

**ELIZABETH SCHOOL DISTRICT C-1
ELIZABETH, COLORADO**

FINANCIAL STATEMENTS

June 30, 2014

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Board of Education
Elizabeth School District C-1
Elizabeth, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District C-1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Elizabeth School District C-1, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District C-1 as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended June 30, 2014, the Elizabeth School District C-1 adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matter

The report of the Legacy Academy, a discretely presented component unit, indicated that the financial statements were prepared assuming that the Legacy Academy would continue as a going concern. However, the Legacy Academy has suffered losses from operations that raise substantial doubt about its ability to continue as a going concern.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elizabeth School District C-1's basic financial statements. The combining and individual fund financial statements and schedules and the auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



December 15, 2014

**ELIZABETH SCHOOL DISTRICT NUMBER C-1
ELBERT COUNTY, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
as of and for the fiscal year ended June 30, 2014

As management of the Elizabeth School District No. C-1, Elbert County, Colorado (the District), we offer readers of the District's Audited Financial Statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- Fund balance of the District's governmental funds increased by \$227,498, resulting in an ending balance of \$5,118,637.
- The District's assets for governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$13,998,220 (net position).
- The District's total net position for the governmental activities increased \$1,179,111 or 9.1% in fiscal year 2014.
- Governmental activities has \$3,499,702 in unrestricted net position.
- Business-type activities ended the year with ending net position of \$79,023.
- The ending fund balance within the General Fund, as a percentage of expenditures, stood at 16.3%.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 1-20 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's audited financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or most of their costs from user fees and charges (business-type activities).

Governmental activities consolidate governmental funds including the General Fund, Debt Service Fund and Special Revenue Funds. The District has one business-type activity fund, the Food Services Fund.

The government-wide financial statements also include information on component units that are legally separate from the District (known as the primary government). At the close of the current fiscal year, the District has included information for one component unit, the Legacy Academy Charter School. Financial information for the charter school is presented separately from the primary government because the charter school has a separate governing board.

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

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include three fund types. The fund types presented here are governmental funds, proprietary funds and a fiduciary fund.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains four different governmental funds. The major funds are the General Fund and Bond Redemption Fund, while the nonmajor funds are the Grants Fund and the Athletics Fund.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the District's General Fund is included under required supplementary information on pages 21-22, to demonstrate compliance with the adopted budget.

The District maintains two types of proprietary funds. The Enterprise Fund is used to present the same functions as the business-type activities presented in the government-wide financial statements. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements.

The District's Enterprise Fund (Food Services Fund) is listed individually, but is not considered a major fund. The District also adopts an annual appropriated budget for the Enterprise Fund. The Enterprise Fund budgetary comparison is reported as other supplementary information.

The Internal Service Fund is used to account for the District's self-insurance activity. The premiums paid by employees and the District are presented as revenues, while claims and administrative fees paid are listed as expenses. The fund activity is included in governmental activities within the government-wide financial statements.

The proprietary fund financial statements are presented on pages 6-8 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 10-20 of this report.

Government-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives 93% of the annual property tax assessment in February, April and May.

Capital assets are used in the operations of the District. These assets are buildings, equipment, fixtures and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available early in the subsequent fiscal year. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available later.

The assets of the primary government exceed liabilities by \$14,077,243, with an unrestricted net position balance of \$3,551,600.

A net investment of \$16,740,695 in buildings, equipment, and vehicles to provide the services to the District's 2,619 public school students represents 67% of the District's assets. Net position of \$2,144,280 accumulated due to voter approved bonded debt mill levy assessments have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR reserve has also been restricted.

The \$1,762,033 of accrued salaries and benefits as of June 30 are payables associated with teacher and other employee contracts for the 2014 school year requiring resources from fiscal year 2015 to liquidate.

Elizabeth School District No. C-1						
Net position (In thousands)						
As of June 30, 2014						
Government-wide Total Assets as compared to Total Liabilities and Total Net position:						
	Governmental Activities		Business-type Activities		Government- Wide	
	2014	2013	2014	2013	2014	2013
Assets:						
Current Assets	\$ 8,255	\$ 7,931	\$ 108	\$ 126	\$ 8,363	\$ 8,057
Capital Assets	16,714	17,292	27	32	16,741	17,324
Total Assets	24,969	25,223	135	158	25,104	25,381
Deferred Outflows of Resources: Loss on Debt Refunding, Net of Accumulated Amortization	292	346			292	346
Liabilities:						
Current Liabilities	1,966	2,105	56	54	2,022	2,159
Noncurrent Liabilities	9,296	10,645			9,296	10,645
Total Liabilities	11,263	12,750	56	54	11,319	12,804
Net position:						
Net investment in capital assets	7,783	7,181	27	32	7,810	7,213
Restricted	2,715	2,679	0	0	2,715	2,679
Unrestricted	3,500	3,073	52	72	3,552	3,145
Total Net position	13,998	12,819	79	104	14,077	12,923

Government-wide Activities

Governmental activities increased the net position of the District by \$1,179,111.

Elizabeth School District No. C-1						
Changes in Net position (In thousands)						
For the year ended June 30, 2014						
	Governmental Activities		Business-type Activities		Government-Wide	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues	\$ 2,389	\$ 2,248	\$ 674	\$ 644	\$ 3,063	\$ 2,892
General revenues	18,568	18,057	0	0	18,568	18,057
Total Revenues	20,957	20,305	674	644	21,631	20,949
Expenses:						
Governmental activities						
Instruction	11,364	12,163			11,364	12,163
Supporting services	8,012	7,887			8,012	7,887
Interest on long-term debt	402	450			402	450
Business-type activities						
Food service operations			699	684	699	684
Total Expenses	19,778	20,500	699	684	20,477	21,184
Changes in net position	1,179	(195)	(25)	(40)	1,154	(235)
Net position at beginning of fiscal year	12,819	13,014	104	144	12,923	13,158
Net position at end of fiscal year	13,998	12,819	79	104	14,077	12,923

Key elements of the decrease in net position for governmental activities are as follows:

- General Fund revenues exceeded expenditures and transfers by \$235,799. This increase to the ending fund balance was a large component that contributed to the addition in the District's net position.
- The payment of \$1,305,000 of bond principal reduced long-term liabilities, which had the net effect of increasing net position.

Business-type activities decreased the District's net position by \$24,374, accounting for a 23.6 percent reduction in Business-Type Activities net position. Key elements of this decrease are as follows:

- The expenses for the food service program increased slightly by \$14,539, while the program realized an increase in revenues of \$30,041. The increase in revenues was due to the receipt of an additional \$16,824 of federal funding for students eligible for free and reduced meals.
- While there was an increase in revenues and an increase in expenses, the program still needed to utilize \$24,374 of its net position to provide services in the 13-14 fiscal year. A continuance of declining enrollment in the schools plus more federal mandates that reduced meal portion size, flavor of food served, and a la carte sales, continues to negatively impact sales and the financial health of our food service program. This will eventually lead to the General Fund needing to subsidize the operation of the food service program.

Financial Analysis of the Government's Funds

As noted 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, unassigned fund balance may serve as a useful measure of a government'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 a combined ending fund balance of \$5,118,637, an increase of \$227,498 in comparison with the prior year.

The General Fund is the chief operating fund of the District. The fund has \$2,982,650 in ending fund balance, of which \$571,000 is restricted for the constitutionally mandated TABOR reserve.

The Bond Redemption Fund has more than adequate reserves accumulated to make the December 2014 principal and interest payments. The mill levy to accumulate resources for the June and December 2016 principal and interest payments will be certified in December 2015.

Financial Analysis of the Proprietary Funds

Proprietary Funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. However, the Internal Service Fund is included in governmental activities in the government-wide financial statements.

Factors concerning the finances of the enterprise fund have already been addressed in the discussion of the District's business-type activities.

Self-Insurance Fund – The School District is self-insured for purposes of providing health, dental and vision coverage for their employees. The District pays up to \$115,000 per claim, then stop-loss limit coverage provided by Anthem covers the balance of the claim.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was due to better information for both revenues and expenditures. An example are salaries, when the original budget was created there were numerous positions that were not filled so budgeted salaries were based on reasonable estimates, while the revised budget was able to utilize amounts that were much closer to the actual salary and benefit numbers.

General Fund revenues exceeded expenditures and transfers by \$235,799, thereby increasing the ending fund balance of the fund on a percentage basis by 8.6%.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$16,740,695 (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, vehicles, fixtures and land. The total decrease in the District's investment in capital assets for the current fiscal year was \$583,020, or a 3.4% decrease.

Major capital asset purchases during the current fiscal year included the following:

- Safety improvements to bleachers, a hoist system and a remodel to a modular.

Elizabeth District No. C-1
Capital Assets (net of accumulated depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$298	\$298	\$0	\$0	\$298	\$298
Buildings	\$24,636	\$24,512	\$0	\$0	\$24,636	\$24,512
Equipment, vehicles, & fixtures	\$734	\$734	\$242	\$242	\$976	\$734
Transportation equipment	\$2,474	\$2,596	\$0	\$0	\$2,474	\$2,596
Less: Accumulated Depreciation	(\$11,429)	(\$10,848)	(\$215)	(\$210)	(\$11,644)	(\$11,058)
Total capital assets	\$16,714	\$17,292	\$27	\$32	\$16,741	\$17,324

Additional information on the District's capital assets can be found in Note 3 on page 16.

Long-term Debt. At June 30, 2014 the District had total bonded debt outstanding of \$8,980,000 backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for compensated absences in the amount of \$73,952 outstanding at the end of the current fiscal year.

Elizabeth School District No. C-1
General Obligation Bonds and Compensated Absences
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Government- Wide</u>
General obligation bonds	\$ 8,980,000	-	\$ 8,980,000
Compensated Absences	<u>73,952</u>	<u>-</u>	<u>73,952</u>
Total	<u>\$ 9,053,952</u>	<u>\$ -</u>	<u>\$ 9,053,952</u>

Total long-term debt for the District decreased during the current fiscal year according to the normal schedule of payments.

Additional information on the District's long-term obligations can be found in Note 4 on page 17 of this report.

Economic Factors and Next Year's Budget

The District is committed to an ongoing review of its programs and services for both effectiveness and efficiency. To accomplish this, the District examines how to best provide essential services on a cost-effective basis and to re-direct resources to the schools. The following factors will have a direct impact on the 2014-2015 fiscal year budget and future budgeting decisions:

- The most recent financial economic report from the State indicates that there will be a slight increase in per pupil funding for the upcoming fiscal year.
- The Public Employees Retirement Association (PERA) of Colorado, the pension plan that covers all district employees made several changes to address its unfunded liabilities. These legislative changes will obligate the District to increase its contribution every year through calendar year 2018. By the end of 2018 the District's contribution to PERA per employee will be 20.15%.

- Actual funded counts of student enrollment finally reversed a multi-year trend and increased from the prior fiscal year. The official count for the 2014-2015 school year, taken on the October 1 official count day, reported that the number of students was less than in fiscal year 2014.
- Cost savings measures implemented in prior years will need to remain due to the continuing economic conditions, both at the local and national levels.

For the fiscal year that just ended, 2013-2014, the District added to the ending fund balance of the General Fund by \$235,799. Beginning in 2005 and ending in 2011, the District strategically added \$5,103,663 to the General Fund's reserves in preparation for a possible downturn in operating revenues. This planned increase in reserves has significantly reduced the number of budget reductions that would have negatively impacted the classroom. The 2014-2015 Budget also reflects an increase in the ending fund balance, and the District is anticipating increases in future funding which will mitigate further reductions of the fund balance. However, the District is anticipating large losses in student enrollment over the next six years, which will have a very large negative impact on providing services in the classroom.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Elizabeth School District Number C-1
Attention: Business Office
633 Dale Ct. PO Box 610
Elizabeth, CO 80107

BASIC FINANCIAL STATEMENTS

ELIZABETH SCHOOL DISTRICT C-1

STATEMENT OF NET POSITION

June 30, 2014

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	UNIT
	ACTIVITIES	ACTIVITIES		LEGACY ACADEMY
ASSETS				
Cash and Investments	\$ 7,768,576	\$ 46,002	\$ 7,814,578	\$ 397,685
Restricted Cash and Investments	-	-	-	806,509
Accounts Receivable	92,571	-	92,571	63,631
Taxes Receivable	394,040	-	394,040	-
Inventories	-	61,480	61,480	-
Prepaid Expenses	-	-	-	4,765
Lease Deposit	-	-	-	47,702
Capital Assets, Not Being Depreciated	298,022	-	298,022	347,000
Capital Assets, Net of Accumulated Depreciation	16,415,548	27,125	16,442,673	4,589,344
TOTAL ASSETS	24,968,757	134,607	25,103,364	6,256,636
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	291,969	-	291,969	-
LIABILITIES				
Accounts Payable	67,065	232	67,297	48,661
Accrued Salaries and Benefits	1,706,681	55,352	1,762,033	115,116
Unearned Revenues	-	-	-	25,960
Accrued Interest Payable	30,431	-	30,431	131,894
Insurance Claims Payable	162,076	-	162,076	-
Noncurrent Liabilities				
Due Within One Year	1,414,724	-	1,414,724	151,546
Due in More Than One Year	7,881,529	-	7,881,529	5,255,917
TOTAL LIABILITIES	11,262,506	55,584	11,318,090	5,729,094
NET POSITION				
Net Investment in Capital Assets	7,783,238	27,125	7,810,363	(471,119)
Restricted for Debt Service	2,144,280	-	2,144,280	597,314
Restricted for Repairs and Replacement	-	-	-	125,003
Restricted for Emergencies	571,000	-	571,000	83,000
Unrestricted	3,499,702	51,898	3,551,600	193,344
TOTAL NET POSITION	\$ 13,998,220	\$ 79,023	\$ 14,077,243	\$ 527,542

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

ELIZABETH SCHOOL DISTRICT C-1

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	\$ 11,363,797	\$ 777,646	\$ 1,203,453
Supporting Services	8,012,317	102,398	305,705
Interest on Long-Term Debt	401,786	-	-
Total Governmental Activities	<u>19,777,900</u>	<u>880,044</u>	<u>1,509,158</u>
Business-Type Activities			
Food Services	<u>698,585</u>	<u>435,700</u>	<u>238,511</u>
Total Business-Type Activities	<u>698,585</u>	<u>435,700</u>	<u>238,511</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 20,476,485</u>	<u>\$ 1,315,744</u>	<u>\$ 1,747,669</u>
COMPONENT UNIT			
Legacy Academy	<u>\$ 2,885,892</u>	<u>\$ 173,797</u>	<u>\$ 118,997</u>

GENERAL REVENUES

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

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT
GOVERNMENTAL	BUSINESS-TYPE	TOTAL	UNIT
ACTIVITIES	ACTIVITIES		LEGACY
			ACADEMY
\$ (9,382,698)	\$ -	\$ (9,382,698)	\$ -
(7,604,214)	-	(7,604,214)	-
(401,786)	-	(401,786)	-
(17,388,698)	-	(17,388,698)	-
-	(24,374)	(24,374)	-
-	(24,374)	(24,374)	-
(17,388,698)	(24,374)	(17,413,072)	-
-	-	-	(2,593,098)
5,804,530	-	5,804,530	-
939,836	-	939,836	-
11,599,032	-	11,599,032	-
-	-	-	2,494,595
89,189	-	89,189	-
-	-	-	56,950
9,683	-	9,683	21,478
125,539	-	125,539	15,700
18,567,809	-	18,567,809	2,588,723
1,179,111	(24,374)	1,154,737	(4,375)
12,819,109	103,397	12,922,506	531,917
\$ <u>13,998,220</u>	\$ <u>79,023</u>	\$ <u>14,077,243</u>	\$ <u>527,542</u>

ELIZABETH SCHOOL DISTRICT C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 4,535,085	\$ 2,057,304	\$ 130,036	\$ 6,722,425
Accounts Receivable	92,571	-	-	92,571
Taxes Receivable	276,633	117,407	-	394,040
TOTAL ASSETS	<u>\$ 4,904,289</u>	<u>\$ 2,174,711</u>	<u>\$ 130,036</u>	<u>\$ 7,209,036</u>
LIABILITIES				
Accounts Payable	\$ 37,068	\$ -	\$ 29,997	\$ 67,065
Accrued Salaries and Benefits	1,662,267	-	44,414	1,706,681
TOTAL LIABILITIES	<u>1,699,335</u>	<u>-</u>	<u>74,411</u>	<u>1,773,746</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	222,304	94,349	-	316,653
FUND BALANCES				
Restricted for Debt Service	-	2,080,362	-	2,080,362
Restricted for Emergencies	571,000	-	-	571,000
Assigned to Athletics Programs	-	-	55,625	55,625
Unassigned	2,411,650	-	-	2,411,650
TOTAL FUND BALANCES	<u>2,982,650</u>	<u>2,080,362</u>	<u>55,625</u>	<u>5,118,637</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,904,289</u>	<u>\$ 2,174,711</u>	<u>\$ 130,036</u>	<u>\$ 7,209,036</u>

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

Total Fund Balances of Governmental Funds	\$ 5,118,637
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	16,713,570
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.	316,653
Long-term liabilities and related items, including long-term debt (\$9,296,253), loss on debt refundings \$291,969, and accrued interest payable (\$30,431), are not due and payable in the current year and, therefore, are not reported in governmental funds.	(9,034,715)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.	<u>884,075</u>
Total Net Position of Governmental Activities	<u>\$ 13,998,220</u>

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

ELIZABETH SCHOOL DISTRICT C-1

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

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ 5,896,367	\$ 1,707,034	\$ 110,596	\$ 7,713,997
County Sources	89,764	-	-	89,764
State Sources	12,527,407	-	30,776	12,558,183
Federal Sources	400,606	-	149,401	550,007
 TOTAL REVENUES	 <u>18,914,144</u>	 <u>1,707,034</u>	 <u>290,773</u>	 <u>20,911,951</u>
EXPENDITURES				
Current				
Instruction	10,952,563	-	594,992	11,547,555
Supporting Services	7,305,782	-	129,591	7,435,373
Debt Service				
Principal	-	1,305,000	-	1,305,000
Interest and Fiscal Charges	-	396,525	-	396,525
 TOTAL EXPENDITURES	 <u>18,258,345</u>	 <u>1,701,525</u>	 <u>724,583</u>	 <u>20,684,453</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>655,799</u>	 <u>5,509</u>	 <u>(433,810)</u>	 <u>227,498</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	420,000	420,000
Transfers Out	(420,000)	-	-	(420,000)
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(420,000)</u>	 <u>-</u>	 <u>420,000</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCES	 235,799	 5,509	 (13,810)	 227,498
FUND BALANCES, Beginning	<u>2,746,851</u>	<u>2,074,853</u>	<u>69,435</u>	<u>4,891,139</u>
FUND BALANCES, Ending	<u>\$ 2,982,650</u>	<u>\$ 2,080,362</u>	<u>\$ 55,625</u>	<u>\$ 5,118,637</u>

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

ELIZABETH SCHOOL DISTRICT C-1

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

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

Net Change in Fund Balances of Governmental Funds	\$	227,498
Capital outlay to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$702,634) exceeded capital outlay \$124,129 in the current year.		(578,505)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		45,060
Repayments of bond principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		1,305,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in accrued interest payable \$5,050, amortization of bond premiums \$43,337, amortization of loss on debt refundings (\$53,648) and the change in compensated absences \$359.		(4,902)
An internal service fund is used by management to charge the costs of insurance to individual funds. The activities of the internal service fund are reported with governmental activities in the statement of activities.		<u>184,960</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,179,111</u></u>

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

ELIZABETH SCHOOL DISTRICT C-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 46,002	\$ 1,046,151
Inventories	<u>61,480</u>	<u>-</u>
Total Current Assets	107,482	1,046,151
Noncurrent Assets		
Capital Assets, Net of Accumulated Depreciation	<u>27,125</u>	<u>-</u>
TOTAL ASSETS	<u>134,607</u>	<u>1,046,151</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	232	-
Accrued Salaries and Benefits	55,352	-
Insurance Claims Payable	<u>-</u>	<u>162,076</u>
TOTAL LIABILITIES	<u>55,584</u>	<u>162,076</u>
NET POSITION		
Net Investment in Capital Assets	27,125	-
Unrestricted	<u>51,898</u>	<u>884,075</u>
TOTAL NET POSITION	<u>\$ 79,023</u>	<u>\$ 884,075</u>

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

ELIZABETH SCHOOL DISTRICT C-1

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

	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
OPERATING REVENUES		
Charges for Services	\$ 435,700	\$ 1,590,215
 TOTAL OPERATING REVENUES	 <u>435,700</u>	 <u>1,590,215</u>
OPERATING EXPENSES		
Salaries	261,920	-
Benefits	103,796	-
Purchased Services	8,063	-
Commodities	26,429	-
Supplies and Materials	284,910	-
Property	8,952	-
Depreciation	4,515	-
Insurance Claims	-	1,405,255
 TOTAL OPERATING EXPENSES	 <u>698,585</u>	 <u>1,405,255</u>
 OPERATING INCOME (LOSS)	 <u>(262,885)</u>	 <u>184,960</u>
NONOPERATING REVENUES		
Federal Sources		
National School Lunch and Breakfast Programs	203,701	-
Donated Commodities	26,429	-
State Sources	8,381	-
 TOTAL NONOPERATING REVENUES	 <u>238,511</u>	 <u>-</u>
 CHANGE IN NET POSITION	 (24,374)	184,960
NET POSITION, Beginning	<u>103,397</u>	<u>699,115</u>
NET POSITION, Ending	\$ <u><u>79,023</u></u>	\$ <u><u>884,075</u></u>

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

ELIZABETH SCHOOL DISTRICT C-1

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents
Year Ended June 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 435,700	\$ 1,590,215
Cash Paid to Suppliers	(312,190)	(1,441,795)
Cash Paid to Employees	(363,648)	-
Net Cash Provided (Used) by Operating Activities	<u>(240,138)</u>	<u>148,420</u>
Cash Flows From Noncapital Financing Activities		
Cash Received from Federal Programs	222,048	-
Cash Received from State Programs	8,381	-
Net Cash Provided by Noncapital Financing Activities	<u>230,429</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,709)	148,420
CASH AND CASH EQUIVALENTS, Beginning	<u>55,711</u>	<u>897,731</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 46,002</u>	<u>\$ 1,046,151</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (262,885)	\$ 184,960
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	4,515	-
Donated Commodities	26,429	-
Changes in Assets and Liabilities		
Inventories	(9,492)	-
Accounts Payable	(773)	-
Accrued Salaries and Benefits	2,068	-
Insurance Claims Payable	-	(36,540)
Net Cash Provided (Used) by Operating Activities	<u>\$ (240,138)</u>	<u>\$ 148,420</u>
SCHEDULE OF NON-CASH TRANSACTIONS		
Commodities Received	<u>\$ 26,429</u>	<u>\$ -</u>

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

ELIZABETH SCHOOL DISTRICT C-1

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

June 30, 2014

	<u>STUDENT ACTIVITY</u>
ASSETS	
Cash and Investments	\$ 231,140
Accounts Receivable	<u>144</u>
TOTAL ASSETS	<u>\$ 231,284</u>
LIABILITIES	
Accrued Liabilities	
Due to Student Groups	\$ 228,386
Due to Other Entities	<u>2,898</u>
TOTAL LIABILITIES	<u>\$ 231,284</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Elizabeth School District C-1 (the “District”) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

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

The District includes the Legacy Academy Charter School (the “School”) within its reporting entity because the School is fiscally dependent on the District. Since the School has a separately elected board, the School is discretely presented in the financial statements. Separate financial statements for the School may be obtained by contacting the School at 1975 Legacy Circle, Elizabeth, Colorado 80107.

Government-wide and Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The *Bond Redemption Fund* accounts for property taxes restricted for the payment of general obligation debt issued by the District.

Additionally, the District reports the following fund types:

The *Food Services Enterprise Fund* accounts for the financial activities associated with the District's school breakfast and lunch programs.

The *Insurance Reserve Internal Service Fund* accounts for the resources accumulated for the District's employee health and dental claims.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Operating expenses for proprietary 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.

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

Assets, Liabilities and Fund Balances/Net Position

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

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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

Inventories - Food Services Fund inventories are recorded as an asset when individual items are purchased and as an expense when consumed. Inventories are stated at average cost, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued based upon the cost furnished by the federal government.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Buildings	25 - 50 years
Equipment	10 years
Transportation Vehicles	8 years

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

Deferred Inflows of Resources - Deferred inflows of resources in the governmental fund financial statements include property taxes not available as current financial resources.

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

Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenses or expenditures.

Compensated Absences - Employees are allowed to accumulate unused vacation time for one year from the anniversary date at which it was granted. Accrued vacation time is paid to those eligible employees upon termination of employment.

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

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

In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent the authority to assign fund balances to be used for specific purposes. In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

District policy sets a financial goal to maintain a total fund balance in the General Fund of 2% of total operating revenues, in addition to any amounts required by State statutes.

Property Taxes

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

NOTE 2: CASH AND INVESTMENTS

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

Deposits	\$ 5,434,995
Investments	<u>2,610,723</u>
Total	<u>\$ 8,045,718</u>

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

Cash and Investments	\$ 7,814,578
Fiduciary Fund Cash and Investments	<u>231,140</u>
Total	<u>\$ 8,045,718</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2014, the District had bank deposits of \$5,369,017 collateralized with securities held by the financial institutions’ agents but not in the District’s name.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

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

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

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

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs). At June 30, 2014, the District had \$1,964,513 invested in a money market fund that was rated AAAM by Standard and Poor's.

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

Local Government Investment Pool - At June 30, 2014, the District had \$646,210 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

ELIZABETH SCHOOL DISTRICT C-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 3: CAPITAL ASSETS

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

	<u>Balances</u> 6/30/13	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 6/30/14
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 298,022	\$ -	\$ -	\$ 298,022
Total Capital Assets, Not Being Depreciated	<u>298,022</u>	<u>-</u>	<u>-</u>	<u>298,022</u>
Capital Assets, Being Depreciated				
Buildings	24,511,697	124,129	-	24,635,826
Equipment	734,460	-	-	734,460
Transportation Vehicles	2,595,578	-	121,640	2,473,938
Total Capital Assets, Being Depreciated	<u>27,841,735</u>	<u>124,129</u>	<u>121,640</u>	<u>27,844,224</u>
Less Accumulated Depreciation				
Buildings	(7,955,347)	(594,069)	-	(8,549,416)
Equipment	(474,518)	(42,760)	-	(517,278)
Transportation Vehicles	(2,417,817)	(65,805)	(121,640)	(2,361,982)
Total Accumulated Depreciation	<u>(10,847,682)</u>	<u>(702,634)</u>	<u>(121,640)</u>	<u>(11,428,676)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,994,053</u>	<u>(578,505)</u>	<u>-</u>	<u>16,415,548</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,292,075</u>	<u>\$ (578,505)</u>	<u>\$ -</u>	<u>\$ 16,713,570</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Equipment	\$ 241,618	\$ -	\$ -	\$ 241,618
Less Accumulated Depreciation				
Equipment	<u>(209,978)</u>	<u>(4,515)</u>	<u>-</u>	<u>(214,493)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,640</u>	<u>\$ (4,515)</u>	<u>\$ -</u>	<u>\$ 27,125</u>

Depreciation expense of the governmental activities was charged to programs of the District as follows:

Instruction	\$ 1,561
Supporting Services	<u>701,073</u>
Total	<u>\$ 702,634</u>

ELIZABETH SCHOOL DISTRICT C-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 4: LONG-TERM DEBT

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

	Balances <u>6/30/13</u>	Additions	Payments	Balances <u>6/30/14</u>	Due Within <u>One Year</u>
Governmental Activities					
2005 GO Bonds	\$ 8,670,000	\$ -	\$ 1,150,000	\$ 7,520,000	\$ 1,200,000
2005 Bond Premium	230,428	-	35,450	194,978	-
2012 GO Bonds	1,615,000	-	155,000	1,460,000	160,000
2012 Bond Premium	55,210	-	7,887	47,323	-
Compensated Absences	<u>74,311</u>	<u>79,564</u>	<u>79,923</u>	<u>73,952</u>	<u>54,724</u>
Total	<u>\$ 10,644,949</u>	<u>\$ 79,564</u>	<u>\$ 1,428,260</u>	<u>\$ 9,296,253</u>	<u>\$ 1,414,724</u>

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

General Obligation Bonds

\$9,030,000 General Obligation Refunding Bonds, Series 2005, were issued to refund certain existing bond obligations. Principal payments are due annually on December 1, through 2019. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.625% to 5% per annum. Additionally, \$295,000 detachable registered coupons were issued, which were due on December 1, in the years 2005 through 2010.

\$2,745,000 General Obligation Refunding Bonds, Series 2012, were issued to refund certain existing bond obligations originally issued to construct and equip a new high school building. Principal payments are due annually on December 1, through 2019. Interest accrues at rates ranging from 2% to 2.25% per annum, and is payable semi-annually on June 1 and December 1.

Bond payments to maturity are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,360,000	\$ 341,675	\$ 1,701,675
2016	1,410,000	291,575	1,701,575
2017	1,460,000	237,425	1,697,425
2018	1,510,000	174,525	1,684,525
2019	1,585,000	102,025	1,687,025
2020	<u>1,655,000</u>	<u>32,435</u>	<u>1,687,435</u>
Total	<u>\$ 8,980,000</u>	<u>\$ 1,179,660</u>	<u>\$ 10,159,660</u>

NOTE 5: INTERFUND TRANSACTIONS

During the year ended June 30, 2014, the General Fund subsidized the programs of the Athletics Fund through an interfund transfer of \$420,000.

ELIZABETH SCHOOL DISTRICT C-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 6: RISK MANAGEMENT

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

The District purchases commercial insurance for property, liability, and workers compensation risks of loss. Under the District's employee health and dental plan, the District provides coverage for up to a maximum of \$115,000 per employee for each calendar year. The aggregate stop-loss limit for the District is 120% of expected claims, or \$1,801,516 for the year ended June 30, 2014.

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

Changes in claims payable for the employee health and dental plan were as follows:

Claims Payable, June 30, 2012	\$ 201,411
Claims Incurred and Adjustments	1,624,237
Payments	<u>(1,627,032)</u>
Claims Payable, June 30, 2013	198,616
Claims Incurred and Adjustments	1,405,255
Payments	<u>(1,441,795)</u>
Claims Payable, June 30, 2014	<u>\$ 162,076</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - The contribution requirements of members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salaries. The District contribution rate for calendar years 2012, 2013 and 2014 was 15.65% 16.55% and 17.45% of covered salaries, respectively. A portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). The District's contributions to the SDTF for the years ended June 30, 2014, 2013 and 2012 were \$1,632,661, \$1,590,070, and \$1,553,776, respectively, equal to the required contributions for each year.

NOTE 8: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

Funding Policy - The District is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ended June 30, 2014, 2013 and 2012 was \$93,080, \$98,830, and \$102,245, respectively, equal to the required amounts for each year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

Tabor Amendment

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

ELIZABETH SCHOOL DISTRICT C-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

In November, 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2014, the District's emergency reserve, of \$571,000, was reported as restricted fund balance in the General Fund.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE

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

	<u>Governmental Activities</u>
Net Position, June 30, 2013, as Originally Stated	\$ 12,932,855
Debt Issuance Costs, Net of Accumulated Amortization	<u>(113,746)</u>
Net Position, June 30, 2013, as Restated	<u>\$ 12,819,109</u>

REQUIRED SUPPLEMENTARY INFORMATION

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 4,187,265	\$ 4,039,564	\$ 4,052,578	\$ 13,014
Specific Ownership Taxes	840,000	840,000	939,836	99,836
Tuition and Fees	610,000	610,000	693,311	83,311
Investment Income	10,000	10,000	9,541	(459)
Rental Income	80,000	70,000	76,137	6,137
Other	40,000	40,000	124,964	84,964
Total Local Sources	<u>5,767,265</u>	<u>5,609,564</u>	<u>5,896,367</u>	<u>286,803</u>
County Sources				
School Improvements Fees	10,000	14,000	89,189	75,189
Other	-	-	575	575
Total County Sources	<u>10,000</u>	<u>14,000</u>	<u>89,764</u>	<u>75,764</u>
State Sources				
State Equalization	11,451,315	11,456,523	11,599,032	142,509
Vocational Education	40,000	48,000	51,221	3,221
BOCES Special Education Reimbursement	500,000	500,000	604,567	104,567
Transportation	230,000	242,000	249,344	7,344
READ Act	-	25,000	23,243	(1,757)
Total State Sources	<u>12,221,315</u>	<u>12,271,523</u>	<u>12,527,407</u>	<u>255,884</u>
Federal Sources				
BOCES Special Education Reimbursement	382,392	382,392	386,490	4,098
Medicaid	130,000	130,000	14,116	(115,884)
Total Federal Sources	<u>512,392</u>	<u>512,392</u>	<u>400,606</u>	<u>(111,786)</u>
TOTAL REVENUES	<u>18,510,972</u>	<u>18,407,479</u>	<u>18,914,144</u>	<u>506,665</u>
EXPENDITURES				
Instruction				
Instruction	11,670,109	11,290,379	10,952,563	337,816
Supporting Services				
Students	830,667	972,041	966,521	5,520
Instructional Staff	195,951	278,191	270,504	7,687
General Administration	435,180	455,552	453,055	2,497
School Administration	1,069,658	1,025,453	1,008,947	16,506
Business Services	456,039	469,146	438,638	30,508
Operations and Maintenance	1,967,200	2,159,660	2,100,231	59,429
Student Transportation	972,518	990,400	933,136	57,264
Central Support	667,768	686,500	637,707	48,793
Community Services	396,631	401,386	353,356	48,030
Facilities Acquisition	250,000	130,000	143,687	(13,687)
Total Supporting Services	<u>7,241,612</u>	<u>7,568,329</u>	<u>7,305,782</u>	<u>262,547</u>
TOTAL EXPENDITURES	<u>18,911,721</u>	<u>18,858,708</u>	<u>18,258,345</u>	<u>600,363</u>

(Continued)

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(400,749)	(451,229)	655,799	1,107,028
OTHER FINANCING SOURCES (USES)				
Transfers Out	(485,000)	(485,000)	(420,000)	65,000
NET CHANGE IN FUND BALANCE	(885,749)	(936,229)	235,799	1,172,028
FUND BALANCE, Beginning	2,688,700	2,746,851	2,746,851	-
FUND BALANCE, Ending	\$ <u>1,802,951</u>	\$ <u>1,810,622</u>	\$ <u>2,982,650</u>	\$ <u>1,172,028</u>

See the accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles, except for the Food Services Fund, where the receipt or use of donated commodities is not budgeted. The District adheres to the following procedures in establishing the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget 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. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year end.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ELIZABETH SCHOOL DISTRICT C-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	SPECIAL REVENUE		TOTAL
	GRANTS	ATHLETICS	
ASSETS			
Cash and Investments	\$ 15,157	\$ 114,879	\$ 130,036
TOTAL ASSETS	\$ 15,157	\$ 114,879	\$ 130,036
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 29,997	\$ 29,997
Accrued Salaries and Benefits	15,157	29,257	44,414
TOTAL LIABILITIES	15,157	59,254	74,411
FUND BALANCES			
Assigned to Athletics Programs	-	55,625	55,625
TOTAL FUND BALANCES	-	55,625	55,625
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,157	\$ 114,879	\$ 130,036

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

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

	<u>SPECIAL REVENUE</u>		<u>TOTAL</u>
	<u>GRANTS</u>	<u>ATHLETICS</u>	
REVENUES			
Local Sources	\$ -	\$ 110,596	\$ 110,596
State Sources	30,776	-	30,776
Federal Sources	149,401	-	149,401
TOTAL REVENUES	<u>180,177</u>	<u>110,596</u>	<u>290,773</u>
EXPENDITURES			
Current			
Instruction	180,177	414,815	594,992
Supporting Services	-	129,591	129,591
TOTAL EXPENDITURES	<u>180,177</u>	<u>544,406</u>	<u>724,583</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(433,810)	(433,810)
OTHER FINANCING SOURCES			
Transfers In	-	420,000	420,000
NET CHANGE IN FUND BALANCES	-	(13,810)	(13,810)
FUND BALANCES, Beginning	-	69,435	69,435
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ 55,625</u>	<u>\$ 55,625</u>

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

GRANTS FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
State Grants	\$ 19,000	\$ 19,000	\$ 30,776	\$ 11,776
Federal Grants	153,680	155,851	149,401	(6,450)
TOTAL REVENUES	172,680	174,851	180,177	5,326
EXPENDITURES				
Current				
Instruction	237,680	239,851	180,177	59,674
TOTAL EXPENDITURES	237,680	239,851	180,177	59,674
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(65,000)	(65,000)	-	65,000
OTHER FINANCING SOURCES				
Transfers In	65,000	65,000	-	(65,000)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

ATHLETICS FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
Local Sources				
Charges for Services	\$ 100,000	\$ 105,000	\$ 110,596	\$ 5,596
TOTAL REVENUES	100,000	105,000	110,596	5,596
EXPENDITURES				
Current				
Instruction	372,089	395,779	414,815	(19,036)
Supporting Services	172,911	149,233	129,591	19,642
TOTAL EXPENDITURES	545,000	545,012	544,406	606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(445,000)	(440,012)	(433,810)	6,202
OTHER FINANCING SOURCES				
Transfers In	420,000	420,000	420,000	-
NET CHANGE IN FUND BALANCE	(25,000)	(20,012)	(13,810)	6,202
FUND BALANCE, Beginning	61,081	69,435	69,435	-
FUND BALANCE, Ending	\$ 36,081	\$ 49,423	\$ 55,625	\$ 6,202

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

BOND REDEMPTION FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 1,580,000	\$ 1,725,175	\$ 1,706,892	\$ (18,283)
Investment Income	-	-	142	142
TOTAL REVENUES	<u>1,580,000</u>	<u>1,725,175</u>	<u>1,707,034</u>	<u>(18,141)</u>
EXPENDITURES				
Debt Service				
Principal	1,305,000	1,305,000	1,305,000	-
Interest and Fiscal Charges	398,475	398,475	396,525	1,950
Reserves	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>1,753,475</u>	<u>1,753,475</u>	<u>1,701,525</u>	<u>51,950</u>
NET CHANGE IN FUND BALANCE	(173,475)	(28,300)	5,509	33,809
FUND BALANCE, Beginning	<u>2,181,012</u>	<u>2,074,853</u>	<u>2,074,853</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 2,007,537</u>	<u>\$ 2,046,553</u>	<u>\$ 2,080,362</u>	<u>\$ 33,809</u>

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICES FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
Charges for Services				
Student Meals	\$ 540,000	\$ 490,000	\$ 428,751	\$ (61,249)
Catering	25,000	15,000	6,949	(8,051)
Federal Sources				
National School Lunch and Breakfast Programs	164,000	200,000	203,701	3,701
State Sources				
Grants	4,500	7,000	8,381	1,381
TOTAL REVENUES	<u>733,500</u>	<u>712,000</u>	<u>647,782</u>	<u>(64,218)</u>
EXPENSES				
Salaries	265,315	284,400	261,920	22,480
Benefits	86,825	112,350	103,796	8,554
Purchased Services	40,000	24,900	8,063	16,837
Supplies and Materials	351,000	301,600	284,910	16,690
Property	-	7,000	8,952	(1,952)
Depreciation	1,500	-	4,515	(4,515)
Reserves	20,000	10,000	-	10,000
TOTAL EXPENSES	<u>764,640</u>	<u>740,250</u>	<u>672,156</u>	<u>68,094</u>
CHANGE IN NET POSITION, Budgetary Basis	\$ <u>(31,140)</u>	\$ <u>(28,250)</u>	(24,374)	\$ <u>3,876</u>
ADJUSTMENTS TO GAAP BASIS				
Donated Commodities Received			26,429	
Donated Commodities Used			<u>(26,429)</u>	
CHANGE IN NET POSITION, GAAP Basis			(24,374)	
NET POSITION, Beginning			<u>103,397</u>	
NET POSITION, Ending			\$ <u>79,023</u>	

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

BUDGETARY COMPARISON SCHEDULE

INSURANCE RESERVE FUND

Year Ended June 30, 2014

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Charges for Services	\$ 1,992,000	\$ 1,992,000	\$ 1,590,215	\$ (401,785)
Investment Income	50	50	-	(50)
TOTAL REVENUES	<u>1,992,050</u>	<u>1,992,050</u>	<u>1,590,215</u>	<u>(401,835)</u>
EXPENSES				
Insurance Claims	1,992,000	1,992,000	1,405,255	586,745
Reserves	<u>50,000</u>	<u>50,000</u>	-	<u>50,000</u>
TOTAL EXPENSES	<u>2,042,000</u>	<u>2,042,000</u>	<u>1,405,255</u>	<u>636,745</u>
CHANGE IN NET POSITION	(49,950)	(49,950)	184,960	234,910
NET POSITION, Beginning	<u>824,345</u>	<u>699,115</u>	<u>699,115</u>	-
NET POSITION, Ending	<u>\$ 774,395</u>	<u>\$ 649,165</u>	<u>\$ 884,075</u>	<u>\$ 234,910</u>

See the accompanying Independent Auditors' Report.

ELIZABETH SCHOOL DISTRICT C-1

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended June 30, 2014

	<u>BALANCES</u> 6/30/13	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCES</u> 6/30/14
Student Activity Fund				
ASSETS				
Cash and Investments	\$ 220,462	\$ 514,307	\$ 503,629	\$ 231,140
Accounts Receivable	<u>144</u>	<u>-</u>	<u>-</u>	<u>144</u>
TOTAL ASSETS	<u>\$ 220,606</u>	<u>\$ 514,307</u>	<u>\$ 503,629</u>	<u>\$ 231,284</u>
LIABILITIES				
Accrued Liabilities				
Due to Student Groups	\$ 208,708	\$ 442,784	\$ 423,106	\$ 228,386
Due to Other Entities	<u>11,898</u>	<u>71,523</u>	<u>80,523</u>	<u>2,898</u>
TOTAL LIABILITIES	<u>\$ 220,606</u>	<u>\$ 514,307</u>	<u>\$ 503,629</u>	<u>\$ 231,284</u>

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 0920 - ELIZABETH C-1
 Fiscal Year 2013-14
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	2,746,850		15,999,548	15,763,749		2,982,649
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	2,746,850		15,999,548	15,763,749		2,982,649
11 Charter School Fund	756,053		3,259,317	3,527,763		487,607
20.26-29 Special Revenue Fund	0		0	0		0
21 Capital Reserve Spec Revenue Fund	0		0	0		0
22 Govt Designated-Purpose Grants Fund	0		180,177	180,177		0
23 Pupil Activity Special Revenue Fund	69,435		530,596	544,406		55,625
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	2,074,853		1,707,034	1,701,525		2,080,362
39 Non-Voter Approved Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
Totals	5,647,192		21,676,671	21,717,620		5,606,243
Proprietary						
51 Food Service Fund	103,398		777,261	801,635		79,024
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	699,115		0	-184,959		884,075
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	802,513		777,261	616,676		963,098
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	220,606		514,307	503,628		231,284
79 GASB 34 Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	220,606		514,307	503,628		231,284
FINAL						

*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.