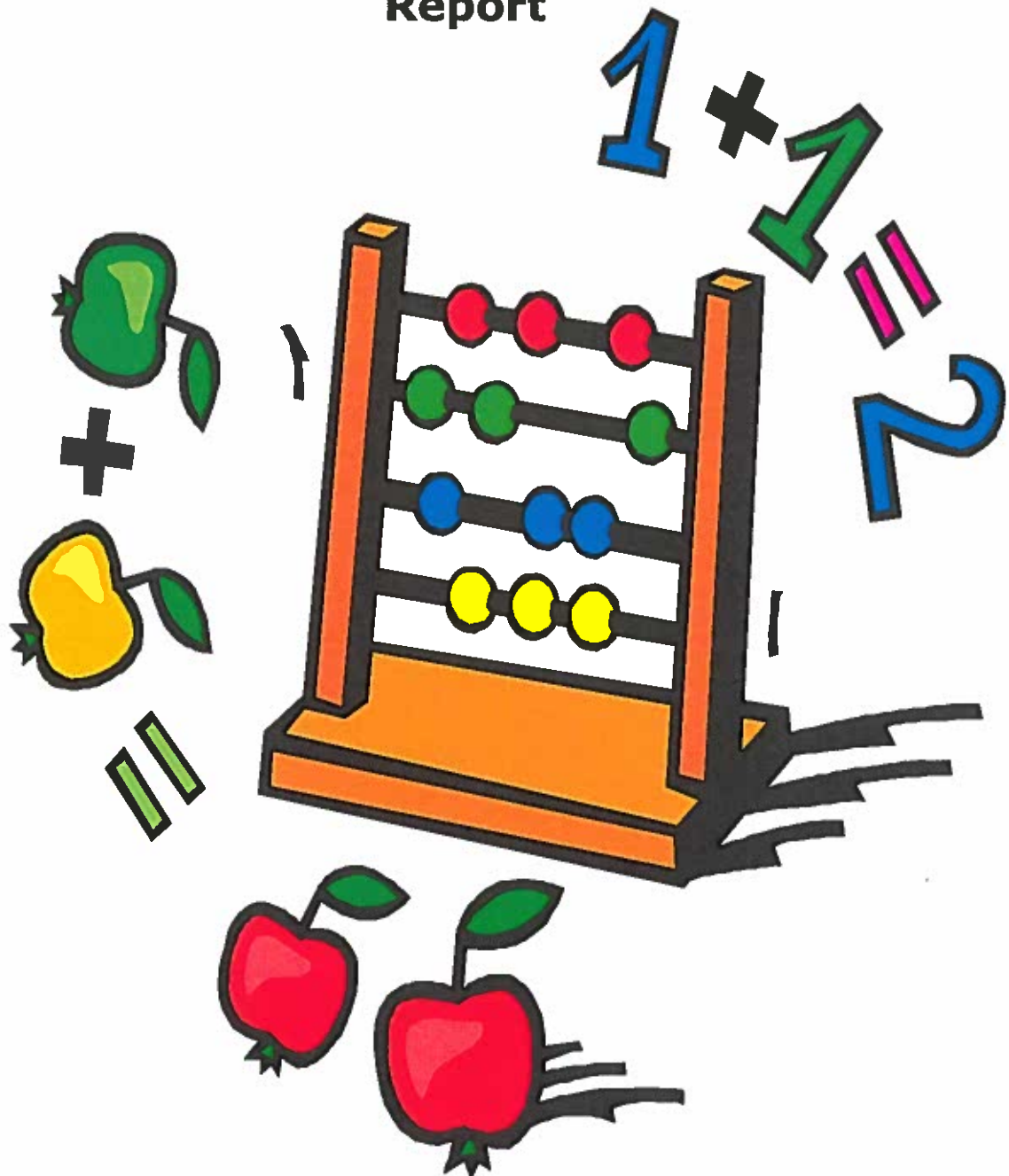


EAGLE COUNTY SCHOOLS

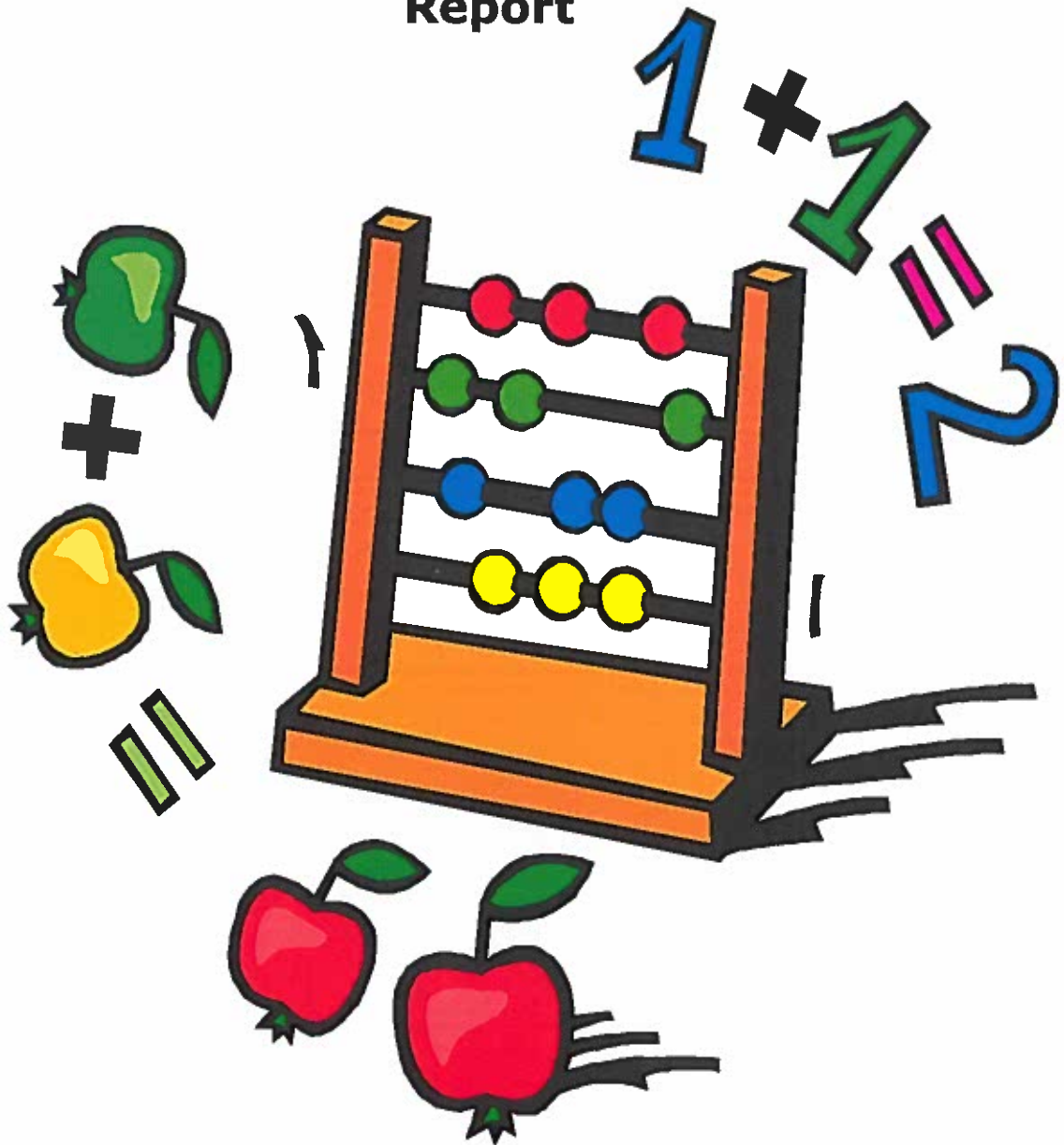
Comprehensive Annual Financial Report



**For the Fiscal Year Ended
June 30, 2008**

EAGLE COUNTY SCHOOLS

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
June 30, 2008**

**Prepared by Business Services
Phil Onofrio, CFO**

**Eagle County Schools
Comprehensive Annual Financial Report
June 30, 2008**

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal.....	i - v
Organizational Chart.....	vi
Principle Officials.....	vii

Financial Section

Independent Auditor's Report.....	A1-A2
Management's Discussion and Analysis	B1- B9
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Assets	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of Governmental Funds to the Statement of Net Assets.....	C4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	C5
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis) – General Fund.....	C7
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis) – General Fund.....	C8
Statement of Net Assets/ Balance Sheet – Proprietary Funds.....	C9
Statement of Revenues, Expenses, and Changes in Fund Net Assets/Equity – Proprietary Funds.....	C10
Statement of Cash Flows – Proprietary Funds.....	C11
Statement of Fiduciary Net Assets – Fiduciary Funds.....	C12
Notes to Basic Financial Statements.....	D1-D21
Supplemental Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	E1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	E2

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis):	
Bond Redemption Debt Service Fund	E3
Designated Purpose Grants Fund	E4
Transportation Fund	E5
Capital Reserve Fund	E6
Food Service Fund	E7
District Housing Fund	E8
Employee Benefit Trust Fund	E9
Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual (GAAP Basis) Fiduciary Funds	
	E10
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule by Source	E11
Capital Assets Used in the Operation of Governmental Funds	E12
Capital Assets Used in the Operation of Governmental Funds	E13
Balance Sheet – Component Units	E14
Statement of Revenues, Expenditures and Changes in Fund Balances – Component Units	
	E15

Statistical Section

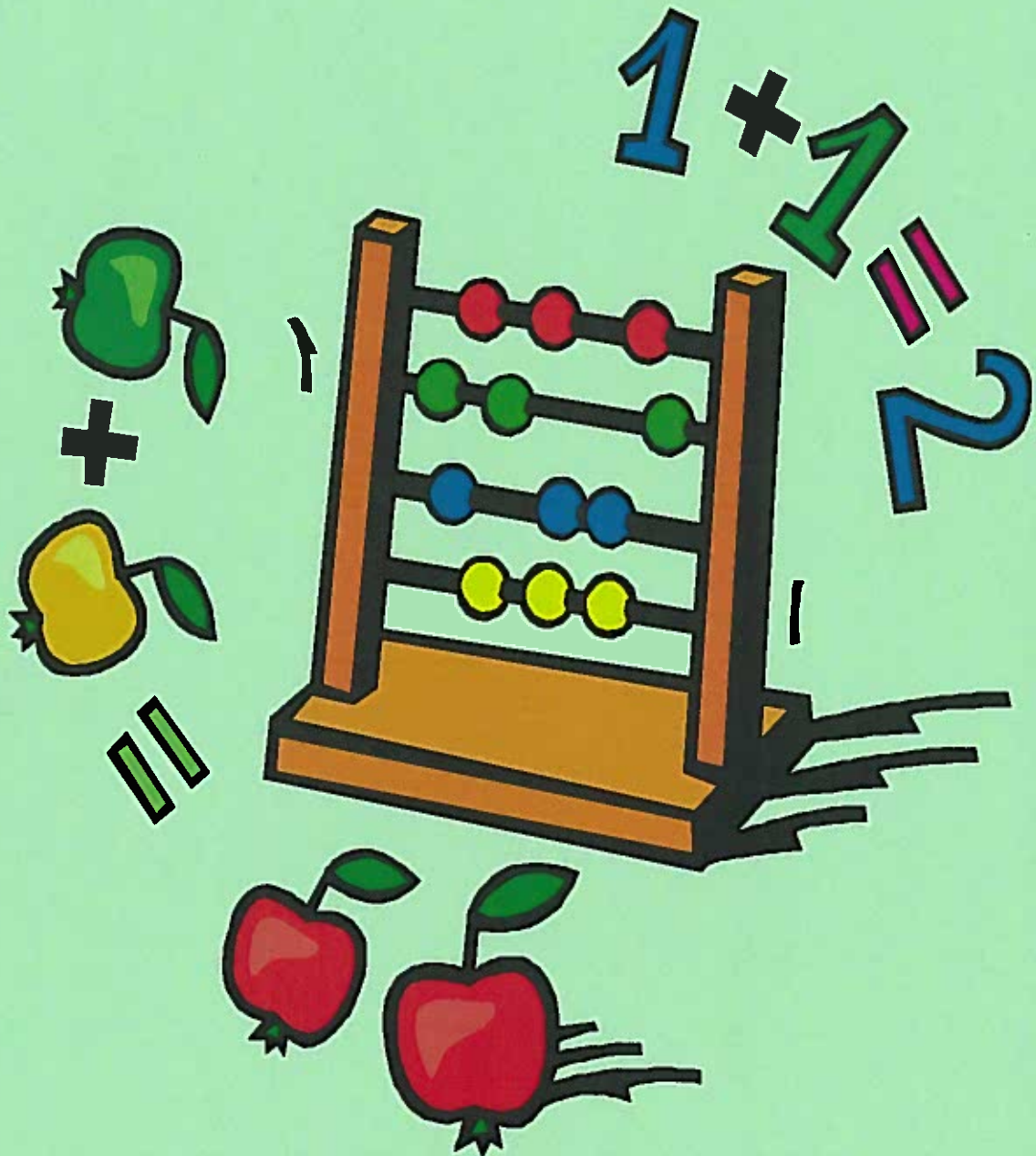
Fund Information:

Net Assets by Component	F1
Changes in Net Assets	F2
Fund Balances, Governmental Funds	F3
Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years	F4
Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years	F5
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	F6
Principal Property Tax Payers	F7
Property Tax Levies and Collections – Last Ten Fiscal Periods	F8
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	F9
Direct and Overlapping Governmental Activities Debt	F10
Legal Debt Margin Information – Last Nine Fiscal Years	F11
Demographic Statistics – Last Ten Fiscal Years	F12
Principal Employers	F13
Operating Statistics	F14
Schedule of Insurance	F15

Statutory Report Section

Single Audit Reports	G1-G6
Schedule of Expenditures of Federal Financial Awards	G7
Colorado Department of Education Requirements	
Electronic Financial Data Integrity Check Figures	G8

EAGLE COUNTY SCHOOLS



Introductory Section



November 19, 2008

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, 2008.

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

The District's financial statements have been audited by McMahan and Associates, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Eagle County Schools for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Eagle County Schools' financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Single Audit – The independent audit of the financial statements of Eagle County Schools was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District’s single audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses or reportable conditions in internal control or material violations of applicable laws, regulation, contracts or grants.

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

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

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

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

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

Profile of the District

Eagle County Schools was formed in 1958 when 15 independent districts were consolidated into a countywide district encompassing the 1,694 square miles of Eagle County, Colorado. The District is located in the western Colorado and the in the central Rocky Mountains. Eagle County Schools is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District operates under an elected Board of Education with seven members. Policy-making and legislative authority are vested in the Board of Education. The Board is responsible, among other things, for adopting policies, appointing committees, adopting the budget, and hiring the

Superintendent. The Superintendent is responsible for carrying out the policies and regulations of the Board, for overseeing the day-to-day operations of the district, and for hiring principals and administrators. The Board is elected on a non-partisan basis at large. Board members serve four-year staggered terms, with four or three Board members elected every two years.

The District provides a full range of educational programs and services authorized by Colorado State Statute to approximately 5,100 students. This includes basic K-12 education in elementary, middle and high schools, special education for handicapped students, English language acquisition, preschool and numerous other programs. The Eagle County Charter Academy functions, in essence, as a school within Eagle County Schools and therefore has been included as an integral part of Eagle County Schools' financial statements. Eagle County Schools also benefits exclusively from the Eagle County Public Education Foundation. Therefore, the Foundation's financial operations have been included as an integral part of these financial statements. Additional information on these two entities can be found in Note I.A in the notes to the financial statements.

The annual budget serves as the foundation for Eagle County Schools' financial planning and control. The Board of Education begins the budget cycle annually in October by reviewing several five-year projections to evaluate the overall financial health of the district. Based upon this review and current financial policies, the Board establishes the facts and assumptions that will be used in the development of the annual budget. The Administrative Team of the district, which consists of all building principals and district office administrators, discusses and reviews the Board direction. This input is then provided to the Board who finalizes their budget guidelines. The Business Services department then converts these guidelines into broad allocations to each school and department. The school or department determines their staffing and budgets to meet the needs of their customers and input for their respective communities within their allocations. The Business Services department then collects this budget detail and compiles the proposed budget. In May, the Superintendent presents this proposed budget to the Board for review. The Board is required to hold public hearings on the budget and to adopt a final budget by no later than June 30, the close of Eagle County Schools' fiscal year. The appropriated budget is prepared by fund, program and department. Principals and department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the approval of the Board of Education. Budget-to-actual comparisons are provided in this report for every fund. For the General Fund, this comparison is presented on page C7 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, this comparison is presented in the governmental fund subsection of this report, which starts on Section E.

Factors Affecting Financial Condition

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

The Colorado School Finance Act was developed in 1988 to bring equity to funding of school districts throughout the State. In 1994, the Act was amended. The Act currently determines the amount of per pupil funding for each district in the state based upon four district factors: base, size, at-risk and cost of living. These factors determine a per pupil dollar amount that is then multiplied by the number of students enrolled on October 1 of the current year. Although the Colorado School Finance Act was implemented with the best intentions, tight state revenues have resulted in the Act, and therefore schools, being under funded for over eighteen years.

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

Enrollment is the second key factor to financing a school district. Eagle County School District's enrollment continues to increase moderately. The District increased 193.5 students or 3.8%. The 2008-09 budget has been prepared forecasting a 3.8% enrollment growth for the next fiscal year.

Major Initiatives

The State of Colorado chose Eagle County Schools, one of six districts, to participate in a pilot program to test strategies and solutions to eliminate achievement gaps, the variation in student achievement between various school populations. "These six districts were selected based on their exceptional leadership capacity their focus on improving student achievement for all students and their commitment to change," said Colorado Commissioner of Education Dwight D. Jones.

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 2007-08 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.

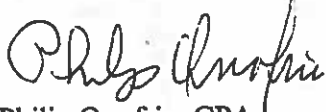
The District is working hard to close the achievement gap between Anglo students and Hispanic students. The District believes that this should begin with early education. As a commitment to closing this achievement gap, 2007-08 provided for a full day kindergarten program throughout the District. This 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.

The District began construction on one new elementary school (June Creek Elementary), a replacement high school for Battle Mountain High School and \$25 million in additions and renovations at Eagle Valley High School, an alternative high school (Red Canyon High School) and several other projects including technology improvements, high efficiency boilers and fire alarms.

ACKNOWLEDGEMENTS

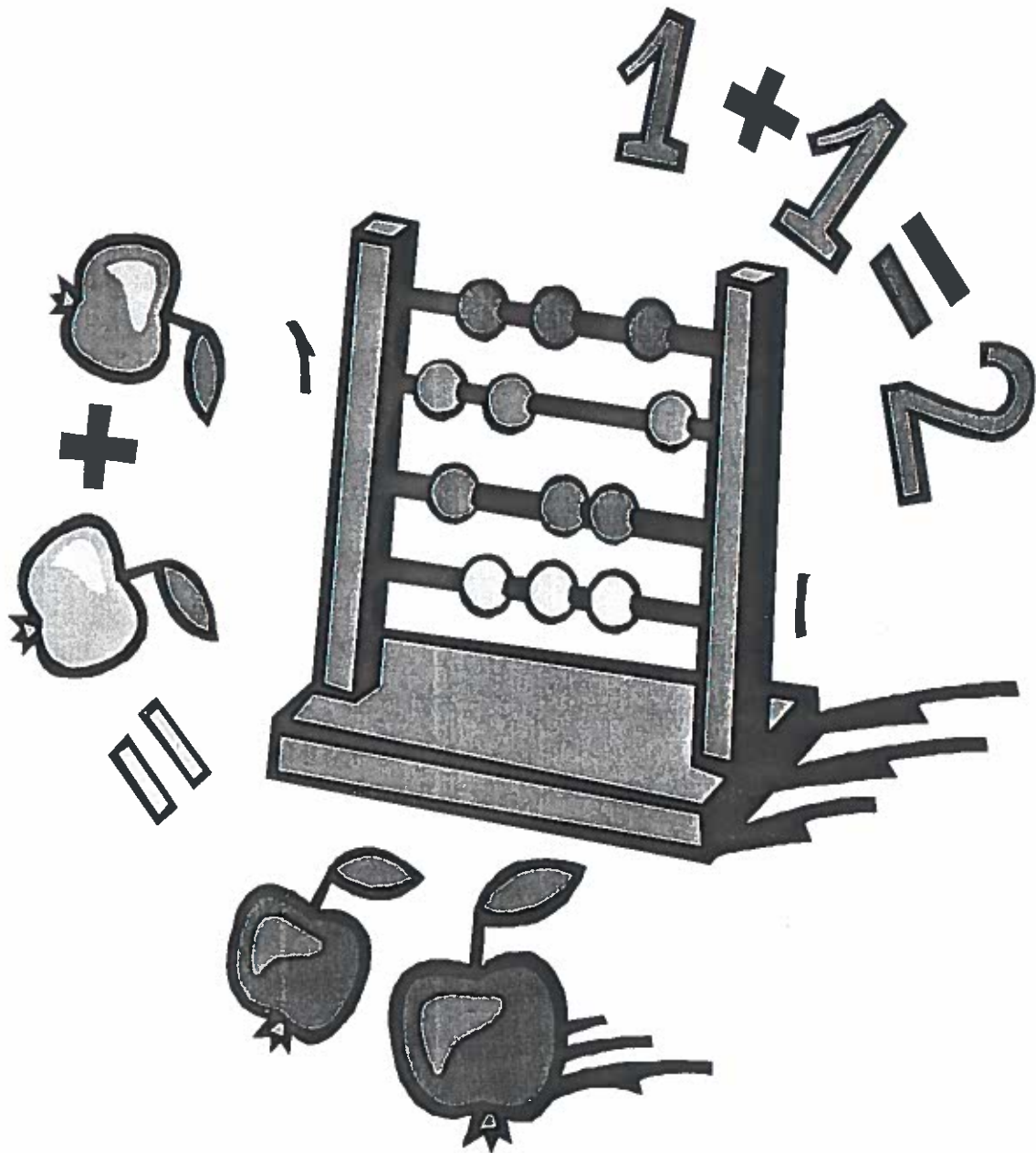
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. 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, appearing to read "Philip Onofrio", is written over the printed name.

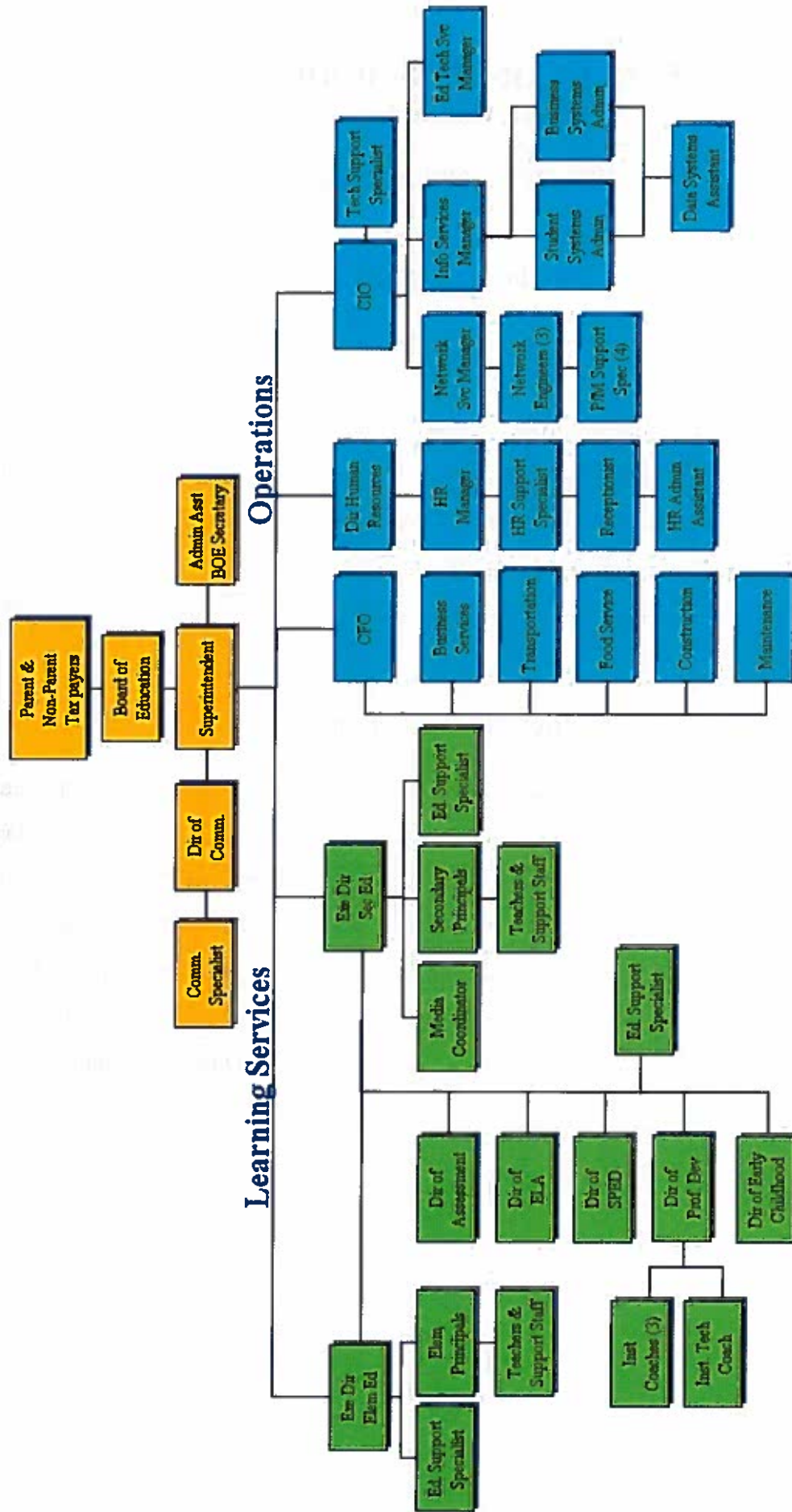
Philip Onofrio, CPA
Chief Financial Officer

EAGLE COUNTY SCHOOLS



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Eagle County Schools Organizational Chart



Revised 9/12/07
Presented to BOE 8/22/07

EAGLE COUNTY SCHOOLS

Eagle, Colorado

PRINCIPAL OFFICIALS

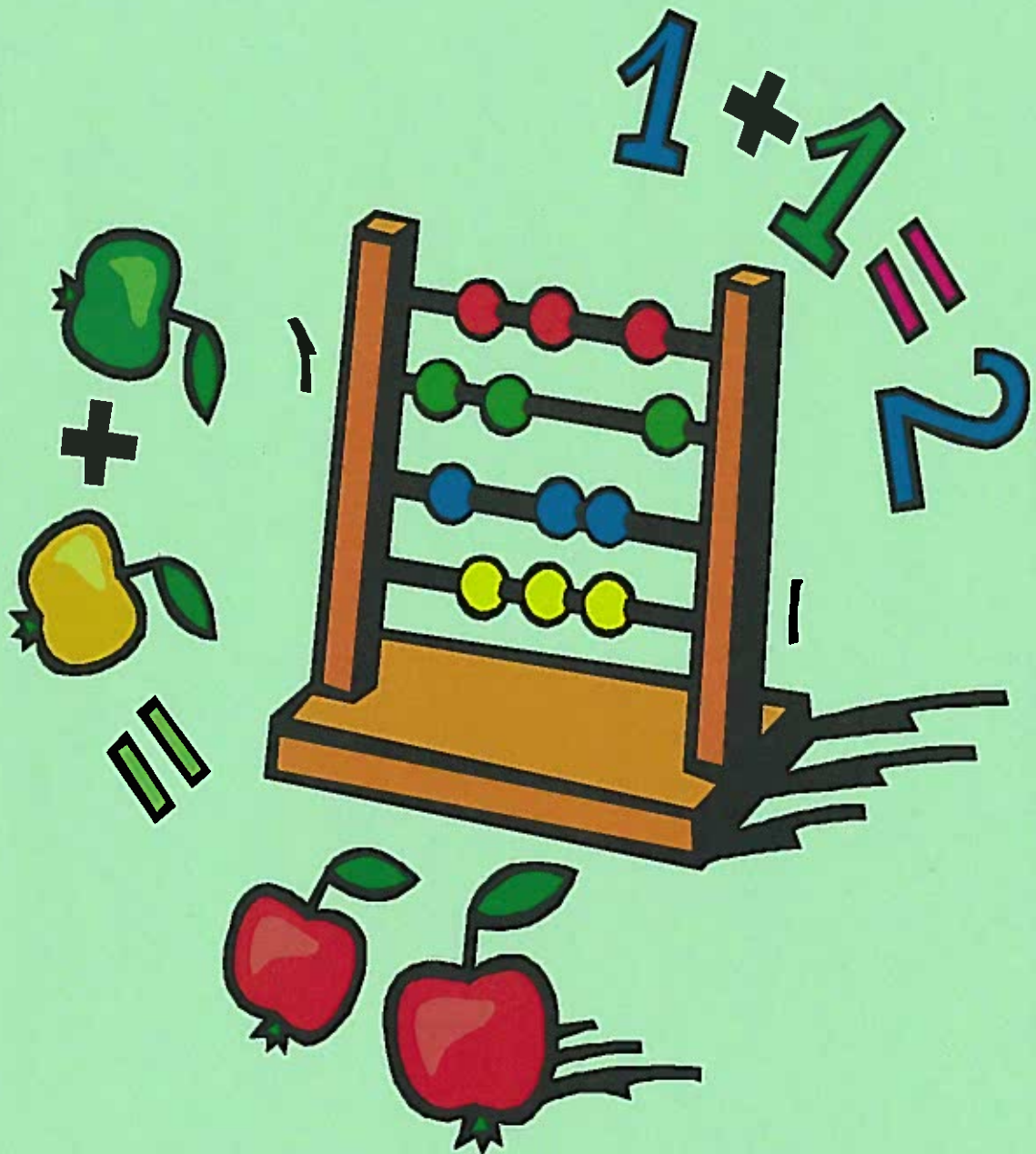
Board of Education

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

District Administration

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

EAGLE COUNTY SCHOOLS



Financial Section



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units and each major fund, and the aggregate remaining fund information of Eagle County Schools, (the "District"), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the New American School, a discretely presented component unit, which represents 55% and 66% of total assets and revenues, respectively, of aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units and each major fund, and the aggregate remaining fund information of Eagle County Schools, as of June 30, 2008, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Performing services for local governments throughout Colorado

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

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

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

**To the Board of Education
Eagle County Schools**

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"). We and the other auditors 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 Discussion and Analysis information and express no opinion on it.

The budgetary fund information is not a required part of the basic financial statements but is supplementary information required by GASB. The budgetary fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

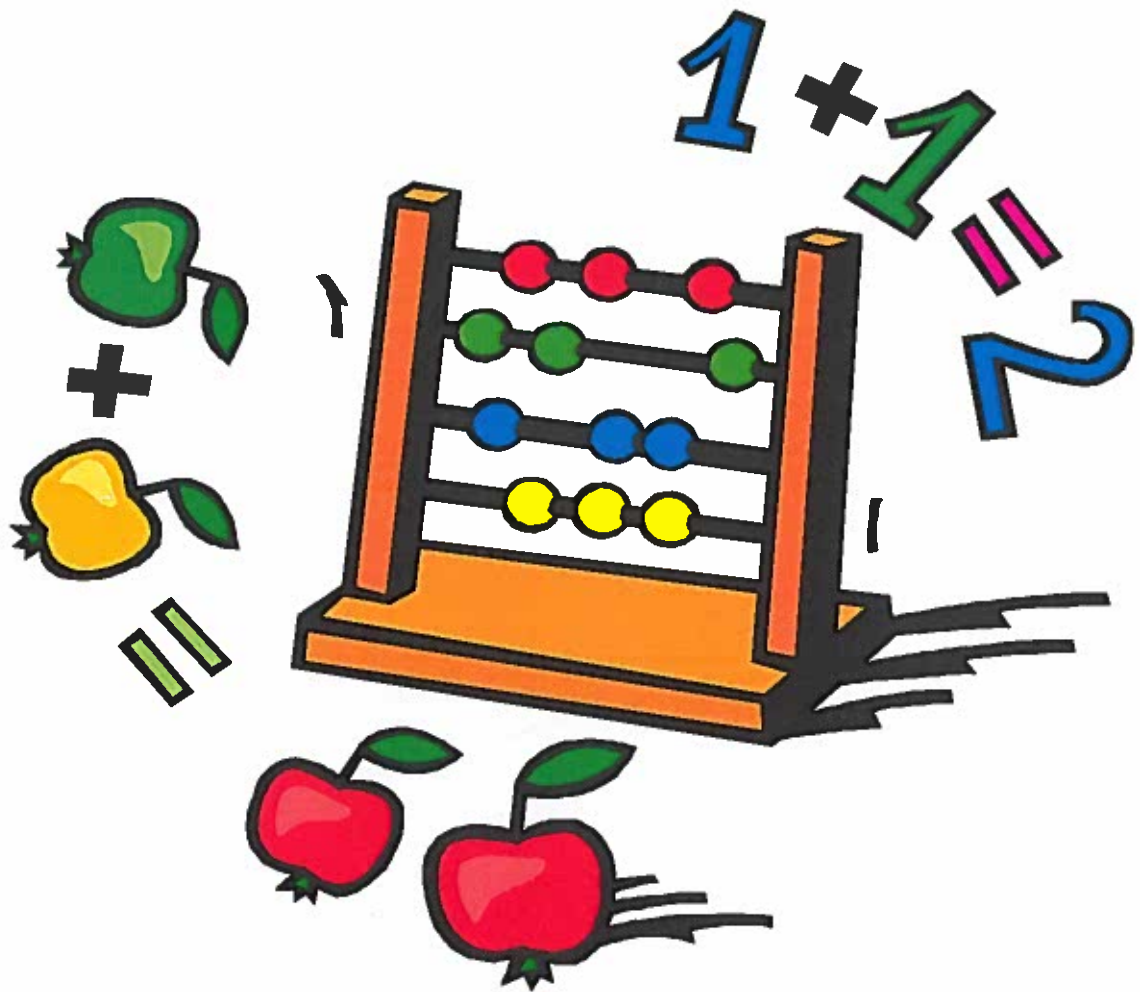
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund budgetary statements, the combining non-major fund financial statements and schedules, statistical section,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

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
December 22, 2008**

EAGLE COUNTY SCHOOLS



Management's Discussion and Analysis

**Eagle County Schools
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2008**

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- ❖ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$47,072,107,
- ❖ The district's total net assets increased by \$4,639,832. As of the close of the current fiscal year, the Eagle County School District's governmental funds reported combined ending fund balances of \$113,951,609, a decrease of \$43,485,024 in comparison with the prior year. The majority of this is a result of expenditures for the construction and remodeling of 2 high schools and one elementary school. \$17,996,760 is available for spending at the District's discretion.
- ❖ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$16,057,919 or 37% percent of total General Fund expenditures.
- ❖ The Eagle County School District general obligation debt decreased by \$6,465,000 to a balance of \$182,640,000. The district currently has three outstanding general obligation bonds from 1999, 2005 and 2007

Overview of the Financial Statements

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

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

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

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

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The two categories reported in the District-wide financial statements are as follows:

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

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

The district-wide financial statements can be found on pages C1-C2 of this report.

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

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

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

Eagle County Schools maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund and debt service fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic major governmental fund financial statements can be found on pages C3-C8.

Proprietary Funds: The District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses enterprise funds to account for its food service and employee housing operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide financial reports for the District's food service fund and the district housing fund, both of which are considered to be major funds of the District.

The basic proprietary fund financial statements can be found on pages C9-C11 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 C12 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 in section D of this report.

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

Immediately following the combining statements and schedules are the statements reporting the District's annual appropriated budgets. These budget reports can be found in section E.

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 \$47,072,107 at the close of the most recent fiscal year.

Net assets invested in capital assets, net of related debt is currently \$25,697,509. 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 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
Assets:						
Current and other assets	135,794,284	170,325,502	222,082	146,232	136,016,366	170,471,734
Deferred charges	1,080,365					
Capital assets	122,995,868	82,247,238	301,072	340,205	123,296,940	82,587,443
Total Assets	259,870,517	252,572,740	523,154	486,437	260,393,671	253,059,177
Liabilities:						
Other liabilities	20,400,390	11,220,631	44,784	30,202	20,445,174	11,250,833
Long-term liabilities	192,869,088	199,368,777	7,302	7,293	192,876,390	199,376,070
Total Liabilities	213,269,478	210,589,408	52,086	37,495	213,321,564	210,626,903
Net Assets (Liabilities):						
Invested in capital assets, net of related debt	25,396,437	12,325,892	301,072	340,205	25,697,509	12,666,097
Restricted	11,561,732	12,264,184	-	-	11,561,732	12,264,184
Unrestricted	9,642,870	17,393,256	169,996	108,737	9,812,866	17,501,993
Total Net Assets	46,601,039	41,983,332	471,068	448,942	47,072,107	42,432,274

A portion of the District's net assets (71%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets \$9,812,866 or 21%) may be used to meet the District's ongoing obligations to its students and creditors.

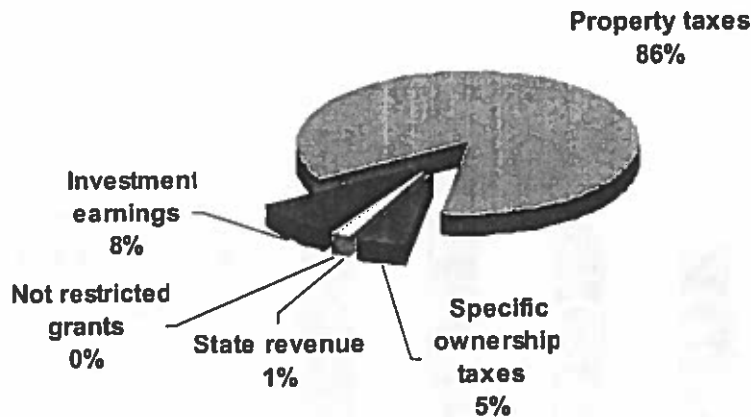
Governmental Activities: Net assets for governmental activities increased by \$4,617,706. Capital asset activity accounted for a majority of this increase. The following table summarizes the District's change in net assets:

Eagle County Schools Changes in Net Assets:

	Governmental Activities		Business-type Activities		Total	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
Revenues:						
Program revenues						
Charges for services	\$ 868,357	\$ 753,254	\$ 1,058,523	\$ 1,040,863	\$ 1,926,880	\$ 1,794,117
Operating grants and contributions	3,935,164	4,390,928	595,868	553,063	4,531,032	4,943,991
Capital grants and contributions	-	54,315	-	15,358	-	69,673
General revenues						
Property taxes	56,017,342	46,732,834	-	-	56,017,342	46,732,834
Specific ownership taxes	3,025,835	2,864,549	-	-	3,025,835	2,864,549
State revenue	892,042	9,091,628	-	-	892,042	9,091,628
Not restricted grants	241,924	-	-	-	241,924	-
Investment earnings	5,045,414	3,994,797	-	-	5,045,414	3,994,797
Other	(280,077)	687,662	-	-	(280,077)	687,662
Total revenues	69,746,001	68,569,967	1,654,391	1,609,284	71,400,392	70,179,251
Expenditures:						
Direct Instruction	31,779,754	27,911,528	-	-	31,779,754	27,911,528
Indirect Instruction	5,382,640	4,698,293	-	-	5,382,640	4,698,293
Transportation	2,324,643	2,247,910	-	-	2,324,643	2,247,910
Custodial maintenance	6,053,478	5,281,807	-	-	6,053,478	5,281,807
Support services	3,588,779	3,140,722	-	-	3,588,779	3,140,722
General administration	6,987,645	5,908,565	-	-	6,987,645	5,908,565
Community service	26,529	101,179	-	-	26,529	101,179
Interest	8,984,827	5,082,286	-	-	8,984,827	5,082,286
Food services	-	-	1,541,759	1,400,582	1,541,759	1,400,582
Employee housing	-	-	90,506	92,091	90,506	92,091
Total expenses	65,128,295	54,372,290	1,632,265	1,492,673	66,760,560	55,864,963
Changes in net assets before transfers	4,617,706	14,197,677	22,126	116,611	4,639,832	14,314,288
Changes in net assets after transfers	4,617,706	14,197,677	22,126	116,611	4,639,832	14,314,288
Net assets - July 1	41,983,333	27,785,655	448,942	332,331	42,432,275	28,117,986
Net assets - June 30	\$46,601,039	\$41,983,332	\$ 471,068	\$ 448,942	\$47,072,107	\$42,432,274

Most school districts operating revenues comes from the School Finance Act of 1994 ("SFA"). Under this act, the District received \$6,896 per funded pupil in fiscal year ended June 30, 2008, and the funded pupil count was 5,290. SFA funding comes from general fund property taxes, specific ownership taxes, and state equalization. The District received 86% of SFA funding from property taxes and specific ownership tax and 21% from the state. Below is a graph that summarizes total revenues by source for governmental activities:

District Governmental Revenues



Business-Type Activities: Business-type activities changed the District's net assets by \$22,123. Key elements of this increase are as follows:

- The food service fund's net assets decreased by \$17,974 as a result of increased food costs.
- The district housing fund's net assets changed by \$ 40,097. The increase was a result of operations in which rental revenue is exceeding direct expenses.

Financial Analysis of the District's Funds

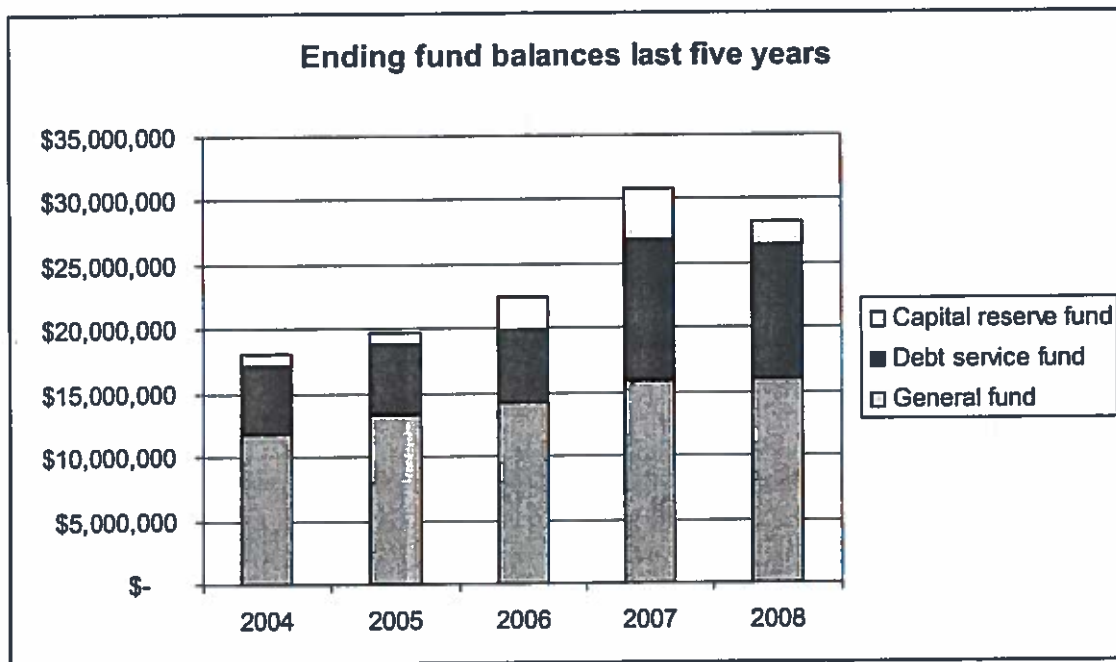
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 113,951,609 , an decrease of \$40,985,699 due to the use of cash in the construction of buildings, from the prior year ending fund balances. Of the remaining decrease of \$2,499,325, \$702,452 is a decrease in the Debt Fund, \$2,024,278 in other governmental funds and an increase of \$227,405 in the General Fund.

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, 2008, the food service fund had net assets of \$89,266 and the district housing fund had net assets of \$381,799.

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 \$ 129,239 . Actual expenditures and other financing uses were \$12,296,988 less than budgeted. These variances caused an increase in the ending fund balance of the general fund of \$227,405. The major reasons for the reduction in expenditures compared to budget are as follows:

- The revenues were in part favorable compared to final budget due to a state required freeze in the mill levy. State revenues came in under budget by a similar amount.
- Expenditures were favorable compared to final budget as a result of small staffing shortages experienced throughout the entire District for teacher salaries.

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

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$ 122,995,868 as of June 30, 2008. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years. The District completed several small capital projects throughout the fiscal year ended 2008. The costs associated with these projects were funded through the Capital Reserve Fund. The District has 114,342,958 construction commitments as of June 30, 2008.

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 D11 of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$182,640,000, representing a net change of \$6,465,000. This decrease is result of principal payments of \$ 6,465,000 made during the fiscal year 2008.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessors Office, or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessors Office. The District's legal bonded debt limit as of June 30, 2008 is \$584,473,764.

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 D14 – D16 of this report.

Economic Factors

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

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

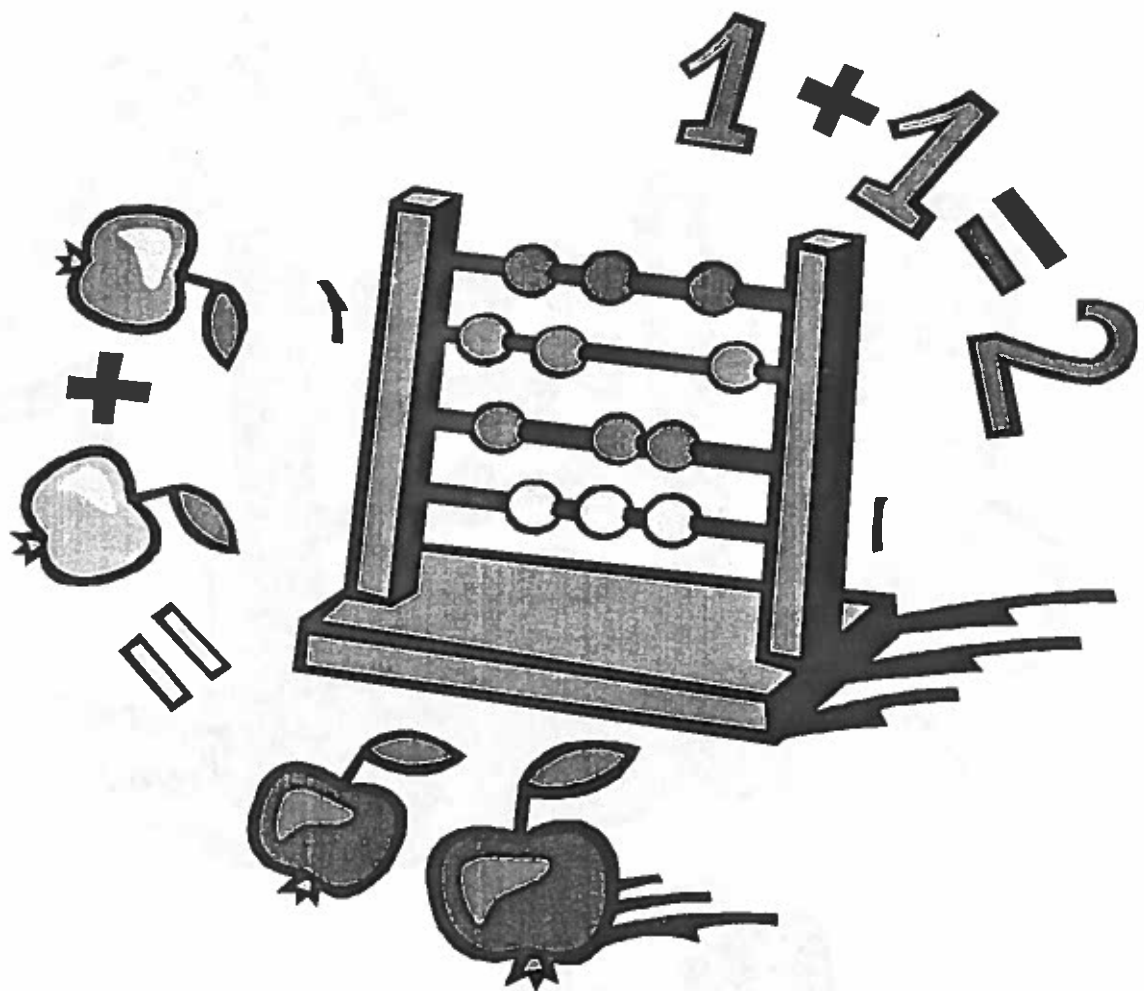
School district finance is also significantly affected by Amendment 23, which was approved by the voters in November, 2000. This state constitutional amendment requires that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning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

The District's total program per pupil funding increased from \$6,656 to \$6,896 for fiscal years June 30, 2007 and June 30, 2008 respectively, representing a 3.6% increase between years. This increase was due to the calendar year 2006 inflation rate of 2.6% plus the 1% increase above inflation required by Amendment 23. The District's funded pupil count increased from 5,096 to 5,290.5 from June 30, 2007 and June 30, 2008, representing a 3.8% increase between years. The District projects a pupil count increase over the next few years as well.

Request for Information

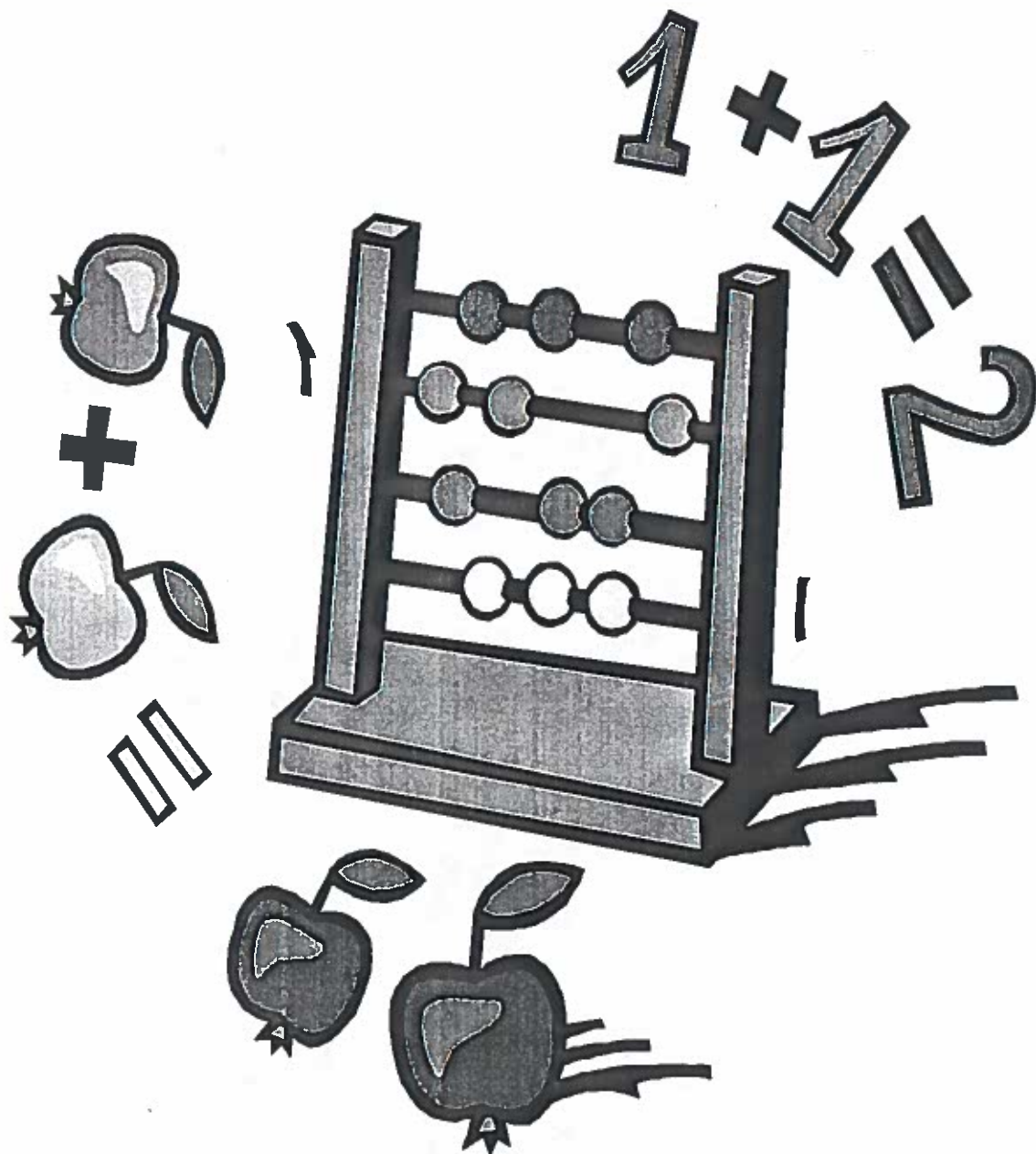
This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Eagle County Schools, Business Services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

EAGLE COUNTY SCHOOLS



BASIC FINANCIAL STATEMENTS

EAGLE COUNTY SCHOOLS



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EAGLE COUNTY SCHOOLS
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit	
	Governmental Activities	Business- type Activities	Total	Eagle County Charter Academy	New American School
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 128,962,728	\$ -	\$ 128,962,728	\$ -	\$ 485
Accounts, taxes, and interest receivable	5,537,295	-	5,537,295	-	45,139
Due from other governments	1,281,837	139,138	1,420,975	-	-
Prepaid expenses	-	25,000	25,000	-	15,675
Internal Balances	12,424	(12,424)	-	305,872	-
Due from Primary government	-	-	-	-	-
Inventory	-	70,368	70,368	-	-
Total current assets	135,794,284	222,082	136,016,366	305,872	61,299
Other assets:					
Deferred charges	1,080,365	-	1,080,365	-	-
Capital assets:					
Land and Buildings	149,271,846	815,274	150,087,120	-	337,253
Equipment and vehicles	10,803,259	613,098	11,416,357	-	6,109
Construction in Progress	39,423,397	-	39,423,397	-	-
Less accumulated depreciation	(76,502,634)	(1,127,300)	(77,629,934)	-	(31,940)
Total capital assets	122,995,868	301,072	123,296,940	-	311,422
Total assets	259,870,517	523,154	260,393,671	305,872	372,721
LIABILITIES					
Current liabilities:					
Accounts, retainage, arbitrage and deposits payable	\$ 12,218,840	\$ 3,799	\$ 12,222,639	-	644,090
Accrued compensation	4,739,403	-	4,739,403	305,872	23,128
Accrued interest	734,745	-	734,745	-	-
Due to Component Unit	305,872	-	305,872	-	-
Payable to fiduciary fund	596,822	-	596,822	-	-
Deferred revenue	1,804,708	40,985	1,845,693	-	-
Total current liabilities:	20,400,390	44,784	20,445,174	305,872	667,218
Noncurrent liabilities:					
Compensated absences	475,272	7,302	482,574	-	-
Bonded debt payable:					
Due within one year	6,150,000	-	6,150,000	-	11,962
Due in more than one year	186,243,816	-	186,243,816	-	2,973
Total noncurrent liabilities	192,869,088	7,302	192,876,390	-	14,935
Total liabilities	213,269,478	52,086	213,321,564	305,872	682,153
NET ASSETS					
Invested in capital assets, net of related debt	25,396,437	301,072	25,697,509	-	308,391
Restricted for:					
TABOR	1,214,800	-	1,214,800	78,000	7,697
Debt service	10,346,932	-	10,346,932	-	-
Unrestricted	9,642,870	169,996	9,812,866	(78,000)	(625,520)
Total net assets	\$ 46,601,039	\$ 471,068	\$ 47,072,107	\$ -	\$ (309,432)

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

EAGLE COUNTY SCHOOLS
Statement of Activities
For the Year Ended June 30, 2008

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities:							
Direct instruction	\$ 31,779,754	\$ 868,203	\$ 3,286,037	\$ -	\$ (27,625,514)	\$ -	\$ (27,625,514)
Indirect instruction	5,382,640	-	118,149	-	(5,264,491)	-	(5,264,491)
Transportation	2,324,643	-	499,046	-	(1,825,597)	-	(1,825,597)
Custodial and maintenance	6,053,478	-	-	-	(6,053,478)	-	(6,053,478)
Support services	3,588,779	-	-	-	(3,588,779)	-	(3,588,779)
General administration	6,987,645	-	-	-	(6,987,645)	-	(6,987,645)
Community service	26,529	154	31,932	-	5,557	-	5,557
Interest expense	8,984,827	-	-	-	(8,984,827)	-	(8,984,827)
Total governmental activities	65,128,295	868,357	3,935,164	-	(60,324,774)	-	(60,324,774)
Business-type Activities:							
Food service	1,541,759	927,920	595,868	-	-	(17,971)	(17,971)
Employee housing	90,506	130,603	-	-	-	40,097	40,097
Total business-type activities	1,632,265	1,058,523	595,868	-	-	22,126	22,126
Total primary government	\$ 66,760,560	\$ 1,926,880	\$ 4,531,032	\$ -	\$ (60,324,774)	\$ 22,126	\$ (60,302,648)
Component Units:							
Eagle County Charter Academy	2,452,627	-	390,764	-	-	(2,061,863)	(2,061,863)
New American School	985,665	-	-	-	-	-	(985,665)
	\$ 3,438,292	\$ -	\$ 390,764	\$ -	\$ -	\$ (2,061,863)	\$ (985,665)
General revenues:							
Property taxes levied for general purposes					40,133,972	-	40,133,972
Property taxes levied for debt service					14,890,456	-	14,890,456
Property taxes levied for transportation					992,914	-	992,914
Specific ownership taxes					3,025,835	-	3,025,835
State revenue					892,042	-	892,042
Grants and contributions not restricted to specific programs					241,924	-	241,924
Interest and investment earnings					5,045,414	-	5,045,414
(Loss) on asset disposition					(280,077)	-	(280,077)
Total general revenues and transfers					64,942,480	-	64,942,480
Change in net assets					4,617,706	22,126	4,639,832
Net assets, beginning					41,983,333	448,942	42,432,275
Net assets, ending					\$ 46,601,039	\$ 471,068	\$ 47,072,107
					\$ -	\$ -	\$ (309,432)

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

EAGLE COUNTY SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2008

ASSETS AND OTHER DEBITS	General Fund	Building Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 23,750,400	\$ 94,794,385	\$ 10,422,222	\$ 8,541	\$ 128,975,548
Accounts, taxes, and interest receivable	2,828,441	-	876,915	64,158	3,769,514
Due from other governments	-	-	-	1,281,837	1,281,837
Due from other funds	3,185,167	-	-	1,938,841	5,124,008
Total assets and other debits	29,764,008	94,794,385	11,299,137	3,293,377	139,150,907
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, retainage, arbitrage and deposits payable	\$ 7,603,582	\$ 3,330,122	\$ -	\$ -	\$ 10,933,704
Due to other funds	-	5,856,346	500,514	1,055,861	7,412,721
Accrued compensation	4,816,569	-	-	231,596	5,048,165
Deferred revenue	1,285,938	-	451,691	67,079	1,804,708
Total liabilities	13,706,089	9,186,468	952,205	1,354,536	25,199,298
Fund balances:					
Reserved for:					
TABOR	1,292,800	-	-	-	1,292,800
Capital projects	-	85,607,917	-	-	85,607,917
Debt service	-	-	10,346,932	-	10,346,932
Unreserved reported in:					
General fund	14,765,119	-	-	-	14,765,119
Capital projects fund	-	-	-	1,938,841	1,938,841
Total fund balances	16,057,919	85,607,917	10,346,932	1,938,841	113,951,609
Total liabilities and fund balances	\$ 29,764,008	\$ 94,794,385	\$ 11,299,137	\$ 3,293,377	\$ 139,150,907

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

EAGLE COUNTY SCHOOLS
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets
June 30, 2008

Governmental Funds Total Fund Balance	\$ 113,951,609
Add:	
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	1,767,782
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	199,498,502
Deferred charges such as bond issuance costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Assets.	1,080,365
An internal service fund is used by the District's management to charge the costs employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	409,248
Less:	
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition	(76,502,634)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of bonded debt payable.	(192,393,816)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences not currently payable.	(475,272)
Interest payable on debt is not recorded on the fund statements but rather is recognized as an expenditure when due. This is the accrued interest on bonded debt that has been incurred but not yet due.	(734,745)
Governmental Activities Net Assets	<u>\$ 46,601,039</u>

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

EAGLE COUNTY SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Building Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property taxes	\$ 37,921,952	\$ -	\$ 14,717,583	\$ 2,516,473	\$ 55,156,008
Specific ownership taxes	2,969,036	-	-	56,799	3,025,835
Federal income	23,768	-	-	2,354,856	2,378,624
State income	1,694,342	-	-	484,575	2,178,917
Interest income	824,559	4,220,855	-	-	5,045,414
Other	1,215,190	63,000	-	101,755	1,379,945
Total revenues	44,648,847	4,283,855	14,717,583	5,514,458	69,164,743
EXPENDITURES					
Current:					
Direct instruction	27,292,648	-	-	1,603,171	28,895,819
Indirect instruction	4,175,605	-	-	723,664	4,899,269
Transportation	149	3,295	-	2,128,996	2,132,440
Custodial and maintenance	5,552,714	9,867	-	13,127	5,575,708
Support services	2,937,089	1,245,481	-	83,831	4,266,401
General administration	3,922,201	47,761	-	(433)	3,969,529
Community service	9,447	-	-	19,947	29,394
Debt Service:					
Principal	-	-	6,465,000	-	6,465,000
Interest	-	-	8,954,135	-	8,954,135
Other	-	-	900	-	900
Capital outlay	-	43,963,150	-	3,559,468	47,522,618
Total expenditures	43,889,853	45,269,554	15,420,035	8,131,771	112,711,213
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	758,994	(40,985,699)	(702,452)	(2,617,313)	(43,546,470)
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	61,446	-	-	-	61,446
Transfers in (out)	(593,035)	-	-	593,035	-
Total other financing sources (uses)	(531,589)	-	-	593,035	61,446
NET CHANGE IN FUND BALANCES	227,405	(40,985,699)	(702,452)	(2,024,278)	(43,485,024)
FUND BALANCES, BEGINNING	15,830,514	126,593,616	11,049,384	3,963,119	157,436,633
FUND BALANCES, ENDING	\$ 16,057,919	\$ 85,607,917	\$ 10,346,932	\$ 1,938,841	\$ 113,951,609

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

EAGLE COUNTY SCHOOLS
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2008

Governmental Funds Changes in Fund Balances	\$ (43,485,024)
Add:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions.	45,895,211
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the deferred property tax recognized in the statement of activities.	861,334
fund financial statements. The government-wide statements show these as a reduction against long-term liabilities.	6,465,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest is recognized as it accrues, regardless of when it is due. This is the amount that accrued interest changed at the end of the year.	22,914
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities.	35,551
Premiums on bonds sold and bond issuance costs is an increase in current available resources on the fund financial statements but in the government wide financial statements the premium is capitalized and amortized over the life of the bonds. This represents the bond premium and cost of issuance less the related amortization.	(53,606)
Accrued compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	22,906
Less:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the depreciation expense for the year, and the loss on asset disposals	(5,146,581)
Governmental Activities Change in Net Assets	<u>\$ 4,617,705</u>

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

EAGLE COUNTY SCHOOLS
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)
REVENUES				
Taxes				
Property taxes	\$ 33,873,393	\$ 33,873,393	\$ 37,921,952	\$ 4,048,559
Specific ownership taxes	2,670,000	2,670,000	2,969,036	299,036
Federal income	22,000	22,000	23,768	1,768
State income	9,330,161	9,330,161	1,694,342	(7,635,819)
Interest income	649,299	649,299	824,559	175,260
Other	1,218,047	1,218,047	1,215,190	(2,857)
Total revenues	<u>47,762,900</u>	<u>47,762,900</u>	<u>44,648,847</u>	<u>(3,114,053)</u>
EXPENDITURES				
Current:				
Direct instruction	27,273,664	27,273,664	27,292,648	(18,984)
Indirect instruction	4,056,692	4,056,692	4,175,605	(118,913)
Custodial and maintenance	5,106,631	5,106,631	5,552,714	(446,083)
Support services	3,016,627	3,016,627	2,937,089	79,538
General administration	3,752,427	3,752,427	3,922,201	(169,774)
Community service	-	-	9,447	(9,447)
Transportation	800	800	149	651
Contingency	3,422,210	3,422,210	-	3,422,210
Total expenditures	<u>46,629,051</u>	<u>46,629,051</u>	<u>43,889,853</u>	<u>2,739,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,133,849</u>	<u>1,133,849</u>	<u>758,994</u>	<u>(374,855)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	10,700	10,700	61,446	50,746
Transfers out	(875,000)	(875,000)	(593,035)	281,965
Total other financing sources (uses)	<u>(864,300)</u>	<u>(864,300)</u>	<u>(531,589)</u>	<u>332,711</u>
NET CHANGE IN FUND BALANCES	<u>269,549</u>	<u>269,549</u>	<u>227,405</u>	<u>(42,144)</u>
FUNDS BALANCES, BEGINNING	<u>10,200,000</u>	<u>10,200,000</u>	<u>15,830,514</u>	<u>5,630,514</u>
FUND BALANCES, ENDING	<u>\$ 10,469,549</u>	<u>\$ 10,469,549</u>	<u>\$ 16,057,919</u>	<u>\$ 5,588,370</u>

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

EAGLE COUNTY SCHOOLS
Building Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)
REVENUES				
Cash in lieu of land	\$ -	\$ -	\$ 63,000	\$ 63,000
Interest income	3,500,000	3,500,000	4,220,855	720,855
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>4,283,855</u>	<u>783,855</u>
EXPENDITURES				
Current:				
Custodial and maintenance	700,000	700,000	9,867	690,133
Support services	2,040,000	2,040,000	1,245,481	794,519
General administration	-	-	47,761	(47,761)
Transportation	-	-	3,295	(3,295)
Capital outlay	60,760,000	60,760,000	43,963,150	16,796,850
Total expenditures	<u>63,500,000</u>	<u>63,500,000</u>	<u>45,269,554</u>	<u>18,230,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(60,000,000)</u>	<u>(60,000,000)</u>	<u>(40,985,699)</u>	<u>19,014,301</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Premium on issuance	-	-	-	-
Bond issuance costs	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(60,000,000)</u>	<u>(60,000,000)</u>	<u>(40,985,699)</u>	<u>19,014,301</u>
FUNDS BALANCES, BEGINNING	<u>120,000,000</u>	<u>120,000,000</u>	<u>126,593,616</u>	<u>6,593,616</u>
FUND BALANCES, ENDING	<u>60,000,000</u>	<u>60,000,000</u>	<u>85,607,917</u>	<u>25,607,917</u>

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

EAGLE COUNTY SCHOOLS
Statement of Fund Net Assets/ Balance Sheet
Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund (Restated)
	Food Service Fund	District Housing Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ (12,821)
Due from other governments	139,138	-	139,138	-
Due from other funds	-	132,959	132,959	1,704,315
Deposits and prepaid expenses	-	25,000	25,000	-
Inventories	70,368	-	70,368	-
Total current assets	209,506	157,959	367,465	1,691,494
Capital assets:				
Equipment	613,098	815,274	1,428,372	-
Less accumulated depreciation	(540,154)	(587,146)	(1,127,300)	-
Total capital assets	72,944	228,128	301,072	-
Total assets	282,450	386,087	668,537	1,691,494
LIABILITIES				
Current liabilities:				
Accounts and deposits payable	\$ -	\$ 3,799	\$ 3,799	1,082,202
Due to other funds	145,383	-	145,383	-
Accrued salaries, benefits and compensated absences	6,814	488	7,302	200,043
Deferred commodities	40,985	-	40,985	-
Total current liabilities	193,182	4,287	197,469	1,282,245
NET ASSETS				
Invested in capital assets, net of related debt	72,944	228,128	301,072	-
Unrestricted	16,322	153,671	169,996	409,248
Total net assets	\$ 89,266	\$ 381,799	\$ 471,068	\$ 409,248

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

EAGLE COUNTY SCHOOLS
Statement of Revenues, Expenses, and Changes in Fund Net Assets/ Equity
Proprietary Funds
For the Year Ended June 30, 2008

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service Fund	District Housing Fund	Total	
OPERATING REVENUES				
Food and Ala carte sales	\$ 927,920	\$ -	\$ 927,920	\$ -
Rental income	-	130,603	130,603	-
Insurance premiums	-	-	-	4,449,453
Total operating revenues	<u>927,920</u>	<u>130,603</u>	<u>1,058,523</u>	<u>4,449,453</u>
OPERATING EXPENSES				
Salaries and employee benefits	\$ 798,425	\$ 23,033	\$ 821,458	\$ -
Purchased services	17,430	40,346	57,776	-
Supplies	50,580	379	50,959	-
Food costs:				
Purchased food	582,176	-	582,176	-
Donated commodities	71,033	-	71,033	-
Depreciation	12,385	26,748	39,133	-
Claim losses	-	-	-	3,767,076
Premiums paid	-	-	-	272,806
Dues and fees	-	-	-	374,020
Property	9,731	-	9,731	-
Total operating expenses	<u>1,541,760</u>	<u>90,506</u>	<u>1,632,266</u>	<u>4,413,902</u>
OPERATING INCOME (LOSS)	<u>(613,840)</u>	<u>40,097</u>	<u>(573,743)</u>	<u>35,551</u>
NONOPERATING REVENUES				
Federal aid:				
Federal government lunch reimbursement	515,264	-	515,264	-
USDA commodity contribution	67,185	-	67,185	-
State reimbursement	13,417	-	13,417	-
Total nonoperating revenues	<u>595,866</u>	<u>-</u>	<u>595,866</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(17,974)</u>	<u>40,097</u>	<u>22,123</u>	<u>35,551</u>
TOTAL NET ASSETS - BEGINNING	<u>107,240</u>	<u>341,702</u>	<u>448,942</u>	<u>373,697</u>
TOTAL NET ASSETS - ENDING	<u>\$ 89,266</u>	<u>\$ 381,799</u>	<u>\$ 471,065</u>	<u>\$ 409,248</u>

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

EAGLE COUNTY SCHOOLS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service Fund	District Housing Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 927,920	\$ 130,603	\$ 1,058,523	\$ 4,449,452
Payments to employees	(798,215)	(23,235)	(821,450)	-
Payments to vendors	(675,604)	(66,770)	(742,374)	(4,224,340)
Net cash provided (used) by operating activities	(545,899)	40,598	(505,301)	225,112
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	75,296	(40,598)	34,698	(284,990)
Federal reimbursements	470,603	-	470,603	-
Net cash provided (used) by noncapital financing activities	545,899	(40,598)	505,301	(284,990)
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	(59,878)
Cash and Cash Equivalents - July 1	-	-	-	47,057
Cash and Cash Equivalents - June 30	\$ -	\$ -	\$ -	\$ (12,821)
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (613,840)	\$ 40,097	\$ (573,743)	\$ 35,551
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	12,385	26,748	39,133	-
Donated commodities	71,035	-	71,035	-
(Increase) decrease in inventory	(15,689)	-	(15,689)	-
Increase (decrease) in deposits	-	(26,045)	(26,045)	-
Increase (decrease) in accrued compensation	210	(202)	8	189,561
Total adjustments	67,941	501	68,442	189,561
Net cash used for operating activities	\$ (545,899)	\$ 40,598	\$ (505,301)	\$ 225,112
Schedule of Noncash Transactions:				
Donated commodities acquired from USDA	\$ 71,033	\$ -	\$ -	\$ -
Donated commodities used	(71,033)	-	-	-
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ -	\$ -

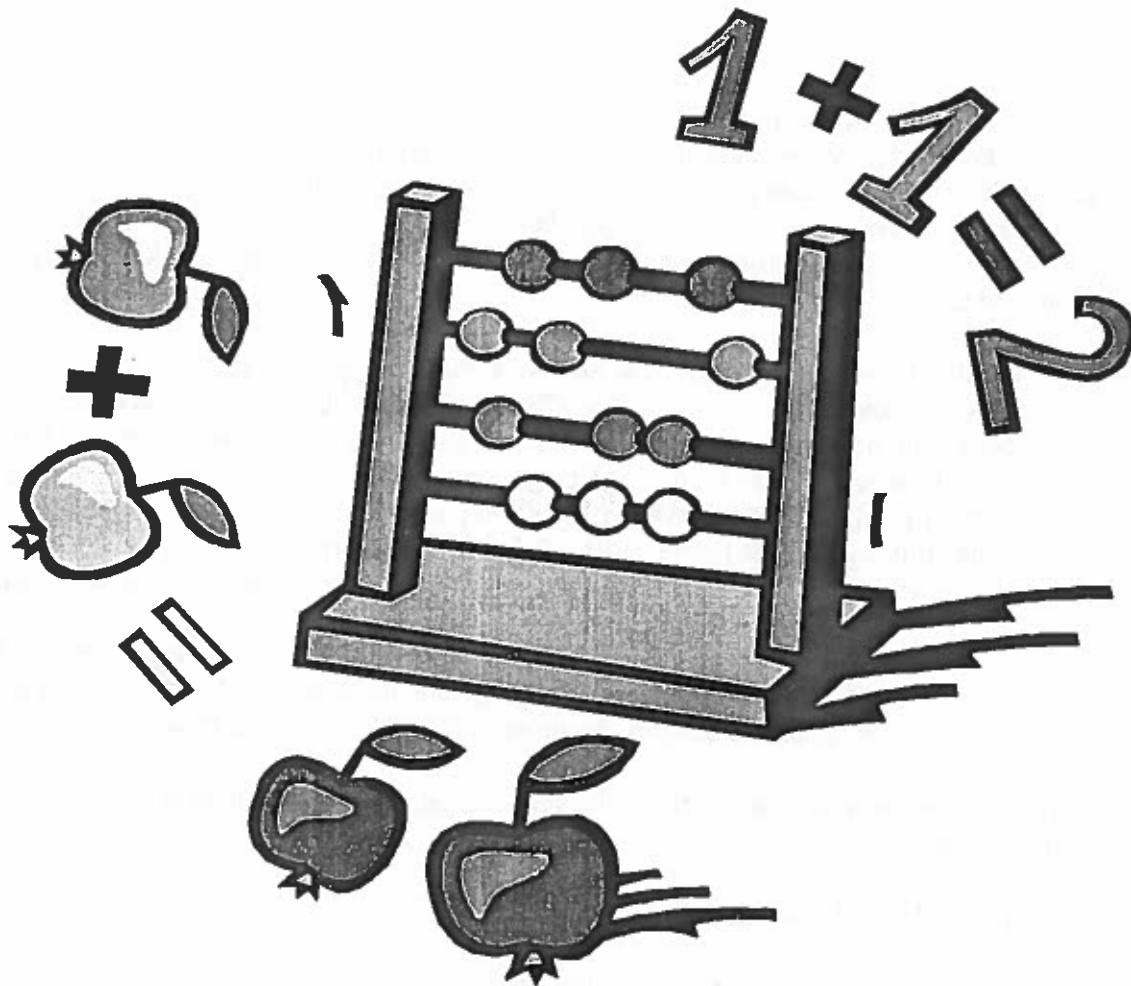
The notes to the basic financial statements are an integral part of this statement.

EAGLE COUNTY SCHOOLS
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2008

	Student Activity Fund
ASSETS	
Cash and cash equivalents	\$ 82,086
Due from other funds	<u>596,822</u>
 Total assets	 <u><u>678,908</u></u>
 LIABILITIES	
Due to student activities and other organizations	 <u><u>\$ 678,908</u></u>

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

EAGLE COUNTY SCHOOLS



NOTES TO BASIC FINANCIAL STATEMENTS

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Eagle County Schools (the "District") was formed in 1958 when 16 independent districts were consolidated into a county wide district. The District operates under an elected Board of Education with seven members and provides educational services to approximately 5,000 students. The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Discretely Presented Component Units. The State of Colorado Legislature in 1993 enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30-101." This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act Revenues and from revenues generated by the Charter Schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the District must approve all Charter School applications and budgets.

The Eagle County Charter Academy and New American School – Eagle are included in the District's reporting entity because of the District may impose its will upon the schools. Both the Eagle County Charter Academy and New American School – Eagle are 501(c)(3) Non-profit Corporations.

Seperate financial statements for each individual component unit may be obtained at the District's administrative offices.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The District reports the following major governmental funds:

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

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

The District reports the following major proprietary funds:

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

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

Additionally, the District reports the following fund types:

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

The *fiduciary fund* accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Directors.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the *food service fund* and *district housing fund* are charges to customers for sales or rent. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents

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

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

2. Receivables and Payables

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

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

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

Property taxes levied in 2007 but not yet collected in 2008 are identified as property taxes receivable and deferred revenues at June 30, 2008, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include property, vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

5. Compensated Absences

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

Long-Term Obligations

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

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

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

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

8. Fund Equity

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

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

Due from other funds – governmental funds	\$ 5,720,830
Due to other funds – governmental funds	(7,412,721)
Elimination of internal service interfund activity	1,704,315
District-wide internal balances	<u>\$ 12,424</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$100,000 of the District's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The deposits and investments held by the District at June 30, 2008, are as follows:

Type	Standard and Poors Rating	Fair Value	Maturities (Years)	
			Less Than One year	Less Than Five Years
Deposits:				
Petty Cash	Not rated	4,791	\$ -	\$ -
Cash with County Treasurer	Not rated	95,367,595	-	-
Checking Accounts	Not rated	(3,321,768)	-	-
Investments:				
Investment Pool	AAAm	36,912,110	36,912,110	-
Total		\$ 128,962,728	\$ 36,912,110	\$ -

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

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

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

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

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

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

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

B. Accounts and Taxes Receivable

Receivable at June 30, 2008 for the District's individual major funds and nonmajor, internal service, and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Fund	Accounts	Property Taxes	Other Receivables	Total Receivable
General fund	\$ 324,500	\$ 2,496,616	\$ 7,325	\$ 2,828,441
Debt service fund	-	876,915	-	876,915
Non-major and ISF	-	58,540	5,618	64,158
Total receivables	\$ 324,500	\$ 3,432,071	\$ 12,943	\$ 3,769,514

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

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

Fund	Deferred Revenue	Deferred Property Taxes	Total Deferred Revenue
General fund	\$ -	\$ 1,285,938	\$ 1,285,938
Debt service fund	-	451,691	451,691
Non-major funds	36,926	30,153	67,079
Total deferred revenue	\$ 36,926	\$ 1,767,782	\$ 1,804,708

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

C. Capital Assets

Governmental Activities: Capital asset activity for the year ended June 30, 2008 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 2,636,256	\$ 36,787,141	\$ -	\$ 39,423,39
Capital assets being depreciated:				
Building	142,617,935	7,436,521	(782,610)	149,271,84
Equipment and vehicles	9,454,565	1,671,549	(322,855)	10,803,25
Total capital assets being depreciated	<u>\$ 154,708,756</u>	<u>\$ 45,895,211</u>	<u>\$ (1,105,465)</u>	<u>\$ 199,498,50</u>
Less accumulated depreciation for:				
Building	(67,333,741)	(3,646,887)	463,415	(70,517,21
Equipment and vehicles	(5,127,777)	(1,158,171)	300,527	(5,985,42
Total accumulated depreciation	<u>(72,461,518)</u>	<u>(4,805,058)</u>	<u>763,942</u>	<u>(76,502,63</u>
Total capital assets, net	<u>\$ 82,247,238</u>	<u>\$ 41,090,153</u>	<u>\$ (341,523)</u>	<u>\$ 122,995,86</u>

Business-type Activities:

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

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Total capital assets being depreciated	\$ 1,428,373	\$ -	\$ -	\$ 1,428,37
Less: accumulated depreciation	(1,088,167)	(39,133)		(1,127,30
Total capital assets, net	<u>\$ 340,206</u>	<u>\$ (39,133)</u>	<u>\$ -</u>	<u>\$ 301,07</u>

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

Discretely Presented Component Units:

A summary of changes in the Discretely Presented Component Units capital assets is as follows:

New American School	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Leasehold improvements	\$ -	\$ 337,253	\$ -	\$ 337,25
Vehicles	-	6,109	-	6,10
Total capital assets being depreciated	-	343,362	-	343,36
Leasehold improvements	-	(31,227)	-	(31,22
Vehicles	-	(713)	-	(71
Less: accumulated depreciation	-	(31,940)	-	(31,94
Total capital assets, net	\$ -	\$ 311,422	\$ -	\$ 311,42

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

Governmental activities:

Direct instruction	\$ 2,883,035
Indirect instruction	480,506
Transportation	192,202
Custodial and maintenance	480,506
Support services	288,303
General administration	480,506
Community service	-
Total depreciation expense - governmental activities	<u>\$ 4,805,058</u>

Business-type activities:

Food service	\$ 12,385
Employee housing	26,748
Total depreciation expense - business-type activities	<u>\$ 39,133</u>

D. Construction Commitments

During the fiscal year ended June 30, 2007, the District issued \$128,370,000 in general obligation bonds to help construct new buildings and repair existing schools. The District has active construction contracts as of June 30, 2008. At year end the District's commitment with contractors totaled \$114,342,958. The District anticipates entering into additional contracts after year end.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

E. Interfund Receivables, Payables and Transfers

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

The composition of interfund balances as of June 30, 2008, is as follows:

<u>Due to/from other funds:</u>	<u>Receivable</u>	<u>Payables</u>
General fund	\$ 3,185,167	\$ -
Debt service fund	-	(500,514)
Building fund	-	(5,856,346)
Non-major governmental funds	1,938,841	(1,055,861)
Food service fund	-	(145,383)
District housing fund	132,959	-
Internal service fund	1,704,315	-
Fiduciary Fund	596,822	-
	<u>\$ 7,558,104</u>	<u>\$ (7,558,104)</u>

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

For the year ended June 30, 2008, the District made the following transfer to fulfill the *general fund's* commitment to help offset operational cost:

	<u>Transfers In (Out)</u>
General fund	\$ (593,035)
Non-major governmental funds	593,035
Total	<u>\$ -</u>

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

F. Long-Term Debt

General Obligation Bonds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both the governmental and business-type activities.

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

\$128,370,000 2007 Series General Obligation Bonds due in semi-annual installments with annual payments of \$2,475,000 to \$14,330,000 through December 1, 2027. Interest rate: 4.5% to 5.0%.		\$125,895,000
\$33,870,000 2005 Series Refunding Bonds due in semi-annual installments with annual payments of \$828,173 to \$4,606,875 through December 1, 2018. Interest rate: 3.5% to 4.75%		\$33,705,000
\$68,790,195 1999 Series Refunding Bonds due in semi-annual installments with annual payments of \$313,465 to \$6,565,000 through December 1, 2018. Interest rate: 3.0% to 5.3%		<u>\$23,040,000</u>
Total		<u>\$182,640,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008 - 2009	\$ 6,150,000	\$ 8,684,794	\$ 14,834,794
2009 - 2010	6,425,000	8,406,602	14,831,602
2010 - 2011	6,765,000	8,127,093	14,892,093
2011 - 2012	7,025,000	7,857,763	14,882,763
2012 - 2013	7,290,000	7,554,185	14,844,185
2013 - 2018	42,065,000	32,032,328	74,097,328
2018 - 2023	53,565,000	20,286,560	73,851,560
2023 - 2028	53,355,000	5,498,375	58,853,375
Totals	<u>\$ 182,640,000</u>	<u>\$ 98,447,700</u>	<u>\$ 281,087,700</u>

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

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

		Outstanding Principal Balance as of
<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>June 30, 2008</u>
General Obligation Bonds	10/1/1994	\$ 14,145,000
General Obligation Bonds	4/19/1999	34,640,000

Changes in General Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	189,105,000	\$ -	\$ (6,465,000)	\$182,640,000	\$ 6,150,000
Unamortized premium and deferred amount on refunding	9,765,598	-	(11,782)	9,753,816	-
Compensated absences	498,179	-	(22,907)	475,272	190,109
Governmental activity long-term liabilities	<u>\$ 199,368,777</u>	<u>\$ -</u>	<u>\$ (6,499,689)</u>	<u>\$192,869,088</u>	<u>\$ 6,340,109</u>
Business-type activities:					
Compensated absences	7,293	\$ 9	\$ -	\$ 7,302	\$ -
Business-type activity long-term liabilities	<u>\$ 7,293</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 7,302</u>	<u>\$ -</u>

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

Discretely Presented Component Units:

A summary of changes in the New American School's capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Note Payable	-	\$ 6,109	\$ (3,078)	\$ 3,031	\$ 3,031
Compensated absences	-	11,904	-	11,904	8,931
Governmental activity long-term liabilities	<u>\$ -</u>	<u>\$ 18,013</u>	<u>\$ (3,078)</u>	<u>\$ 14,935</u>	<u>\$ 11,962</u>

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

V. OTHER INFORMATION

A. Risk Management

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

Liability and Property. On January 1, 1988, the District joined the Colorado School Districts Self Insurance Pool. The Pool covers all insurance risks except for Worker's Compensation. The District's annual premium for June 30, 2008 was \$185,346 plus or minus any dividends during the year. Claim levels of the Pool may affect the District's premiums in future years. The District did not receive dividends during the year ended June 30, 2008.

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

Employee Health Care. The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The premiums to be deposited to the Employee Benefit Trust Fund are recorded as expenses in the funds of the District that have employees. The District provides full payment for single employee coverage with the additional premium required for family coverage to be paid by the employee. The plan provides for the District's trust fund to pay all allowable health expenses up to \$75,000 annually, for each insured, with all claims for each insured in excess of \$75,000 insured by a "stop-loss" insurance policy. The District does not obtained aggregate overall annual stop-loss insurance. Claim payments are based specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any.

Unpaid claims at year end include all allocated claims adjustment expenditures. Claims the have been incurred but not reported ("IBNR") are reported as a reservation of governmental activities' fund balance. Changes in the balances of unpaid claims during the past two years are as follows:

	Year ended 6/30/08	Year ended 6/30/07
Unpaid claims, beginning of fiscal year	\$ -	-
Incurred claims (excluding IBNRs)	3,767,076	3,621,632
Claim Payments	(3,767,076)	(3,621,632)
Unpaid claims, end of fiscal year	<u>-</u>	<u>-</u>

B. Jointly Governed Organization - BOCES

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

The Board of the BOCES consists of one member of the board of education of each participating district. Each district has equal voting rights in the decisions of the BOCES. The BOCES has issued its own audited financial statements for the year ended June 30, 2008, the latest available data. The following summary information is presented:

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

For a complete audit report please contact Mountain BOCES at 1713 Mount Lincoln Drive West, Leadville, CO 80461.

C. Contingencies

Claims. During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2008.

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

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% of adjusted revenue. The District has reserved a portion of its June 30, 2008 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$1,214,800, which is approximately 3% of the fiscal year spending at June 30, 2008.

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

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

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

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

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

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

D. Defined Benefit Pension Plan

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

Funding Policy: Plan members and the District are required to contribute to the CSSDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0%. The contribution rate for the District was 11.15% for the period of July 1, 2007 through December 31, 2007. Beginning January 1, 2008 through June 30, 2008, the District's contribution rate was set at 12.05%. A portion of the District's contribution (1.10% of covered salary) is allocated for the Health Care Trust Fund (See subsequent note). The District's contributions to CSSDTF for the years ending June 30, 2008, 2007, and 2006 were \$4,056,565, \$2,926,040, and \$2,695,655 respectively, equal to their required contributions for each year.

E. Postemployment Healthcare Benefits

Plan Description. The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Colorado Statutes assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy. The District is required to contribute at a rate of 1.10% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established by state statutes. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's contributions to HCTF for the years ending June 30, 2008, 2007, and 2006 were \$480,224, \$526,173, and \$318,857, respectively, equal to their required contributions for each year.

Eagle County Schools
Notes to the Basic Financial Statements
June 30, 2008

F. Defined Contribution Pension Plan

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

Funding Policy. The 401(k) Plan is funded by voluntary member contributions of up to 23% of covered salary to a maximum limit set by the IRS (\$15,000 in 2006 and \$14,000 in 2005). Beginning January 1, 2002, an employer match was legislated which would match 100% of a member's eligible tax-deferred retirement program contribution limited by 3.0% per payroll of the PERA includable salary. This rate could be reduced by 1% by the PERA Trustees in years that PERA is not fully funded. On January 1, 2003, the match was reduced from 3% to 2%. On May 31, 2004, the match was eliminated. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the Colorado Revised Statutes, as amended. The 401(k) Plan member contributions from the District for the year ended June 30, 2008 and 2007 were \$598,443 and \$921,404, respectively. The District did not make any contributions for the years ended June 30, 2008 and 2007.

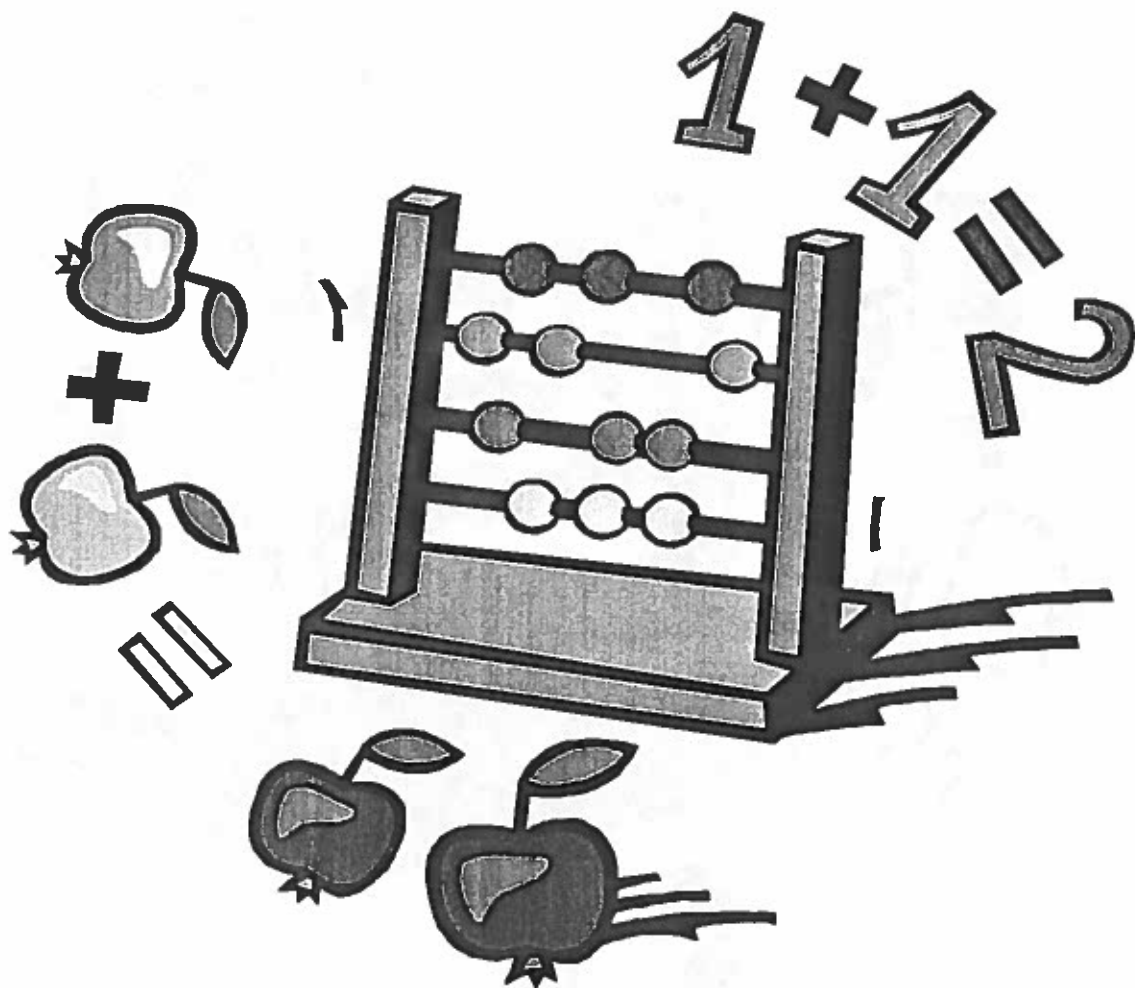
G. Compliance with State Statutes – Budgeting

For fiscal year 2008, expenditures in the District's Capital Reserve Fund, Food Service Fund, Employee Benefit Trust Fund, and Student Activity Fund exceeded budgeted appropriations by \$609, \$2,979,469, \$119,360, \$538,902, and \$395,055 respectively. This may be a violation of Colorado State statutes.

H. Credit Facilities

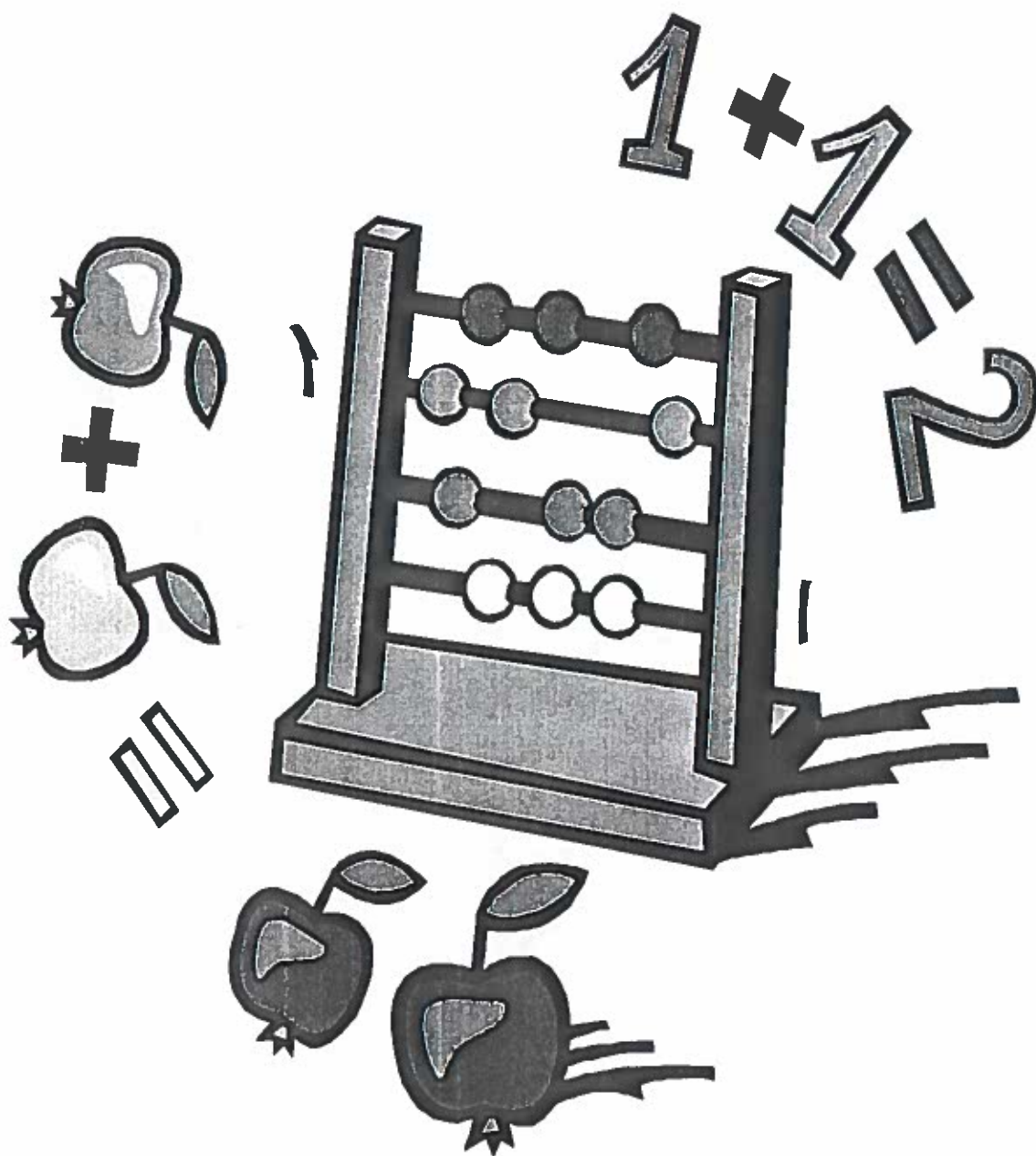
The District on March 28, 2008 entered into an agreement with Wells Fargo for a \$1,000,000 line of credit. The agreement requires monthly payments and matures on March 25, 2009. Initial interest is set at 4.654% with an adjustment thereafter to the London Interbank Offered Rate ("LIBOR"). The District did not draw on the line during the fiscal year.

EAGLE COUNTY SCHOOLS



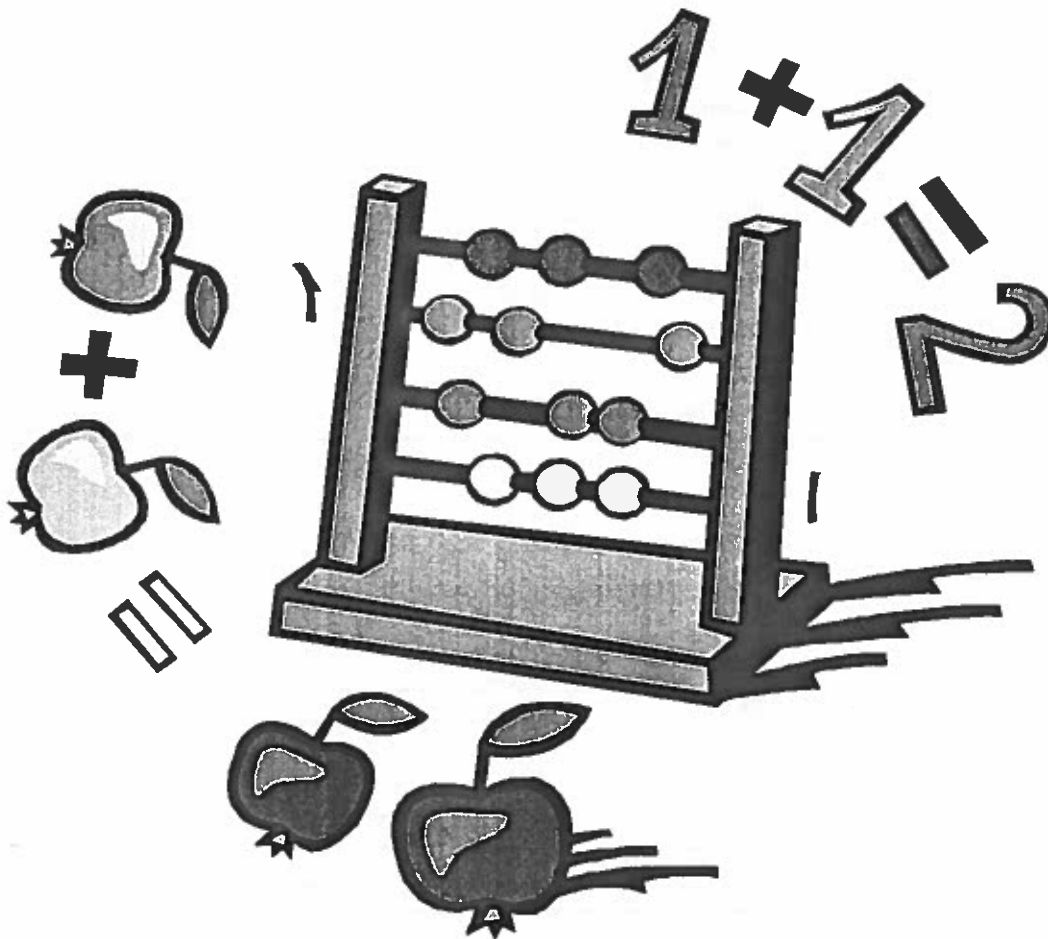
SUPPLEMENTAL INFORMATION

EAGLE COUNTY SCHOOLS



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EAGLE COUNTY SCHOOLS



Non-Major Governmental Funds
Special Revenue Funds
Designated Grants Fund
Transportation Fund
Capital Projects Fund

Major Governmental Funds
Bond Redemption Debt Services

EAGLE COUNTY SCHOOLS
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Designated Purpose Grant Fund	Transportation Fund	Total	Capital Reserve Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ 8,541	\$ 8,541	\$ -	\$ 8,541
Accounts, taxes, and interest receivable	5,618	58,540	64,158	-	64,158
Due from other governments	1,281,837	-	1,281,837	-	1,281,837
Due from other funds	-	-	-	1,938,841	1,938,841
Total assets	\$ 1,287,455	\$ 67,081	\$ 1,354,536	\$ 1,938,841	\$ 3,293,377
LIABILITIES					
Liabilities:					
Accrued compensation	231,596	-	231,596	-	231,596
Due to other funds	1,018,933	36,928	1,055,861	-	1,055,861
Deferred revenue	36,926	30,153	67,079	-	67,079
Total liabilities	1,287,455	67,081	1,354,536	-	1,354,536
FUND BALANCES					
Unreserved, undesignated	-	-	-	1,938,841	1,938,841
Total fund balances	-	-	-	1,938,841	1,938,841
Total liabilities and fund balances	\$ 1,287,455	\$ 67,081	\$ 1,354,536	\$ 1,938,841	\$ 3,293,377

EAGLE COUNTY SCHOOLS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Designated Purpose Grant Fund	Transportation Fund	Total	Capital Reserve Fund	
REVENUES					
Taxes					
Property taxes	\$ -	\$ 981,283	\$ 981,283	\$ 1,535,190	\$ 2,516,473
Specific ownership taxes	-	56,799	56,799	-	56,799
Intergovernmental revenue					
Federal revenue	2,354,856	-	2,354,856	-	2,354,856
State revenue	-	484,575	484,575	-	484,575
Other revenue	87,284	14,471	101,755	-	101,755
Total revenues	2,442,140	1,537,128	3,979,268	1,535,190	5,514,458
EXPENDITURES					
Current:					
Direct instruction	\$ 1,603,171	\$ -	\$ 1,603,171	\$ -	\$ 1,603,171
Indirect instruction	723,664	-	723,664	-	723,664
Transportation	7,965	2,121,031	2,128,996	-	2,128,996
Custodial and maintenance	3,995	9,132	13,127	-	13,127
Support services	83,831	-	83,831	-	83,831
General Administration	(433)	-	(433)	-	(433)
Community Service	19,947	-	19,947	-	19,947
Capital outlay	-	-	-	3,559,468	3,559,468
Total expenditures	2,442,140	2,130,163	2,245,468	3,559,468	8,131,771
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(593,035)	(593,035)	(2,024,278)	(2,617,313)
OTHER FINANCING SOURCES					
Operating transfers in	-	593,035	593,035	-	593,035
Total other financing sources	-	593,035	593,035	-	593,035
NET CHANGE IN FUND BALANCE	-	-	-	(2,024,278)	(2,024,278)
FUND BALANCES, BEGINNING	-	-	-	3,963,119	3,963,119
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ 1,938,841	\$ 1,938,841

EAGLE COUNTY SCHOOLS
Debt Service Fund
Bond Redemption Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes				
Property taxes	<u>\$ 15,500,000</u>	<u>\$ 15,500,000</u>	<u>\$ 14,717,583</u>	<u>\$ (782,417)</u>
Total revenues	<u>15,500,000</u>	<u>15,500,000</u>	<u>14,717,583</u>	<u>(782,417)</u>
EXPENDITURES				
Debt service				
Principal	<u>\$ 6,465,000</u>	<u>\$ 6,465,000</u>	<u>\$ 6,465,000</u>	<u>\$ -</u>
Interest	<u>8,954,426</u>	<u>8,954,426</u>	<u>8,954,135</u>	<u>291</u>
Fiscal charges	<u>-</u>	<u>-</u>	<u>900</u>	<u>(900)</u>
Total expenditures	<u>15,419,426</u>	<u>15,419,426</u>	<u>15,420,035</u>	<u>(609)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>80,574</u>	<u>80,574</u>	<u>(702,452)</u>	<u>(783,026)</u>
OTHER FINANCING SOURCES				
Payment to refunded bond escrow agent	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
Total other financing sources	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
NET CHANGE IN FUND BALANCE	<u>78,574</u>	<u>78,574</u>	<u>(702,452)</u>	<u>(781,026)</u>
FUND BALANCES, BEGINNING	<u>11,065,708</u>	<u>11,065,708</u>	<u>11,049,384</u>	<u>(16,324)</u>
FUND BALANCES, ENDING	<u><u>\$ 11,144,282</u></u>	<u><u>\$ 11,144,282</u></u>	<u><u>\$ 10,346,932</u></u>	<u><u>\$ (797,350)</u></u>

EAGLE COUNTY SCHOOLS
Special Revenues Funds
Designated Purpose Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental revenue				
Federal revenue	\$ 3,396,500	\$ 3,396,500	\$ 2,354,856	\$ (1,041,644)
State revenue	-	-	-	-
Local revenue	-	-	87,284	87,284
Total revenues	<u>3,396,500</u>	<u>3,396,500</u>	<u>2,442,140</u>	<u>(954,360)</u>
EXPENDITURES				
Current				
Direct instruction	\$ 2,477,737	\$ 2,477,737	\$ 1,603,171	\$ 874,566
Indirect instruction	884,226	884,226	723,664	160,562
Transportation	-	-	7,965	(7,965)
Custodial and maintenance	-	-	3,995	(3,995)
Support services	34,537	34,537	83,831	(49,294)
General Administration	-	-	(433)	433
Community service	-	-	19,947	(19,947)
Total expenditures	<u>3,396,500</u>	<u>3,396,500</u>	<u>2,442,140</u>	<u>954,360</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) UNDER EXPENDITURES	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAGLE COUNTY SCHOOLS
Special Revenue Funds
Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>
REVENUES				
Taxes				
Property taxes	\$ 975,000	\$ 975,000	\$ 981,283	\$ 6,283
Specific ownership taxes	65,000	65,000	56,799	(8,201)
State revenue	490,000	490,000	484,575	(5,425)
Other income	10,000	10,000	14,471	4,471
Total revenues	<u>1,540,000</u>	<u>1,540,000</u>	<u>1,537,128</u>	<u>(2,872)</u>
EXPENDITURES				
Current				
Transportation				
Supervision of transportation	\$ 211,496	\$ 211,496	\$ 201,311	\$ 10,185
To and from school transportation	1,164,009	1,164,009	1,300,800	(136,791)
Monitoring services	26,033	26,033	7,667	18,366
Vehicle servicing	539,222	539,222	511,090	28,132
Transportation training	44,511	44,511	69,119	(24,608)
Building maintenance	368,823	368,823	31,044	337,779
Custodial maintenance	10,906	10,906	9,132	1,774
Total expenditures	<u>2,365,000</u>	<u>2,365,000</u>	<u>2,130,163</u>	<u>234,837</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(825,000)</u>	<u>(825,000)</u>	<u>(593,035)</u>	<u>231,965</u>
OTHER FINANCING SOURCES				
Transfers in	<u>825,000</u>	<u>825,000</u>	<u>593,035</u>	<u>(231,965)</u>
Total other financing sources	<u>825,000</u>	<u>825,000</u>	<u>593,035</u>	<u>(231,965)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAGLE COUNTY SCHOOLS
Capital Projects Fund
Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property tax allocation	\$ 1,303,386	\$ 1,303,386	\$ 1,535,190	\$ 231,804
Other local income	-	-	-	-
Total revenues	<u>1,303,386</u>	<u>1,303,386</u>	<u>1,535,190</u>	<u>231,804</u>
EXPENDITURES				
Capital outlay				
Facilities improvements and repairs	\$ 100,000	\$ 100,000	\$ 2,312,407	\$ (2,212,407)
Buses	400,500	400,500	448,950	(48,450)
Other vehicles	79,500	79,500	124,309	(44,809)
Technology	-	-	673,803	(673,803)
Contingency	-	-	-	-
Total expenditures	<u>580,000</u>	<u>580,000</u>	<u>3,559,469</u>	<u>(2,979,469)</u>
NET CHANGE IN FUND BALANCE	<u>723,386</u>	<u>723,386</u>	<u>(2,024,279)</u>	<u>(2,747,665)</u>
FUND BALANCES, BEGINNING	<u>2,275,360</u>	<u>2,275,360</u>	<u>3,963,119</u>	<u>1,687,759</u>
FUND BALANCES, ENDING	<u>\$ 2,998,746</u>	<u>\$ 2,998,746</u>	<u>\$ 1,938,840</u>	<u>\$ (1,059,906)</u>

EAGLE COUNTY SCHOOLS
Enterprise Funds
Food Services Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)
REVENUES				
Food and Ala carte sales	\$ 861,900	\$ 861,900	\$ 927,920	\$ 66,020
Federal aid:				
Federal government lunch reimbursement	447,500	447,500	515,264	67,764
USDA Commodity contribution	50,000	50,000	67,185	17,185
State reimbursement	13,000	13,000	13,417	417
Total revenues	<u>1,372,400</u>	<u>1,372,400</u>	<u>1,523,786</u>	<u>151,386</u>
EXPENSES				
Salaries and employee benefits	\$ 758,200	\$ 758,200	\$ 798,425	\$ (40,225)
Purchased services	11,230	11,230	17,430	(6,200)
Supplies	40,170	40,170	50,580	(10,410)
Food costs:				
Purchased food	545,700	545,700	582,176	(36,476)
Donated commodities	50,000	50,000	71,033	(21,033)
Depreciation	14,000	14,000	12,385	1,615
Property	3,100	3,100	9,731	(6,631)
Total expenses	<u>1,422,400</u>	<u>1,422,400</u>	<u>1,541,760</u>	<u>(119,360)</u>
INCOME (LOSS) BEFORE TRANSFERS	(50,000)	(50,000)	(17,974)	32,026
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
CHANGE IN NET ASSETS	-	-	(17,974)	(17,974)
TOTAL NET ASSETS - BEGINNING	<u>-</u>	<u>-</u>	<u>107,240</u>	<u>107,240</u>
TOTAL NET ASSETS - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,266</u>	<u>\$ 89,266</u>

EAGLE COUNTY SCHOOLS**Enterprise Funds****District Housing Fund****Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual (GAAP Basis)****For the Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES				
Rental income	\$ 140,000	\$ 140,000	\$ 130,603	\$ (9,397)
Total operating revenues	<u>140,000</u>	<u>140,000</u>	<u>130,603</u>	<u>(9,397)</u>
OPERATING EXPENSES				
Salaries and employee benefits	24,500	24,500	23,033	1,467
Purchased services	51,400	51,400	40,346	11,054
Supplies	800	800	379	421
Property	27,800	27,800	-	27,800
Depreciation	30,500	30,500	26,748	3,752
Other	5,000	5,000	-	5,000
Total operating expenses	<u>140,000</u>	<u>140,000</u>	<u>90,506</u>	<u>49,494</u>
CHANGE IN NET ASSETS	-	-	40,097	40,097
TOTAL NET ASSETS - BEGINNING	-	-	341,702	341,702
TOTAL NET ASSETS - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,799</u>	<u>\$ 381,799</u>

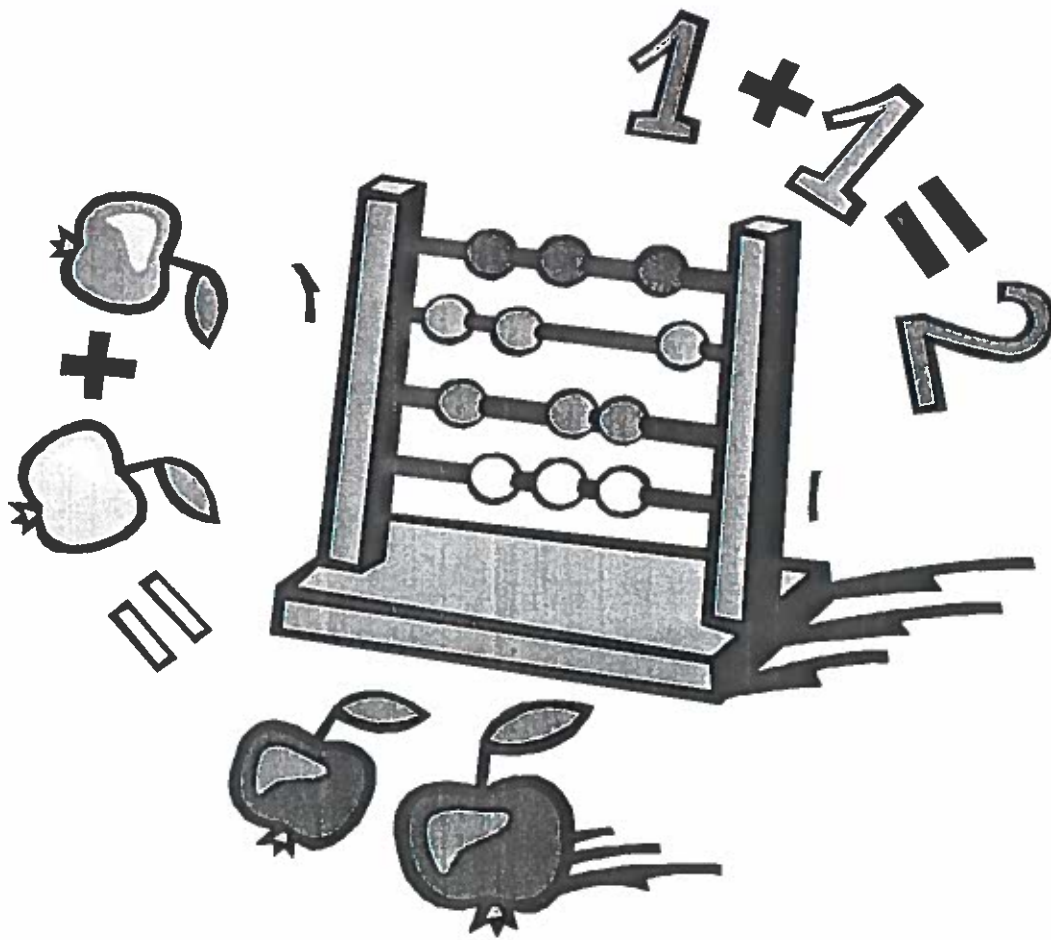
EAGLE COUNTY SCHOOLS
Internal Service Fund
Employee Benefit Trust Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES				
Insurance premiums	\$ 4,240,000	\$ 4,240,000	\$ 4,449,453	\$ 209,453
Total operating revenues	<u>4,240,000</u>	<u>4,240,000</u>	<u>4,449,453</u>	<u>209,453</u>
OPERATING EXPENSES				
Claim losses	3,290,000	3,290,000	3,767,076	(477,076)
Premiums paid	290,000	290,000	272,806	17,194
Dues and fees	295,000	295,000	374,020	(79,020)
Total operating expenses	<u>3,875,000</u>	<u>3,875,000</u>	<u>4,413,902</u>	<u>(538,902)</u>
INCOME (LOSS) BEFORE TRANSFERS				
Transfers in	<u>(158,000)</u>	<u>(158,000)</u>	<u>-</u>	<u>158,000</u>
CHANGE IN NET ASSETS	207,000	207,000	35,551	(171,449)
TOTAL NET ASSETS - BEGINNING (RESTATED)	<u>1,080,046</u>	<u>1,080,046</u>	<u>373,697</u>	<u>(706,349)</u>
TOTAL NET ASSETS - ENDING	<u>\$ 1,287,046</u>	<u>\$ 1,287,046</u>	<u>\$ 409,248</u>	<u>\$ (877,798)</u>

EAGLE COUNTY SCHOOLS
Schedule of Revenues, Expenditures, and Changes in
in Fiduciary Assets and Liabilities - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2008

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
ADDITIONS			
Programs	<u>\$ 1,607,175</u>	<u>\$ 1,751,833</u>	<u>\$ 144,658</u>
Total additions	<u>1,607,175</u>	<u>1,751,833</u>	<u>144,658</u>
 DEDUCTIONS			
Programs	<u>1,282,800</u>	<u>1,677,855</u>	<u>(395,055)</u>
Total deductions	<u>1,282,800</u>	<u>1,677,855</u>	<u>(395,055)</u>
 CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>324,375</u>	<u>73,978</u>	<u>(250,397)</u>
 DUE TO STUDENT ACTIVITIES - BEGINNING	<u>(32,447)</u>	<u>604,931</u>	<u>637,378</u>
 DUE TO STUDENT ACTIVITIES - ENDING	<u><u>\$ 291,928</u></u>	<u><u>\$ 678,909</u></u>	<u><u>\$ 386,981</u></u>

EAGLE COUNTY SCHOOLS



Capital Assets Used in the
Operation of Governmental Funds

EAGLE COUNTY SCHOOLS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land and Buildings	\$ 149,271,846	\$ 142,617,935
Equipment and vehicles	10,803,259	9,454,565
Construction in progress	<u>39,423,397</u>	<u>2,636,256</u>
Total governmental funds capital assets	<u>\$ 199,498,502</u>	<u>\$ 154,708,756</u>
 Investment in governmental funds capital assets by source		
General Fund	\$ 1,359,633	\$ 1,359,633
Capital Projects Funds:		
Capital Reserve Fund	8,094,932	8,094,932
Building Fund	<u>190,043,937</u>	<u>145,254,191</u>
Total governmental funds capital assets	<u>\$ 199,498,502</u>	<u>\$ 154,708,756</u>

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

EAGLE COUNTY SCHOOLS
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2008

	Land and Buildings	Equipment and Vehicles	Total
Instructional:			
Elementary Education	\$ 73,367,482	\$ 573,448	\$ 73,940,930
Middle School Education	39,802,649	255,231	40,057,880
High School Education	66,309,155	386,262	66,695,417
Support Services:			
Administrative	4,840,371	3,952,820	8,793,191
Maintenance	2,187,621	647,002	2,834,623
Transportation	2,187,965	4,988,496	7,176,461
Total General Fixed Assets	\$ 188,695,243	\$ 10,803,259	\$ 199,498,502

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

EAGLE COUNTY SCHOOLS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2008

	Governmental Funds Capital Assets July 01, 2007	Additions	Deletions	Governmental Funds Capital Assets June 30, 2008
Instructional:				
Elementary Education	\$ 60,211,227	\$ 13,729,703	\$ -	\$ 73,940,930
Middle School Education	40,033,169	24,711	-	40,057,880
High School Education	43,662,689	23,032,728	-	66,695,417
Support Services:				
Administrative	4,696,479	4,096,712	-	8,793,191
Maintenance	1,393,808	1,440,815	-	2,834,623
Transportation	4,711,384	2,465,077	-	7,176,461
 Total General Fixed Assets	 <u>\$ 154,708,756</u>	 <u>\$ 44,789,746</u>	 <u>\$ -</u>	 <u>\$ 199,498,502</u>

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

EAGLE COUNTY SCHOOLS
Balance Sheet
Component Units
For the Year Ended June 30, 2008

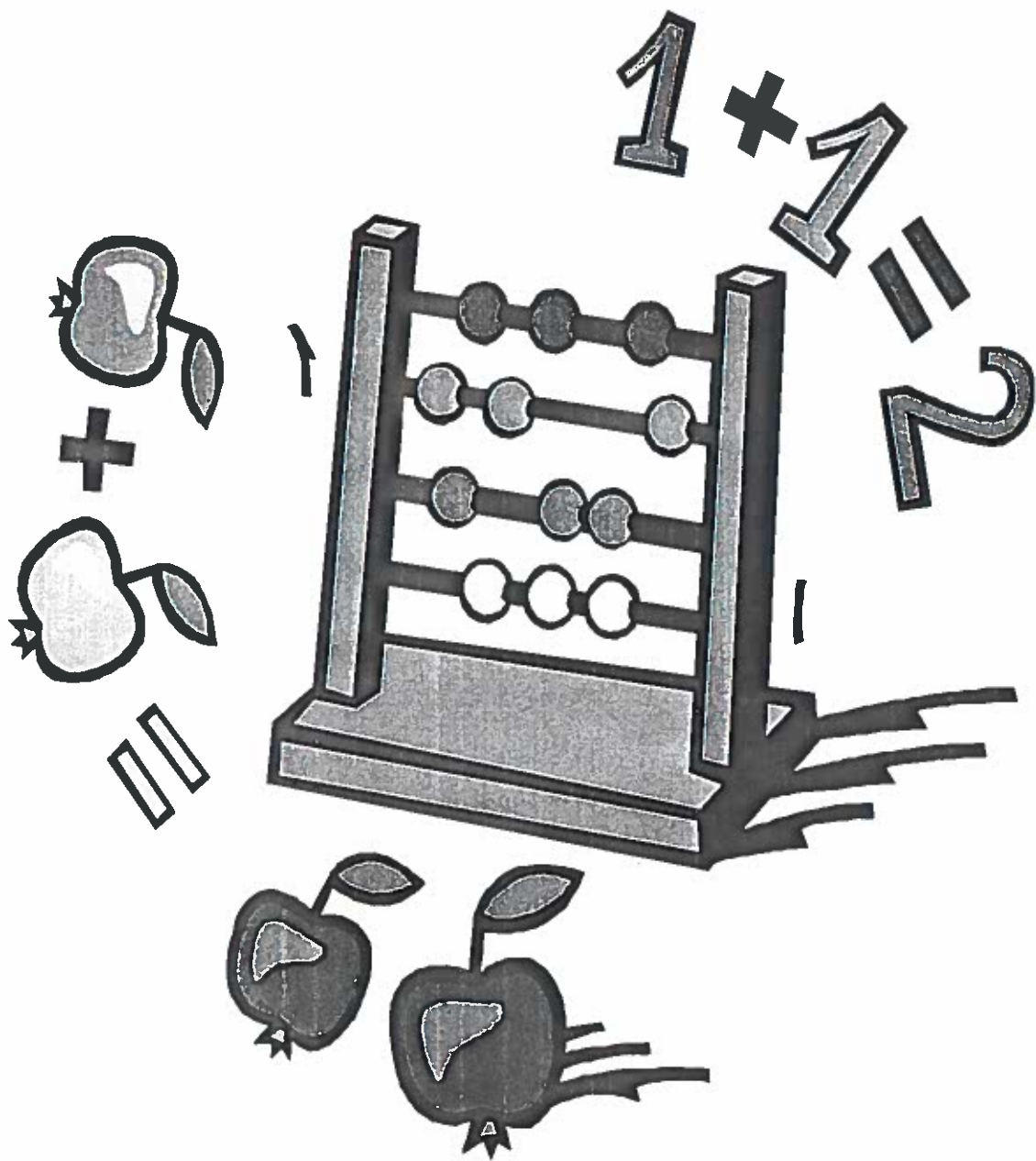
	<u>Eagle County Charter Academy</u>	<u>New America School</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 485
Accounts, taxes, and interest receivable	305,872	45,139
Prepaid and other items	<u>-</u>	<u>15,675</u>
 Total assets	 <u>\$ 305,872</u>	 <u>\$ 61,299</u>
 LIABILITIES		
Liabilities:		
Accrued compensation	305,872	644,090
Due to other funds	-	23,128
Deferred revenue	<u>-</u>	<u>45,139</u>
Total liabilities	<u>305,872</u>	<u>712,357</u>
 FUND BALANCES		
Restricted for:		
TABOR	-	7,697
Prepaid items	-	15,675
Unreserved, undesignated	<u>-</u>	<u>(674,430)</u>
Total fund balances	<u>-</u>	<u>(651,058)</u>
 Total liabilities and fund balances	 <u>\$ 305,872</u>	 <u>\$ 61,299</u>

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

EAGLE COUNTY SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Year Ended June 30, 2008

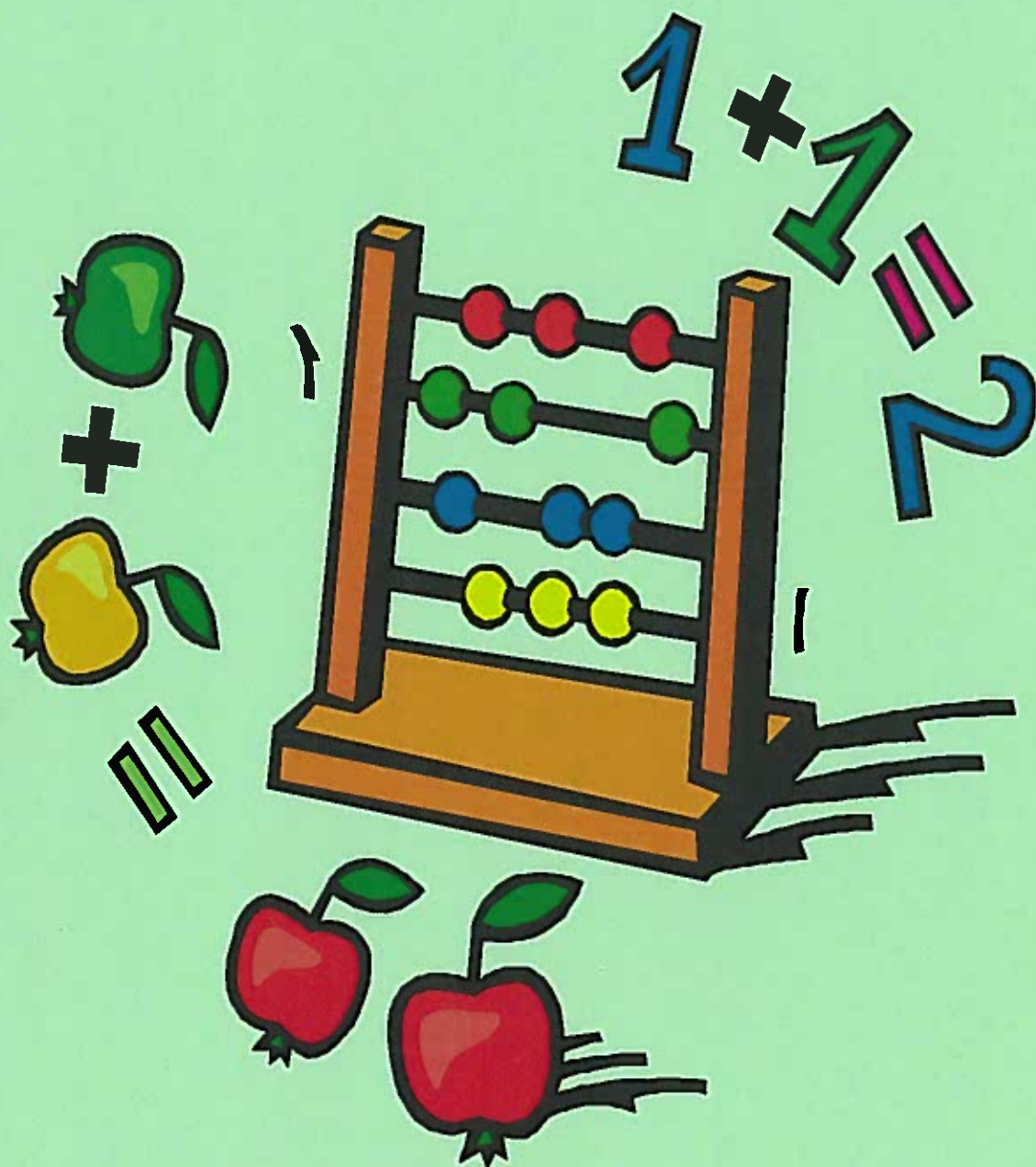
	<u>Eagle County Charter Academy</u>	<u>New America School</u>
REVENUES		
Taxes	\$ 1,982,439	\$ 631,094
Other revenue	<u>390,764</u>	<u>-</u>
Total revenues	<u>2,373,203</u>	<u>631,094</u>
EXPENDITURES		
Current:		
Direct instruction	1,802,085	279,910
Indirect instruction	28,326	-
Custodial and maintenance	94,529	-
Support services	47,787	693,742
General Administration	350,292	-
Community Service	50,184	-
Debt service:		
Principal	-	3,078
Interest	-	109
Capital outlay	<u>-</u>	<u>311,422</u>
Total expenditures	<u>2,373,203</u>	<u>1,288,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(657,167)</u>
OTHER FINANCING SOURCES		
Proceeds of long-term capital-related debt	<u>-</u>	<u>6,109</u>
Total other financing sources	<u>-</u>	<u>6,109</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(651,058)</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u><u>\$ -</u></u>	<u><u>\$ (651,058)</u></u>

EAGLE COUNTY SCHOOLS



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EAGLE COUNTY SCHOOLS



Statistical Section

EAGLE COUNTY SCHOOLS
Net Assets by Component
Last Four Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Invested in capital assets, net of related debt	\$ 3,995,294	\$ 4,670,066	\$(116,623,360)	\$ 25,396,437
Resetricted	7,306,533	7,225,673	12,264,184	11,561,732
Unrestricted	12,720,647	16,389,688	146,342,508	9,642,870
Total governmental activites net assets	\$24,022,474	\$28,285,427	\$ 41,983,332	\$ 46,601,039
Business-type activities				
Invested in capital assets, net of related debt	\$ 404,356	\$ 378,594	\$ 340,205	\$ 301,072
Resetricted	158,832	-	-	-
Unrestricted	(322,277)	(46,263)	108,737	169,996
Total business-type activites net assets	\$ 240,911	\$ 332,331	\$ 448,942	\$ 471,068
Primary government				
Invested in capital assets, net of related debt	\$ 4,399,650	\$ 5,048,660	\$(116,283,155)	\$ 25,697,509
Resetricted	7,465,365	7,225,673	12,264,184	11,561,732
Unrestricted	12,398,370	16,343,425	146,451,245	9,812,866
Total primary government net assets	\$24,263,385	\$28,617,758	\$ 42,432,274	\$ 47,072,107

EAGLE COUNTY SCHOOLS

Changes in Net Assets Last Four Fiscal Years

	2005	Fiscal Year 2006	2007	2008
Expenses				
Governmental activities:				
Current:				
Direct instruction	\$ 28,460,272	\$ 28,479,456	\$ 27,911,528	\$ 31,779,754
Indirect instruction	4,669,496	4,668,381	4,698,293	5,382,640
Transportation	2,283,486	2,652,719	2,247,910	2,324,643
Custodial and maintenance	4,882,091	5,202,034	5,281,807	6,053,478
Support services	2,911,697	2,984,920	3,140,722	3,588,779
General administration	4,111,950	4,073,791	5,908,565	6,987,645
Community service	94,894	62,525	101,179	26,529
Interest	3,345,164	3,009,685	5,082,286	8,984,827
Total governmental activities	<u>50,759,050</u>	<u>51,133,511</u>	<u>54,372,290</u>	<u>65,128,295</u>
Business-type activities				
Food services	1,372,419	1,356,779	1,400,582	1,541,759
Employee housing	93,335	90,851	92,091	90,506
Total business-type activities	<u>1,465,754</u>	<u>1,447,630</u>	<u>1,492,673</u>	<u>1,632,265</u>
Total primary government expenses	<u>\$ 52,224,804</u>	<u>\$ 52,581,141</u>	<u>\$ 55,864,963</u>	<u>\$ 66,760,560</u>
Program revenues				
Governmental activities:				
Charges for service	\$ 851,935	\$ 816,315	\$ 753,254	\$ 868,357
Operating grant and contributions	3,548,873	3,617,003	4,390,928	3,935,164
Capital grants and contributions	46,699	39,611	54,315	-
Total governmental activities program revenues	<u>4,447,507</u>	<u>4,472,929</u>	<u>5,198,497</u>	<u>4,803,521</u>
Business-type activities:				
Charges for service				
Food service	783,560	867,575	898,989	927,920
District housing rental	147,262	141,860	141,874	130,603
Operating grant and contributions	493,302	525,940	553,063	595,868
Capital grants and contributions	-	-	15,358	-
Total business-type activities program revenues	<u>1,424,124</u>	<u>1,535,375</u>	<u>1,609,284</u>	<u>1,654,391</u>
Total primary government program revenues	<u>\$ 5,871,631</u>	<u>\$ 6,008,304</u>	<u>\$ 6,807,781</u>	<u>\$ 6,457,912</u>
Net (Expense) / Revenue				
Governmental activities	\$(46,311,543)	\$(46,660,582)	\$(49,173,793)	\$(60,324,774)
Business-type activities	(41,630)	87,745	116,611	22,126
Total primary government net expense	<u>\$(46,353,173)</u>	<u>\$(46,572,837)</u>	<u>\$(49,057,182)</u>	<u>\$(60,302,648)</u>

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 3,099,625	\$ 3,225,930	\$ 2,224,206	\$ 1,239,091	\$ 1,372,853	\$ 1,760,116	\$ 1,436,720	\$ 3,120,053	\$ 1,214,800	\$ 1,292,800
Unreserved	6,189,910	7,332,170	8,694,509	10,659,044	8,714,670	10,009,349	11,896,947	11,122,888	14,615,715	14,765,119
Total general fund	\$ 9,289,535	\$ 10,558,100	\$ 10,918,715	\$ 11,898,135	\$ 10,087,523	\$ 11,769,465	\$ 13,333,667	\$ 14,242,941	\$ 15,830,515	\$ 16,057,919
All Other Governmental Funds										
Reserved	\$ 7,331,576	\$ 28,551,858	\$ 7,891,926	\$ 7,723,264	\$ 7,289,911	\$ 5,360,253	\$ 5,519,085	\$ 5,680,629	\$ 137,643,000	\$ 95,954,849
Unreserved, reported in:										
Special revenue funds	28,255	11,378	17,178	23,349	-	-	-	-	-	-
Capital projects funds	47,176,812	11,395,071	8,009,383	3,632,730	2,864,294	956,399	870,951	2,530,360	3,963,120	1,938,841
Total all other governmental funds	\$ 54,536,643	\$ 39,958,307	\$ 15,918,487	\$ 11,379,343	\$ 10,154,205	\$ 6,316,652	\$ 6,390,036	\$ 8,210,989	\$ 141,606,120	\$ 97,893,690

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
REVENUES				
Taxes				
Property taxes	\$ 32,167,694	\$ 33,217,936	\$ 35,155,370	\$ 40,739,618
Specific ownership taxes	2,254,926	2,503,032	2,606,325	2,681,202
Federal income	657,546	641,882	727,117	902,333
State income	207,009	804,291	1,408,687	2,512,241
Interest income	793,146	2,632,447	1,635,622	675,340
Other	644,288	1,147,577	1,010,007	325,373
Total revenues	<u>36,724,609</u>	<u>40,947,165</u>	<u>42,543,128</u>	<u>47,836,107</u>
EXPENDITURES				
Current:				
Direct instruction	17,060,932	17,791,298	18,279,450	21,870,514
Indirect instruction	2,090,459	2,355,134	2,519,022	3,210,110
Transportation	1,132,685	1,238,927	1,328,763	1,612,928
Custodial and maintenance	2,625,629	2,764,315	3,112,108	3,772,391
Support services	1,503,210	1,446,962	1,532,420	2,220,610
General administration	2,488,850	2,564,741	2,707,195	3,438,492
Community service	65,540	42,355	47,734	85,332
Debt Service:				
Principal	2,920,000	4,242,247	4,081,463	4,543,329
Interest	2,671,862	4,533,438	4,353,179	4,151,317
Capital outlay	3,092,969	17,245,519	27,814,005	6,880,827
Total expenditures	<u>35,652,136</u>	<u>54,224,936</u>	<u>65,775,339</u>	<u>51,785,850</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,072,473</u>	<u>(13,277,771)</u>	<u>(23,232,211)</u>	<u>(3,949,743)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	68,949,230	-	-
Premium on issuance	-	(20,133,070)	-	-
Payment to refunded debt escrow agent	-	(691,867)	-	-
Bond issuance costs	-	-	-	-
Sale of fixed assets	-	-	-	-
Operating transfers in	1,753,708	124,900	225,070	277,401
Operating transfers out	(1,769,263)	(124,900)	(225,070)	(727,401)
Total other financing sources (uses)	<u>(15,555)</u>	<u>48,124,293</u>	<u>-</u>	<u>(450,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,056,918</u>	<u>\$ 34,846,522</u>	<u>\$ (23,232,211)</u>	<u>\$ (4,399,743)</u>
 Debt service as a percentage of noncapital expenditures	 17.2%	 23.7%	 22.2%	 19.4%

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 42,045,404	\$ 39,287,802	\$ 39,446,329	\$ 40,376,392	\$ 48,658,325	\$ 55,156,008
2,492,464	2,421,150	2,468,769	2,618,053	2,864,549	3,025,835
1,231,453	1,505,699	2,310,058	1,848,441	2,248,376	2,378,624
3,294,480	6,380,727	6,768,638	7,485,935	8,633,487	2,178,917
175,087	125,909	212,337	517,704	3,994,797	5,045,414
1,402,535	846,495	1,378,877	2,524,928	2,135,723	1,379,945
50,641,423	50,567,782	52,585,008	55,371,453	68,535,257	69,164,743
22,839,734	23,436,969	25,591,807	25,352,454	26,548,549	28,895,819
3,678,760	3,863,255	4,292,563	4,355,979	4,487,698	4,899,269
1,627,656	1,999,194	1,878,426	2,356,119	1,926,599	2,132,440
3,913,705	4,221,614	4,433,653	4,788,696	4,992,498	5,575,708
2,269,573	2,132,768	2,617,281	2,724,732	5,206,055	4,266,401
3,910,590	3,680,194	3,729,080	3,667,761	4,139,487	3,969,529
120,960	174,946	100,468	67,263	102,153	29,394
4,990,309	5,558,465	3,655,225	3,895,000	4,140,000	6,465,000
3,920,695	3,653,442	3,417,482	3,169,758	5,346,655	8,955,035
4,494,260	3,892,215	1,141,066	2,263,463	13,554,336	47,522,618
51,766,242	52,613,062	50,857,051	52,641,225	70,444,030	112,711,213
(1,124,819)	(2,045,280)	1,727,957	2,730,228	(1,908,773)	(43,546,470)
-	-	-	37,018,967	-	-
-	-	-	(36,715,197)	-	-
-	-	-	(303,769)	-	-
-	-	-	-	-	61,446
2,926,761	2,312,190	476,446	438,186	-	-
(2,533,726)	(2,451,227)	(586,777)	(528,558)	-	-
393,035	(139,037)	(110,331)	(90,371)	-	61,446
\$ (731,784)	\$ (2,184,317)	\$ 1,617,626	\$ 2,639,857	\$ (1,908,773)	\$ (43,485,024)

18.9%

18.9%

14.2%

14.0%

16.7%

23.7%

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

Fiscal Year Ended	Exemptions of										Ratio of Total Assessed Value to Total Estimated Actual Value
	Real Property		Personal Property		Real Property		Total Taxable Value		Estimated Actual Value		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value			
June 30, 2008											
1999	1,270,826,810	9,227,408,315	64,333,800	220,846,263	83,951,840	290,137,350	1,419,112,450	9,738,391,928		14.57%	
2000	1,541,564,320	12,081,170,200	63,056,080	216,209,865	95,862,770	340,736,060	1,700,483,170	12,638,116,125		13.46%	
2001	1,591,929,280	16,037,003,430	67,719,230	229,880,750	99,186,360	384,301,850	1,758,834,870	16,651,186,030		10.56%	
2002	1,907,110,650	16,266,106,740	61,498,840	210,650,380	108,754,270	393,246,400	2,077,363,760	16,870,003,520		12.31%	
2003	1,978,672,240	16,236,635,126	64,321,390	2,209,123,979	113,675,450	393,628,940	2,156,669,080	18,839,388,045		12.80%	
2004	1,921,132,980	17,308,086,380	65,963,900	226,735,670	142,294,150	492,539,590	2,129,391,030	18,027,361,640		12.81%	
2005	1,937,852,800	19,885,473,085	71,067,360	243,805,580	156,236,930	569,431,470	2,165,157,090	20,698,710,135		10.46%	
2006	2,129,023,590	19,586,189,670	78,303,670	269,153,670	157,640,110	540,946,660	2,364,967,370	20,396,290,000		11.60%	
2007	2,205,824,260	20,289,843,370	80,195,980	272,650,180	141,234,740	549,068,860	2,427,254,980	21,111,562,410		11.50%	
2008	3,070,813,070	28,665,521,650	64,770,040	471,309,270	222,567,340	937,768,360	3,358,150,450	30,074,599,280		11.23%	

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
1999	9.74%	29.00%
2000	9.74%	29.00%
2001	9.15%	29.00%
2002	9.15%	29.00%
2003	7.96%	29.00%
2004	7.96%	29.00%
2005	7.96%	29.00%
2006	7.96%	29.00%
2007	7.96%	29.00%
2008	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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Eagle County School District										
General operations	18.694	16.050	16.118	16.400	16.601	16.688	16.726	15.639	15.489	14.586
General obligation debt service	6.322	5.585	5.815	4.881	4.941	3.892	3.862	3.505	7.090	5.123
Transportation	0.625	0.412	0.379	0.374	0.439	0.540	0.486	0.451	0.471	0.342
Total direct property tax rate	25.641	22.047	22.312	21.655	21.981	21.120	21.074	19.595	23.050	20.051
Overlapping Rates*										
Arrowhead Metro District	28.800	29.088	26.300	24.300	24.300	23.000	20.000	20.000	20.000	17.000
Avon Metro District	5.876	5.079	4.857	3.607	3.478	3.619	3.479	3.283	3.281	2.594
Bachelor Gulch Metro	45.000	45.000	45.000	42.500	38.000	36.000	33.000	30.000	27.000	24.000
Beaver Creek Metro District	42.288	35.585	35.484	30.740	30.741	31.990	31.784	25.317	25.800	21.014
Bellyache Ridge Metro	17.290	17.480	22.500	22.500	22.500	22.500	22.500	22.500	22.500	22.500
Berry Creek Metro District	25.598	23.598	21.098	19.098	16.500	16.500	16.535	15.746	15.746	14.496
Buckhorn Valley Metro District #2	-	-	40.000	40.000	40.000	43.000	43.000	43.000	42.934	43.118
Cascade Village Metro	-	-	-	-	-	0.000	-	-	12.224	9.180
Chatfield Corners Metro	-	-	-	-	-	40.000	40.000	42.844	43.597	37.000
Colorado Mtn. College	3.539	3.655	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997
Cordillera Metro District	38.310	34.310	33.570	31.805	40.759	22.049	21.121	21.121	27.035	23.165
Cordillera Mountain Metro District	-	45.000	45.000	45.000	49.000	30.897	35.893	35.893	50.981	37.220
Cordillera Vly Club Metro	-	-	-	-	-	25.000	25.000	25.000	25.000	25.000
Cordillera Metro Cons	-	-	-	-	-	22.421	22.833	25.231	24.306	22.009
Cotton Ranch Metro Dist	30.000	30.000	30.000	38.060	42.016	42.016	45.231	45.345	39.074	38.414
Eagle County	7.463	7.050	7.079	6.999	6.999	8.499	8.499	8.499	8.499	8.499
Eagle Ranch Metro District	-	25.000	25.000	25.000	25.000	25.000	25.000	25.000	27.886	28.142
Eagle-Vail Metro District	16.300	13.635	15.435	15.435	15.435	16.135	16.535	14.835	14.835	14.835
Edwards Metro District	4.191	4.191	1.691	1.691	1.691	1.691	1.691	1.691	1.691	1.691
Lake Creek Metro District	18.682	16.594	13.750	12.526	12.671	13.714	13.495	10.869	10.014	7.942
Red Sky Ranch Metro District	-	-	-	-	45.000	45.000	45.000	45.000	45.000	45.000
Saddle Ridge Metro	-	-	-	-	-	-	-	-	35.100	42.000
Town of Avon	19.372	18.347	15.488	14.606	14.234	14.111	13.781	13.339	13.287	12.271
Town of Eagle	4.606	3.999	3.999	3.327	3.327	3.327	3.327	3.327	3.173	2.683
Town of Gypsum	8.649	6.144	6.084	6.018	6.259	5.612	5.715	5.664	5.604	5.414
Town of Mintum	17.934	17.934	17.934	17.934	17.934	17.934	17.934	17.934	17.934	17.934
Town of Red Cliff	55.966	56.045	59.036	45.958	51.548	51.548	39.221	48.916	51.687	38.827
Town of Vail	4.406	4.064	4.705	4.696	4.717	4.704	4.708	4.702	4.699	4.690
Vail Park & Rec	2.593	2.529	2.646	2.638	2.760	2.760	2.760	3.287	3.287	3.274
Valaqua Metro Dist	-	-	-	-	-	-	-	-	40.000	40.000
Western Eagle County Metro Rec. District	1.884	1.631	1.631	1.529	3.650	3.650	3.650	3.650	3.650	3.650

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.

*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, 2008

Taxpayer	2008			2007		
	Taxable Assessed Value	Rank	% of Total County Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total County Taxable Assessed Valuation
Vail Corp	\$ 65,051,980	1	1.93%	\$ 62,537,980	1	2.58%
Vail Associates Inc.	22,610,610	2	0.67%	23,636,590	2	0.97%
Diamondrock Vail LLC	21,727,000	3	0.64%	7,325,530	9	0.30%
Vail Plaza Development	19,294,400	4	0.57%	9,681,740	7	0.40%
Arrabelle at Vail Square	17,296,640	5	0.51%	-	-	0.00%
WTCC Beaver Creek Investors	15,839,110	6	0.47%	-	-	0.00%
L-O Vail Holding Inc	13,672,010	7	0.40%	-	-	0.00%
Holy Cross Electric	12,913,800	8	0.38%	9,849,000	6	0.41%
Sonnenalp Properties Inc	12,573,340	9	0.37%	7,055,180	10	0.29%
Bachelor Gulch Operating	11,624,010	10	0.46%	11,089,690	4	0.46%
Total Assessed Valuation	<u>\$ 212,602,900</u>		<u>6.40%</u>	<u>\$ 131,175,710</u>		<u>5.41%</u>

Source: Eagle County Assessor's Office

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	% of Levy		Amount	Percentage of Levy
1999	32,006,768	31,773,882	99.3%	56,123	31,830,005	99.4%
2000	33,171,151	33,066,358	99.7%	(144)	33,066,214	99.7%
2001	34,781,650	34,704,193	99.8%	322,711	35,026,904	100.7%
2002	39,930,001	39,629,700	99.2%	(233,213)	39,396,487	98.7%
2003	42,065,858	39,866,412	94.8%	2,072,434	41,938,846	99.7%
2004	39,654,187	37,134,926	93.6%	1,916,158	39,051,084	98.5%
2005	39,640,206	37,718,700	95.2%	1,757,185	39,475,885	99.6%
2006	40,478,703	38,324,438	94.7%	67,754	38,392,192	94.8%
2007	48,988,525	46,665,080	95.3%	109,766	46,774,846	95.5%
2008	51,975,000	55,372,586	106.5%		55,372,586	106.5%

¹Collections through June 30, 2007

Source: Eagle County School District Business Services Department

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Net Bonded Debt per Capita</u>	<u>Percentage of Per Capita Income</u>
1999	96,770,195	6.82%	2,856	8.78%
2000	92,527,948	5.44%	2,637	7.80%
2001	88,446,485	5.03%	2,123	6.12%
2002	83,903,156	4.04%	1,950	5.16%
2003	78,912,847	3.66%	1,751	4.52%
2004	73,354,382	3.44%	1,561	4.10%
2005	69,455,000	3.21%	1,448	3.64%
2006	64,875,000	2.74%	1,329	3.18%
2007	189,105,000	7.79%	3,874	8.76%
2008	281,087,698	8.37%	5,554	11.82%

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessed valuation	\$ 1,248,265,160	\$ 1,504,565,340	\$ 1,558,876,380	\$ 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
Debt limit (20% of assessed valuation)	\$ 249,653,032	\$ 300,913,068	\$ 311,775,276	\$ 368,783,190	\$ 382,747,456	\$ 371,581,762	\$ 376,332,796	\$ 413,153,391	\$ 425,061,700	\$ 584,473,764
Debt applicable to limit:										
General obligation bonds	\$ 96,770,195	\$ 92,527,948	\$ 88,446,485	\$ 83,903,156	\$ 78,912,847	\$ 73,354,382	\$ 69,455,000	\$ 64,875,000	\$ 189,105,000	\$ 281,087,698
Less: Amount set aside for repayment										
of general obligation debt	(6,433,708)	(6,069,507)	(6,782,058)	(7,024,970)	(7,289,911)	(5,360,253)	(5,519,085)	(5,680,629)	(11,049,384)	(15,419,426)
Total net debt applicable to limit	\$ 90,336,487	\$ 86,458,441	\$ 81,664,427	\$ 76,878,186	\$ 71,622,936	\$ 67,994,129	\$ 63,935,915	\$ 59,194,371	\$ 178,055,616	\$ 265,668,272
Legal debt margin	\$ 159,316,545	\$ 214,454,627	\$ 230,110,849	\$ 291,905,004	\$ 311,124,520	\$ 303,587,633	\$ 312,396,881	\$ 353,959,020	\$ 247,006,084	\$ 318,805,492
Total net debt applicable to the limit as a percentage of debt limit	7.24%	5.75%	5.24%	4.17%	3.74%	3.66%	3.40%	2.87%	8.38%	9.09%

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, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Arrowhead Metro District	\$ 8,150,000	100.00	\$ 8,150,000
Avon Metro District	1,315,000	100.00	1,315,000
Bachelor Gulch Metro	42,615,000	100.00	42,615,000
Beaver Creek Metro District	6,533,861	100.00	6,533,861
Berry Creek Metro District	2,755,000	100.00	2,755,000
Buckhorn Valley Metro District #2	11,000,000	100.00	11,000,000
Cascade Village Metro District	1,125,000	100.00	1,125,000
Chatfield Corners Metro District	2,980,000	100.00	2,980,000
Cordillera Valley Club Metro District	161,622	100.00	161,622
Cordillera Metro District	35,113,782	100.00	35,113,782
Cordillera Mountain Metro District	15,932,986	100.00	15,932,986
Cotton Ranch Metro Dist	9,475,000	100.00	9,475,000
Eagle Ranch Metro District	19,140,899	100.00	19,140,899
Eagle River Water & San District - Water Sub	12,335,000	100.00	12,335,000
Eagle River Water & Sanitation District	13,008,824	100.00	13,008,824
Eagle Sanitation District	17,747	100.00	17,747
Eagle Valley Library District	2,890,000	100.00	2,890,000
Eagle-Vail Metro District	1,275,000	100.00	1,275,000
Edwards Metro District	305,000	100.00	305,000
Lake Creek Metro District	623,308	100.00	623,308
Red Sky Ranch Metro District	7,365,000	100.00	7,365,000
Town of Avon	4,060,000	100.00	4,060,000
Town of Eagle	1,339,495	100.00	1,339,495
Town of Gypsum	100,000	100.00	100,000
Western Eagle County Ambulance District	140,000	100.00	140,000
Western Eagle County Metro Rec. District	7,070,000	100.00	7,070,000
Subtotal, overlapping debt			206,827,524
Eagle County School District direct debt			281,087,698
Total direct and overlapping debt			<u>\$ 487,915,222</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)

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>October 1 School Enrollment</u>	<u>October 1 Funded Pupil Count</u>	<u>Unemployment Rate</u>
1998	32,099	32,542	4,259	4,022.0	2.7%
1999	33,882	33,824	4,403	4,165.0	3.3%
2000	35,094	34,717	4,536	4,273.0	2.7%
2001	41,659	37,770	4,686	4,444.0	2.2%
2002	43,027	38,733	4,887	4,627.0	3.0%
2003	45,067	38,060	4,913	4,654.5	4.7%
2004	46,978	39,816	5,007	4,757.5	3.4%
2005	47,955	41,773	5,117	4,830.0	4.4%
2006	48,820	44,220	5,332	4,989.0	3.3%
2007	50,612	46,985	5,427	5,096.5	3.4%
2008	52,517	47,511	5,681	5,288.0	3.10%

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 30,2008**

Employer	Product or Service	2008 Rank	2008 Rank
Vail Resorts Inc.	Ski Resorts	1	1
Eagle County School District	Education	2	2
Vail Cascade Resort	Hotel	3	6
Vail Valley Medical Center	Health Care	4	3
Ritz Carlton-Bachelor Gulch	Hotel	5	4
Eagle County	Government	6	5
Gallegos Corporation	Construction	7	-
Park Hyatt Beaver Creek Resort & Spa	Hotel	8	-
Sonnenalp Resort	Hotel	9	10
Wal Mart Stores Inc.	Retail	10	9
Town of Vail	Government	11	0
East-West Resorts LLC	Resort management	-	8

Source: Eagle County

EAGLE COUNTY SCHOOLS
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Fund Expenditures</u>	<u>Funded Students</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff FTE</u>	<u>Pupil Teacher Ratio</u>
1998	35,652,136	4,022.0	8,864	-19.8%	329.26	12.22
1999	54,224,936	4,165.0	13,019	46.9%	336.46	12.38
2000	65,775,339	4,273.0	15,393	18.2%	349.40	12.23
2001	51,785,850	4,444.0	11,653	-24.3%	356.42	12.47
2002	51,766,242	4,627.0	11,188	-4.0%	391.75	11.81
2003	52,613,062	4,654.5	11,304	1.0%	386.31	12.05
2004	50,857,051	4,757.5	10,690	-5.4%	402.32	11.83
2005	52,641,225	4,830.0	10,899	2.0%	419.01	11.53
2006	52,641,225	4,989.0	10,551	-3.2%	439.17	11.36
2007	70,444,030	5,096.5	13,822	31.0%	445.05	11.45

Sources: Nonfinancial information provided by the district's personnel

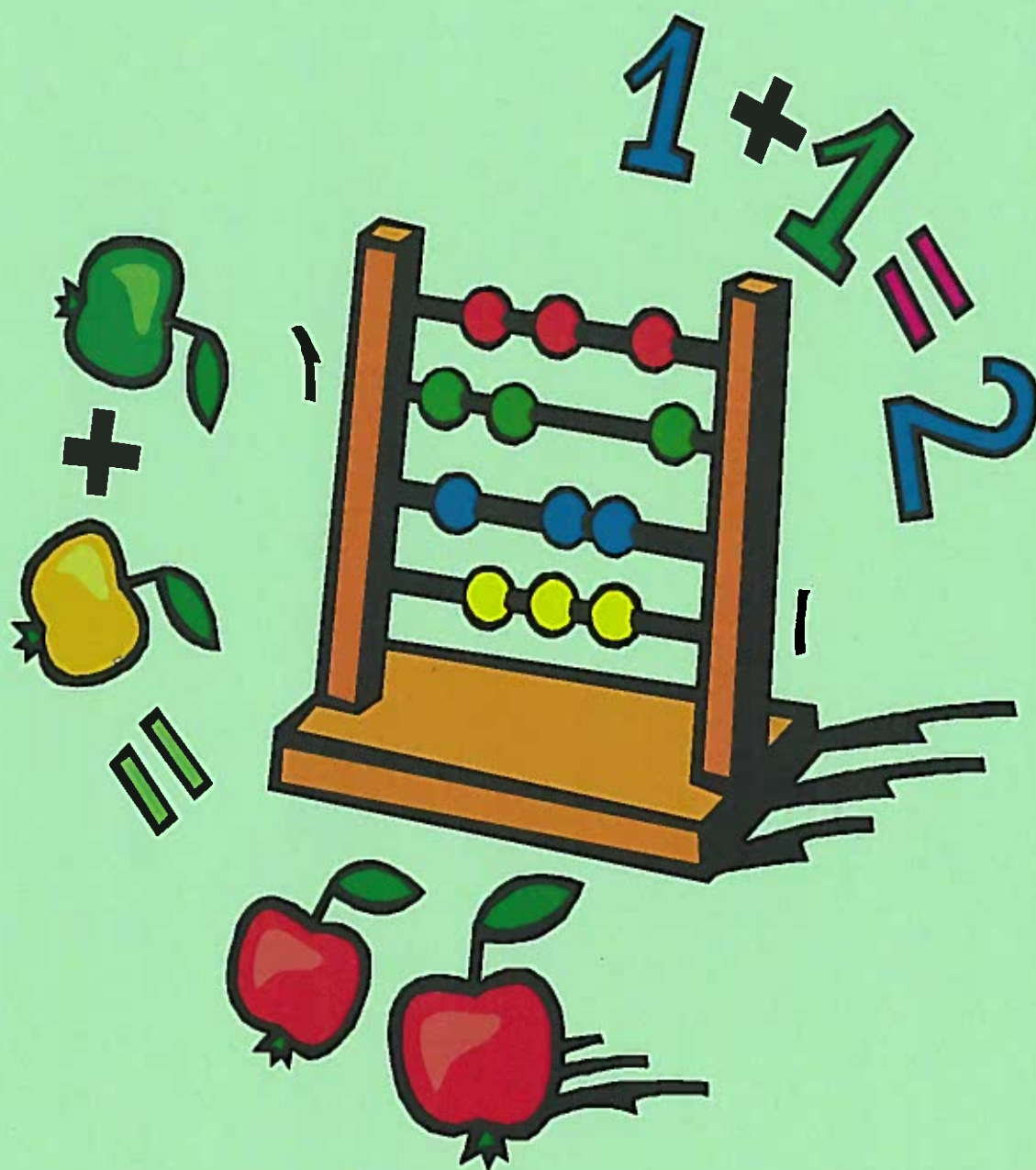
Note: Enrollment based on October enrollment. Teaching staff are full-time equivalents for the year as a whole. Attendance is a yearly average.

EAGLE COUNTY SCHOOLS
Schedule of Insurance
(Unaudited)

<u>Description of Insurance</u>	<u>Carrier or Pool</u>	<u>Coverage Limit</u>	<u>Deductible</u>
General Liability	Colorado School Districts Self Insurance Pool (CSDSIP)	\$2,000,000	\$0
Property including:			
Inland marine	CSDSIP	\$65,000,000	\$1,000
Boiler and machinery	CSDSIP	\$5,000,000	\$1,000
Automobile liability:	CSDSIP		
Combined single limit		\$1,000,000	\$0
Personal injury protection		\$5,000	\$0
Uninsured motorist		\$1,000,000	\$0
School Leaders Errors and Omissions	CSDSIP	\$2,000,000	\$0
Public Officials Bond	CSDSIP	\$10,000	\$100
Crime:	CSDSIP		
Employee dishonesty		\$150,000	\$500
Theft		\$10,000	\$100
Forgery/alteration		\$10,000	\$100
Employment Practices Liability	CSDSIP	\$1,000,000	\$1,000
Worker's Compensation	Pinnacle		
Unemployment	Claims basis		

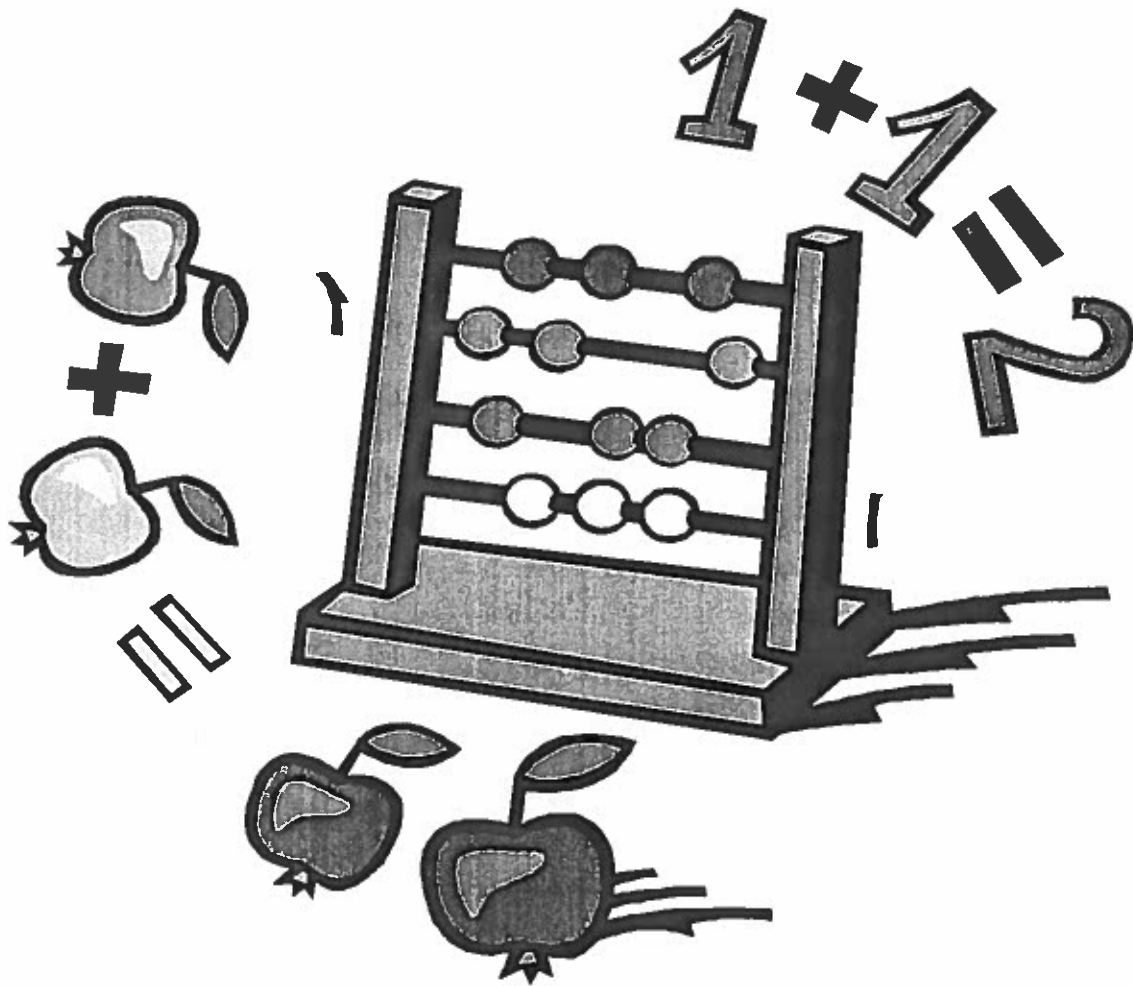
Source: School District Records

EAGLE COUNTY SCHOOLS



Statutory Section

EAGLE COUNTY SCHOOLS



Single Audit



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education Eagle County Schools

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of Eagle County Schools (the "District"), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists then the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Performing services for local governments throughout Colorado

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

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

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

**Board of Education
Eagle County Schools**

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

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

McMahan and Associates, LLC

**McMahan and Associates, L.L.C.
December 22, 2008**



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Board of Education
Eagle County Schools**

Compliance

We have audited the compliance of Eagle County Schools (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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**Board of Education
Eagle County Schools**

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

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

McMahan and Associates, LLC

**McMahan and Associates, L.L.C.
December 22, 2008**

Eagle County Schools

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program:	
Teacher Incentive Fund	CFDA #84.374
National School Lunch Program	CFDA #10.555
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

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

Eagle County Schools
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

There were no findings or questioned costs in the prior audit year ended June 30, 2007.

EAGLE COUNTY SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	DUNS Reporting ID	Major Program (Yes/No)	Expenditures
U.S. DEPARTMENT OF EDUCATION				
Title VII, Bilingual Education	84.290		No	\$ 13,161
Teacher Incentive Fund	84.374	103718789	Yes	1,266,528
Passed through State Department of Education:				
Title I	84.010		No	464,110
Drug-Free Schools and Communities	84.186		No	4,006
Homeless Grant	84.196		No	28,921
Title V, Innovative	84.298		No	179
Title II, Technology	84.318		No	92
Title III, Immigrant Education	84.365		No	30,023
Title II, Teacher Quality	84.367		No	13,599
Passed through Mountain Board of Cooperative Educational Services (BOCES):				
Child Find	84.009		No	10,852
PL 99-457, Early Childhood	84.173		No	18,617
Passed through Colorado Mountain College: Vocational Education - Carl Perkins, PL 98.524	84.048		No	38,041
Passed through Lake County School District: Migrant Education	84.011		No	3,012
Total U.S. Department of Education				<u>1,891,141</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Eagle County Treasurer: Forest Reserve	10.666		No	23,122
Passed through Colorado Department of Social Services: Food Distribution, Commodities	10.550		No	67,185
Passed through State Department of Education: National School Lunch Program	10.555		Yes	515,264
Total U.S. Department of Agriculture				<u>605,571</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
HeadStart	93.600		No	463,715
Total U.S. Department of Health and Human Services				<u>463,715</u>
Total Federal Financial Assistance				<u>\$ 2,960,427</u>

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2008:

Note 1. General

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

Note 2. Basis of Presentation:

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

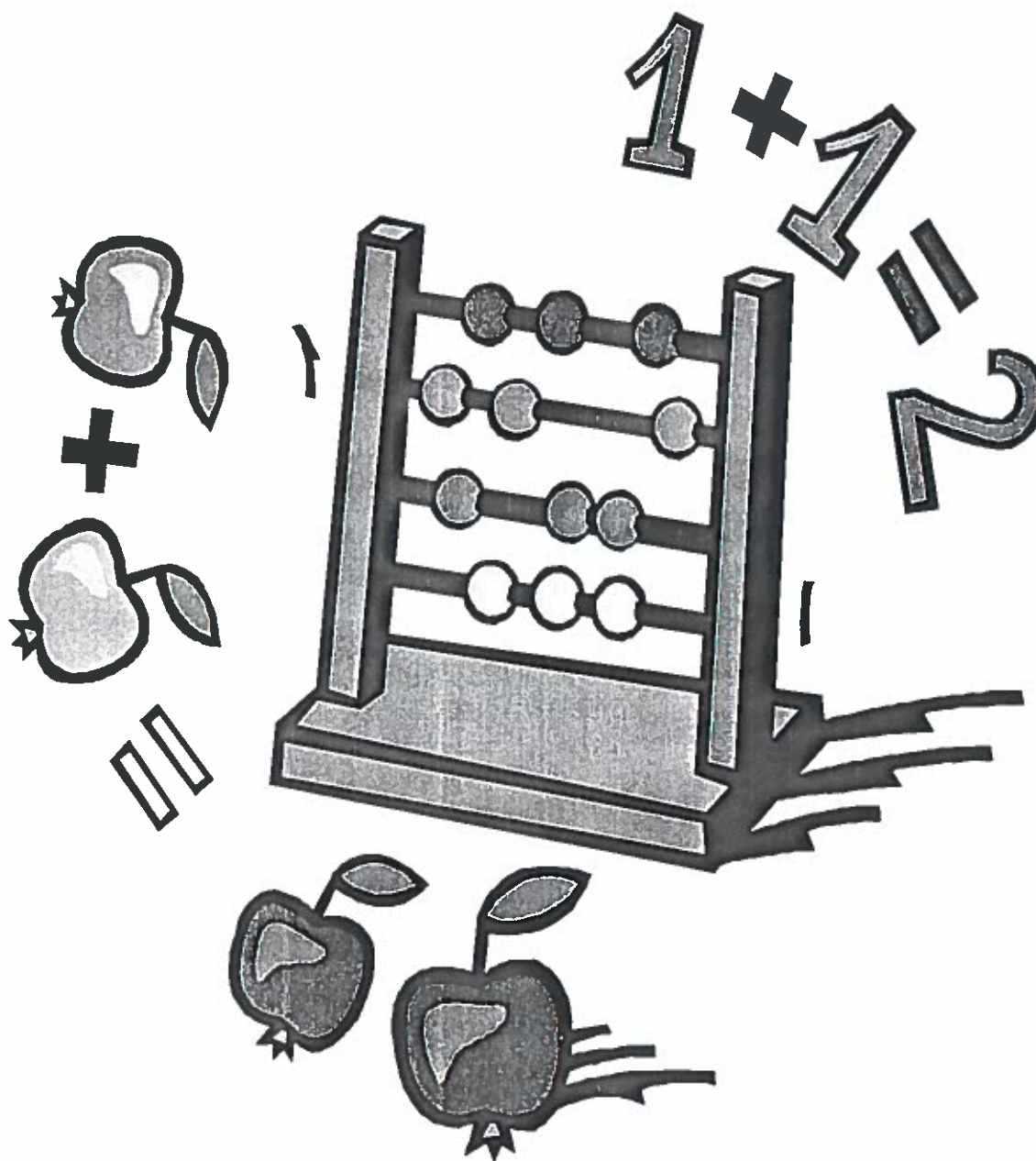
Note 3. Noncash Programs

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$67,185 are valued based on the USDA's Donated Commodity Price List.

Note 4. Subrecipients:

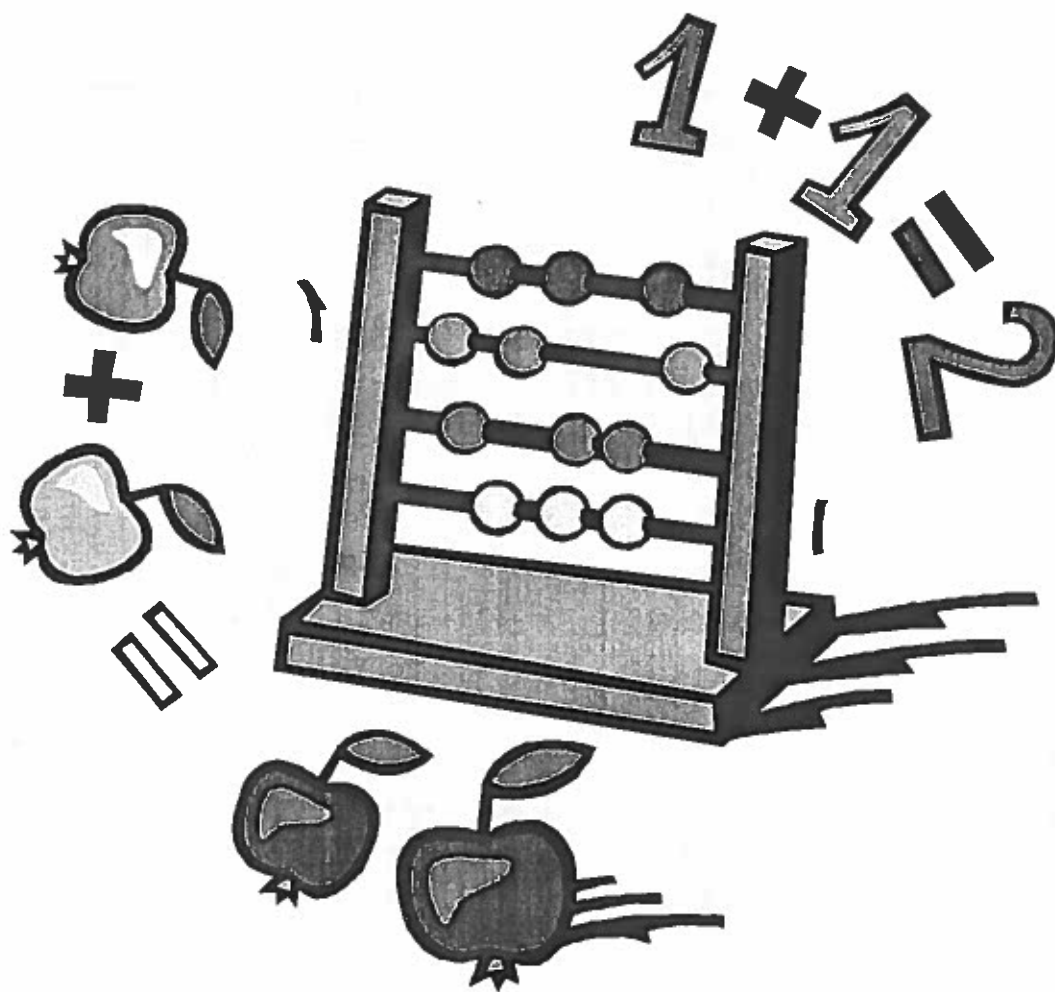
Eagle County Schools did not provide any federal awards received to subrecipients.

EAGLE COUNTY SCHOOLS



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EAGLE COUNTY SCHOOLS



**Colorado Department of
Education Requirements**



Colorado Department of Education

Automated Data Exchange View Report

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Colorado Department of Education
Fiscal Year 2007-2008
Colorado School District/BOCES
Auditor's Integrity Report

EAGLE EAGLE COUNTY RE 50
District Code: 0910

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001 - 0999 Total Expenditures & Other Uses	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	15,830,513	43,886,116	43,658,711	16,057,919
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	231,141	231,141	0
Subtotal	15,830,513	44,117,258	43,889,852	16,057,919
11 Charter School Fund	0	3,010,406	3,661,464	-651,058
20,26-29 Special Reserve Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	2,442,140	2,442,140	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	2,130,163	2,130,163	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	11,049,384	14,717,583	15,420,035	10,346,932
41 Building Fund	126,593,616	4,283,855	45,269,553	85,607,918
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	3,963,119	1,535,190	3,559,468	1,938,841
TOTALS	157,436,632	72,236,596	116,372,676	113,300,552
Proprietary				
51 Food Service Fund	107,240	1,523,787	1,541,759	89,268
50 Other Enterprise Funds	341,702	130,603	90,506	381,799
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	373,697	4,449,453	4,413,902	409,249
TOTALS	822,639	6,103,842	6,046,166	880,316
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	604,931	1,751,833	1,677,855	678,908
79 CASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	604,931	1,751,833	1,677,855	678,908

*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

FINAL