
| Operating grants and contributions              | 377,277         | 402,718         | 493,302         | 525,940         | 553,063         | 595,868         | 735,171         | 906,166         | 953,325         |
| Capital grants and contributions                | -               | 1,078           | -               | -               | 15,358          | -               | 500,000         | -               | -               |
| Total business-type activities program revenues | 1,340,849       | 1,376,473       | 1,424,124       | 1,535,375       | 1,609,284       | 1,654,391       | 2,213,159       | 1,784,842       | 1,786,196       |
| Total primary government program revenues       | \$ 3,560,192    | \$ 3,929,315    | \$ 5,871,631    | \$ 6,008,304    | \$ 6,807,781    | \$ 6,457,912    | \$ 8,443,087    | \$ 9,579,851    | \$ 9,736,404    |
| <b>Net (Expense) / Revenue</b>                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                         | \$ (49,422,772) | \$ (46,688,391) | \$ (46,311,543) | \$ (46,660,582) | \$ (49,173,793) | \$ (60,324,774) | \$ (63,334,100) | \$ (73,296,950) | \$ (74,541,555) |
| Business-type activities                        | (143,840)       | (74,313)        | (41,630)        | 87,745          | 116,611         | 22,126          | 484,623         | (93,271)        | (63,317)        |
| Total primary government net expense            | \$ (49,566,612) | \$ (46,762,704) | \$ (46,353,173) | \$ (46,572,837) | \$ (49,057,182) | \$ (60,302,648) | \$ (62,849,477) | \$ (73,390,221) | \$ (74,604,872) |

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

|   | 2003                  | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                  | 2011                  |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| <b>General Revenues and Other Changes in Net Assets</b> |                       |                      |                      |                      |                      |                      |                      |                       |                       |
| Governmental activities:                                |                       |                      |                      |                      |                      |                      |                      |                       |                       |
| Taxes   |                       |                      |                      |                      |                      |                      |                      |                       |                       |
| Local property taxes                                    | \$ 41,626,803         | \$ 39,315,563        | \$ 37,520,259        | \$ 38,428,577        | \$ 46,732,834        | \$ 56,017,342        | \$ 55,843,506        | \$ 62,493,060         | \$ 62,448,639         |
| Specific ownership taxes                                | 2,492,464             | 2,421,150            | 2,468,769            | 2,618,053            | 2,864,549            | 3,025,835            | 2,679,333            | 2,310,004             | 2,098,497             |
| State Equalization                                      | 2,976,342             | 5,722,135            | 7,383,011            | 8,179,420            | 9,091,628            | 892,042              | 4,385,923            | 3,662,810             | 355,434               |
| Grants not restricted to specific programs              | 662,300               | 457,944              | 563,082              | 1,183,453            | 687,662              | 241,924              | 217,871              | -                     | 1,674,514             |
| Interest and investment earnings                        | 175,087               | 125,909              | 212,337              | 517,704              | 3,994,797            | 5,045,414            | 1,968,306            | 553,378               | 373,872               |
| Other   | -                     | -                    | -                    | -                    | -                    | -                    | (4,214)              | 1,368,079             | 1,264,129             |
| Transfers   | (139,037)             | (110,331)            | (95,558)             | -                    | -                    | (280,077)            | (67,038)             | (54,379)              | (40,000)              |
| Total governmental activities                           | <u>\$ 47,793,959</u>  | <u>\$ 47,932,370</u> | <u>\$ 48,051,900</u> | <u>\$ 50,927,207</u> | <u>\$ 63,371,470</u> | <u>\$ 64,942,480</u> | <u>\$ 65,023,687</u> | <u>\$ 70,332,952</u>  | <u>\$ 68,175,085</u>  |
| Business-type activities:                               |                       |                      |                      |                      |                      |                      |                      |                       |                       |
| Transfers   | 139,037               | 110,331              | 95,558               | -                    | -                    | -                    | 67,038               | 54,379                | 40,000                |
| Total business-type activities                          | <u>139,037</u>        | <u>110,331</u>       | <u>95,558</u>        | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>67,038</u>        | <u>54,379</u>         | <u>40,000</u>         |
| Total primary government                                | <u>\$ 47,932,996</u>  | <u>\$ 48,042,701</u> | <u>\$ 48,147,458</u> | <u>\$ 50,927,207</u> | <u>\$ 63,371,470</u> | <u>\$ 64,942,480</u> | <u>\$ 65,090,725</u> | <u>\$ 70,387,331</u>  | <u>\$ 68,215,085</u>  |
| <b>Change in Net Assets</b>                             |                       |                      |                      |                      |                      |                      |                      |                       |                       |
| Governmental activities                                 | \$ (1,628,813)        | \$ 1,243,979         | \$ 1,740,357         | \$ 4,266,625         | \$ 14,197,677        | \$ 4,617,706         | \$ 1,689,587         | \$ (2,963,998)        | \$ (6,366,470)        |
| Business-type activities                                | (4,803)               | 36,018               | 53,928               | 87,745               | 116,611              | 22,126               | 551,661              | (38,892)              | (23,317)              |
| Total primary government                                | <u>\$ (1,633,616)</u> | <u>\$ 1,279,997</u>  | <u>\$ 1,794,285</u>  | <u>\$ 4,354,370</u>  | <u>\$ 14,314,288</u> | <u>\$ 4,639,832</u>  | <u>\$ 2,241,248</u>  | <u>\$ (3,002,890)</u> | <u>\$ (6,389,787)</u> |

Source: Eagle County Schools Finance Department

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

|                                    | 2002          | 2003          | 2004          | 2005          | 2006          | 2007           | 2008          | 2009          | 2010          | 2011          |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
| General Fund                       |               |               |               |               |               |                |               |               |               |               |
| Reserved                           | \$ 1,239,091  | \$ 1,372,853  | \$ 1,760,116  | \$ 1,436,720  | \$ 3,120,053  | \$ 1,214,800   | \$ 1,292,800  | \$ 1,508,000  | \$ 1,870,000  | \$ -          |
| Unreserved                         | 10,659,044    | 8,714,670     | 10,009,349    | 11,896,947    | 11,122,888    | 14,615,715     | 14,765,119    | 12,040,672    | 10,996,103    | -             |
| Restricted                         | -             | -             | -             | -             | -             | -              | -             | -             | -             | 1,667,000     |
| Unrestricted, Unassigned           | -             | -             | -             | -             | -             | -              | -             | -             | -             | 9,529,733     |
| Total general fund                 | \$ 11,898,135 | \$ 10,087,523 | \$ 11,769,465 | \$ 13,333,667 | \$ 14,242,941 | \$ 15,830,515  | \$ 16,057,919 | \$ 13,548,672 | \$ 12,866,103 | \$ 11,196,733 |
| All Other Governmental Funds       |               |               |               |               |               |                |               |               |               |               |
| Reserved                           | \$ 7,723,264  | \$ 7,289,911  | \$ 5,360,253  | \$ 5,519,085  | \$ 5,680,629  | \$ 137,643,000 | \$ 95,954,849 | \$ 32,983,779 | \$ -          | \$ -          |
| Unreserved, reported in:           |               |               |               |               |               |                |               |               |               |               |
| Special revenue funds              | 23,349        | -             | -             | -             | -             | -              | -             | -             | -             | -             |
| Debt service fund                  | -             | -             | -             | -             | -             | -              | -             | -             | 10,777,163    | -             |
| Capital projects funds             | 3,632,730     | 2,864,294     | 956,399       | 870,951       | 2,530,360     | 3,963,120      | 1,938,841     | 305,766       | 10,250,949    | -             |
| Restricted, reported in:           |               |               |               |               |               |                |               |               |               |               |
| Debt service fund                  | -             | -             | -             | -             | -             | -              | -             | -             | -             | 11,323,445    |
| Capital projects fund              | -             | -             | -             | -             | -             | -              | -             | -             | -             | 12,891,634    |
| Assigned, reported in:             |               |               |               |               |               |                |               |               |               |               |
| Capital projects fund              | -             | -             | -             | -             | -             | -              | -             | -             | -             | 150,573       |
| Special revenue fund               | -             | -             | -             | -             | -             | -              | -             | -             | -             | 64,538        |
| Unrestricted, Unassigned           | -             | -             | -             | -             | -             | -              | -             | -             | -             | (446,926)     |
| Total all other governmental funds | \$ 11,379,343 | \$ 10,154,205 | \$ 6,316,652  | \$ 6,390,036  | \$ 8,210,989  | \$ 141,606,120 | \$ 97,893,690 | \$ 33,289,545 | \$ 21,028,112 | \$ 23,983,264 |

Source: Eagle County Schools Finance Department

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

|  | <b>2002</b>           | <b>2003</b>         | <b>2004</b>           | <b>2005</b>         |
|--|-----------------------|---------------------|-----------------------|---------------------|
| <b>REVENUES</b>  |                       |                     |                       |                     |
| Federal Sources  | \$ 2,512,241          | \$ 3,294,480        | \$ 6,380,727          | \$ 6,768,638        |
| State Sources  | 902,333               | 1,231,453           | 1,505,699             | 2,310,058           |
| Local Sources  | 44,421,533            | 46,115,490          | 42,681,356            | 43,506,312          |
| Total revenues   | <u>47,836,107</u>     | <u>50,641,423</u>   | <u>50,567,782</u>     | <u>52,585,008</u>   |
| <b>EXPENDITURES</b>  |                       |                     |                       |                     |
| Current:   |                       |                     |                       |                     |
| Instruction  | 21,870,514            | 22,839,734          | 23,436,969            | 25,591,807          |
| Supporting Services  | 14,339,863            | 15,521,244          | 16,071,971            | 17,051,471          |
| Capital outlay   | 6,880,827             | 4,494,260           | 3,892,215             | 1,141,066           |
| Debt Service:  |                       |                     |                       |                     |
| Principal  | 4,543,329             | 4,990,309           | 5,558,465             | 3,655,225           |
| Interest and Fiscal Charges                                  | 4,151,317             | 3,920,695           | 3,653,442             | 3,417,482           |
| Debt Issuance Costs  | -                     | -                   | -                     | -                   |
| Total expenditures   | <u>51,785,850</u>     | <u>51,766,242</u>   | <u>52,613,062</u>     | <u>50,857,051</u>   |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <u>(3,949,743)</u>    | <u>(1,124,819)</u>  | <u>(2,045,280)</u>    | <u>1,727,957</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                     |                       |                     |
| Debt Issued  | -                     | -                   | -                     | -                   |
| Debt Premium   | -                     | -                   | -                     | -                   |
| Payment to Escrow Agent                                      | -                     | -                   | -                     | -                   |
| Sale of Capital Assets                                       | -                     | -                   | -                     | -                   |
| Transfers in   | 277,401               | 2,926,761           | 2,312,190             | 476,446             |
| Transfers out  | (727,401)             | (2,533,726)         | (2,451,227)           | (586,777)           |
| Total other financing sources (uses)                         | <u>(450,000)</u>      | <u>393,035</u>      | <u>(139,037)</u>      | <u>(110,331)</u>    |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <u>\$ (4,399,743)</u> | <u>\$ (731,784)</u> | <u>\$ (2,184,317)</u> | <u>\$ 1,617,626</u> |
| Debt service as a percentage of<br>noncapital expenditures   | 19.4%                 | 18.9%               | 18.9%                 | 14.2%               |

Source: Eagle County Schools Finance Department

| Fiscal Year  |                |                 |                 |                 |              |
|--------------|----------------|-----------------|-----------------|-----------------|--------------|
| 2006         | 2007           | 2008            | 2009            | 2010            | 2011         |
| \$ 7,485,935 | \$ 8,633,487   | \$ 2,178,917    | \$ 5,928,228    | \$ 4,250,314    | \$ 5,567,694 |
| 1,848,441    | 2,248,376      | 2,378,624       | 3,459,496       | 5,785,951       | 2,354,302    |
| 46,037,077   | 57,653,394     | 64,607,202      | 60,953,138      | 68,468,900      | 67,950,937   |
| 55,371,453   | 68,535,257     | 69,164,743      | 70,340,862      | 78,505,165      | 75,872,933   |
| 25,352,454   | 26,548,549     | 28,895,819      | 32,325,020      | 37,515,839      | 35,464,796   |
| 17,960,550   | 20,854,490     | 20,872,741      | 23,132,882      | 25,079,284      | 27,606,284   |
| 2,263,463    | 13,554,336     | 47,522,618      | 67,181,371      | 16,037,277      | 7,733,457    |
| 3,895,000    | 4,140,000      | 6,465,000       | 6,150,000       | 2,100,000       | 6,875,000    |
| 3,169,758    | 5,346,655      | 8,955,035       | 8,684,935       | 7,927,073       | 8,351,065    |
| 303,769      | -              | -               | -               | 120,057         | 251,792      |
| 52,944,994   | 70,444,030     | 112,711,213     | 137,474,208     | 88,779,530      | 86,282,394   |
| 2,426,459    | (1,908,773)    | (43,546,470)    | (67,133,346)    | (10,274,365)    | (10,409,461) |
| 37,018,967   | -              | -               | -               | 13,800,000      | 11,520,000   |
| -            | -              | -               | -               | 1,064,828       | 215,243      |
| (36,715,197) | -              | -               | -               | (19,494,923)    | -            |
| -            | -              | 61,446          | 19,953          | -               | -            |
| 438,186      | -              | -               | -               | 1,503,258       | 941,433      |
| (528,558)    | -              | -               | -               | (1,503,258)     | (981,433)    |
| 213,398      | -              | 61,446          | 19,953          | (4,630,095)     | 11,695,243   |
| \$ 2,639,857 | \$ (1,908,773) | \$ (43,485,024) | \$ (67,113,393) | \$ (14,904,460) | \$ 1,285,782 |
| 14.5%        | 16.7%          | 23.7%           | 21.1%           | 13.9%           | 19.7%        |



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

| Fiscal<br>Year<br>Ended<br>June 30, | Real Property |                | Personal Property |              | Exemptions of<br>Real Property |               | Total Value   |                | Ratio of<br>Total Assessed<br>Value to Total<br>Estimated<br>Actual Value |
|-------------------------------------|---------------|----------------|-------------------|--------------|--------------------------------|---------------|---------------|----------------|---|
|                                     | Assessed      | Estimated      | Assessed          | Estimated    | Assessed                       | Estimated     | Assessed      | Estimated      |   |
|                                     | Value         | Actual Value   | Value             | Actual Value | Value                          | Actual Value  | Value         | Value          |   |
| 2002                                | 1,843,915,950 | 16,266,106,740 | 61,498,840        | 210,650,380  | 108,754,270                    | 393,246,400   | 2,014,169,060 | 16,870,003,520 | 12.31%  |
| 2003                                | 1,913,737,280 | 16,236,635,126 | 64,321,390        | 220,912,397  | 113,675,450                    | 393,628,940   | 2,091,734,120 | 16,851,176,463 | 12.80%  |
| 2004                                | 1,857,908,810 | 17,308,086,380 | 65,963,900        | 226,735,670  | 142,294,150                    | 492,539,590   | 2,066,166,860 | 18,027,361,640 | 12.81%  |
| 2005                                | 1,881,663,978 | 19,885,473,085 | 71,067,360        | 243,805,580  | 156,236,930                    | 569,431,470   | 2,108,968,268 | 20,698,710,135 | 10.46%  |
| 2006                                | 2,065,766,954 | 19,586,189,670 | 78,303,670        | 269,153,670  | 157,640,110                    | 540,946,660   | 2,301,710,734 | 20,396,290,000 | 11.60%  |
| 2007                                | 2,125,308,501 | 20,289,843,370 | 80,195,980        | 272,650,180  | 141,234,740                    | 549,068,860   | 2,346,739,221 | 21,111,562,410 | 11.50%  |
| 2008                                | 2,922,368,820 | 28,665,521,650 | 64,770,040        | 471,309,270  | 222,567,340                    | 937,768,360   | 3,209,706,200 | 30,074,599,280 | 11.23%  |
| 2009                                | 2,933,681,930 | 29,762,511,660 | 89,144,250        | 308,228,950  | 223,818,220                    | 936,862,780   | 3,246,644,400 | 31,007,603,390 | 11.00%  |
| 2010                                | 3,268,342,952 | 34,245,196,420 | 101,651,460       | 350,522,450  | 300,211,100                    | 1,193,813,520 | 3,670,205,512 | 35,789,532,390 | 10.94%  |
| 2011                                | 3,261,264,657 | 34,694,499,120 | 92,521,320        | 319,038,940  | 306,005,580                    | 1,216,552,680 | 3,659,791,557 | 36,230,090,740 | 10.85%  |

**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 |
|-------|-------------|------------|
| 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%     |
| 2008  | 7.96%       | 29.00%     |
| 2009  | 7.96%       | 29.00%     |
| 2010  | 7.96%       | 29.00%     |
| 2011  | 7.96%       | 29.00%     |

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

|   | Fiscal Year |        |        |        |        |        |        |        |        |        |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 2002        | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
| <b>Eagle County School District</b>                             |             |        |        |        |        |        |        |        |        |        |
| General operations  | 16.400      | 16.601 | 16.688 | 16.726 | 15.639 | 15.489 | 14.586 | 14.855 | 14.359 | 14.382 |
| General obligation debt service                                 | 4.881       | 4.941  | 3.892  | 3.862  | 3.505  | 7.090  | 5.123  | 5.218  | 4.736  | 4.785  |
| Transportation  | 0.374       | 0.439  | 0.540  | 0.486  | 0.451  | 0.471  | 0.342  | 0.341  | 0.306  | 0.307  |
| Total direct property tax rate                                  | 21.655      | 21.981 | 21.120 | 21.074 | 19.595 | 23.050 | 20.051 | 20.414 | 19.401 | 19.474 |
| <b>County Government</b>  |             |        |        |        |        |        |        |        |        |        |
| General Fund  | 4.450       | 4.490  | 4.490  | 4.706  | 4.919  | 4.924  | 4.924  | 4.924  | 4.924  | 4.924  |
| Special Revenue Funds   | 2.106       | 3.582  | 2.082  | 1.919  | 1.960  | 2.032  | 2.014  | 2.014  | 2.014  | 2.014  |
| Capital Expenditures Fund                                       | 0.043       | 0.043  | 0.043  | 0.043  | 0.043  | 0.043  | 0.061  | 0.061  | 0.061  | 0.061  |
| Debt Service Funds  | 0.400       | 0.384  | 0.384  | 0.331  | 0.077  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |
| Open Space Fund   |             | 1.500  | 1.500  | 1.500  | 1.500  | 1.500  | 1.500  | 1.500  | 1.500  | 1.500  |
| Total County  | 6.999       | 8.499  | 8.499  | 8.499  | 8.499  | 8.499  | 8.499  | 8.499  | 8.499  | 8.499  |
| <b>Miscellaneous County-wide</b>                                |             |        |        |        |        |        |        |        |        |        |
| Colorado Mountain Jr. College                                   | 3.997       | 3.997  | 3.997  | 3.997  | 3.997  | 3.997  | 3.997  | 3.997  | 3.997  | 3.997  |
| Colorado River Water Conservancy                                | 0.253       | 0.255  | 0.255  | 0.252  | 0.230  | 0.221  | 0.191  | 0.199  | 0.000  | 0.000  |
| Total County-wide levies  | 11.249      | 12.751 | 12.751 | 12.748 | 12.726 | 12.717 | 12.687 | 12.695 | 12.496 | 12.496 |
| <b>Municipalities</b>   |             |        |        |        |        |        |        |        |        |        |
| Avon  | 14.606      | 14.234 | 14.111 | 13.781 | 13.339 | 13.287 | 12.271 | 11.392 | 11.208 | 11.220 |
| Basalt  | 6.618       | 6.498  | 6.447  | 6.669  | 6.474  | 6.560  | 5.058  | 5.181  | 3.873  | 4.066  |
| Eagle   | 3.327       | 3.327  | 3.327  | 3.327  | 3.327  | 3.173  | 2.683  | 3.997  | 3.547  | 3.659  |
| Gypsum  | 6.018       | 6.269  | 5.612  | 5.715  | 5.664  | 5.604  | 5.414  | 5.094  | 5.094  | 5.094  |
| Minturn   | 17.934      | 17.934 | 17.934 | 17.934 | 17.934 | 17.934 | 17.934 | 17.934 | 17.934 | 17.934 |
| Redcliff  | 45.958      | 51.548 | 51.548 | 39.221 | 48.916 | 51.687 | 38.827 | 37.820 | 33.878 | 33.878 |
| Vail  | 4.696       | 4.717  | 4.704  | 4.708  | 4.702  | 4.699  | 4.690  | 4.979  | 4.690  | 4.726  |
| <b>Fire Protection , Ambulance &amp; Hospital Districts</b>     |             |        |        |        |        |        |        |        |        |        |
| Several, range from high of                                     | 7.353       | 7.927  | 7.927  | 7.927  | 7.927  | 10.000 | 10.000 | 10.000 | 10.000 | 10.000 |
| to low of   | 0.748       | 2.011  | 2.005  | 2.013  | 2.010  | 2.006  | 2.019  | 2.055  | 1.780  | 1.768  |
| <b>Water, Sanitation, Library, Metro and Cemetery Districts</b> |             |        |        |        |        |        |        |        |        |        |
| Several, range from high of                                     | 45.000      | 49.000 | 45.000 | 45.231 | 45.345 | 50.981 | 45.000 | 99.000 | 67.000 | 62.000 |
| to low of   | 0.000       | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |

**Source:** Eagle County Assessor's Office

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

<sup>a</sup>Overlapping 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.

**EAGLE COUNTY SCHOOLS**  
**Principal Property Tax Payers**  
**June 30, 2011**

|                                 | <b>2011</b>                           |             | <b>% of Total<br/>County<br/>Taxable<br/>Assessed<br/>Valuation</b> |
|---------------------------------|---------------------------------------|-------------|---|
|                                 | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> |   |
| <b>Taxpayer</b>                 |                                       |             |   |
| Vail Corp                       | \$ 63,463,530                         | 1           | 1.61%   |
| Union Pacific Corp              | 16,749,600                            | 2           | 0.43%   |
| Holy Cross Electric             | 14,216,000                            | 3           | 0.36%   |
| Ferruco Vail Ventures, LLC      | 13,789,870                            | 4           | 0.35%   |
| Diamond Rock Vail Owner LLC     | 12,281,500                            | 5           | 0.31%   |
| WTCC Beaver Creek Investors LLC | 11,495,150                            | 6           | 0.29%   |
| Vail Development 09 LLC         | 11,014,770                            | 7           | 0.28%   |
| Vail Associates                 | 10,639,290                            | 8           | 0.27%   |
| L-O Vail Holding Inc            | 10,493,520                            | 9           | 0.27%   |
| Sonnenalp Properties Inc        | 10,480,230                            | 10          | 0.27%   |
| Total Assessed Valuation        | <u>\$174,623,460</u>                  |             | <u>4.44%</u>  |

**Source:** Eagle County Assessor's Office

Note: Principal employer data not available from nine years ago.

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

| <b>Fiscal<br/>Year<br/>Ended<br/>June 30,</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                  | <b>Collections<br/>in Subsequent<br/>Years</b> | <b>Total Collection to Date</b> |                               |
|---|---|---|------------------|--|---------------------------------|-------------------------------|
|   |   | <b>Amount</b>   | <b>% of Levy</b> |  | <b>Amount</b>                   | <b>Percentage<br/>of Levy</b> |
| 2002  | 39,930,001                                      | 39,629,700  | 99.2%            | (233,213)                                      | 39,396,487                      | 98.7%                         |
| 2003  | 42,065,858                                      | 40,945,052  | 97.3%            | 993,794  | 41,938,846                      | 99.7%                         |
| 2004  | 39,239,035                                      | 38,286,131  | 97.6%            | 764,953  | 39,051,084                      | 99.5%                         |
| 2005  | 39,640,206                                      | 38,610,984  | 97.4%            | 864,900  | 39,475,884                      | 99.6%                         |
| 2006  | 40,478,703                                      | 39,442,989  | 97.4%            | 795,707  | 40,238,696                      | 99.4%                         |
| 2007  | 48,988,525                                      | 47,806,306  | 97.6%            | 960,197  | 48,766,503                      | 99.5%                         |
| 2008  | 58,596,416                                      | 55,372,153  | 94.5%            | 1,979,979                                      | 57,352,132                      | 97.9%                         |
| 2009  | 59,888,244                                      | 59,413,901  | 99.2%            | 1,908,877                                      | 57,897,320                      | 96.7%                         |
| 2010  | 63,412,390                                      | 62,493,060  | 98.6%            | 1,503,665                                      | 63,996,725                      | 100.9%                        |
| 2011  | 63,509,868                                      | 60,953,478  | 96.0%            | 2,124,893                                      | 63,180,600                      | 99.5%                         |

Source: Eagle County Schools Finance Department

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

| <b>Fiscal<br/>Year</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Percentage of<br/>Actual Taxable<br/>Value of Property</b> | <b>Net Bonded<br/>Debt per<br/>Capita</b> | <b>Percentage<br/>of Per<br/>Capita Income</b> |
|------------------------|---|---|---|--|
| 2002                   | 83,903,156                              | 4.17%   | 1,950                                     | 5.03%  |
| 2003                   | 78,912,847                              | 3.77%   | 1,751                                     | 4.60%  |
| 2004                   | 73,354,382                              | 3.55%   | 1,561                                     | 3.92%  |
| 2005                   | 69,455,000                              | 3.29%   | 1,448                                     | 3.47%  |
| 2006                   | 64,875,000                              | 2.82%   | 1,329                                     | 3.01%  |
| 2007                   | 189,105,000                             | 8.06%   | 3,736                                     | 7.95%  |
| 2008                   | 182,640,000                             | 5.69%   | 3,478                                     | 7.32%  |
| 2009                   | 176,490,000                             | 5.44%   | 3,275                                     | 6.60%  |
| 2010                   | 169,300,000                             | 4.61%   | 3,063                                     | 6.74%  |
| 2011                   | 162,425,000                             | 4.44%   | 3,112                                     | 6.96%  |

Source: Eagle County Schools Finance Department

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

**EAGLE COUNTY SCHOOLS**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

|  | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2002             | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             |
| Assessed valuation   | \$ 1,843,915,950 | \$ 1,913,737,280 | \$ 1,857,908,810 | \$ 1,881,663,978 | \$ 2,065,766,954 | \$ 2,125,308,501 | \$ 2,922,368,820 | \$ 2,933,681,930 | \$ 3,268,342,952 | \$ 3,261,264,657 |
| Debt limit (20% of assessed valuation)                               | \$ 368,783,190   | \$ 382,747,456   | \$ 371,581,762   | \$ 376,332,796   | \$ 413,153,391   | \$ 425,061,700   | \$ 584,473,764   | \$ 586,736,386   | \$ 653,668,590   | \$ 652,252,931   |
| Debt applicable to limit:  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General obligation bonds   | \$ 83,903,156    | \$ 78,912,847    | \$ 73,354,382    | \$ 69,455,000    | \$ 64,875,000    | \$ 189,105,000   | \$ 182,640,000   | \$ 176,490,000   | \$ 169,300,000   | \$ 162,425,000   |
| Less: Amount set aside for repayment                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| of general obligation debt   | (7,024,970)      | (7,289,911)      | (5,360,253)      | (5,519,085)      | (5,680,629)      | (11,049,384)     | (15,419,426)     | (10,172,649)     | (10,777,163)     | (11,323,445)     |
| Total net debt applicable to limit                                   | 76,878,186       | 71,622,936       | 67,994,129       | 63,935,915       | 59,194,371       | 178,055,616      | 167,220,574      | 166,317,351      | 158,522,837      | 151,101,555      |
| Legal debt margin  | \$ 291,905,004   | \$ 311,124,520   | \$ 303,587,633   | \$ 312,396,881   | \$ 353,959,020   | \$ 247,006,084   | \$ 417,253,190   | \$ 420,419,035   | \$ 495,145,753   | \$ 501,151,376   |
| Total net debt applicable to the limit as a percentage of debt limit | 4.17%            | 3.74%            | 3.66%            | 3.40%            | 2.87%            | 8.38%            | 5.72%            | 5.67%            | 4.85%            | 4.63%            |

Source: Eagle County Schools Finance Department

**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.

**EAGLE COUNTY SCHOOLS**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2011**

| <b>Governmental Unit</b>                           | <b>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percentage<br/>Applicable</b> | <b>Estimated<br/>Share of<br/>Overlapping<br/>Debt</b> |
|--|-----------------------------|--|--|
| <b>Debt repaid with property taxes</b>             |                             |  |  |
| Town of Avon                                       | 2,805,000                   | 100.00%  | 2,805,000  |
| Avon Metro District                                | -                           | 100.00%  | -  |
| Town of Eagle                                      | 985,200                     | 100.00%  | 985,200  |
| Eagle Sanitation District                          | 173,457                     | 100.00%  | 173,457  |
| Town of Gypsum                                     | -                           | 100.00%  | -  |
| Town of Vail                                       | -                           | 0.00%  | -  |
| Basalt & Rural Fire District                       | 1,066,914                   | 58.00%   | 618,810  |
| Gypsum Fire District                               | -                           | 0.00%  | -  |
| Airport Commerce Center Metro District             | 3,200,000                   | 100.00%  | 3,200,000  |
| Arrowhead Metro District                           | 15,585,000                  | 100.00%  | 15,585,000   |
| Beaver Creek Metro District                        | 3,460,000                   | 100.00%  | 3,460,000  |
| Berry Creek Metro District                         | 5,315,000                   | 100.00%  | 5,315,000  |
| Eagle Vail Metro District                          | 6,820,000                   | 100.00%  | 6,820,000  |
| Edwards Metro District                             | -                           | 100.00%  | -  |
| Bachelor Gulch Metro District                      | 28,780,000                  | 100.00%  | 28,780,000   |
| Lake Creek Metro District                          | 455,374                     | 100.00%  | 455,374  |
| Cotton Ranch Metro District                        | 8,730,000                   | 100.00%  | 8,730,000  |
| Eagle Ranch Metro District                         | 18,615,003                  | 100.00%  | 18,615,003   |
| Crown Mountain Park & Rec District                 | 4,315,000                   | 57.80%   | 2,494,121  |
| Red Sky Ranch Metro District                       | 6,930,000                   | 100.00%  | 6,930,000  |
| Ruedi Shores Metro District                        | 2,054,000                   | 100.00%  | 2,054,000  |
| Buckhorn Valley Metro District                     | 10,560,000                  | 100.00%  | 10,560,000   |
| Western Eagle County Metro Rec District            | 9,510,000                   | 100.00%  | 9,510,000  |
| Cascade Village Metro District                     | 2,515,000                   | 100.00%  | 2,515,000  |
| Chatfield Corners Metro District                   | 2,960,000                   | 100.00%  | 2,960,000  |
| Cordillera Valley Club Metro District              | 97,444                      | 100.00%  | 97,444   |
| Valagua Metro District                             | 21,000,000                  | 100.00%  | 21,000,000   |
| Cordillera Metro District                          | 27,213,321                  | 100.00%  | 27,213,321   |
| Cordillera Mountain Metro District                 | 12,679,275                  | 100.00%  | 12,679,275   |
| Mid-Valley Metro                                   | 930,000                     | 92.60%   | 861,180  |
| Vail Square Metro District No. 1                   | 15,735,000                  | 100.00%  | 15,735,000   |
| Basalt Sanitation District                         | 1,202,590                   | 49.90%   | 600,092  |
| Eagle Valley Library District                      | -                           | 100.00%  | -  |
| Eagle River Water & Sanitation Dist (Wastewater)   | 7,058,032                   | 100.00%  | 7,058,032  |
| Eagle River Water & San Dist- Water Sub Dist- Vail | 10,985,000                  | 100.00%  | 10,985,000   |
| Western Eagle County Ambulance District            | -                           | 100.00%  | -  |
| Subtotal, Total Overlapping Debt                   | \$ 505,645,594              |  | \$ 412,024,209   |
| Eagle County School District direct debt           |                             |  | \$ 162,425,000   |
| Total direct and overlapping debt                  |                             |  | <u>\$ 574,449,209</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**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <b>Fiscal<br/>Year</b> | <b>Population</b> | <b>Per<br/>Capita<br/>Income</b> | <b>October 1<br/>School<br/>Enrollment</b> | <b>October 1<br/>Funded<br/>Pupil Count</b> | <b>Unemployment<br/>Rate</b> |
|------------------------|-------------------|----------------------------------|--|---|------------------------------|
| 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%                         |
| 2008                   | 52,517            | 47,511                           | 5,681                                      | 5,288.0                                     | 3.10%                        |
| 2009                   | 53,898            | 49,635                           | 5,940                                      | 5,637.0                                     | 3.6%                         |
| 2010                   | 55,269            | 45,430                           | 6,244                                      | 5,880.0                                     | 7.3%                         |
| 2011                   | 52,197            | 44,709                           | 6,344                                      | 5,846.0                                     | 9.5%                         |

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



**EAGLE COUNTY SCHOOLS**  
**Principal Employers**  
**June 30, 2011**

| <b>Employer</b>                      | <b>Product<br/>or Service</b> | <b>2011<br/>Rank</b> |
|--------------------------------------|-------------------------------|----------------------|
| Vail Resorts Inc.                    | Ski Resorts                   | 1                    |
| Eagle County School District         | Education                     | 2                    |
| Vail Valley Medical Center           | Health Care                   | 3                    |
| Eagle County                         | Government                    | 4                    |
| Gallegos Corporation                 | Construction                  | 5                    |
| Ritz Carlton-Bachelor Gulch          | Hotel                         | 6                    |
| Vail Cascade Resort                  | Hotel                         | 7                    |
| Park Hyatt Beaver Creek Resort & Spa | Hotel                         | 8                    |
| Sonnenalp Resort                     | Hotel                         | 9                    |
| Town of Vail                         | Government                    | 10                   |
| Wal Mart Stores Inc.                 | Retail                        | 11                   |

**Source:** Eagle County

Note: Principal employer data not available from nine years ago.

**EAGLE COUNTY SCHOOLS**  
**Operating Statistics**  
**Last Ten Fiscal Years**

| <b>Fiscal<br/>Year</b> | <b>Governmental<br/>Fund<br/>Expenditures</b> | <b>Funded<br/>Students</b> | <b>Cost<br/>Per<br/>Pupil</b> | <b>Percentage<br/>Change</b> | <b>Teaching<br/>Staff<br/>FTE</b> | <b>Pupil<br/>Teacher<br/>Ratio</b> |
|------------------------|---|----------------------------|-------------------------------|------------------------------|-----------------------------------|------------------------------------|
| 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                   | 52,944,994                                    | 4,989.0                    | 10,612                        | 0.8%                         | 439.17                            | 11.36                              |
| 2007                   | 70,444,030                                    | 5,096.5                    | 13,822                        | 30.2%                        | 445.05                            | 11.45                              |
| 2008                   | 112,711,213                                   | 5,288.0                    | 21,315                        | 54.2%                        | 416.88                            | 12.68                              |
| 2009                   | 137,474,208                                   | 5,637.0                    | 24,388                        | 14.4%                        | 459.99                            | 12.25                              |
| 2010                   | 88,779,530                                    | 5,880.0                    | 15,099                        | -38.1%                       | 479.77                            | 12.26                              |
| 2011                   | 86,282,394                                    | 5,846.0                    | 14,759                        | -2.3%                        | 486.64                            | 12.01                              |

Source: Eagle County Schools Finance and Human Resources Departments

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

**EAGLE COUNTY SCHOOLS**  
**Schedule of Insurance**  
**(Unaudited)**

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

Source: Eagle County Schools

## **COMPLIANCE SECTION**

## **SINGLE AUDIT**



Board of Education  
Eagle County Schools  
Eagle, Colorado

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Eagle County Schools, and have issued our report thereon dated December 27, 2011. 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. The financial statements of the Eagle County Charter Academy, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of the Eagle County Schools' internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Eagle County Schools' financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2011-1 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Eagle County Schools' 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*.

We noted certain matters that we reported to management and the Board of Education of the Eagle County Schools in a separate letter dated December 27, 2011.

The Eagle County Schools' responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the Eagle County Schools' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Education, 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.



December 27, 2011





Board of Education  
Eagle County Schools  
Eagle, Colorado

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Compliance**

We have audited the Eagle County School's compliance of the with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Eagle County Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Eagle County Schools' management. Our responsibility is to express an opinion on the Eagle County Schools' 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 Eagle County Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Eagle County Schools' compliance with those requirements.

In our opinion, the Eagle County Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the Eagle County Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Eagle County Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Eagle County Schools' internal control over compliance.



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

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

This report is intended solely for the information and use of the Board of Education, 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.

*Swankmire Company LLC*

December 27, 2011

EAGLE COUNTY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

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

Type of auditors' 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 OMB Circular A-133?

☐ yes ☒ no

Identification of major programs:

|   |   |
|---|---|
| 84.374 Teacher Incentive Fund               | 84.394 ARRA - State Fiscal Stabilization Fund |
| 84.385 ARRA - Teacher Incentive Fund        | 84.397 ARRA - State Fiscal Stabilization Fund |
| 84.366 Mathematics and Science Partnerships | 84.410 Education Jobs Fund                    |
| 84.318 Education Technology                 |   |
| 84.386 ARRA - Education Technology          |   |

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

Auditee qualified as low-risk auditee?

☐ yes ☒ no

**Federal Awards Findings and Questioned Costs**

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

(Continued)

EAGLE COUNTY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

**Financial Statement Findings**

**2011-1 Financial Reporting**

|                |   |
|----------------|---|
| Criteria       | The District is responsible to implement internal controls designed to ensure that financial information is accurate and timely.  |
| Condition      | We proposed significant adjustments to the District's financial information as a result of our audit procedures.  |
| Context        | The District posted year-end receivable adjustments backwards in the general ledger. We proposed adjustments to correct these errors. In addition, adjustments were required to properly report debt issuances, property tax receivables, food inventories, and depreciation. |
| Effect         | The risk of misstatements in the financial statements is significantly increased when internal controls are inadequate.   |
| Cause          | The District has relied on the independent auditor to prepare the financial statements and footnotes. Because of the small size of the District, resources are not always available to properly record nonroutine transactions and prepare the financial statements.          |
| Recommendation | We recommend that the District implement procedures to ensure that financial information is accurate. Specifically, all financial information should be reviewed by a second person to detect and correct errors.   |

**Views of Responsible Officials and Planned Corrective Actions**

See the accompanying Corrective Action Plan.

EAGLE COUNTY SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2011

**2010-1 Financial Reporting**

Similar to the previous audit, we proposed significant adjustments to the District's financial information as a result of our audit procedures. See 2011-1.

**2010-2 Internal Controls over Federal Awards**

Corrective action was taken regarding this prior audit finding.

**2010-3 Payroll Internal Controls**

Corrective action was taken regarding this prior audit finding.

**2010-4 Internal Controls over Compliance**

Corrective action was taken regarding this prior audit finding.

**2010-5 Procurement and Suspension and Debarment**

Corrective action was taken regarding this prior audit finding.

EAGLE COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Year ended June 30, 2011

Corrective Action Plan

2011-1 Financial Reporting

As a small school district we have limited resources to process and review accounting entries. We are implementing training and process reviews to ensure year end and uncommon entries are accurate.



Board of Education  
Eagle County Schools  
Eagle, Colorado

**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Eagle County Schools, as listed in the table of contents. These financial statements are the responsibility of the Eagle County Schools' management. 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Swanhorst & Company LLC*

December 27, 2011

## EAGLE COUNTY SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

| Federal Grantor/Pass-through Grantor/Program Title        | Federal<br>CFDA<br>Number | Expenditures        |
|---|---------------------------|---------------------|
| <b>U.S. Department of Education</b>                       |                           |                     |
| Direct Programs   |                           |                     |
| Teacher Incentive Fund                                    | 84.374                    | \$ 314,550          |
| ARRA - Teacher Incentive Fund                             | 84.385                    | 691,158             |
| Passed through Colorado Department of Education           |                           |                     |
| Title I   | 84.010                    | 622,342             |
| Migrant Education   | 84.011                    | 172,810             |
| English Language Acquisition                              | 84.365                    | 200,749             |
| Mathematics and Science Partnerships                      | 84.366                    | 354,524             |
| Improving Teacher Quality                                 | 84.367                    | 118,120             |
| Education Technology                                      | 84.318                    | 1,541               |
| ARRA - Education Technology                               | 84.386                    | 104,290             |
| ARRA - Education for Homeless Children and Youth          | 84.387                    | 22,477              |
| ARRA - State Fiscal Stabilization Fund                    | 84.394                    | 464,579             |
| ARRA - State Fiscal Stabilization Fund                    | 84.397                    | 174,401             |
| Education Jobs Fund                                       | 84.410                    | 1,209,935           |
| Passed through Colorado Community College System          |                           |                     |
| Career and Technical Education                            | 84.048                    | 29,465              |
| Passed through Colorado Department of Human Services      |                           |                     |
| Vocational Rehabilitation                                 | 84.126                    | 55,991              |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                 |                           | <u>4,536,932</u>    |
| <b>U.S. Department of Health and Human Services</b>       |                           |                     |
| Direct Programs   |                           |                     |
| Head Start  | 93.600                    | 444,851             |
| ARRA - Head Start   | 93.708                    | 4,812               |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> |                           | <u>449,663</u>      |
| <b>U.S. Department of Agriculture</b>                     |                           |                     |
| Passed through Colorado Department of Education           |                           |                     |
| National School Lunch Program                             | 10.555                    | 838,172             |
| Passed through Colorado Department of Human Services      |                           |                     |
| Donated Commodities                                       | 10.555                    | 92,014              |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>               |                           | <u>930,186</u>      |
| <b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>                 |                           | <u>\$ 5,916,781</u> |

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

**NOTE 1: BASIS OF PRESENTATION**

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



## **STATE COMPLIANCE**



Board of Education  
Eagle County Schools  
Eagle, Colorado

**INDEPENDENT AUDITORS' REPORT ON  
AUDITOR'S INTEGRITY REPORT**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Eagle County Schools, as listed in the table of contents. These financial statements are the responsibility of the Eagle County Schools' management. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The accompanying auditor's integrity report is presented for purposes of additional analysis as required by State of Colorado statutes and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Swanhorst & Company LLC*

December 27, 2011

12/30/2011  
08:52 AM

Colorado Department of Education  
Fiscal Year 2010-2011  
Colorado School District/BOCES  
Auditor's Integrity Report

EAGLE EAGLE COUNTY RE 50  
District Code: 0910

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type &<br>Number                       | Beg Fund Balance &<br>Prior Per Adj (6880*) + | 1000 - 5999<br>Total Revenues &<br>Other Sources - | 0001 - 0999<br>Total Expenditures & Prior Per Adj (6880*)<br>Other Uses = | 6700 - 6799<br>Ending Fund Balance |
|---|---|--|---|------------------------------------|
| Governmental                                |   |  |   |                                    |
| 10 General Fund                             | 12,866,103                                    | 49,126,865   | 50,796,235  | 11,196,733                         |
| 18 Risk Mgmt Sub-Fund of General Fund       | 0   | 0  | 0   | 0                                  |
| 19 Colorado Preschool Program Fund          | 0   | 0  | 0   | 0                                  |
| Subtotal                                    | 12,866,103                                    | 49,126,865   | 50,796,235  | 11,196,733                         |
| 11 Charter School Fund                      | 1,974,975                                     | 3,371,240  | 3,176,854   | 2,169,361                          |
| 20,26-29 Special Revenue Fund               | 0   | 0  | 0   | 0                                  |
| 21 Capital Reserve Spec Revenue Fund        | 0   | 0  | 0   | 0                                  |
| 22 Govt Designated-Purpose Grants Fund      | -0  | 6,065,636  | 6,512,561   | -446,925                           |
| 23 Pupil Activity Special Revenue Fund      | 0   | 0  | 0   | 0                                  |
| 24 Full Day Kindergarten Mill Levy Override | 0   | 0  | 0   | 0                                  |
| 25 Transportation Fund                      | 0   | 2,526,776  | 2,462,238   | 64,539                             |
| 30 Debt Service Fund                        | 0   | 0  | 0   | 0                                  |
| 31 Bond Redemption Fund                     | 10,777,163                                    | 15,399,707   | 14,853,425  | 11,323,445                         |
| 39 Non-Voter Approved Debt Service Fund     | 0   | 0  | 0   | 0                                  |
| 41 Building Fund                            | 9,845,182                                     | 198,557  | 1,462,695   | 8,581,044                          |
| 42 Special Building Fund                    | 0   | 0  | 0   | 0                                  |
| 43 Capital Reserve Capital Projects Fund    | 405,766                                       | 11,836,989   | 7,781,593   | 4,461,163                          |
| TOTALS                                      | 35,869,190                                    | 88,525,770   | 87,045,600  | 37,349,360                         |
| Proprietary                                 |   |  |   |                                    |
| 51 Food Service Fund                        | 77,716  | 1,670,585  | 1,747,458   | 843                                |
| 50 Other Enterprise Funds                   | 906,116                                       | 155,611  | 102,054   | 959,673                            |
| 64 (63) Risk-Related Activity Fund          | 0   | 0  | 0   | 0                                  |
| 60,65-69 Other Internal Service Funds       | 910,872                                       | 7,453,751  | 7,540,910   | 823,713                            |
| TOTALS                                      | 1,894,705                                     | 9,279,947  | 9,390,422   | 1,784,230                          |
| 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               | 717,297                                       | 1,423,261  | 1,314,877   | 825,681                            |
| 79 GASB 34:Permanent Fund                   | 0   | 0  | 0   | 0                                  |
| 85 Foundations                              | 0   | 0  | 0   | 0                                  |
| TOTALS                                      | 717,297                                       | 1,423,261  | 1,314,877   | 825,681                            |

\*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: fd0910.35c

Program: fdrdh.sqr

File: fd0910.dhc

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