



*10850 East Woodmen Road • Falcon, CO 80831
Tel: 719-495-1100 • Fax: 719-494-8900*

December 10, 2010

2009-10 Comprehensive Annual Financial Report

The 2009-10 Comprehensive Annual Financial Report (CAFR aka 'Audit Report') follows this title page. This report has been formatted to print double-sided. Should you print the report single-sided, there will be blank pages that, while page numbered, will be unnecessary to retain.

Additional information and/or interpretations of data presented herein may be acquired by contacting the district's Finance Department at 719-495-1100 and placing a proper Colorado Open Records Act information request.

Sincerely,

Brett Ridgway
Director of Finance

*~ Bradley Schoeppey Ed.D., Superintendent ~
~ Mary E Guinn Ed.D., Deputy Superintendent ~
~ David W. Bond, Chief Information Officer ~ ~ Joleen Schaake, Chief Financial Officer ~
~ Mark McPherson, Executive Director of Human Resources ~*

Falcon School District 49



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

El Paso County School District 49

El Paso County, Colorado

also known as:

Falcon School District 49

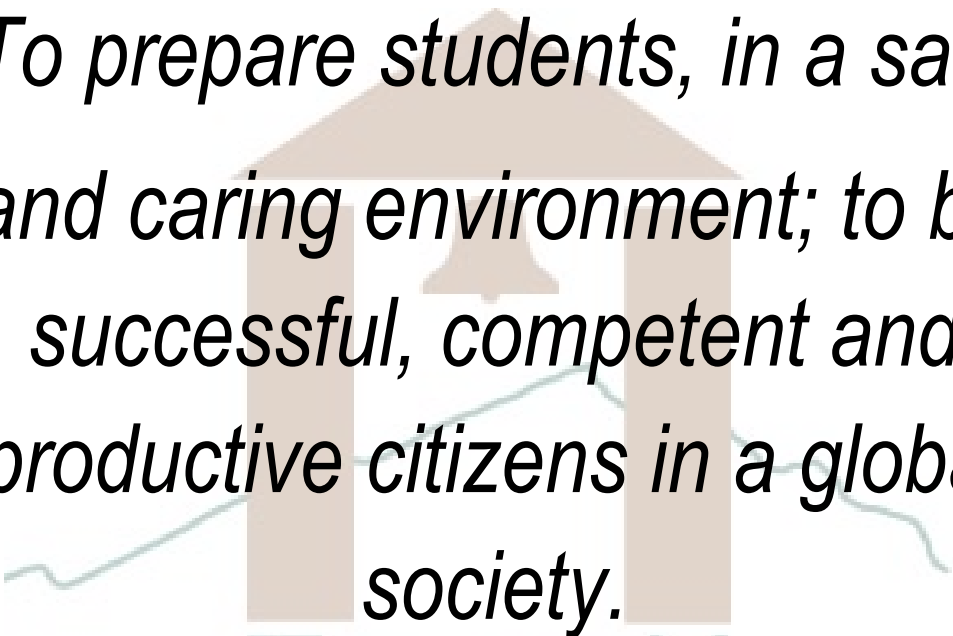
COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2010

*Prepared by: Brett Ridgway, CPA
Director of Finance*



*To prepare students, in a safe
and caring environment; to be
successful, competent and
productive citizens in a global
society.*

-District 49 Mission Statement

The board members are dedicated to providing leadership and direction in cooperation with the community, schools, and governing officials to meet the District's mission.

Falcon School District 49
-Board of Education Purpose

Our Traditional Schools



Evans International
Elementary



Falcon
Elementary



Meridian Ranch
Elementary



Remington
Elementary



Ridgeview
Elementary



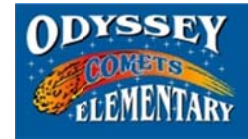
Woodmen Hills
Elementary



Springs Ranch
Elementary



Stetson
Elementary



Odyssey
Elementary



Falcon Middle



Horizon Middle



Skyview Eagles
Skyview Middle



Falcon High School



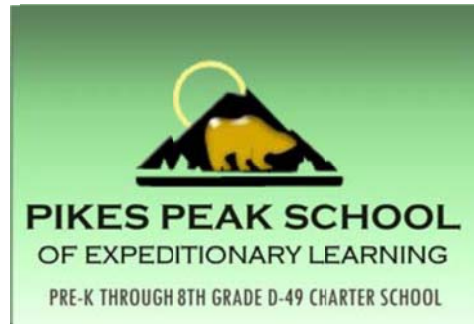
Sand Creek High School



Vista Ridge High School



Our Charter Schools



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10850 East Woodmen Road • Falcon, CO 80831
Tel: 719-495-1100 • Fax: 719-494-8922

November 19, 2010

Patrons of the District
Board of Education
Dr. Brad J. Schoeppey

The Finance Department is please to submit to you the Comprehensive Annual Financial Report (CAFR, aka Audit Report) of Falcon School District 49 for the fiscal year ended June 30, 2010. This report was prepared by the District Finance Department and includes the unqualified opinion of our independent auditors, Hoelting & Company, Inc. of Colorado Springs. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to Generally Accepted Accounting Principles (GAAP) applicable to government entities.

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

There are printed copies of the report available in the District Finance Office, and the report will be posted on the District's website along with prior years' audit reports for consumption by any interested parties.

This report includes all funds of the District. The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory, alternative, and special education programs and facilities.

In addition to providing these general, coordinated, activities, the District receives pass-through funding for four charter schools located within the District boundaries. The charter schools involved are The Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, and The Imagine Classical Academy at Indigo Ranch. Each organization is a separate and distinct entity, reviewed by their own, separately engaged, independent auditor. The financial results of

FALCON SCHOOL DISTRICT 49
CONSOLIDATED ANNUAL FINANCIAL REPORT
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these four charter schools are included in this report only as Component Units, meaning that their results are not aggregated with the coordinated schools, but instead shown alongside the District's consolidated view in the Government-wide financial statements. In addition, there is a consolidating schedule of the Component Units presented in the Financial Section, within the 'Combining and Individual Fund Financial Statements and Schedules' group.

Organization of the District

The Board of Education of Falcon School District 49 is a five member body corporate with perpetual existence as defined by Article 32 of Title 22, of the Colorado Revised Statutes. The Board serves as the taxing authority, contracting body and policy maker for the District and ensures that all other general laws of the State of Colorado are followed in the expenditure of the District's tax dollar and approves the annual appropriation resolution and annual mill levy certification.

The Board members on June 30, 2010 were as follows:

Danielle Lindorf
Dave Martin
Andy Holloman
Tammy Harold
Chris Wright

The Superintendent is the chief executive officer of the District, an officer of the corporation, and is directly responsible to the Board for all operations of the District. Dr. Bradley Schoeppey was named superintendent effective August 1, 2009; having been named as the selection from a thorough search process conducted earlier that year. The Chief Financial Officer (CFO) of the District is also an officer of the corporation and is the Co-Treasurer of the corporation along with the Board Treasurer. The CFO is responsible for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing available funds as allowed by Colorado Law. Joleen Schaake was named CFO effective January 2009, as a promotion from her previous position as Director of Finance where she had served since August 2006.

Economic Condition and Outlook

National, State, and Local economic conditions have been recessed for the past two years. Although Falcon School District has been categorized as a 'fast-growth' district for more than ten years, District facilities have struggled to keep up with the demand for additional space to handle the increased enrollment. The growth reached the point in 2001-2004 that adequate bonding capacity did not exist and the District entered into a strategy of issuing Certificates of Participation, whose payments were funded by a mill levy override, simply to fund the desperately needed construction projects. The override was approved in November 2005 and the certificates were then issued in 2006 and 2007. The related capital projects were performed in 2007-2009, with some residual activity in 2010. As of June 30, 2010, the bonding capacity of the District has 'caught up' somewhat to the enrollment to where there is now approximately \$127mm of capacity to address capital needs.

FALCON SCHOOL DISTRICT 49
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Of the growth experienced by all Colorado Springs-area school districts for the last ten years (approximately 12,000 students), Falcon School District has recognized 67% of the increase. Physically, the District is 133 square miles, with 20 miles alone on its north-south axis. With large tracts of land in the District still available for development, potential growth could eventually lead to a district that is easily three to four times the size it is now, in terms of student count.

In this regard, the District has been fortunate that four charter schools have been started in the District since 2006 and, as a result, have provided some relief to the capacity issues. This has followed a trend in Colorado school districts with the increasing prevalence of charter schools throughout the state. In the 2001 school year, there were no active charters in Falcon School District, and statewide only 3.3% of students (22,934) were educated in charter schools. In the 2009-10 school year, that number had more than doubled to 7.5% (56,631) of students in the state. Falcon School District has gone from no active charters to being in the top five with 16.7% (2,259.7 student FTE) of District students housed in our four charter schools. A better view will focus only on PK-8 students since most charter schools do not offer high school. In those grades, charters hold 22.2% of district students. With each charter school also nearing their respective capacities, these crowding issues will persist and continue to worsen as the district grows unless capital projects are embraced by the constituents of the District.

In the larger view of the economy, the Colorado Springs area has been typically affected by the international recession. Local area unemployment now sits in the 8% range, which is up significantly from the 5% average of the first nine years of the decade. Colorado Springs has typically experienced unemployment at about one-half of one percent above the state average; and that pattern has held for the last ten years. Colorado Springs has a large military presence, but with a relatively small industrial and manufacturing presence, local economic growth will continue to be driven by the service sector.

Employee Relations

The Board employs 1,381 full-time equivalent employees (including non-teaching personnel). Of the Board's current employees, 736 are certificated by the Colorado Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree.

Financial Information

The District's accounting process is organized on a 'modified accrual' basis of 'fund accounting' methodology that is prescribed by Financial Policies and Procedures Advisory Committee (FPP) – a committee of the Colorado Department of Education (CDE), facilitated by the Department's Public School Finance Unit. The CDE maintains a website with several pieces of information relevant to school districts at www.cde.state.co.us/index_finance.htm.

Each fund is a distinct, self-balancing entity. Modified Accrual accounting differs from GAAP as promulgated by the Governmental Accounting Standards Board (GASB), as more fully described in the notes to the financial statements. The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected

FALCON SCHOOL DISTRICT 49
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from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control process should not exceed the benefits likely to be derived from its implementation.

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District and a formal review by the District's contracted independent auditor in what is known as a 'Single Audit' review. Single Audit reviews focus on Federal grant dollars. The Auditor's Single Audit review is included in this report.

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established by Colorado Revised Statutes. The objective of these budgetary controls is to ensure compliance with those legal requirements and the appropriations approved by the Board of Education. Activities of all funds, including charter schools, are included in the annual appropriation resolution. Falcon School District maintains an encumbrance accounting system as one technique of accomplishing budgetary control, in addition to a monthly reporting process to the Board and each department and school building administration.

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, and property loss are purchased on an annually contracted basis. In addition, employee health insurance is provided by a self-insured plan administered by CIGNA Corporation in conjunction with Citibank, NA. Other employee benefit insurance options are provided by various vendors as selected on an annual basis.

Acknowledgements

This version of the Consolidated Annual Financial Report represents a big milestone for Falcon School District's Finance office. Preparing this report internally has been a goal of the department for the last two years and signifies a tangible and visible result of the improved processes that have been established during that time. We appreciate the support we have received from our Independent Auditors, Hoelting & Company, Inc. of Colorado Springs, as well as the Administration, Staff, and Board of District 49. We appreciate the opportunity to serve the District, and look forward to assisting our 'customers' with the opportunities and challenges of public education that lie ahead.

Sincerely,



Joleen Schaaake
Chief Financial Officer



Brett Ridgway, CPA
Director of Finance

FALCON SCHOOL DISTRICT 49
CONSOLIDATED ANNUAL FINANCIAL REPORT
June 30, 2010

Elected Officials
Board of Education

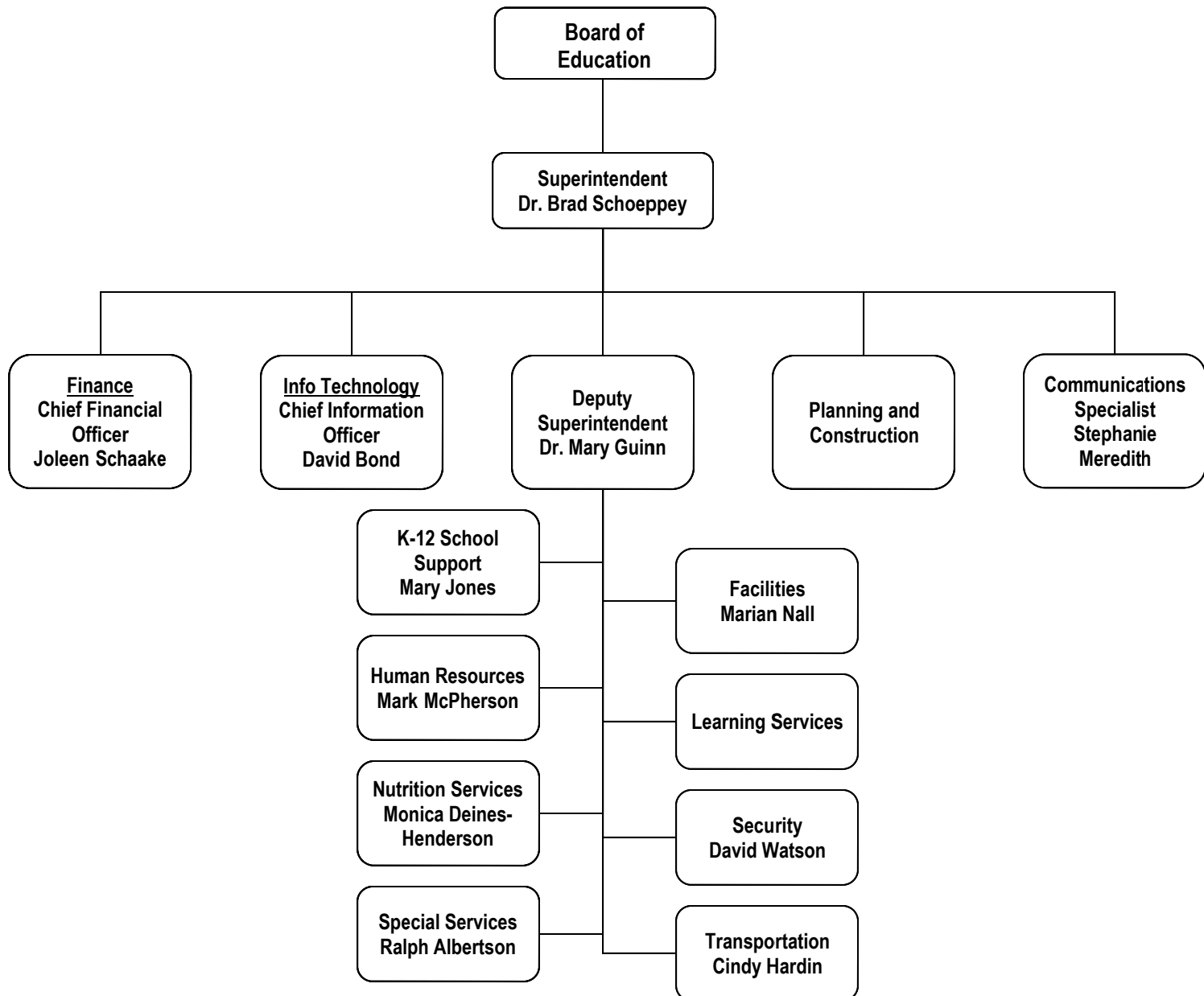
Danielle Lindorf	President
Dave Martin	Vice President
Andy Holloman	Treasurer
Tammy Harold	Secretary
Chris Wright	Member

Administrative Officials

Dr. Brad J. Schoeppey	Superintendent
Dr. Mary E. Guinn	Deputy Superintendent
Joleen Schaaake	Chief Financial Officer & Co-Treasurer
David W. Bond	Chief Information Officer
Mark McPherson	Director of Human Resources
Brett Ridgway, CPA	Director of Finance
Mary Jones	Director of PK-12 Education
Chris Trask	Director of Curriculum, Instruction, and Assessment
Phil Compton	Director of Pupil Services
Ralph Albertson	Director of Special Services
Cindy Hardin	Director of Transportation
Marian Nall	Director of Facilities
Monica Deines-Henderson, SNS	Director of Nutrition Services
Stephanie Meredith	Communications Specialist
Loretta Branham	Secretary to the Board

FALCON SCHOOL DISTRICT 49
CONSOLIDATED ANNUAL FINANCIAL REPORT
June 30, 2010

ORGANIZATION CHART





INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Falcon School District 49
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Falcon School District 49, as of and for the year ended June 30, 2010, which collectively comprise the D's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Falcon School District 49's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, and Imagine Charter School at Indigo Ranch, which represent 83.0 percent, (36.8) percent, and 68.1 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as those reports relate to the amounts included for Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, and Imagine Charter School at Indigo Ranch, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Falcon School District 49, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the Falcon School District 49's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as 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 required supplementary 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Falcon School District 49's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 19, 2010

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

As management of Falcon School District 49, we offer readers of the Falcon School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010.

Financial Highlights

- The Governmental Activities of the District had Net Assets totaling \$65,032,510 at the end of the current fiscal year, an increase of \$1,934,167 from the prior year.
- General Revenues for the Governmental Activities of the District totaled \$92,853,121, or 88.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions received accounted for \$12,336,448, or 11.8% of total revenues of \$105,189,569
- The ending fund balance of the General Fund was \$21,564,663. The General Fund maintained a fund balance to revenue ratio above 10%, which is required by Falcon School District Board of Education Policy.
- General Fund Revenue, including the Component Unit share (Charter Schools – net of services), totaled \$97,837,356 which represents an increase of \$6,997,837 (7.7%) from the prior year. The total revenue increase was generated primarily from State Sources \$6,191,262 and Federal Sources of \$680,377, while Local Sources, including Property Tax Revenue, increased by only \$126,198 (0.6%).
- Total student count in the District increased 5.7%, while the corresponding funded student count increased by 5.2% (713.7 student FTE). The component units' funded student count increased 43.6% (686.1 student FTE). The District's traditional (non-charter) schools' funded student count increased 0.2% (27.6 student FTE).
- Business-type Activities reported Unrestricted Net Assets of \$799,412 in the Nutritional Service Fund, a decrease of \$105,013 from the prior year - \$642,736 better than budgeted. Excluding a \$539,088 positive variance in contingency spend, the residual budget variance was still positive by \$103,648. This was driven by a \$237,955 positive variance in total expenses (net of contingency & miscellaneous items); lower local sales revenue of \$328,580; and higher non-operating revenue (primarily Federal and State Revenue subsidies) of \$189,486.

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

The *Statement of Net Assets* presents information about 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 earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include instruction, instructional support, general and school administration, business and central services, maintenance and operations, and transportation. The business-type activity of the District includes food service.

The government-wide financial statements include not only the District itself (known as the primary government), but also legally separate charter schools. Financial information for the charter schools are presented separately because the charter schools are financially accountable to the District and provide services to the District's students.

Fund Financial Statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Falcon School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: government 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 government-wide financial statements. However, unlike the government-wide fund 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 the District's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Falcon School District maintains six 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, the grants fund, and the bond redemption fund because all are considered to be major funds. Data from the other 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.

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

Falcon School District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. Falcon School District maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. Internal service funds are used to accumulate and allocate costs internally among the district's various functions. The district uses internal service funds to account for employee benefit programs for health insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Falcon School District's own programs. The two fiduciary funds utilized by the District are the Falcon Scholarship Fund and the Pupil Activity Fund. The accounting for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

The combining statements referred to earlier in connection with non-major governmental funds are presented after the notes to the required supplementary information.

Discretely Presented Component Units. These are operations for which the District has financial accountability, but they have certain independent qualities as well. All are considered major component units.

The District's four component units are:

- Pikes Peak School of Expeditionary Learning
- Banning Lewis Ranch Academy
- Rocky Mountain Classical Academy
- The Imagine Classical Academy

Complete financial statements of the individual component units can be obtained from their respective administrative offices as well as their individual websites. Addresses and other information about the District's component units are presented in the notes to the financial statements.

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of changes in a government's financial position over time. In the case of Falcon School District, Primary Government Assets exceeded Liabilities by \$66,210,220 at the close of the most recent fiscal year.

\$29,242,643 of net assets is invested in capital assets net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future 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 other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (41%) represents resources that are subject to external restriction on how they may be used. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

FALCON SCHOOL DISTRICT 49 NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current assets	\$ 50,598,649	\$ 50,317,113	\$ 998,939	\$ 1,076,787	\$ 51,597,587	\$ 51,393,900
Non current assets	1,481,013	1,876,865	-	-	1,481,013	1,876,865
Capital assets, net of depreciation	168,881,772	172,400,151	378,298	420,224	169,260,070	172,820,375
Total assets	220,961,434	224,594,129	1,377,237	1,497,011	222,338,670	226,091,140
LIABILITIES						
Current liabilities	20,837,449	18,738,196	123,740	138,501	20,961,189	18,876,697
Long-term liabilities	135,091,475	142,736,847	75,786	75,786	135,167,261	142,812,633
Total liabilities	155,928,924	161,475,043	199,527	214,287	156,128,450	161,689,330
NET ASSETS						
Invested in Capital Assets (Net of Related Debt)	28,864,346	29,971,517	378,298	420,224	29,242,643	30,391,741
Restricted for						
TABOR	3,000,000	3,000,000	-	-	3,000,000	3,000,000
Debt Service	21,569,397	18,890,224	-	-	21,569,397	18,890,224
Capital purposes	2,009,801	1,118,152	-	-	2,009,801	1,118,152
Risk Management	113,089	89,982	-	-	113,089	89,982
Preschool	73,157	151,605	-	-	73,157	151,605
Unrestricted	9,402,720	9,897,606	799,412	862,500	10,202,133	10,760,106
TOTAL NET ASSETS	\$ 65,032,510	\$ 63,119,086	\$ 1,177,710	\$ 1,282,724	\$ 66,210,220	\$ 64,401,810

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

Governmental activities increased the net assets of the District by \$1,934,167. Program revenues included \$2,895,574 in charges for services, and \$9,319,463 in operating grants and contributions. Over \$92.8 million was received in general revenues consisting of local property taxes, specific ownership taxes, and school finance act revenue. The majority of expenses were for instructional purposes which totaled \$56,308,429 out of a total of \$103,255,402.

Business type activities (Nutritional Services) decreased net assets by (\$105,013). Program revenues included \$1,920,802 in charges for services and \$1,252,180 in operating grants and contributions. All expenditures of \$3,295,282 were for food services.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2008
PROGRAM REVENUES						
Charges for service	\$ 2,895,574	\$ 2,277,094	\$ 1,920,802	\$ 1,955,016	\$ 4,816,375	\$ 4,232,110
Operating Grants & contributions	9,319,463	7,534,708	1,252,180	1,097,657	10,571,643	8,632,365
Capital Grants & contributions	121,411	61,420	-	-	121,411	61,420
GENERAL REVENUES						
Property Taxes	28,958,125	29,881,835	-	-	28,958,125	29,881,835
Specific ownership taxes	2,607,142	3,115,704	-	-	2,607,142	3,115,704
State equalization	60,892,967	66,905,895	-	-	60,892,967	66,905,895
Investment earnings	105,569	513,820	17,287	36,784	122,856	550,604
Miscellaneous revenues	289,318	317,586	-	-	289,318	317,586
TOTAL REVENUES	<u>105,189,569</u>	<u>110,608,062</u>	<u>3,190,268</u>	<u>3,089,457</u>	<u>108,379,838</u>	<u>113,697,519</u>
EXPENSES						
Instruction	56,308,428	54,279,772	-	-	56,308,428	54,279,772
Instructional Support	11,383,658	11,318,739	-	-	11,383,658	11,318,739
General administration	1,214,774	1,023,237	-	-	1,214,774	1,023,237
School administration	4,770,419	4,566,119	-	-	4,770,419	4,566,119
Business services	1,124,267	990,098	-	-	1,124,267	990,098
Maintenance & operations	11,777,305	9,302,769	-	-	11,777,305	9,302,769
Transportation	3,544,900	3,514,781	-	-	3,544,900	3,514,781
Central services	4,700,995	15,197,296	-	-	4,700,995	15,197,296
Other services	1,464,623	-	-	-	1,464,623	-
Interest expense	6,966,032	8,620,387	-	-	6,966,032	8,620,387
Food Service			3,295,282	3,190,818	3,295,282	3,190,818
TOTAL EXPENSES	<u>103,255,402</u>	<u>108,813,198</u>	<u>3,295,282</u>	<u>3,190,818</u>	<u>106,550,683</u>	<u>112,004,016</u>
Change in Net Assets	1,934,167	1,794,864	(105,013)	(101,361)	1,829,154	1,693,503
Beginning net Assets	63,119,086	61,324,222	1,282,724	1,384,085	64,401,810	62,708,307
Prior Period Adjustment	(20,743)	-	-	-	(20,743)	-
TOTAL NET ASSETS	<u>\$ 65,032,510</u>	<u>\$ 63,119,086</u>	<u>\$ 1,177,710</u>	<u>\$ 1,282,724</u>	<u>\$ 66,210,221</u>	<u>\$ 64,401,810</u>

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

Financial Analysis of the Governmental Funds

As stated earlier, the Falcon School 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 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 combined ending fund balances of \$35,196,073.

The general fund is the chief operating fund of the District. At the end of the current fiscal year unreserved fund balance of the general fund was \$7,424,523 while total fund balance is \$21,564,663. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Excluding Charter School remittances, unreserved fund balance represents 8.3% of total general fund expenditures, while total fund balance represents 24.1% of that same amount.

The Bond Redemption Fund remains in strong financial condition. The fund has an ample fund balance to make the December 1st principal and interest payments on the District's voter approved debt. The fund balance as of June 30, 2010 is \$10,615,503, which is entirely reserved for debt service. The fund balance represents coverage for 1.66 times the 2009-10 annual payments.

In 2009-10, Falcon School District expended \$5,157,346 of local, state and federal grant funds, excluding charter school grant expenditures. Of these expenditures, \$1,338,212 represent funds yet to be received from the individual granting authorities prior to the close of the fiscal year; and are scheduled for receipt early in the 2010-11 fiscal year.

General Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In October, after a better estimate of enrollment can be made, adjustments are made to the budget. The rapid growth the District experienced for most of 2000's has slowed in the last couple of years. The 2008-09 to 2009-2010 growth was 5.7%

Some significant budget highlights include:

- The final (Amended) budget showed increased revenue of \$367,978 from the original (Adopted) budget. The revenue changes were added to accommodate, among other things, an improved estimate for Property Tax Revenue for \$941,813, additional funding from the state to support Special Education & Vocational Education programs by \$215,926, and additional Federal funding for Impact Aid for \$128,363; offset by lower State Equalization funding of \$677,337. The final budget had expense increases of \$367,978 driven primarily by a \$544,250 increase in the debt service expense budget.
- Actual General Fund results for the 2009-10 fiscal year showed expenses in excess of revenue by \$310,856, which was \$5,251,591 better than the final budget. The improvement came from lower actual spend in debt service by \$5,821,560 and lower spend of \$569,612 in Operations and

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

Maintenance programs; offset by a higher spend in the Instructional Programs of \$736,986, General Administration of \$152,552, and lower interest income of \$243,893.

Capital Assets and Debt Administration

Capital assets. The Falcon School District's investment in capital assets for governmental activities as of June 30, 2010 amounts to \$168,881,772 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was 2.8%. No significant divestitures of assets were made in 2009-2010.

Investments in Capital Assets

	Balance @ 6/30/2010	Balance @ 6/30/2009
Governmental Activities		
Land and Site Improvements	15,976,122	15,765,500
Buildings & Improvements	145,533,267	150,156,716
Equipment	7,372,383	7,761,246
Construction in Progress	-	-
Total capital assets, net	<u>168,881,772</u>	<u>173,683,462</u>
Business-Type Activities		
Equipment	<u>378,298</u>	<u>420,224</u>
Total capital assets, net	<u>378,298</u>	<u>420,224</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-Term Debt. At the end of the current fiscal year, the District's total outstanding long-term debt was \$142,721,318. Of this amount, \$47,935,000 is general obligation bonds for which there is a mill levy assessment to pay the debt, \$4,056,903 for capital leases, \$87,835,000 in certificates of participation and \$694,090 for compensated absences.

In November 2005, the taxpayers approved a mill levy override to pay for the construction of new facilities and additions to current facilities. The District sold the aforementioned Certificates of Participation in July 2006 and July 2007 to finance this construction and will pay the certificates back with the approved mill levy override tax revenue.

FALCON SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2010

State Statutes limit the amount of the District's general obligation bonded debt to 25% of the assessed value of the District. At the end of the current fiscal year, the District had total general obligation bonded debt of \$47,935,000 or 6.8% of assessed value. The district's legal debt limit and debt margin is \$174,902,645 and \$126,967,645 respectively.

Additional information on the District's long-term debt can be found in the notes to the financial statements.

Economic Factors and 2009-2010 Budget

- The local, state, and federal economies remain stagnate. However, the District's assessed value increased over 6.6% in 2009 from the prior year to a total of \$656,524,910, due to the normal lag in recognizing assessed valuations as a revenue budget driver. The change in assessed values will continue to moderate over the next few years.
- As a result of voters approving the November 2005 Mill Levy Override the district engaged in a high volume of constructions projects, totaling over \$80.5 million. The majority of the new buildings and school expansions were constructed between 2005-2008.
- The District must continue to work proactively with developers, the City of Colorado Springs, and El Paso County to confront the enrollment growth issue. Falcon School District has been one of the fastest growing school districts in the state, based on enrollment - on a percentage basis, for the last several years.
- The District continues to work with charter schools. The District had four charter schools during the current fiscal year.
- The District ended the 2009-10 school year with more than a 10% revenue to fund balance ratio, as mandated by School Board Policy. This equates to approximately one month of expenditures.

Requests for Information

The financial report is designed to provide a general overview of Falcon School District's finances for those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Falcon School District 49, 10850 E. Woodmen Road, Falcon, CO 80831



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

FALCON SCHOOL DISTRICT 49
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Total	Charter
				Schools
ASSETS				
Cash and Cash Equivalents	\$ 22,509,290	\$ 703,225	\$ 23,212,515	\$ 1,861,828
Receivables	3,359,665	116,036	3,475,701	102,471
Prepaid Expenses	-	-	-	40,016
Inventories	-	179,678	179,678	-
Restricted Cash and Cash Equivalents	24,729,694	-	24,729,694	1,609,539
Debt Issuance Costs	1,481,013	-	1,481,013	536,051
Capital Assets Not Being Depreciated	15,976,122	-	15,976,122	-
Capital Assets Being Depreciated, Net	152,905,650	378,298	153,283,948	14,529,462
Total Assets	220,961,434	1,377,237	222,338,671	18,679,367
LIABILITIES				
Accounts Payable and Other Current Liabilities	2,695,498	5,735	2,701,233	409,577
Accrued Salaries and Benefits Payable	9,494,294	63,890	9,558,184	406,974
Unearned Revenue	657,101	54,116	711,217	59,940
Accrued Interest Payable	360,713	-	360,713	55,339
Long-term Liabilities				
Due or payable within one year	7,629,843	-	7,629,843	688,925
Due or payable after one year	135,091,475	75,786	135,167,261	16,803,609
Total Liabilities	155,928,924	199,527	156,128,451	18,424,364
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	28,864,346	378,298	29,242,644	(1,438,429)
Restricted for:				
TABOR (emergencies)	3,000,000	-	3,000,000	460,570
Debt Service	21,569,397	-	21,569,397	1,225,517
Capital Purposes	2,009,801	-	2,009,801	-
Repair and Replacement	-	-	-	85,692
Risk Management	113,089	-	113,089	-
Preschool	73,157	-	73,157	-
Unrestricted	9,402,720	799,412	10,202,132	(78,347)
Total Net Assets	\$ 65,032,510	\$ 1,177,710	66,210,220	\$ 255,003

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



FALCON SCHOOL DISTRICT 49
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Units Charter Schools
Primary Government								
Governmental Activities:								
Instruction	\$ 56,308,429	\$ 641,918	\$ 8,406,789	\$ 121,411	\$ (47,138,311)	\$ -	\$ (47,138,311)	\$ -
Instructional Support	11,383,658	1,862,242	186,247	-	(9,335,169)	-	(9,335,169)	-
General Administration	1,214,774	-	-	-	(1,214,774)	-	(1,214,774)	-
School Administration	4,770,419	-	-	-	(4,770,419)	-	(4,770,419)	-
Business Services	1,124,267	74,341	-	-	(1,049,926)	-	(1,049,926)	-
Maintenance and Operations	11,777,305	-	-	-	(11,777,305)	-	(11,777,305)	-
Transportation	3,544,900	46,709	726,427	-	(2,771,764)	-	(2,771,764)	-
Central Services	4,700,995	270,364	-	-	(4,430,631)	-	(4,430,631)	-
Other Services	1,464,623	-	-	-	(1,464,623)	-	(1,464,623)	-
Interest Expense	6,966,032	-	-	-	(6,966,032)	-	(6,966,032)	-
Total Governmental Activities	103,255,402	2,895,574	9,319,463	121,411	(90,918,954)	-	(90,918,954)	-
Business-Type Activities:								
Enterprise Nutrition Services	3,295,282	1,920,802	1,252,180	-	-	(122,300)	(122,300)	-
Total Business-Type Activities	3,295,282	1,920,802	1,252,180	-	-	(122,300)	(122,300)	-
Total Primary Government	\$ 106,550,684	\$ 4,816,376	\$ 10,571,643	\$ 121,411	(90,918,954)	(122,300)	(91,041,254)	-
Component Units	\$ 15,728,257	\$ 544,441	\$ 684,451	\$ 220,472				(14,278,893)
General Revenues:								
Property Taxes					28,958,125	-	28,958,125	2,817,928
Specific Ownership Taxes					2,607,142	-	2,607,142	385,992
State Equalization					60,892,967	-	60,892,967	11,966,181
Investment Earnings					105,569	17,287	122,856	41,578
Miscellaneous					289,318	-	289,318	49,520
Total General Revenues					92,853,121	17,287	92,870,408	15,261,199
Change in Net Assets					1,934,167	(105,013)	1,829,154	15,261,199
Net Assets, July 1					63,119,086	1,282,723	64,401,809	(767,904)
Prior period adjustments					(20,743)	-	(20,743)	40,601
Net Assets, July 1, As Restated					63,098,343	1,282,723	64,381,066	(727,303)
Net Assets, June 30					\$ 65,032,510	\$ 1,177,710	\$ 66,210,220	\$ 255,003



FALCON SCHOOL DISTRICT 49
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Bond Redemption	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 20,064,820	\$ -	\$ 1,200,812	\$ 21,265,632
Property Tax Receivable	1,561,522	426,125	-	1,987,647
Accounts Receivable	33,806	-	1,338,212	1,372,018
Interfund Receivable	1,088,880	-	-	1,088,880
Restricted Cash and Cash Equivalents	10,987,813	10,441,819	3,300,062	24,729,694
TOTAL ASSETS	\$ 33,736,841	\$ 10,867,944	\$ 5,839,086	\$ 50,443,871
LIABILITIES & FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 803,203	\$ -	\$ 1,477,295	\$ 2,280,498
Accrued Salaries and Benefits Payable	9,317,717	-	176,576	9,494,293
Interfund Payable	701,245	-	1,088,880	1,790,125
Def Revenue - Property Tax	773,340	252,441	-	1,025,781
Def Revenue - Forward Purchase Agreement	531,429	-	-	531,429
Def Revenue - Other	45,244	-	80,428	125,672
TOTAL LIABILITIES	12,172,178	252,441	2,823,179	15,247,798
FUND BALANCE				
Reserved for:				
TABOR (emergencies)	3,000,000	-	-	3,000,000
Debt Service	10,953,894	10,615,503	-	21,569,397
Capital Purposes	-	-	2,009,801	2,009,801
Risk Management	113,089	-	-	113,089
Preschool	73,157	-	-	73,157
Unreserved, Reported in:				
General Fund	7,424,523	-	-	7,424,523
Special Revenue Funds	-	-	605,662	605,662
Capital Projects Funds	-	-	400,444	400,444
TOTAL FUND BALANCE	21,564,663	10,615,503	3,015,907	35,196,073
TOTAL LIABILITIES & FUND BALANCE	\$ 33,736,841	\$ 10,867,944	\$ 5,839,086	\$ 50,443,871

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



FALCON SCHOOL DISTRICT 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Total fund balances--governmental funds		\$ 35,196,073
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		168,881,772
Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the governmental funds.		
	Deferred Property Tax Revenue	\$ 1,025,781
	Unamortized Debt Issuance Costs	<u>1,481,013</u>
		2,506,794
Other liabilities associated with long-term debt, such as accrued interest payable, are not recorded in the governmental funds but recorded as a liability in the statement of net assets.		(360,713)
Long-term liabilities, including bonds payable and bond issuance costs, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
	General Obligation Bonds Payable	\$ (47,935,000)
	Registered Coupons Payable	(2,130,000)
	Certificates of Participation Payable	(87,835,000)
	Capital leases payable	(4,056,904)
	Unamortized Discounts	(3,520,154)
	Unamortized Refunding Losses	3,449,830
	Compensated absences	<u>(694,090)</u>
		(142,721,318)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets		<u>1,529,902</u>
Total net assets--governmental activities		<u>\$ 65,032,510</u>

FALCON SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Bond Redemption	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 26,982,483	\$ 7,863,969	\$ 253,572	\$ 35,100,024
State Sources	64,158,404	-	303,229	64,461,633
Federal Sources	896,681	-	4,800,821	5,697,502
Total Revenues	<u>92,037,568</u>	<u>7,863,969</u>	<u>5,357,622</u>	<u>105,259,159</u>
EXPENDITURES				
Current				
Instruction	48,229,169	-	3,017,116	51,246,285
Student Support	4,609,799	-	584,353	5,194,152
Instructional Staff	4,699,691	-	1,565,276	6,264,967
General Administration	1,184,300	-	-	1,184,300
School Administration	4,812,253	-	-	4,812,253
Business Services	1,048,642	-	83,914	1,132,556
Operations and Maintenance	11,261,597	-	540,706	11,802,303
Student Transportation	3,439,361	-	-	3,439,361
Central Support	3,762,594	-	285,637	4,048,231
Other Support	6,535	-	-	6,535
Facilities Acquisition & Construction	180,853	-	2,722,169	2,903,022
Debt Service				
Principal Retirement	1,918,686	4,125,000	1,234,350	7,278,036
Interest and Fiscal Charges	4,472,600	2,262,174	263,876	6,998,650
Total Expenditures	<u>89,626,080</u>	<u>6,387,174</u>	<u>10,297,397</u>	<u>106,310,651</u>
Revenues Over (Under) Expenditures	<u>2,411,488</u>	<u>1,476,795</u>	<u>(4,939,775)</u>	<u>(1,051,492)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	2,722,344	2,722,344
Transfers Out	(2,722,344)	-	-	(2,722,344)
Total Other Financing Sources (Uses)	<u>(2,722,344)</u>	<u>-</u>	<u>2,722,344</u>	<u>-</u>
Net Change in Fund Balances	<u>(310,856)</u>	<u>1,476,795</u>	<u>(2,217,431)</u>	<u>(1,051,492)</u>
Fund Balances, July 1	22,156,859	9,138,708	5,233,338	36,528,905
Prior Period Adjustments	<u>(281,339)</u>	<u>-</u>	<u>-</u>	<u>(281,339)</u>
Fund Balances, July 1 - Restated	<u>21,875,520</u>	<u>9,138,708</u>	<u>5,233,338</u>	<u>36,247,566</u>
Fund Balances, June 30	<u>\$ 21,564,663</u>	<u>\$ 10,615,503</u>	<u>\$ 3,015,907</u>	<u>\$ 35,196,073</u>

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



FALCON SCHOOL DISTRICT 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Total net change in fund balances--governmental funds **\$ (1,051,492)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets eligible for capitalization is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, exceeded depreciation in the period.

Fixed Asset Additions	\$	1,618,720	
Depreciation expense		<u>(6,420,410)</u>	(4,801,690)

Some of the capital assets acquired this year were financed with a capital lease. The amount financed by the lease is reported in the governmental funds as a source of financing.

On the other hand, capital lease proceeds are not revenue in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. This amount represents the long-term portion of the capital lease payable. (19,680)

Revenues that do not provide current financial resources are deferred in the governmental funds. This amount represents the change in deferred property taxes.

(71,533)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

GO Bond principal payment	\$	2,695,000	
GO Bond Registered Coupons payment		1,430,000	
Certificates of Participation principal payment		1,630,000	
Capital Lease principal payment		<u>1,523,036</u>	7,278,036

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized 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 expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change in accrued interest reported in the statement of activities.

13,048

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items.

Amortization of GO Bond issuance costs, premiums, and refunding loss (122,967)

An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net assets of the internal service fund is reported with governmental activities in the statement of activities.

738,716

In the statement of activities, certain operating expenses -- compensated absences (sick leave), special termination benefits (early retirement)--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). This amount represents the net effect of compensated absences payable on the statement of activities.

(28,270)

Change in net assets of governmental activities **\$ 1,934,168**

FALCON SCHOOL DISTRICT 49
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business Type Activities	
	Enterprise	Internal Svc
	Food Services	Health Insurance
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 703,225	\$ 1,243,657
Accounts Receivable	116,036	-
Interfund Receivable	-	701,245
Inventories	179,678	-
Total Current Assets	998,939	1,944,902
Noncurrent Assets		
Capital assets		
Equipment, net of Accumulated Depreciation	378,298	-
Total Assets	1,377,237	1,944,902
LIABILITIES		
Current Liabilities		
Accounts Payable	5,735	415,000
Accrued Salaries and Benefits Payable	63,890	-
Deferred Revenue	54,116	-
Total Current Liabilities	123,741	415,000
Noncurrent Liabilities		
Compensated Absences Payable	75,786	-
Total Liabilities	199,527	415,000
NET ASSETS		
Invested in capital assets	378,298	-
Unrestricted	799,412	1,529,902
Total Net Assets	\$ 1,177,710	\$ 1,529,902

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



FALCON SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business Type Activities	
	Enterprise	Internal Svc
	Food Services	Health Insurance
OPERATING REVENUES		
Local Sources	\$ 1,920,802	\$ 8,027,715
Total Operating Revenues	<u>1,920,802</u>	<u>8,027,715</u>
OPERATING EXPENSES		
Salaries	1,030,102	-
Employee Benefits	247,792	-
Purchased Services	140,940	7,290,942
Purchased Food	1,627,575	-
Other	179,258	-
Depreciation	69,615	-
Total Operating Expenses	<u>3,295,282</u>	<u>7,290,942</u>
OPERATING INCOME (LOSS)	<u>(1,374,480)</u>	<u>736,773</u>
NON-OPERATING REVENUES		
Interest Income	17,287	1,943
School Lunch and Breakfast	1,041,212	-
Donated Commodities	162,961	-
Start Smart	3,506	-
K-2 Reduced	10,307	-
State Match	34,194	-
Total Non-Operating Revenues	<u>1,269,467</u>	<u>1,943</u>
Change in Net Assets	- (105,013)	738,716
Net Assets, July 1	<u>1,282,723</u>	<u>791,186</u>
Net Assets, June 30	<u>\$ 1,177,710</u>	<u>\$ 1,529,902</u>

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



FALCON SCHOOL DISTRICT 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business Type Activities	
	Enterprise Food Services	Internal Svc Health Insurance
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 1,928,607	\$ 7,634,618
Payments for Claims	-	(7,567,876)
Payments to Suppliers	(1,777,774)	-
Payments to Employees	(1,296,838)	-
Net Cash Provided/(Used) by Operating Activities	(1,146,005)	66,742
Cash Flows from Non-capital Financing Activities		
National School Lunch and Breakfast	925,176	-
State Reimbursements	48,007	-
Net Cash Provided/(Used) by Non-Capital Financing Activities	973,183	-
Cash Flows from Capital and Related Financing Activities		
Capitalized Purchase of Equipment	(27,689)	-
Net Cash Used by Non-Capital Financing Activities	(27,689)	-
Cash Flows from Investing Activities		
Interest Earned	17,287	1,943
Net Increase/(Decrease) in Cash and Cash Equivalents	(183,224)	68,685
Cash and Cash Equivalents, July 1	886,449	1,174,972
Cash and Cash Equivalents, June 30	<u>\$ 703,225</u>	<u>\$ 1,243,657</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Operating Income / (Loss)	\$ (1,374,480)	\$ 736,773
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation Expense	69,615.00	-
Donated Commodities	162,961.00	-
Change in Inventories	10,660	-
Change in Interfund Receivable	-	19,653
Change in Accounts Payable	(3,622)	(276,934)
Change in Accrued Salaries and Benefits Payable	(18,944)	-
Change in Deferred Revenue	7,805	(412,750)
Net Cash Provided/(Used) by Operating Activities	<u>\$ (1,146,005)</u>	<u>\$ 66,742</u>

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



FALCON SCHOOL DISTRICT 49
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

	<u>Trust</u> <u>Scholarship</u>	<u>Agency</u> <u>Pupil Activity</u>
ASSETS		
Cash and Cash Equivalents	\$ 9,228	\$ 918,804
Total Assets	<u>9,228</u>	<u>918,804</u>
LIABILITIES		
Due to Student Organizations	<u>-</u>	<u>(918,804)</u>
Total Liabilities	<u>-</u>	<u>(918,804)</u>
NET ASSETS		
Held in Trust for Scholarship Recipients	<u>9,228</u>	<u>-</u>
Total Net Assets	<u>\$ 9,228</u>	<u>\$ -</u>

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



FALCON SCHOOL DISTRICT 49
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
SCHOLARSHIP FUND
For the Year Ended June 30, 2010

	<u>Scholarship</u>
ADDITIONS	
Fundraising Activities	\$ 293
DELETIONS	
Scholarship Disbursements	1,620
Change in Net Assets	(1,327)
Net Assets, July 1	10,555
Net Assets, June 30	\$ 9,228

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



FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Falcon School District 49, Falcon, Colorado (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as established by the Government Accounting Standards Board (GASB).

Falcon School District No. 49 of El Paso County was organized by a vote of qualified electorate during 1889, under the provisions of Colorado Law.

The District operates under an elected Board of Education with five members and provides educational services to approximately 14,398 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Falcon School District Number 49. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards describe the financial reporting entity as a) the primary government, b) organizations for which the primary government is financially accountable and, c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

These financial statements present the District and its component units, the Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, and The Imagine Classical Academy. The four charter schools are presented as discretely presented component units and are presented in a separate column in the district-wide financial statements to emphasize that they are legally separate from the District.

Discretely Presented Component Units. The charter schools educate children within the District's jurisdiction. A parent group elects members of its governing board. The charter schools provide services primarily to students within the District and are dependent upon the District for the majority of funding. In addition, the nature and significance of the charter schools' relationship with the District is such that exclusion would cause the District's financial statements to be incomplete. Separate financial statements for the charter schools may be obtained by contacting the schools at the following addresses:

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A. Reporting Entity (continued)

Pikes Pike School of Expeditionary Learning
11925 Antler's Ridge Drive
Peyton, Colorado 80831

Banning Lewis Ranch Academy
7094 Cottonwood Tree Drive
Colorado Springs, Colorado 80927

Rocky Mountain Classical Academy
1710 Piros Drive
Colorado Springs, Colorado 80915

The Imagine Classical Academy
6464 Peterson Road
Colorado Springs, Colorado 80923

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units. 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 certain legally separate *component units* for which the District is financially accountable.

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. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues. Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and trust 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 uses 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. "Measurable" means the amount of the transaction can be determined and "available" means 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 sixty days of the end of the current fiscal year, except for grants which have a longer period of availability. Property taxes, specific ownership taxes, grants and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when due and expected to be liquidated with expendable available financial resources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with 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 government-wide financial statements. Amounts reported as program revenues include 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 tax revenues.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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

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

General Fund – the general operating fund of the District - used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Additionally, the District reports the following fund types:

Special Revenue Funds – Account for the proceeds from special revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purpose.

Capital Project Funds – Account for financial resources used to acquire or construct major capital facilities, sites, and equipment. Capital projects funds are designated to account for acquisition or construction of capital outlay assets which are not acquired directly by the General Fund, special revenue funds, or enterprise funds.

Enterprise Funds – Account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students or general public on a continuing basis are financed by charges for services or products.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Internal Service Funds – Account for School District operations that provide goods or services within the District.

Fiduciary Funds – Used to report any trust arrangement under which the principal and/or income benefit individuals or organizations and the funds are not used as part of the operations of the District.

D. Assets, Liabilities and Fund Balances / Net Assets

Cash and Investments

The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. All investments are reported at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification.

For the Statement of Cash Flows, cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchased or subject to withdrawal are considered to be cash and cash equivalents.

Receivables

Property taxes levied but not yet collected are identified as property taxes receivable, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

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

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Assets, Liabilities and Fund Balances / Net Assets (continued)

Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Nutrition Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. 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.

Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in proprietary funds.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Equipment - office	10
Equipment - technology	5
Equipment - vehicles	10

Depreciation of all capital assets is charged as an expense against operations in the government-wide and proprietary fund financial statements.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Assets, Liabilities and Fund Balances / Net Assets (continued)

Accrued Salaries and Benefits

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

Deferred Revenues

Deferred revenues include grant funds that have been collected but the corresponding expenditures have not been incurred. Property taxes earned but not available are also recorded as deferred revenue in the fund financial statements.

Long-Term Obligations

In the government-wide financial statements, any proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Debt premiums and issuance costs are deferred and amortized over the life of the debt using the straight-line method. The District's general obligation bonds are serviced from property taxes and other revenues of the Bond Redemption Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve Fund. The long-term accumulated unpaid compensated absences are serviced from property taxes and other revenues primarily of the General Fund.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Assets, Liabilities and Fund Balances / Net Assets (continued)

Compensated Absences

Compensated absences include the following items:

Sick Leave Payable

Employees accrue 10-12 days of sick leave each year dependent upon their contract basis. Sick leave may be accumulated up to a maximum of 120 days. An employee will be reimbursed one-half of the current substitute rate or one-half of his/her base daily pay per classification of any unused sick leave days beyond the 120 days annually.

Upon retirement (15 years or more in the District or eligible for PERA retirement with at least 5 years of services in the District) an employee will be reimbursed at the current substitute rate of pay for their classification, up to a maximum of 120 days.

Vacation Payable

Under the District's policies certain employees earn vacation pay of 10-20 days, based on longevity of service. All unused/accrued vacation is vested at June 30, each year.

Personal Leave

A teacher or an employee who works 30 hours or more per week may be absent for two days per year for the purpose of personal leave. Personal days which are not used during the school year may be added to the employee's sick leave days or be reimbursed at the current substitute rate of pay.

Compensated absences are reported in the government-wide financial statements. Also, compensated absences are recognized as current salary costs when accrued in the proprietary fund types and when paid in the governmental fund types.

The District has recorded a liability for unpaid compensated absences owed to retired teachers in the accompanying financial statements of the General Fund for those amounts that are due and payable at year end.

Net Assets / Fund Balances

In the government-wide financial statements and any proprietary fund in the fund financial statements, net assets are restricted when constraints placed on the assets are externally imposed. 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.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Revenues and Expenditures / Expenses

Property Taxes

Mill levy rates are certified by the Board of Education to the county commissioners and treasurer by December 15th each year. Property taxes payable are based on certified mill levies. Property taxes are levied in arrears and attach as a lien on property on January 1. For example, property taxes paid in calendar 2010 were certified in December 2009 and were available for collection on January 1, 2010.

Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills property owners and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are generally remitted to the District in the subsequent month.

Specific Ownership Taxes

The county treasurer collects specific ownership taxes on motor vehicles and other personal property. The tax receipts collected by the county treasurer are remitted to the District in the subsequent month. Specific ownership taxes are recorded as receivables and revenue when collected by the County.

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

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles, except the enterprise fund, which budgets on a non-GAAP basis for accounting purposes. Capital outlay is budgeted as an expenditure while depreciation is not.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

- Prior to June 1, management submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public notices are released to obtain taxpayer comments.
- Prior to June 30, the budget is legally enacted through passage of a resolution.
- The Superintendent is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

All appropriations lapse at the end of each fiscal year.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 **CASH AND INVESTMENTS**

At June 30, 2010, the District had the following cash and investments:

Cash on Hand	\$ 500
Deposits	7,077,607
Investments	41,792,133
Total	<u>\$ 48,870,240</u>

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

Cash and Cash Equivalents	\$ 23,212,514
Restricted Cash and Cash Equivalents	24,729,694
Fiduciary Funds	928,032
Total	<u>\$ 48,870,240</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories, eligibility is determined by state Statute. The State regulatory commissioners regulate the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The carrying amount of the District's deposits at June 30, 2010 was \$7,077,607 and the bank balances were \$5,318,933. Of the bank balances, \$750,000 was covered by federal deposit insurance and the balance was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

Investments

At June 30, 2010, the District had the following investments:

Investment	Maturity	Fair Market Value
Local Government Investment Pool COLOTRUST	N/A	\$27,217,500
Fidelity Investments Government Portfolio Fund	N/A	1,182,651
JP Morgan US Govt Money Market	N/A	7,316,285
Federated Govt Obligation Money Market	N/A	3,271,361
Ford Credit Commercial Paper	12/01/2010	2,804,336
Total		<u>\$ 41,792,133</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 **CASH AND INVESTMENTS (continued)**

Investments (Continued)

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

The District has invested \$27,217,500 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an "AAAm" (Standard and Poor's) rated investment vehicle established by state statute for local government entities in Colorado to pool funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pool. COLOTRUST operates similarly to a money market fund as all funds are available without limitations on a daily basis and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. The custodian's internal records identify the investments owned by the participating governments. Investments of COLOTRUST are limited to those allowed by State Statute.

Interest Rate Risk – State statutes limit investments in commercial paper to an original maturity of no greater than three years. State statutes generally limit other investments to original maturities of five years.

Credit Risk – State statutes limit investments in commercial paper to those that carry at least two credit ratings issued by nationally recognized statistical rating organizations ("NRSROs") and must not be rated below A1, P1, or F1. At June 30, 2010, the District's investment in Ford Motor Credit Commercial Paper was rated A1+ by Standard & Poor's and P1 by Moody's Investor Services.

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. At June 30, 2010, the District's investment in the JP Morgan U.S. Government Money Market Fund, the Fidelity Investments Government Portfolio Fund, and the Federated Government Obligation Money Market Fund were all rated AAAm by Standard & Poor's.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 CASH AND INVESTMENTS (continued)

Restricted Cash and Investments

Cash and investments of \$24,408,616, representing unspent bond proceeds of \$3,219,634, reserves for debt service of \$10,441,818, and mill levy override funds of \$10,747,164, have been restricted for equipment, building improvements and debt service in the General, Bond Redemption, and Building Funds.

NOTE 4 RECEIVABLES & DEFERRED REVENUE

Receivable activity for the year ended June 30, 2010 was as follows:

	Balances 06-30-2009	Net Change	Balances 06-30-2010
Governmental Activities			
General Revenue Receivables			
Property Taxes Receivable	\$ 2,378,848	\$ (391,201)	\$ 1,987,647
Component Unit Receivable	0	17,581	17,581
State Equalization Adjustment Receivable	0	2,567	2,567
Total General Revenue Receivables	2,378,848	(371,053)	2,007,795
Program Revenue Receivables:			
Federal Sourced Grants	366,737	971,475	1,351,870
Total Program Revenue Receivables	366,737	971,475	1,351,870
Governmental Activities Receivables	\$ 2,745,585	\$ 614,080	\$ 3,359,665
Business-type Activities			
Program Revenue Receivables:			
State Sourced Grants	\$ 0	\$ 1,542	\$ 1,542
Federal Sourced Grants	0	114,494	114,494
Total Program Revenue Receivables	0	116,036	116,036
Business-type Activities Receivables	\$ 0	\$ 116,036	\$ 116,036

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.

	Unavailable	Unearned	Total
Property tax receivable	\$ 1,025,781	\$ 0	\$ 1,025,781
Forward Delivery Agreement (see note 11)	0	531,429	531,429
Full Day Kindergarten Parent Deposits	0	45,244	45,244
Operating Grants & Contributions	0	80,428	80,428
Total Governmental Activities Deferred/Unearned Revenue	\$ 1,025,781	\$ 657,101	\$ 1,682,882

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balances 06-30-2009	Additions	Deletions	Balances 06-30-2010
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 15,765,500	\$ 0	\$ 0	\$ 15,765,500
Construction in process	0	210,622	0	210,622
Total capital assets not being depreciated	15,765,500	210,622	0	15,976,122
Capital assets being depreciated:				
Buildings and improvements	180,356,460	227,625	0	180,584,085
Equipment	14,096,298	1,180,473	0	15,276,771
Total capital assets being depreciated	194,452,758	1,408,098	0	195,860,856
Less accumulated depreciation for:				
Buildings and improvements	30,199,744	4,851,074	0	35,050,818
Equipment	6,335,052	1,569,337	0	7,904,388
Total accumulated depreciation	36,534,796	6,420,410	0	42,955,206
Total capital assets being depreciated, net	157,917,962	(5,012,312)	0	152,905,650
Governmental Activities capital assets, net	\$ 173,683,462	\$ (4,801,690)	\$ 0	\$ 168,881,772
Business-type Activities				
Capital assets being depreciated:				
Equipment	\$ 1,043,007	\$ 27,689	\$ 0	\$ 1,070,696
Less accumulated depreciation for:				
Equipment	622,783	69,615	0	692,398
Business-type Activities capital assets, net	\$ 420,224	\$ (41,926)	\$ 0	\$ 378,298

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 **CAPITAL ASSETS (continued)**

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

Governmental Activities:

Instruction	\$ 5,513,278
General Administration	47,201
Operation and Maintenance	32,412
Student Transportation	145,147
Support Services	681,112
Business	1,260
	<hr/>
Total Depreciation Expense – Governmental Activities	<u>\$ 6,420,410</u>

Business – Type Activities:

Food Services	<u>\$ 69,615</u>
---------------	------------------

NOTE 6 **INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS**

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General fund	Grants fund	\$ 1,088,880
Health Insurance fund	General fund	701,245

Interfund Receivables and Payables

During the year, the General Fund covered operating expenditures for the Grants Fund for programs that are funded in arrears. The interfund balances are routinely cleared as a matter of practice. These amounts are expected to be paid back within one year. In addition, payroll cycles fund the Health Insurance Internal Service Fund. Payroll accruals include amounts that are due to the Health Insurance Internal Service Fund and are reflected as such on the year-end financial statements. These amounts are remitted within the first sixty days of the subsequent fiscal year.

Transfers

The District allocated \$298 per funded pupil out of the general program for insurance (excluding of the Health Insurance Internal Service Fund) and capital expenditures. The District accounts for this requirement using separate funds that handle those type of expenses. During the year ended June 30, 2010, the General Fund transferred \$2,722,344 to the Capital Reserve Fund and \$686,305 to the Insurance Reserve Fund, a sub-fund of the General Fund.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 **LONG TERM LIABILITIES**

Long-term debt activity for the year ended June 30, 2010 was as follows:

	Balances 06/30/09	Additions	Deletions	Balances 06/30/10	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 50,630,000	\$ -	\$ 2,695,000	\$ 47,935,000	\$ 2,850,000
Registered Coupons	3,560,000	-	1,430,000	2,130,000	1,480,000
Bond Premium Accretion	1,836,760	-	334,001	1,502,759	-
Loss on Refunding	(3,860,318)	-	(410,488)	(3,449,830)	-
Total	52,166,442	-	4,048,513	48,117,929	4,330,000
 Certificates of Participation	 89,465,000	 -	 1,630,000	 87,835,000	 1,745,000
COP Premium & Accretion	2,113,462	-	96,066	2,017,396	-
Capital Lease Obligations	5,560,259	19,680	1,523,036	4,056,903	1,554,843
Compensated Absences	665,820	28,270	-	694,090	-
 Total Governmental Activities	 \$149,970,983	 \$ 47,950	 \$ 7,297,615	 \$142,721,318	 \$ 7,629,843
 Business-type Activities					
Compensated Absences	\$ 75,786	\$ -	\$ -	\$ 75,786	\$ -

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

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 **LONG TERM LIABILITIES (continued)**

\$12,675,000, 2006B General Obligation Refunding Bonds interest due semi-annually with rates ranging from 4.0% to 5.0%, principal due annually through 2018 in payments of \$400,000 to \$1,820,000. \$ 12,675,000

\$23,315,000, 2006 General Obligation Refunding Bonds interest due semi-annually with rates ranging from 3.55% to 5.0%, principal due annually through 2021 in payments of \$1,800,000 to \$2,855,000. 23,315,000

\$10,660,000, 2002 General Obligation Refunding Bonds interest due semi-annually with rates ranging from 2.40% to 5.0%, principal due annually through 2015 in payments of \$10,000 to \$1,795,000. 9,590,000

\$28,000,000, 2002 General Obligation Bonds interest due semi-annually with rates ranging from 3.50% to 5.75%, principal due annually through 2021 in payments of \$5,000 to \$2,920,000. 2,355,000

Total general obligation bonded debt \$ 47,935,000

\$1,525,000 registered coupons, in conjunction with Series 2006B G.O. Refunding Bonds for \$1,387,217 cash, yielding between 3.65% to 3.80%. Final increment due in 2010. \$ 705,000

\$1,260,000 registered coupons, in conjunction with Series 2006 G.O. Refunding Bonds for \$1,134,477 cash, yielding between 3.55% to 4.00% due annually through 2012 in amounts of \$125,000 to \$130,000. 385,000

\$4,330,000 registered coupons, in conjunction with Series 2002 G.O. Bonds for \$3,190,366 cash, yielding between 3.00% to 4.92%, payments due annually through 2011 in amounts of \$125,000 to \$930,000. 1,040,000

Total registered coupons \$ 2,130,000

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 **LONG TERM LIABILITIES (continued)**

Following is a summary of debt service requirements to maturity for all bond issues:

Fiscal Year(s) As of June 30	Principal	Interest	Total
2011	\$ 2,850,000	\$ 2,119,806	\$ 4,969,809
2012	4,000,000	1,969,906	5,969,906
2013	4,655,000	1,778,706	6,433,706
2014	5,050,000	1,568,681	6,618,681
2015	5,305,000	1,344,882	6,649,882
2016-2020	20,495,000	3,553,528	24,048,528
2021-2022	5,580,000	282,250	5,862,250
Total	\$ 47,935,000	\$ 12,617,759	\$ 60,552,759

Certificates of Participation

In July 2006, the District issued \$53,400,000 in Certificates of Participation. Principal payments are due annually on December 15 and interest payments are due on June 15 and December 15, through December 2030. Interest accrues at rates ranging from 4.25% to 5.00%. Proceeds of the Certificates were used to finance the construction of new schools and renovations and additions to existing schools.

In August 2007, the District issued \$39,725,000 in Certificates of Participation. Principal payments are due annually on December 15 and interest payments are due on June 15 and December 15, through December 2030. Interest accrues at rates ranging from 4.00% to 5.00%. Proceeds of the Certificates were used to finance the construction of new schools and renovations and additions to existing schools. Future debt service requirements of the Certificates of Participation are as follows:

Fiscal Year(s) As of June 30	Principal	Interest	Total
2011	\$ 1,745,000	\$ 4,261,262	\$ 6,006,262
2012	1,875,000	4,184,337	6,059,337
2013	2,045,000	4,101,038	6,146,038
2014	2,225,000	4,005,575	6,230,575
2015	2,425,000	3,900,313	6,325,313
2016-2020	15,460,000	17,517,212	32,977,212
2021-2025	22,515,000	12,849,094	35,364,094
2026-2030	27,670,000	6,073,347	33,743,347
2031	11,875,000	184,775	12,059,775
Total	\$ 87,835,000	\$ 57,076,953	\$ 144,911,953

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 **LONG TERM LIABILITIES (continued)**

Capital Leases

The District has entered into capital lease agreements to purchase property, portable buildings and equipment. The lease terms range from five to fifteen years with annual interest rates from 4.0% to 8.5%. Capital assets of \$12,593,412 have been capitalized under these leases.

Capital lease obligations at June 30, 2010, are comprised of the following:

		Balances 06/30/09	Principal Additions	Principal Deletions	Balances 06/30/10	Principal Due Within One Year
2008 Equipment Leases	(\$ 1,512,265)	\$ 994,383	\$ 19,680	\$ 400,976	\$ 613,087	373,667
2006 Modular Leases	(2,132,071)	692,730	-	125,743	566,987	131,841
2004 Equipment Leases	(1,764,134)	604,341	-	200,077	404,265	208,903
2002 Equipment Lease	(734,942)	258,614	-	82,095	176,519	86,138
2002 Land and Modular Leases	(4,500,000)	2,261,978	-	350,679	1,911,299	369,318
2001 Modular Lease	(1,950,000)	748,213	-	363,466	384,747	384,747
Total	(\$12,593,412)	\$ 5,560,259	\$ 19,680	\$ 1,523,036	\$ 4,056,904	\$ 1,554,614

Future debt service requirements for the Capital Lease agreements are as follows:

Year Ending June 30, 2010	Principal	Interest	Total
2011	\$ 1,554,615	\$ 215,003	\$ 1,769,518
2012	874,676	129,628	1,004,304
2013	726,452	82,604	809,056
2014	392,996	46,557	439,553
2015	247,587	26,665	274,252
2016	260,578	13,674	274,252
Total	\$ 4,056,904	\$ 514,131	\$ 4,571,035

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 **LONG TERM LIABILITIES (continued)**

Defeased Debt

In 2006, the District defeased \$12,675,000 of General Obligation Bonds, Series 1999A and \$23,205,000 of General Obligation Bonds, Series 2002, by placing the proceeds of new bonds in a irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The outstanding balance of all defeased debt at June 30, 2010 was \$35,880,000.

NOTE 8 **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, post-retirement 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 (C.R.S.), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of the plan members and the District are established under Title 24, Article 51, and Part 4 of the CRS, as amended. The contribution rate for members is 8% and for the District was 10.15% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (See Note 9). The District is also required to pay an amortization equalization disbursement (AED) equal to 2.20 percent of the total payroll for the calendar year 2010, which is up from 1.70 percent in calendar 2009 and 1.40 percent in calendar 2008. Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50 percent of the total payroll for the calendar year 2010, which is up from 1.00 percent in calendar 2009 and 0.50 percent in calendar 2008. If the District hires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however no member contributions are required. The District's contributions to the SDTF for the years ending June 30, 2010, 2009, and 2008 were \$6,734,797, \$6,284,077, and \$5,049,234 respectively, equal to the required contributions.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 9 **POSTEMPLOYMENT HEALTH-CARE BENEFITS**

Plan Description – The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment HealthCare plan administered by PERA. The HCTF provides a HealthCare premium subsidy to PERA participating benefits 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 online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The District was required to contribute at a rate of 1.02% of covered salary 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, and Part 4 of the CRS, as amended. 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, 2010, 2009, and 2008 were \$559,547, \$558,246, and \$489,754 respectively, equal to the required contributions.

NOTE 10 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District accounts for and finances its risk activities in the General and Health Insurance Internal Service Funds.

The District purchases commercial insurance for property, liability and worker's compensation risks of loss. Under the District's employee health plan, the District provides coverage for up to a maximum of \$250,000 per employee for each calendar year. Settlements have not exceeded premiums for each of the past two fiscal years.

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.

Net Claims Payable as of 6/30/2009	\$ 521,448
Claims Presented 7/1/2009 – 6/30/2010:	5,937,496
Claims Paid 7/1/2009 – 6/30/2010:	6,043,944
Net Claims Payable as of 6/30/2010	<u>\$ 415,000</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 **COMMITMENTS AND CONTINGENCIES**

Claims and Judgments

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

TABOR Amendment

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

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

On November 7, 2001, the registered voters approved a ballot resolution authorizing the District to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

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 years. TABOR 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 three percent or more of qualifying expenditures. As of June 30, 2010 the District reserved \$3,000,000 in the General Fund for this purpose.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations to the amendment's language in order to determine its compliance.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 12 **FORWARD AND DELIVERY INVESTMENT AGREEMENT**

In December 2002, the District's General Fund received payment of \$1,240,000 pursuant to a forward delivery agreement. In exchange for this amount, the District agreed to make payments into a bank trust account (Bank One Trust Company) from its Debt Service Fund revenue for subsequent purchases of investment securities from a third party (JP Morgan Chase Bank). The securities mature at such times as are required for meeting the District's debt service payment obligations over the fourteen-year contract period. Should the District terminate the agreement, it would be obligated to repay a portion of the \$1,240,000 received to compensate for loss of economic benefits based on market conditions existent at the time the agreement is dissolved.

The amount received under this agreement is being amortized over the term of the agreement for GAAP purposes, rather than in full in the fiscal year ended June 30, 2003, with the unamortized balance reflected as deferred revenue. The following GAAP-basis schedule shows the amounts of revenue recognized and the remaining balance treated as deferred revenue as of and for the year ended June 30, 2008:

	<u>Revenue Recognized</u>	<u>Deferred Revenue</u>
Fiscal Year Ending June 30, 2010	\$ 88,571	\$ 531,429

NOTE 13 **PRIOR PERIOD ADJUSTMENTS**

During the current year, it was determined that prior-year specific ownership taxes totaling \$281,339 were incorrectly accrued in the General Fund. To correct this error, the beginning fund balance of the General Fund of \$22,156,859, as originally reported, has been decreased to \$21,875,520. It was also determined that capital assets, capital leases, and certain deferred charges related to debt were understated by \$1,283,312, \$880,394, and \$257,389, respectively. Likewise, accrued interest payable was determined to be overstated by \$115,066. To correct these items and the specific ownership taxes totaling \$20,743, beginning net assets for governmental activities of \$63,119,086, as originally reported, have been reduced to \$63,098,343.:



FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

FALCON SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
<u>Local Sources:</u>				
Property Taxes	\$ 20,214,370	\$ 21,167,987	\$ 21,185,180	\$ 17,193
Specific Ownership Taxes	2,679,998	2,668,194	2,607,142	(61,052)
Earnings on Investments	412,000	310,000	66,107	(243,893)
Delinquent Taxes and Interest	-	-	9,562	9,562
Tuition	735,000	735,000	641,917	(93,083)
Other	1,055,000	1,035,001	2,472,575	1,437,574
Total Local Source Revenue	25,096,368	25,916,182	26,982,483	1,066,301
<u>State Sources:</u>				
Equalization	63,394,278	62,716,942	60,892,967	(1,823,975)
Transportation	650,000	650,000	726,427	76,427
Vocational Education	155,000	217,336	315,347	98,011
Special Education	1,757,268	1,910,858	2,035,073	124,215
ELPA	25,000	25,000	60,340	35,340
Gifted and Talented	115,000	115,000	128,250	13,250
Total State Source Revenue	66,096,546	65,635,136	64,158,404	(1,476,732)
<u>Federal Sources:</u>				
School to Work Alliance Program	50,000	50,000	54,628	4,628
Impact Aid	495,000	623,363	700,716	77,353
ROTC	200,000	200,000	141,337	(58,663)
Total Federal Source Revenue	745,000	873,363	896,681	23,318
Total Revenues	91,937,914	92,424,681	92,037,568	(387,113)
EXPENDITURES				
<u>Instructional</u>	47,094,576	47,492,185	48,229,169	(736,984)
<u>Support Services</u>				
Student Support	4,565,510	4,454,004	4,609,799	(155,795)
Instructional Staff	4,763,690	4,931,283	4,699,691	231,592
General Administration	962,560	1,031,748	1,184,300	(152,552)
School Administration	4,717,107	4,703,261	4,812,253	(108,992)
Business Services	1,048,137	1,012,843	1,048,642	(35,799)
Operations and Maintenance	12,121,751	11,831,209	11,261,597	569,612
Student Transportation	3,528,912	3,528,912	3,439,361	89,551
Central Support	4,169,966	3,845,727	3,762,594	83,133
Other Support	6,000	6,000	6,535	(535)
Facilities Acquisition/Construction	250,000	214,765	180,853	33,912
Debt Service				
Principal Retirement	1,630,000	1,630,000	1,918,686	(288,686)
Interest and Fiscal Charges	10,038,596	10,582,846	4,472,600	6,110,246
Total Support Services	47,802,229	47,772,598	41,396,911.00	6,375,687
Reserves	-	-	-	-
Total Expenditures	94,896,805	95,264,783	89,626,080	5,638,703
Revenues Over Expenditures	(2,958,891)	(2,840,102)	2,411,488	5,251,590
Other Financing Sources (Uses)				
Transfers Out	(2,724,158)	(2,722,344)	(2,722,344)	-
Total Other Financing Sources (Uses)	(2,724,158)	(2,722,344)	(2,722,344)	-
Net Change in Fund Balance	(5,683,049)	(5,562,446)	(310,856)	5,251,590
Fund Balance, July 1	22,663,394	21,875,519	21,875,519	-
Fund Balance, June 30	\$ 16,980,345	\$ 16,313,073	\$ 21,564,663	\$ 5,251,590





FINANCIAL SECTION

COMBINING AND INDIVIDUAL

FUND FINANCIAL STATEMENTS & SCHEDULES

FALCON SCHOOL DISTRICT 49
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	Capital Reserve	Building	Capital Reserve	
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 792,158	\$ -	\$ 408,654	\$ 1,200,812
Accounts Receivable	1,338,212	-	-	-	1,338,212
Restricted Cash and Cash Equivalents	80,428	-	3,219,634	-	3,300,062
TOTAL ASSETS	<u>\$ 1,418,640</u>	<u>\$ 792,158</u>	<u>\$ 3,219,634</u>	<u>\$ 408,654</u>	<u>\$ 5,839,086</u>
LIABILITIES & FUND BALANCE					
LIABILITIES					
Accounts Payable	72,756	186,496	1,209,833	8,210	1,477,295
Accrued Salaries and Benefits Payable	176,576				176,576
Interfund Payable	1,088,880				1,088,880
Def Revenue - Other	80,428				80,428
TOTAL LIABILITIES	<u>1,418,640</u>	<u>186,496</u>	<u>1,209,833</u>	<u>8,210</u>	<u>2,823,179</u>
FUND BALANCE					
Reserved for:					
Capital Purposes			2,009,801		2,009,801
Unreserved, Reported in:					
Special Revenue Funds		605,662			605,662
Capital Projects Funds				400,444	400,444
TOTAL FUND BALANCE	<u>-</u>	<u>605,662</u>	<u>2,009,801</u>	<u>400,444</u>	<u>3,015,907</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,418,640</u>	<u>\$ 792,158</u>	<u>\$ 3,219,634</u>	<u>\$ 408,654</u>	<u>\$ 5,839,086</u>

FALCON SCHOOL DISTRICT 49
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
REVENUES	Grants	Capital Reserve	Building	Capital Reserve	
Local Sources	\$ 53,296	\$ 52,032	\$ 8,833	\$ 139,411	\$ 253,572
State Sources	303,229	-	-	-	303,229
Federal Sources	4,800,821	-	-	-	4,800,821
Total Revenues	<u>5,157,346</u>	<u>52,032</u>	<u>8,833</u>	<u>139,411</u>	<u>5,357,622</u>
EXPENDITURES					
Current					
Instruction	3,008,120	8,995	-	-	3,017,115
Student Support	584,353	-	-	-	584,353
Instructional Staff	1,516,719	48,557	-	-	1,565,276
Business Services	-	83,914	-	-	83,914
Operations and Maintenance	20,294	478,829	-	41,583	540,706
Central Support	6,789	222,392	-	56,457	285,638
Facilities Acquisition & Construction	- 8,773	- 479,196	- 2,114,218	- 119,981	- 2,722,168
Debt Service					
Principal Retirement	11,511	1,222,840	-	-	1,234,351
Interest and Fiscal Charges	787	263,089	-	-	263,876
Total Expenditures	<u>5,157,346</u>	<u>2,807,812</u>	<u>2,114,218</u>	<u>218,021</u>	<u>10,297,397</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(2,755,780)</u>	<u>(2,105,385)</u>	<u>(78,610)</u>	<u>(4,939,775)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	2,722,344	-	-	2,722,344
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,722,344</u>	<u>-</u>	<u>-</u>	<u>2,722,344</u>
Net Change in Fund Balances	-	(33,436)	(2,105,385)	(78,610)	(2,217,431)
Fund Balances, July 1	-	639,098	4,115,186	479,054	5,233,338
Fund Balances, June 30	<u>\$ -</u>	<u>\$ 605,662</u>	<u>\$ 2,009,801</u>	<u>\$ 400,444</u>	<u>\$ 3,015,907</u>

See the accompanying Independent Auditors' Report.



FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GRANTS FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Local Sources	\$ 46,650	\$ 46,650	\$ 53,296	\$ 6,646
State Sources	318,301	318,301	303,229	(15,072)
Federal Sources	4,635,049	7,635,049	4,800,821	(2,834,228)
TOTAL REVENUES	5,000,000	8,000,000	5,157,346	(2,842,654)
EXPENDITURES				
Salaries	2,090,000	1,862,402	1,657,555	204,847
Benefits	564,300	449,676	367,597	82,079
Purchased Services	1,030,700	1,918,078	1,604,884	313,194
Supplies	690,000	1,981,955	477,463	1,504,492
Property and Equipment	600,000	1,249,424	967,743	281,681
Other	25,000	538,465	82,104	456,361
TOTAL EXPENDITURES	5,000,000	8,000,000	5,157,346	2,842,654
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.



FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL RESERVE FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Rental Revenue	\$ 62,000	\$ 62,000	\$ 52,032	\$ (9,968)
Total Revenue	<u>62,000</u>	<u>62,000</u>	<u>52,032</u>	<u>(9,968)</u>
EXPENDITURES				
Facilities Acquisition & Construction	1,615,853	1,615,853	1,321,884	293,969
Debt service				
Principal Retirements	1,396,403	1,396,403	1,222,840	173,563
Interest and Fiscal Charges	105,635	326,635	263,088	63,547
Total Expenditures	<u>3,117,891</u>	<u>3,338,891</u>	<u>2,807,812</u>	<u>531,079</u>
Excess of Revenues Over (Under) Expenditures	(3,055,891)	(3,276,891)	(2,755,780)	521,111
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>2,724,158</u>	<u>2,722,344</u>	<u>2,722,344</u>	<u>-</u>
Net Change in Fund Balance	(331,733)	(554,547)	(33,436)	521,111
Fund Balance, July 1	<u>378,920</u>	<u>639,098</u>	<u>639,098</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 47,187</u>	<u>\$ 84,551</u>	<u>\$ 605,662</u>	<u>\$ 521,111</u>

FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Property Taxes	\$ 6,267,235	\$ 7,687,153	\$ 7,834,916	\$ 147,763
Interest	135,000	100,000	29,053	(70,947)
Total Revenues	<u>6,402,235</u>	<u>7,787,153</u>	<u>7,863,969</u>	<u>76,816</u>
EXPENDITURES				
Debt Service				
Principal Retirement	4,695,000	4,695,000	4,125,000	570,000
Interest and Fiscal Charges	3,670,819	3,670,819	2,262,174	1,408,645
Total Expenditures	<u>8,365,819</u>	<u>8,365,819</u>	<u>6,387,174</u>	<u>1,978,645</u>
Net Change in Fund Balance	(1,963,584)	(578,666)	1,476,795	2,055,461
Fund Balance, July 1	<u>9,303,987</u>	<u>9,138,708</u>	<u>9,138,708</u>	-
Fund Balance, June 30	<u>\$ 7,340,403</u>	<u>\$ 8,560,042</u>	<u>\$ 10,615,503</u>	<u>\$ 2,055,461</u>

See the accompanying Independent Auditors' Report.



FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Fees in Lieu of Land	\$ 50,000	\$ 50,000	\$ 121,411	\$ 71,411
Other	-	-	18,000	18,000
Total Revenues	50,000	50,000	139,411	89,411
EXPENDITURES				
Facilities Acquisition & Construction	500,000	500,000	218,021	281,979
Total Expenditures	500,000	500,000	218,021	281,979
Net Change in Fund Balance	(450,000)	(450,000)	(78,610)	371,390
Fund Balance, July 1	496,064	479,054	479,054	-
Fund Balance, June 30	\$ 46,064	\$ 29,054	\$ 400,444	\$ 371,390

FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
BUILDING FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Interest	\$ 100,000	\$ 100,000	\$ 8,465	\$ (91,535)
Other	-	-	(368)	(368)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>8,833</u>	<u>(91,903)</u>
EXPENDITURES				
Facilities Acquisition & Construction	3,981,617	4,215,186	2,114,218	2,100,968
Contingency	-	-	-	-
Total Expenditures	<u>3,981,617</u>	<u>4,215,186</u>	<u>2,114,218</u>	<u>2,100,968</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,881,617)</u>	<u>(4,115,186)</u>	<u>(2,105,385)</u>	<u>2,009,065</u>
Net Change in Fund Balance	(3,881,617)	(4,115,186)	(2,105,385)	2,009,801
Fund Balance, July 1	<u>3,881,617</u>	<u>4,115,186</u>	<u>4,115,186</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,009,801</u>	<u>\$ 2,009,801</u>

FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON - GAAP BASIS) AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
OPERATING REVENUES				
Local Sources				
Charges for Services	\$ 2,249,380	\$ 2,249,382	\$ 1,920,802	\$ (328,580)
Total Operating Revenues	<u>\$ 2,249,380</u>	<u>\$ 2,249,382</u>	<u>\$ 1,920,802</u>	<u>\$ (328,580)</u>
OPERATING EXPENSES				
Salaries	895,000	995,000	1,030,102	(35,102)
Employee Benefits	190,000	258,700	247,792	10,908
Purchased Services	125,000	125,000	140,940	(15,940)
Purchased Food	1,867,694	1,767,694	1,627,575	140,119
Other Supplies	152,000	135,000	73,376	61,624
Indirect Costs	35,000	50,000	50,000	-
Equipment Replacement	120,000	120,000	50,254	69,746
Depreciation	76,215	76,215	69,615	6,600
Contingency / Other	611,416	544,716	5,628	539,088
Total operating expenses	<u>4,072,325</u>	<u>4,072,325</u>	<u>3,295,282</u>	<u>777,043</u>
Operating Income (Loss)	<u>(1,822,945)</u>	<u>(1,822,943)</u>	<u>(1,374,480)</u>	<u>448,463</u>
NON-OPERATING REVENUES				
Federal Sources				
School Lunch and Breakfast Program	860,240	860,240	1,041,212	180,972
Donated Commodities	162,694	162,694	162,961	267
State Sources				
Start Smart	2,830	2,830	3,506	676
K-2 Reduced	8,440	8,440	10,307	1,867
State Match	28,490	28,490	34,194	5,704
Interest	12,500	12,500	17,287	(4,787)
Total Non-operating Revenues	<u>1,075,194</u>	<u>1,075,194</u>	<u>1,269,467</u>	<u>189,486</u>
Change in net assets	<u>(747,751)</u>	<u>(747,749)</u>	<u>(105,013)</u>	<u>642,736</u>
Net Assets, July 1	<u>\$ 1,100,845</u>	<u>\$ 1,282,723</u>	<u>\$ 1,282,723</u>	<u>\$ -</u>
Net Assets, June 30	<u>\$ 353,094</u>	<u>\$ 534,974</u>	<u>\$ 1,177,710</u>	<u>\$ 642,736</u>

See the accompanying Independent Auditors' Report.



FALCON SCHOOL DISTRICT 49
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
HEALTH INSURANCE FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Interest	\$ 50,000	\$ 15,000	\$ 1,943	\$ (13,057)
Premiums & Employer Contributions	6,100,000	6,182,014	8,027,715	1,845,701
Total Revenues	<u>6,150,000</u>	<u>6,197,014</u>	<u>8,029,658</u>	<u>1,832,644</u>
EXPENDITURES				
Purchased Medical Svc & Supplies	5,749,994	5,749,994	6,044,311	(294,317)
Purchased Mgmt Services	1,170,000	1,170,000	1,246,631	(76,631)
Contingency	750,000	750,000	-	750,000
Total Expenditures	<u>7,669,994</u>	<u>7,669,994</u>	<u>7,290,942</u>	<u>379,052</u>
Net Change in Fund Balance	<u>(1,519,994)</u>	<u>(1,472,980)</u>	<u>738,716</u>	<u>2,211,696</u>
Fund Balance, July 1	<u>1,519,994</u>	<u>1,472,980</u>	<u>791,186</u>	<u>(681,794)</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,529,902</u>	<u>\$ 1,529,902</u>

See the accompanying Independent Auditors' Report.



FALCON SHOOOL DISTRICT 49
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
SCHOLARSHIP FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
ADDITIONS				
Fundraising Activities	\$ 434	\$ 434	\$ 293	\$ (141)
DEDUCTIONS				
Scholarships Awarded	10,000	10,000	1,620	8,380
Change in Net Assets	(9,566)	(9,566)	(1,327)	8,239
Net Assets, July 1	12,009	10,555	10,555	-
Net Assets, June 30	\$ 2,443	\$ 989	\$ 9,228	\$ 8,239

FALCON SCHOOL DISTRICT 49
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PUPIL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS				
Cash and Cash Equivalents	\$ 893,152	\$ 2,844,988	\$ 2,819,336	\$ 918,804
TOTAL ASSETS	<u>\$ 893,152</u>	<u>\$ 2,844,988</u>	<u>\$ 2,819,336</u>	<u>\$ 918,804</u>
LIABILITIES				
Due to Student Organizations	\$ 893,152	\$ 2,844,988	\$ 2,819,336	\$ 918,804
TOTAL LIABILITIES	<u>\$ 893,152</u>	<u>\$ 2,844,988</u>	<u>\$ 2,819,336</u>	<u>\$ 918,804</u>

FALCON SCHOOL DISTRICT 49
SCHEDULE OF CHANGES IN DUE TO STUDENT ORGANIZATIONS
BUDGET (GAAP BASIS) AND ACTUAL
PUPIL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
ADDITIONS				
Pupil Activities	\$ 4,415,000	\$ 4,415,000	\$ 2,844,988	\$ (1,570,012)
DEDUCTIONS				
Pupil Activities	\$ 4,415,000	\$ 4,415,000	\$ 2,819,336	\$ 1,595,664
Change in Due to Student Organizations	\$ -	\$ -	\$ 25,652	\$ 25,652
Due to Student Organizations, July 1	\$ 976,908	\$ 893,152	\$ 893,152	\$ -
Due to Student Organizations, June 30	\$ 976,908	\$ 893,152	\$ 918,804	\$ 25,652
			-	

FALCON SHOOOL DISTRICT 49
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
June 30, 2010

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	Total
ASSETS					
Cash and Cash Equivalents	\$ 402,518	\$ 1,045,216	\$ 109,343	\$ 304,751	\$ 1,861,828
Accounts Receivable	25,537	22,523	26,184	28,227	102,471
Prepaid Expenses	-	8,441	31,575	-	40,016
Restricted Cash and Cash Equivalents	663,129	791,410	155,000	-	1,609,539
Debt Issuance Costs	266,290	211,185	58,576	-	536,051
Capital Assets, Net of Accumulated Depreciation	5,552,995	6,187,438	2,789,029	-	14,529,462
TOTAL ASSETS	6,910,469	8,266,213	3,169,707	332,978	18,679,367
LIABILITIES					
Accounts Payable and Other Current Liabilities	25,020	180,329	92,982	111,246	409,577
Accrued Salaries & Benefits Payable	77,674	157,250	172,050	-	406,974
Deferred Revenues	1,972	-	-	57,968	59,940
Accrued Interest Payable	35,471	19,868	-	-	55,339
Long-term Liabilities					
Due or payable within one year	80,000	120,000	377,556	111,369	688,925
Due or payable after one year	6,345,000	7,665,000	2,178,229	615,380	16,803,609
TOTAL LIABILITIES	6,565,137	8,142,447	2,820,817	895,963	18,424,364
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	(532,401)	(1,389,272)	483,244	-	(1,438,429)
Restricted for Emergencies	69,000	123,120	152,450	116,000	460,570
Restricted for Debt Service	535,309	690,208	-	-	1,225,517
Restricted for Repair and Replacement	10,000	75,692	-	-	85,692
Unrestricted	263,424	624,018	(286,804)	(678,985)	(78,347)
TOTAL NET ASSETS	\$ 345,332	\$ 123,766	\$ 348,890	\$ (562,985)	\$ 255,003

FALCON SCHOOL DISTRICT 49
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	Total
EXPENSES					
Instruction	\$ 1,203,868	\$ 2,300,199	\$ 3,142,034	\$ 2,027,980	\$ 8,674,081
Supporting Services	398,068	2,141,829	1,688,694	2,241,067	6,469,658
Interest and Fiscal Charges	583,946	572	-	-	584,518
TOTAL EXPENSES	2,185,882	4,442,600	4,830,728	4,269,047	15,728,257
PROGRAM REVENUES					
Charges for Services	78,470	35,685	304,876	125,410	544,441
Operating Grants and Contributions	17,901	247,849	13,375	405,326	684,451
Capital Grants and Contributions	31,563	64,345	71,429	53,135	220,472
TOTAL PROGRAM REVENUES	127,934	347,879	389,680	583,871	1,449,364
NET EXPENSE (REVENUE)	(2,057,948)	(4,094,721)	(4,441,048)	(3,685,176)	(14,278,893)
GENERAL REVENUES					
Per Pupil Operating Revenue	2,171,895	4,427,981	4,914,324	3,655,901	15,170,101
Investment Earnings	6,450	9,816	25,312	-	41,578
Miscellaneous	-	49,312	-	208	49,520
TOTAL GENERAL REVENUES	2,178,345	4,487,109	4,939,636	3,656,109	15,261,199
CHANGE IN NET ASSETS	120,397	392,388	498,588	(29,067)	982,306
NET ASSETS, Beginning	224,935	(268,622)	(109,097)	(533,918)	(686,702)
PRIOR PERIOD ADJUSTMENT	-	-	(40,601)	-	(40,601)
NET ASSETS, Beginning, As Restated	224,935	(268,622)	(149,698)	(533,918)	(727,303)
NET ASSETS, Ending	\$ 345,332	\$ 123,766	\$ 348,890	\$ (562,985)	\$ 255,003





COMPLIANCE SECTION

SINGLE AUDIT

FALCON SCHOOL DISTRICT 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	CDE Grant Number	Expenditures
U.S. Department of Education			
Direct Programs			
Impact Aid	84.041	4041	\$ 488,939
Safe and Drug-Free Schools and Communities - National Program	84.184	5184	10,221
Science, Technology, Engineering & Math (STEM)	84.215K	5215	95,386
Passed Through Colorado Department of Education			
Title I, Part A	84.010	4010	426,231
IDEA Part B	84.027	4027	1,714,277
IDEA Preschool	84.173	4173	25,587
Safe and Drug-Free Schools and Communities - State Program	84.186	4186	30,769
Title IId - Education Technology	84.318	4318	6,259
Title IIa - Improving Teacher Quality	84.367	4367	122,108
Title V - Innovative Programs	84.298	4298	(623)
ARRA - IDEA Part B	84.391	4391	806,385
ARRA - Title I, Part A	84.389	4389	169,193
ARRA - IDEA Preschool	84.392	4392	12,738
ARRA - Title IId	84.386	4386	9,790
School Improvement Program Grant	84.377	5377	42,133
ARRA - Government Services	84.397A	6397	6,581
Title IIIa - English Language Acquisition	84.365	4365	24,823
Passed Through Colorado Community College System			
Vocational Education (Carl Perkins)	84.048	4048	38,073
Passed Through Colorado Department of Human Services			
Vocational Rehabilitation	84.126	6126	80,558
Total U.S. Department of Education			\$ 4,109,428
U.S. Department of Defense			
Direct Programs			
Impact Aid	12.558	9005	\$ 211,776
ROTC	12.xxx	9001	141,337
DODEA-AIM	12.030	7030	964,835
Total U.S. Department of Defense			\$ 1,317,948
U.S. Department of Agriculture			
Passed Through Colorado Department of Human Services			
National School Lunch Program	10.555	4555	\$ 162,961
Passed Through Colorado Department of Education			
School Breakfast Program	10.553	4553	76,347
National School Lunch Program	10.555	4555	964,864
Total U.S. Department of Agriculture			\$ 1,204,172
Total Federal Awards			\$ 6,631,548



FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards, which includes the federal grant activity of Falcon School District 49, is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of Falcon School District 49's district-wide financial statements for the year ended June 30, 2010.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by X's.

NOTE 3 **SUBRECIPIENT**

Of the federal expenditures presented in the schedule, Falcon School District 49 allocated federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to</u>
<u>Subrecipients</u>		
84.041	Impact Aid	\$ 66,526
84.282	Public Charter School Grant	\$ 658,346

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(continued)

NOTE 4 **FEDERAL GRANT RECEIVABLES**

The vast majority of federal grant programs are funded in arrears, meaning that the awarded entity must first incur expenses in a prescribed manner so that those expenditures are eligible for reimbursement by the Federal Grantor/Pass-Through Grantor. As a result, it is common that the expenditures displayed on the Schedule of Federal Awards have not yet been fully funded as of the close of the fiscal year. The unfunded amounts are recorded as receivables on the District's Statement of Net Assets with the corresponding revenue recorded in the Statement of Activities.

Aggregate Federal Grant Receivables, by Federal Grantor as of June 30, 2010:

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Receivable</u>
US Department of Education	
Direct Programs	\$ 9,073
via Colorado Department of Education	1,122,058
via Colorado Community College System	7,551
via Colorado Department of Human Services	13,657
US Department of Defense	
Direct Programs	185,873
US Department of Agriculture	
via Colorado Department of Education	114,494
Total	<u><u>\$ 1,452,706</u></u>

All Receivables are expected to be received and cleared within sixty days of the fiscal year end.



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

To the Board of Education
Falcon School District 49
Colorado Springs, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Falcon School District 49, as of and for the year ended June 30, 2010, which collectively comprise Falcon School District 49's basic financial statements and have issued our report thereon dated November 19, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, and Imagine Charter School at Indigo Ranch as described in our report on the District's financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Falcon School District 49's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Falcon School District 49's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Falcon School District 49's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as reported in item number 2010-1, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Falcon School District 49's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Falcon School District 49 in a separate letter dated November 19, 2010.

Falcon School District 49's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Falcon School District 49's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Education, others within the entity, the Colorado State Auditor, and 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. However, this report is a matter of public record and its distribution is not limited.

Hoelting & Company Inc.

Colorado Springs, Colorado
November 19, 2010



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

To the Board of Education
Falcon School District 49
Colorado Springs, Colorado

Compliance

We have audited Falcon School District 49's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Falcon School District 49's major federal programs for the year ended June 30, 2010. Falcon School District 49'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 Falcon School District 49's management. Our responsibility is to express an opinion on Falcon School District 49's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Falcon School District 49'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 of Falcon School District 49's compliance with those requirements.

As reported in item 2010-2 in the accompanying schedule of findings and questioned costs, Falcon School District 49 did not comply with requirements regarding documentation of employee time and effort that are applicable to the Title I, Part A Cluster and the Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for Falcon School District 49 to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Falcon School District 49 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Falcon School District 49 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Falcon School District 49's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Falcon School District 49's internal control over compliance.

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

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

This report is intended solely for the information and use of management, Board of Education, others within the entity, the Colorado State Auditor, 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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 19, 2010

FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? x yes ___ none reported

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes x none reported

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

Qualified

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

 x yes ___ none reported

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

CFDA 84.010 & 84.389

Title I, Part A Cluster

CFDA 84.027, 84.173, 84.391 & 84.392

Special Education Cluster

CFDA 12.030

DODEA AIM

CFDA 12.558

DODEA Impact Aid

Dollar threshold used to distinguish between type A and type B programs?

\$300,000

Auditee qualified as low-risk auditee?

___ yes x no

FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

Section II—Financial Statement Findings

2010-1 Accrual of specific ownership tax

Criteria: Governmental funds recognize earned revenues when they are both measureable and available. Revenues are considered available when they are collectible within the period or within 60 days of the end of the current fiscal period.

Condition: When recording an accrual for property taxes, the District recorded an additional month of specific ownership taxes that had not yet been earned.

Context: This was noted through audit procedures performed on the tax accruals. Only the General fund was affected.

Effect: Specific ownership tax revenue and beginning net assets were overstated.

Cause: This condition has existed for several years; and therefore, was not uncovered during previous years' closing procedures.

Recommendation: We recommend that the District review their cutoff procedures to ensure that revenues are recorded in the proper period.

Management response: The District has implemented procedures for the 2011 fiscal year to ensure that revenues are recorded in the proper period.

FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

Section III—Federal Award Findings

2010-2 Documentation of Employee Time and Effort

CFDA 84.010 & 84.389

Title I, Part A Cluster

CFDA 84.027, 84.173, 84.391 & 84.392

Special Education Cluster

U.S. Department of Education, Passed through the Colorado Department of Education

Criteria: An employee who works solely on a single cost objective must furnish a semi-annual certification that he/she has been engaged solely in those activities. The certifications must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3).

Condition: Employees were not required by the District to furnish such semi-annual certifications.

Context: This finding was noted during when employee certifications were requested as part of testing employee files for compliance requirements related to Allowed Costs/Cost Principles.

Effect: No employee substantiation exists to support District labor distribution reports.

Cause: The District was unaware of this compliance requirement.

Recommendation: Management should implement procedures requiring semi-annual certifications from employees working on a single cost objective.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding and has taken steps to implement such semi-annual certifications for the 2011 fiscal year.



COMPLIANCE SECTION

STATE COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Falcon School District 49
Colorado Springs, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Falcon School District 49, as of and for the year ended June 30, 2010, which collectively comprise Falcon School District 49's basic financial statements and have issued our report thereon dated November 19, 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. Other auditors audited the financial statements of Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, and Imagine Charter School at Indigo Ranch as described in our report on the District's financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Falcon School District 49's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 19, 2010

11/22/2010
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Colorado Department of Education
Fiscal Year 2009-2010
Colorado School District/BOCES
Auditor's Integrity Report

EL PASO FALCON 49
District Code: 1110

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	21,633,932	88,204,589	88,460,104	21,378,417
18 Risk Mgmt Sub-Fund of General Fund	89,982	686,305	663,199	113,089
19 Colorado Preschool Program Fund	151,605	428,476	506,924	73,157
Subtotal	21,875,520	89,319,370	89,630,226	21,564,663
11 Charter School Fund	360,803	16,847,858	15,908,265	1,300,396
20,26-29 Special Revenue Fund	-0	53,296	53,296	0
21 Capital Reserve Spec Revenue Fund	639,098	2,838,722	2,872,158	605,662
22 Govt Designated-Purpose Grants Fund	-0	5,317,697	5,317,697	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	9,138,708	7,863,969	6,387,174	10,615,503
41 Building Fund	4,115,186	8,833	2,114,218	2,009,801
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	479,054	139,411	218,021	400,444
TOTALS	36,608,368	122,389,156	122,501,054	36,496,469
Proprietary				
51 Food Service Fund	1,282,724	3,190,268	3,295,283	1,177,710
50 Other Enterprise Funds	-878,307	1,116,150	1,231,001	-993,158
64 (63) Risk-Related Activity Fund	791,187	441,892	-296,824	1,529,902
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	1,195,604	4,748,310	4,229,460	1,714,454
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	10,555	293	1,620	9,228
74 Pupil Activity Agency Fund	919,598	2,897,352	2,855,811	961,140
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	930,153	2,897,645	2,857,431	970,368

*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: fd1110.18c

Program: fdrdh.sqr

File: fd1110.dhc

FINAL



STATISTICAL SECTION

FALCON SCHOOL DISTRICT 49
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2010

STATISTICAL REPORTS

This part of the District's CAFR presents historical and peripheral information to the reader to provide greater context for understanding what the financial statements, note disclosures, required supplementary information, combining and individual fund financial statements, single audit, and the auditor's integrity report provide on their own.

Contents

Financial Trends	100
<i>Provides trend information to see changes in financial position over time.</i>	
Revenue Capacity	103
<i>Provides trend information to see changes in assessed valuation & mill levy rates over time.</i>	
Debt Capacity	105
<i>Provides trend information regarding the District's long term debt recognized and available.</i>	
Economic & Demographic Information	107
<i>Provides trend information regarding unemployment and Colorado Springs area student count</i>	
Other Information	109
<i>Provides trend information regarding General Fund per pupil spending at various levels</i>	



Falcon School District 49
CAFR Statisticals - Financial Trends
As Reported, as of June 30 by year

Net Assets by Component

	2010	2009	2008	2007	2006	2005	2004	2003	
Invested in Capital Assets, Net of Related Debt	28,864,346	29,971,517	29,439,037	9,590,013	19,921,205	4,428,699	6,435,862	2,883,315	
Restricted for:									<i>Statement of Net</i>
TABOR (emergencies)	3,000,000	3,000,000	2,700,000	2,300,000	2,100,000	1,850,000	1,626,000	1,400,600	
Debt Service	21,569,397	18,890,224	16,491,989	13,631,624	12,335,770	6,121,871	5,466,900	5,182,092	<i>Assets not</i>
Capital Purposes	2,009,801	1,118,152	911,324	615,523	1,395,252	625,924	163,914	4,189,967	
Risk Management	113,089	89,982	89,240	54,758	6,527	16,738	2,439	1,000	<i>introduced until</i>
Preschool	73,157	151,605	149,879	69,386	-	-	-	-	
Unrestricted	9,402,720	9,897,606	11,542,753	14,748,236	(7,780,327)	4,586,944	617,089	(3,360,939)	<i>2003</i>
Total	65,032,510	63,119,086	61,324,222	41,009,540	27,978,427	17,630,176	14,312,204	10,296,035	

Fund Balance by Component

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Restricted for:										
TABOR (emergencies)	3,000,000	3,000,000	2,700,000	2,300,000	2,100,000	1,850,000	1,626,000	1,400,600	1,187,200	958,300
Debt Service	21,569,397	18,621,107	16,266,326	13,516,329	12,335,770	6,121,871	5,466,900	5,456,305	2,867,474	2,380,473
Capital Purposes	2,009,801	5,233,339	9,645,965	3,173,087	1,395,252	625,924	163,914	4,189,967	21,351,898	464,584
Risk Management	113,089	89,982	89,240	54,758	6,527	16,738	2,439	1,000		
Preschool	73,157	151,605	149,879	69,386	-	-	-	-		
Unrestricted	9,402,720	9,432,871	12,076,994	15,337,111	(7,294,504)	5,213,953	2,263,078	1,917,124	2,487,329	4,980,717
Total	36,168,164	36,528,904	40,928,404	34,450,671	8,543,045	13,828,486	9,522,331	12,964,996	27,893,901	8,784,074

Cash, Investment & Receivable Balances

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cash & Investments	45,995,326	45,674,203	52,928,160	46,642,751	19,318,797	19,064,500	16,681,197	22,082,609	37,420,217	17,447,040
External Receivables	3,359,665	2,747,040	3,426,494	2,102,940	1,967,750	1,380,606	939,159	1,334,963	1,110,284	594,428
	49,354,991	48,421,243	56,354,654	48,745,691	21,286,547	20,445,106	17,620,356	23,417,572	38,530,501	18,041,468



Falcon School District 49
CAFR Statisticals - Financial Trends
As Reported, as of June 30 by year

General Funds Revenue, Expense & Fund Balance Walk

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue	92,037,568	98,964,120	90,143,535	81,462,039	67,685,106	58,558,230	50,136,489	43,507,849	36,522,222	30,525,656
Expense	(89,626,080)	(97,308,429)	(88,884,590)	(70,668,163)	(57,862,083)	(53,127,595)	(46,955,600)	(41,110,225)	(33,780,156)	(28,058,164)
Net Transfers	(2,722,344)	(2,715,782)	(2,571,002)	(1,631,388)	(2,343,197)	(2,100,000)	(3,093,800)	(2,743,932)	(2,025,604)	(1,588,477)
Net Change in Fund Balance	(310,856)	(1,060,091)	(1,312,057)	9,162,488	7,479,826	3,330,635	87,089	(346,308)	716,462	879,015
Prior Period Adjustments	(281,338)	-	-	-	-	2,439	-	-	-	-
Fund Balance July 1	21,875,519	23,216,948	24,529,005	15,366,517	7,886,691	4,553,617	4,464,089	4,810,397	4,093,935	3,214,920
Fund Balance June 30	21,564,663	22,156,857	23,216,948	24,529,005	15,366,517	7,886,691	4,551,178	4,464,089	4,810,397	4,093,935

Property Tax Revenue	17,111,775	16,057,943	15,165,276	12,340,134	11,061,786	10,410,273	9,105,135	8,073,270	7,098,864	6,008,281
	19%	16%	17%	15%	16%	18%	18%	19%	19%	20%
10 Year CAGR *	12.3%									
Other Local Revenue	9,870,708	12,045,157	11,811,888	10,535,025	7,926,629	3,299,944	1,038,533	1,481,371	2,354,906	2,343,269
	11%	12%	13%	13%	12%	6%	2%	3%	6%	8%
Total Local Revenue	26,982,483	28,103,100	26,977,164	22,875,159	18,988,415	13,710,217	10,143,668	9,554,641	9,453,770	8,351,550
	29%	28%	30%	28%	28%	23%	20%	22%	26%	27%
10 Year CAGR *	13.9%									
State Revenue	64,158,404	70,026,436	62,764,992	58,350,351	48,535,792	44,597,128	38,132,169	32,957,718	26,966,983	22,039,171
	70%	71%	70%	72%	72%	76%	76%	76%	74%	72%
10 Year CAGR *	12.6%									
Federal Revenue	896,681	834,584	401,379	236,529	160,899	250,885	1,860,652	995,490	101,469	134,935
	1%	1%	0%	0%	0%	0%	4%	2%	0%	0%

* CAGR = Compounded Annual Growth Rate



Falcon School District 49
CAFR Statisticals - Revenue Capacity
As Reported, as of June 30 by year

District Assessed Valuation and Mill Levy Components

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net Assessed Valuation	699,610,580	656,524,910	620,028,470	504,523,250	452,258,300	360,878,890	315,635,430	274,881,510	241,704,580	189,733,200
10 Year CAGR *	15.6%									
Total Program Mills	24.459	24.459	24.459	24.459	24.459	28.847	28.847	29.370	29.370	31.667
Voter Approved Override Mills (1)	9.800	9.800	9.800	9.800	9.802	0	0	0	0	0
Abatement Mills	0.101	0.203	0.324	0.076	0.093	0.124	0.228	0.124	0.031	0.089
Bond Redemption Mills	11.212	11.212	11.212	11.212	12.494	14.310	15.500	16.930	18.121	16.014
Total Mill Levy	45.572	45.674	45.795	45.547	46.848	43.281	44.575	46.424	47.522	47.770

Total Program Revenue	17,111,775	16,057,943	15,165,276	12,340,134	11,061,786	10,410,273	9,105,135	8,073,270	7,098,864	6,008,281
-----------------------	------------	------------	------------	------------	------------	------------	-----------	-----------	-----------	-----------

10 Year CAGR * 12.3%

Funded Pupil Count (FTE)	13,698.0	12,984.3	12,221.5	11,580.5	10,132.5	9,544.5	8,324.5	7,512.0	6,596.5	5,779.0
Year over Year	5.5%	6.2%	5.5%	14.3%	6.2%	14.7%	10.8%	13.9%	14.1%	
10 Year CAGR *	10.1%									

Per Pupil Program Revenue	1,249	1,237	1,241	1,066	1,092	1,091	1,094	1,075	1,076	1,040
10 Year CAGR *	2.1%									
Inflation 10 Year CAGR *	2.3%									

* CAGR = Compounded Annual Growth Rate

(1) A Mill Levy Override was approved by the voters in the November 2005 election. The money from the override is to be used to pay back certificates of participation which were issued to fund construction projects around the District.



Falcon School District 49
CAFR Statisticals - Debt Capacity
As Reported, as of June 30 by year

District Capital Asset Related Long Term Debt Components

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Obliga- tion Bonds	47,935,000	50,630,000	53,150,000	55,305,000	57,095,000	58,410,000	63,538,514	64,743,169	64,315,366	33,960,000
Certificates of Participation (1)	87,835,000	89,465,000	90,960,000	52,600,000	0	0	0	0	0	0
Certificates of Participation (2)	0	0	0	0	0	0	250,000	480,000	705,000	915,000
Capital Lease Obligations	4,056,903	5,560,259	5,827,355	7,161,392	9,025,957	8,325,497	8,134,096	8,751,561	8,504,762	6,032,905
	139,826,903	145,655,259	149,937,355	115,066,392	66,120,957	66,735,497	71,922,610	73,974,730	73,525,128	40,907,905
Net Assessed Valuation	699,610,580	656,524,910	620,028,470	504,523,250	452,258,300	360,878,890	315,635,430	274,881,510	241,704,580	189,733,200
General Obliga- tion Debt Capacity (25% of A.V.)	174,902,645	164,131,228	155,007,118	126,130,813	113,064,575	90,219,723	78,908,858	68,720,378	60,426,145	47,433,300
General Obliga- tion Debt Margin	126,967,645	113,501,228	101,857,118	70,825,813	55,969,575	31,809,723	15,370,344	3,977,209	(3,889,221)	13,473,300

(1) A Mill Levy Override was approved by the voters in the November 2005 election. The money from the override is to be used to pay back certificates of participation sold in 2006 & 2007, which were issued to fund construction projects around the District.

(2) Certificates of participation were issued to fund a lease purchase arrangement with the Falcon District 49 Building Authority which built the building with the certificate proceeds.



Falcon School District 49
CAFR Statisticals - Economic/Demographic Trends

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>Employment & Unemployment Data</u>										
<u>Colorado Springs - El Paso County</u>										
Laborforce	297,720	301,433	301,040	299,102	292,088	285,917	280,648	274,928	269,181	265,291
10 Year CAGR *		1.3%								
Employment	272,888	284,315	287,768	285,013	276,399	269,372	263,037	258,047	257,797	257,560
10 Year CAGR *		0.6%								
Unemployment	24,832	17,118	13,272	14,089	15,689	16,545	17,611	16,881	11,384	7,731
Unemployment Rate(%)	8.3	5.7	4.4	4.7	5.4	5.8	6.3	6.1	4.2	2.9
vs. Colorado	(0.6)	(0.8)	(0.5)	(0.3)	(0.3)	(0.2)	(0.2)	(0.4)	(0.4)	(0.2)
<u>State of Colorado</u>										
Laborforce	2,701,026	2,727,616	2,695,834	2,653,333	2,588,382	2,535,421	2,492,340	2,442,734	2,395,264	2,364,990
10 Year CAGR *		1.5%								
Employment	2,492,540	2,595,252	2,591,404	2,537,289	2,455,773	2,392,952	2,339,532	2,304,109	2,303,494	2,300,192
10 Year CAGR *		0.9%								
Unemployment	208,486	132,364	104,430	116,044	132,609	142,469	152,808	138,625	91,770	64,798
Unemployment Rate(%)	7.7	4.9	3.9	4.4	5.1	5.6	6.1	5.7	3.8	2.7

Source: State of Colorado - Department of Labor & Employment

Colorado Springs Area Student Counts

Total Area Students	98,821	96,302	95,489	95,045	93,615	92,467	91,019	89,803	88,863	86,803
10 Year CAGR *		1.5%								
Ratio to CoSprg Laborforce	3.01	3.13	3.15	3.15	3.12	3.09	3.08	3.06	3.03	3.06
Falcon 49 Count	13,698	12,984	12,222	11,581	10,133	9,545	8,325	7,512	6,597	5,779
% CoSprng Total	13.9%	13.5%	12.8%	12.2%	10.8%	10.3%	9.1%	8.4%	7.4%	6.7%
10 Year CAGR *		10.1%								
All Other Area District:	85,123	83,318	83,267	83,464	83,482	82,922	82,694	82,291	82,266	81,024
10 Year CAGR *		0.5%								

* CAGR = Compounded Annual Growth Rate



Falcon School District 49
CAFR Statisticals - Operating Information
As Reported, as of June 30 by year

General Fund Costs per Funded Pupil

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Funded Pupil Count (FTE)	13,698.0	12,984.3	12,221.5	11,580.5	10,132.5	9,544.5	8,324.5	7,512.0	6,596.5	5,779.0
Instructional Expense	48,229,169	46,375,497	44,188,864	36,616,790	32,946,165	30,746,653	27,776,862	24,488,415	20,005,833	16,144,272
Percent Total Spend	53.8%	47.7%	49.7%	51.8%	56.9%	57.9%	59.2%	59.6%	59.2%	57.5%
10 Year CAGR *		12.9%								
spend per pupil	3,521	3,572	3,616	3,162	3,252	3,221	3,337	3,260	3,033	2,794
10 Year CAGR *		2.6%								
<u>Selected Support Services</u>										
Student	4,609,799	4,322,138	4,329,951	4,287,990	4,277,273	3,826,072	3,504,936	3,015,085	2,489,453	1,969,010
spend per pupil	337	333	354	370	422	401	421	401	377	341
Instructional	4,699,691	5,598,066	3,588,686	2,687,845	2,898,970	2,260,942	2,018,990	1,714,725	1,419,314	1,347,123
spend per pupil	343	431	294	232	286	237	243	228	215	233
School Admin	4,812,253	4,566,119	3,929,505	3,915,349	3,873,135	3,316,018	2,919,711	2,740,929	2,234,091	1,989,433
spend per pupil	351	352	322	338	382	347	351	365	339	344
Transportation	3,439,361	3,393,178	3,311,034	3,076,834	2,687,933	2,691,641	2,324,726	2,021,726	1,623,539	1,392,100
spend per pupil	251	261	271	266	265	282	279	269	246	241
Subtotal	17,561,104	17,879,501	15,159,176	13,968,018	13,737,311	12,094,673	10,768,363	9,492,465	7,766,397	6,697,666
Percent Total Spend	19.6%	18.4%	17.1%	19.8%	23.7%	22.8%	22.9%	23.1%	23.0%	23.9%
spend per pupil	1,282	1,377	1,240	1,206	1,356	1,267	1,294	1,264	1,177	1,159
All Other Spends	23,835,807	33,053,431	29,536,550	20,083,355	11,178,607	10,286,269	8,410,375	7,129,345	6,007,926	5,216,226
Percent Total Spend	26.6%	34.0%	33.2%	28.4%	19.3%	19.4%	17.9%	17.3%	17.8%	18.6%
	1,740	2,546	2,417	1,734	1,103	1,078	1,010	949	911	903
Total Spend	89,626,080	97,308,429	88,884,590	70,668,163	57,862,083	53,127,595	46,955,600	41,110,225	33,780,156	28,058,164
	6,543	7,494	7,273	6,102	5,711	5,566	5,641	5,473	5,121	4,855

* CAGR = Compounded Annual Growth Rate



Falcon School District 49

A Special Place for Everyone

