

**cPa** **DIXON, WALLER & CO., INC.**

**FALCON SCHOOL DISTRICT**

**DISTRICT NUMBER 49**

**FALCON, COLORADO**

**REPORT ON EXAMINATION**

**JUNE 30, 2002**

# **DIXON, WALLER & CO., INC.**

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**FALCON SCHOOL**

**DISTRICT NUMBER 49**

**REPORT ON EXAMINATION**

**JUNE 30, 2002**

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**BOND DISCLOSURE - UNDERTAKING TO PROVIDE ONGOING DISCLOSURE**

**Included in this document bound under separate cover**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**ROSTER OF SCHOOL OFFICIALS**  
**June 30, 2002**

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**BOARD OF EDUCATION**

<b>Shyrl Springer</b>	<b>President</b>
<b>Doug Urbaniak</b>	<b>Vice-President</b>
<b>Judy Holman</b>	<b>Secretary</b>
<b>Paul Bryant</b>	<b>Co-Treasurer</b>
<b>Carol Chapman</b>	<b>Co-Treasurer</b>

**SCHOOL OFFICIALS**

<b>Mark Maksimowicz</b>	<b>Superintendent</b>
<b>Gene Logas</b>	<b>Assistant Superintendent/ Business and Auxiliary Services</b>

## **FINANCIAL SECTION**

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Education  
Falcon School District Number 49  
Falcon, Colorado 80831**

We have audited the accompanying general purpose financial statements of Falcon School District Number 49 as of June 30, 2002 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Falcon School District Number 49 management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Falcon School District Number 49 as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund type 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 a report dated November 11, 2002 on our consideration of Falcon School District Number 49's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Falcon School District Number 49, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial

statements of Falcon School District Number 49. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The ongoing disclosure for bond issue requirements bound in this document under separate cover is not a required part of the general purpose financial statements, and we did not audit and do not express an opinion on such information.

*Dura, Johnson & Co., Inc.*

November 11, 2002



## **COMBINED FINANCIAL STATEMENTS**

**The general purpose financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds and account groups as of June 30, 2002.**



<u>Debt Service</u>	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Account Groups</u>		<u>Totals (Memo Only)</u>
			<u>General Long-Term Debt</u>	<u>General Fixed Assets</u>	
1,259,524	380,313	347,825	-	-	28,936,268
3,270,584	-	-	-	-	9,212,087
-	30,870	-	-	-	667,905
-	-	-	-	-	42,640
-	-	-	-	-	2,000
174,867	-	-	-	-	430,609
-	-	-	-	-	1,310,025
-	71,552	-	-	-	71,552
-	-	-	-	-	1,350
-	-	-	-	72,356,614	72,356,614
-	695,702	-	-	-	695,702
-	(188,187)	-	-	-	(188,187)
-	-	-	1,746,524	-	1,746,524
-	-	-	<u>72,292,824</u>	-	<u>72,292,824</u>
<u>4,704,975</u>	<u>990,250</u>	<u>347,825</u>	<u>74,039,348</u>	<u>72,356,614</u>	<u>187,577,913</u>
-	1,315	-	-	-	3,097,435
-	35,822	-	514,220	-	571,325
-	52,754	-	-	-	5,012,922
713,382	20,000	-	-	-	1,310,025
2,245,069	-	-	-	-	2,582,109
-	-	347,825	-	-	347,825
-	-	-	8,504,762	-	8,504,762
-	-	-	64,315,366	-	64,315,366
-	-	-	<u>705,000</u>	-	<u>705,000</u>
<u>2,958,451</u>	<u>109,891</u>	<u>347,825</u>	<u>74,039,348</u>	-	<u>86,446,769</u>
-	-	-	-	72,356,614	72,356,614
-	491,244	-	-	-	491,244
-	389,115	-	-	-	389,115
-	-	-	-	-	1,120,950
-	-	-	-	-	1,187,200
1,746,524	-	-	-	-	25,469,185
-	-	-	-	-	116,836
<u>1,746,524</u>	<u>389,115</u>	-	-	-	<u>28,283,286</u>
<u>1,746,524</u>	<u>880,359</u>	-	-	<u>72,356,614</u>	<u>101,131,144</u>
<u>4,704,975</u>	<u>990,250</u>	<u>347,825</u>	<u>74,039,348</u>	<u>72,356,614</u>	<u>187,577,913</u>

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



<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals (Memo Only)</u>
-	2,950,786	10,084,851
452,805	5,582	3,056,620
-	-	6,098
-	-	26,960,885
-	-	101,469
-	-	1,097,908
-	-	-
<u>452,805</u>	<u>2,956,368</u>	<u>41,307,831</u>
-	-	20,005,833
-	-	13,729,922
12,260,576	-	17,177,888
-	-	403,170
-	-	44,401
-	3,414,176	4,495,698
-	-	1,359,608
<u>12,260,576</u>	<u>3,414,176</u>	<u>57,216,520</u>
<u>(11,807,771)</u>	<u>(457,808)</u>	<u>(15,908,689)</u>
-	-	3,021,896
-	-	-
31,190,365	-	31,190,365
984,525	-	984,525
<u>(363,162)</u>	<u>-</u>	<u>(363,162)</u>
<u>31,811,728</u>	<u>-</u>	<u>34,833,624</u>
20,003,957	(457,808)	18,924,935
<u>163,563</u>	<u>2,204,332</u>	<u>8,969,236</u>
<u>20,167,520</u>	<u>1,746,524</u>	<u>27,894,171</u>

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



Special Revenue Fund			Capital Projects Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
-	-	-	-	-	-
301,573	278,528	(23,045)	335,000	452,805	117,805
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,097,908	1,097,908	-	-	-
<u>1,648,456</u>	<u>1,763,904</u>	<u>115,448</u>	-	-	-
<u>1,950,029</u>	<u>3,140,340</u>	<u>1,190,311</u>	<u>335,000</u>	<u>452,805</u>	<u>117,805</u>
-	-	-	-	-	-
-	-	-	-	-	-
670,804	4,917,312	(4,246,508)	32,164,275	12,260,576	19,903,699
317,061	403,170	(86,109)	-	-	-
-	-	-	-	-	-
898,751	1,081,522	(182,771)	-	-	-
-	1,359,608	(1,359,608)	-	-	-
<u>366,222</u>	-	<u>366,222</u>	<u>62,350</u>	-	<u>62,350</u>
<u>2,252,838</u>	<u>7,761,612</u>	<u>(5,508,774)</u>	<u>32,226,625</u>	<u>12,260,576</u>	<u>19,966,049</u>
<u>(302,809)</u>	<u>(4,621,272)</u>		<u>(31,891,625)</u>	<u>(11,807,771)</u>	
-	3,021,896	3,021,896	-	-	-
-	261,700	261,700	-	-	-
-	-	-	32,100,000	31,190,365	(909,635)
-	-	-	-	984,525	984,525
-	-	-	<u>(375,000)</u>	<u>(363,162)</u>	<u>11,838</u>
-	<u>3,283,596</u>	<u>3,283,596</u>	<u>31,725,000</u>	<u>31,811,728</u>	<u>86,728</u>
(302,809)	(1,337,676)		(166,625)	20,003,957	
-	-	-	-	-	-
<u>(302,809)</u>	<u>2,507,406</u>		<u>166,625</u>	<u>163,563</u>	
-	<u>1,169,730</u>		-	<u>20,167,520</u>	

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended June 30, 2002**

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Property Taxes	2,950,786	2,950,786	-
Local Sources	-	5,582	5,582
State Sources	-	-	-
Federal Sources	-	-	-
Grant Revenues	-	-	-
Allocated Revenues	-	-	-
<u>Total Revenues</u>	<u>2,950,786</u>	<u>2,956,368</u>	<u>5,582</u>
<b><u>EXPENDITURES</u></b>			
Instruction	-	-	-
Supporting Services	-	-	-
Capital Outlay	-	-	-
Insurance Reserve Expenditures	-	-	-
Other Uses of Funds	-	-	-
Debt Service	2,797,704	3,414,176	(616,472)
Grant Programs	-	-	-
Appropriated Reserves	<u>2,172,252</u>	<u>-</u>	<u>2,172,252</u>
<u>Total Expenditures</u>	<u>4,969,956</u>	<u>3,414,176</u>	<u>1,555,780</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(2,019,170)</u></b>	<b><u>(457,808)</u></b>	
<b><u>Other Financing Sources (Uses)</u></b>			
Lease Purchase Proceeds	-	-	-
Operating Transfer In (Out)	-	-	-
Bond Proceeds	-	-	-
Premium on Bonds	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Revenues and Other Sources Over (Under) Expenditures and Other Uses</u></b>	<b><u>(2,019,170)</u></b>	<b><u>(457,808)</u></b>	
<b><u>Non-Appropriated Reserves</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	
<b><u>FUND BALANCE, July 1</u></b>	<b><u>2,019,170</u></b>	<b><u>2,204,332</u></b>	
<b><u>FUND BALANCE, June 30</u></b>	<b><u>-</u></b>	<b><u>1,746,524</u></b>	

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



**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS/FUND BALANCES**  
**ALL PROPRIETARY FUND TYPES**  
**For the Year Ended June 30, 2002**

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	<u><b>Food Services Fund</b></u>
<u><b>Operating Revenues</b></u>	
Local Sources	<u><b>1,055,241</b></u>
<u><b>Operating Expenses</b></u>	
Food Services	<u><b>1,401,742</b></u>
<u><b>Total Expenses</b></u>	<u><b>1,401,742</b></u>
<u><b>Income (Loss) from Operations</b></u>	<u><b>(346,501)</b></u>
<u><b>Non-Operating Revenues (Expenses)</b></u>	
State Aid	<u><b>16,060</b></u>
Federal Aid	<u><b>322,643</b></u>
<u><b>Total Non-Operating Revenue (Expenses)</b></u>	<u><b>338,703</b></u>
<u><b>Net Income (Loss)</b></u>	<u><b>(7,798)</b></u>
<u><b>Retained Earnings, July 1</b></u>	<u><b>396,913</b></u>
<u><b>Retained Earnings, June 30</b></u>	<u><b>389,115</b></u>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**For the Year Ended June 30, 2002**

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	<u><b>Food Services Fund</b></u>
<u><b>Cash Flows from Operating Activities</b></u>	
Income (Loss) from Operations	(346,501)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	60,316
Commodities	54,920
(Increase) Decrease in Cash Purchased Inventory	(253)
(Increase) Decrease in Accounts Receivable	(30,870)
Increase (Decrease) in Accounts Payable	222
Increase (Decrease) in Accrued Salaries	15,182
Increase (Decrease) in Compensated Absences	18,544
Increase (Decrease) in Due to Other Funds	<u>20,000</u>
<u><b>Net Cash Provided by (Used in) Operating Activities</b></u>	<u><b>(208,440)</b></u>
<u><b>Cash Flows from Investing Activities</b></u>	<u><b>-</b></u>
<u><b>Cash Flows from Non-Capital Financing Activities</b></u>	
Federal Aid - School Lunches	272,705
State Aid	<u>16,060</u>
<u><b>Net Cash Provided by Non-Capital Financing Activities</b></u>	<u><b>288,765</b></u>
<u><b>Cash Flows from Capital and Related Financing Activities</b></u>	
Disposal of Capital Assets	-
Acquisition of Capital Assets	<u>(59,634)</u>
<u><b>Net Cash Provided by Capital and Related Financing Activities</b></u>	<u><b>(59,634)</b></u>
<u><b>Net Increase (Decrease) in Cash and Cash Equivalents</b></u>	<b>20,691</b>
<u><b>Cash and Cash Equivalents at Beginning of Year</b></u>	<u><b>359,622</b></u>
<u><b>Cash and Cash Equivalents at End of Year</b></u>	<u><b>380,313</b></u>

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

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

The financial statements of Falcon School District Number 49 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Reporting Entity**

The reporting entity, for financial purposes, is defined as the primary government (Falcon School District Number 49) and its component unit (El Paso School District Number 49 Building Authority). The fund types and account groups of the District are described in subsequent information contained in this footnote. The District is managed by a five member board of elected directors.

**Blended Component Unit.** The El Paso School District Number 49 Building Authority (EPSDBA) is governed by a five-member board. Although EPSDBA is legally separate from the District, it is reported as if it were part of the District primary government because its sole purpose is to finance and construct buildings and improvements for Falcon School District Number 49.

**Funds Included in Financial Statements**

The accompanying financial statements include all funds and account groups of Falcon School District Number 49 as required by Colorado School Law.

The Colorado School District Budget Law mandates the use of a General Fund, Capital Reserve Fund and Insurance Reserve Fund and, when specific levies are made, Bond Redemption Funds. Other funds are permitted to be established to account for other specific purposes as described under Fund Accounting, below.

**FUND ACCOUNTING**

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the government (enterprise funds). Proprietary activities are subject to all Governmental Accounting Standards Board pronouncements as well as all of the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989.

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. These include Expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

General fixed assets are utilized for general District purposes and are capitalized at actual or estimated cost in the General Fixed Assets Group of Accounts. Contributions of such assets are also accounted for in the General Fixed Assets Group of Accounts and are recorded at estimated fair market value at the time of donation.

No depreciation is provided on general fixed assets. Maintenance, repairs, and minor renewals are expensed as incurred. Major additions and betterments are capitalized. When land and buildings are sold, the resulting gain or loss on sale is reflected in the capital reserve fund. When equipment is sold, the proceeds of the sale are recorded as revenue in the various funds as appropriate.

Interest costs during construction have been capitalized for assets constructed in enterprise funds. No interest costs have been capitalized for constructed general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

**BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

The modified accrual basis of accounting is followed for all governmental and agency funds. Under this method, expenditures, other than interest on long-term debt, are recorded when the liability is incurred and revenues are recorded when received in cash, unless susceptible to accrual, i.e., measurable and available to finance the District's operations.

The Proprietary (Food Service) is accounted for on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**Budgets**

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

1. Prior to June 1, the Business Manager 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.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The District 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.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Bond Redemption Fund, Building Fund and Enterprise (Food Service) Fund.
6. Budgets for the General, Special Revenue Funds, Bond Redemption Fund, Capital Project Funds, Enterprise Funds and Agency Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgeted amounts in this report are as originally adopted, or as amended by the District throughout the year. Individual amendments are not material in relation to the original appropriations.

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

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the various funds. Encumbrances lapse at the end of the year.

**Inventories**

Food Service Fund inventories consist of purchased and donated commodities. Purchased inventories are stated at lower of cost or market, as determined by the first-in, first-out method. Commodities donated by the Federal government are stated at cost according to USDA furnished price lists.

**Depreciation**

Depreciation of equipment and fixtures in the Enterprise Fund is provided on the straight-line method over estimated useful lives of five to fifteen years. Depreciation of the building in the Enterprise Fund is provided on the straight-line method over an estimated useful life of forty years.

**Cash**

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

For purposes of the statement of cash flows, cash on hand, cash in bank and 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.

**Investments**

Investments are stated at cost or amortized cost, which approximates market.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Due to and due from other funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

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

**Memorandum Only - Total Columns**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operation in conformity with generally accepted accounting principles.

**Property Taxes**

Under Colorado law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer and considered collectible under the modified accrual basis of accounting. Property taxes levied to fund the operations of future periods are shown as deferred revenues.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

**Interest**

Interest expense on general obligation bonds is recognized when coupons mature. Interest income is recognized as revenue when measurable and available.

**Inventories**

Food Service fund inventories as of June 30, 2002, consisted of purchased and donated commodities amounting to \$35,808 and \$35,744 respectively. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**Supplemental Disclosures of Cash Flow Information**

The Food Service Enterprise Fund paid no amounts for interest or income tax. Commodities were received through the Colorado Department of Education with a value of \$49,938. The value of commodities used for the year ended June 30, 2002 was \$54,920. Equipment with a value of \$155,617 was purchased by the Capital Projects Fund for use in the Food Service operations and was added to fixed assets in the Food Service Fund during the year ended June 30, 2002.

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reserves**

Portions of fund equity are segregated for future use and are therefore not available for future appropriation or expenditure. Designations of unreserved fund balances indicate the District's tentative plans for use of financial resources in a future period.

Article X, Section 20 of the Constitution of the State of Colorado required the District to establish Emergency Reserves (See Note 13). \$1,187,200 of the fund balance has been reserved in compliance with this requirement.

**Contributed Capital**

Contributed capital in the Enterprise Fund represents the amount of food service equipment purchased by other funds in the District.

**NOTE 2**     **DEPOSITS AND INVESTMENTS**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local governments deposit cash in eligible public depositories, eligibility is determined by state regulators. 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 the aggregate uninsured deposits.

At June 30, 2002, the District's cash deposits had a bank balance and a corresponding carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	400,000	400,000
Uninsured, collateralized under the Public Deposit Protection Act (See Above)	<u>30,900,747</u>	<u>28,364,531</u>
Sub-Total	<u>31,300,747</u>	<u>28,764,531</u>
Cash on Hand	-	500
Cash with County Treasurer	-	<u>171,237</u>
Total Cash	<u>32,618,521</u>	<u>28,936,268</u>



**NOTE 2     DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

Under Colorado statutes, the District's fund types may lawfully invest eligible funds in the following securities:

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

Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Amount</u>	<u>Market Value</u>
Not Subject to Categorization: <b>COLOTRUST</b>	<u><b>9,212,087</b></u>	<u><b>9,212,087</b></u>

The District invested \$9,212,087 in the Colorado government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. Due to slightly higher cash flows at certain times of the year, the District had invested up to \$9,212,087 in COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST.

Category one investments are those that are insured or registered and held by the District or its agent.

Cash and investments of approximately \$1,187,200 are available as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 13).

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3      CHANGES IN FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance July 1, 2001	Additions	Transfers and Deletions	Balance June 30, 2002
Land and Sites	2,367,917	711,629	-	3,079,546
Buildings & Improvements	42,908,865	2,913,342	-	45,822,207
Equipment	10,338,519	1,159,289	352,352	11,145,456
Construction in Progress	-	10,499,185	-	10,499,185
<u>Sub-Total</u>	<u>55,615,301</u>	<u>15,283,445</u>	<u>352,352</u>	<u>70,546,394</u>
Building Authority-Building	1,810,220	-	-	1,810,220
<u>Total</u>	<u>57,425,521</u>	<u>15,283,445</u>	<u>352,352</u>	<u>72,356,614</u>

A summary of equipment in the proprietary fund type (Food Service Fund) at June 30, 2002 follows:

	Balance July 1, 2001	Transfers and Additions	Deletions	Balance June 30, 2002
Equipment	480,451	215,251	-	695,702
Less: Accumulated Depreciation	(127,871)	(60,316)	-	(188,187)
Total	<u>352,580</u>	<u>154,935</u>	<u>-</u>	<u>507,515</u>

**NOTE 4      LONG-TERM DEBT**

Following is a summary of changes in long-term debt of the District for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002
2002 G.O. Bonds	-	31,190,366	-	31,190,366
1999 G.O. Bonds	16,735,000	-	40,000	16,695,000
1996 G.O. Bonds	15,250,000	-	100,000	15,150,000
1991 G.O. Refunding Bonds	1,975,000	-	695,000	1,280,000
Capital Lease Obligations	6,032,905	3,021,896	550,039	8,504,762
Compensated Absences	234,526	279,794	100	514,220
Total Long-Term Debt	40,227,431	34,498,056	1,385,139	73,334,348
Building Authority Cert.	915,000	-	210,000	705,000
Total Bonds, Certificates and Capital Leases Payable	<u>41,142,431</u>	<u>34,492,056</u>	<u>1,595,139</u>	<u>74,039,348</u>

**NOTE 4**    **LONG-TERM DEBT (Continued)**

**2002 General Obligation Bonds** interest due semi-annually with rates ranging from 4.00% to 5.75%, principal due annually through 2021 in payments of \$5,000 to \$2,920,000.

Additionally the Bonds bear addition "B" Interest registered coupons yielding between 3.00% to 4.92% payments due annually through 2011 in amounts of \$125,000 to \$930,000.

**1999 General Obligation Bonds** interest due semi-annually with rates ranging from 3.25% to 6.0%, principal due annually through 2018 in payments of \$45,000 to \$1,840,000.

**1996 General Obligation Bonds** interest due semi-annually with rates ranging from 4.0% to 6.5%, principal due annually through 2015 in payments of \$100,000 to \$1,790,000.

**1991 General Obligation Refunding Bonds**. Interest due semi-annually with rates ranging from 5.00% to 6.75%, principal due annually through 2004 in payments of \$535,000 to \$815,000.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	875,000	3,416,478	4,291,478
2004	1,048,085	3,377,314	4,425,399
2005	1,308,862	3,339,518	4,648,380
2006	1,614,517	3,288,367	4,902,884
2007	2,192,742	3,277,203	5,469,945
2008 and thereafter	<u>57,276,160</u>	<u>25,235,275</u>	<u>82,511,435</u>
<u>Total</u>	<u>64,315,366</u>	<u>41,934,155</u>	<u>106,249,521</u>

In May 1991, the District issued \$6,325,000 in General Obligation Refunding Bonds with an average interest rate of 6% to advance refund \$1,435,000 in 1985 General Obligation Building Bonds with an average interest rate of 9.13%; \$1,390,000 in 1986 General Obligation Building Bonds with an average interest rate of 7.77% and crossover refund \$3,500,000 of the 1984 General Obligation Bonds maturing on or after December 1, 1996. The District paid the principal and interest payments for the 1984 bonds through and including the crossover date of December 1, 1994. The District placed in an irrevocable escrow account, monies sufficient to pay the principal of the 1985 and 1986 bonds. As a result, the 1985 and 1986 bonds are considered to be defeased and have been removed from the general long-term debt account group. The 1984 bonds were defeased on the crossover date.

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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**NOTE 4**    **LONG-TERM DEBT (Continued)**

On February 1, 2000 the District issued \$1,125,000 in General Obligation Bonds with an average interest rate of 3.50 percent to advance refund \$1,050,000 of outstanding 1991 General Obligation Bonds. The net proceeds of \$1,101,555 (after payment of 25,263 in underwriting fees, insurance, other issuance costs and reimbursements to the District) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 1991 General Obligation Bonds. As of December 1, 2000, \$1,050,000 of the 1991 General Obligation Bonds with an outstanding balance of \$4,285,000 at the time of refunding, were called for prior redemption at a price of par and accrued interest, without redemption premium.

**Capital Lease Obligations**

The District has entered into capital lease agreements to purchase property, portable buildings and equipment. The future minimum lease payments are as follows:

<u>Year</u>	<u>Total</u>
2003	960,840
2004	1,035,852
2005	1,035,852
2006	1,296,755
2007	1,167,964
2008 and thereafter	<u>6,087,753</u>
	11,585,016
Less Amount Representing Interest	<u>(3,080,254)</u>
<u>Balance</u>	<u>8,504,762</u>

In addition, the District has a lease arrangement with a component unit, the El Paso County School District 49 Building Authority, a non-profit corporation, for the lease of a building. The lease is on a year-to-year basis. Lease payments under this agreement for the year ended June 30, 2002 were \$246,351. Projected future minimum lease payments are as follows:

**Certificates of Participation**

Following is a summary of debt service requirements of the certificates of participation:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	225,000	26,835	251,835
2004	230,000	16,738	246,738
2005	<u>250,000</u>	<u>5,782</u>	<u>255,782</u>
<u>Total</u>	<u>705,000</u>	<u>49,355</u>	<u>754,355</u>

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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**NOTE 5**     **COMPENSATED ABSENCES**

Compensated absences are made up of the following items and are included as liabilities in the appropriate funds and account groups.

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 for any unused sick leave days beyond the 120 days annually.

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

The unpaid liability for sick leave accruals is \$474,387.

**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 leave is vested at June 30, each year. The liability for vacation payable at June 30, 2002 is \$41,892.

**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. The unpaid liability for personal days is \$55,046.

**NOTE 6**     **ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2002, are estimated to be \$5,012,922. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General and Enterprise Funds.

**NOTE 7**     **BENEFIT PLANS**

**Defined Benefit Pension Plan**

The District contributes to the Public Employees' Retirement Association of Colorado (PERA), a cost-sharing multiple-employer defined benefit pension plan. PERA provides retirement and disability benefits and survivor benefits to eligible beneficiaries annually adjusted for cost-of-living increases. Colorado Revised Statutes (Title 24, Article 51) provides authority for the operation of the plan. The plan is administered by a 16 member board of Trustees of which 14 are elected by the membership. PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERA.

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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**NOTE 7**     **BENEFIT PLANS (Continued)**

That report may be obtained by contacting PERA, 1300 Logan Street, Denver, Colorado 80203.

**FUNDING POLICY**

Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at a stipulated rate. That rate was 9.9% of annual covered payroll. A portion of the Districts' contribution (up to 3% of covered salary) may be allocated for the PERA Matchmaker plan. In addition a portion of the District's contribution (1.64% of covered salary at June 30, 2002) is allocated for the Health Care Fund. Requirements for contribution percentage are established and may be changed by the PERA Board of Trustees. The District's contributions for the latest three years were equal to the required contributions for the periods and were as follows:

<u>Year Ended June 30</u>	
2002	\$1,907,205
2001	\$2,070,200
2000	\$1,978,216

**DEFINED CONTRIBUTION PENSION PLAN**

In January, 2001, the District began participating in an employer match plan instituted by the Public Employees Retirement Association (PERA) of Colorado. The program is called PERA MatchMaker. It was made possible by Senate Bill 99-90 and the fully funded status of the PERA defined benefit plan (described above). In this defined contribution plan, the employer matches dollar-for-dollar voluntary contributions made by employees to deferred compensation vehicles (IRS section 401 (k), 457 or 403 (b) plans administered by PERA and other plan providers) up to a maximum of 3% of the employee's PERA includable salary. The matching funds paid by the District are a direct reduction of the amount that would be submitted to PERA for the District's required contribution to the PERA defined benefit plan. If employees choose to make no voluntary deferred compensation contribution, the District makes the full employer contribution amount required by the defined benefit plan and 100% is submitted to PERA.

The District made matching contributions to eligible deferred compensation plans as follows:

<u>Year</u>	<u>Amount</u>
2002	\$474,605

**NOTE 7**      **BENEFIT PLANS (Continued)**

**POST EMPLOYMENT HEALTH CARE BENEFITS**

The District contributes to the Health Care Fund (HCF), a cost sharing multiple-employer post-employment health care plan administered by the PERA. The HCF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCF Benefit Provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCF. That report may be obtained in writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203.

**NOTE 8**      **CONTINGENT LIABILITIES**

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**NOTE 9**      **JOINT VENTURE**

Not reflected in the accompanying financial statements is the District's participation in the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2002. The joint venture summary audited financial information as of June 30, 2001 is as follows:

Assets	<u>2,577,145</u>
Current Liabilities	1,547,215
Fund Equity	<u>1,029,930</u>
Total Liabilities and Fund Equity	<u>2,577,145</u>
Revenues	11,312,971
Expenditures	<u>11,149,954</u>
Excess (Deficiency)	<u>163,017</u>

The BOCES is not included as a component unit of the District as the oversight responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

**NOTE 10**    **RISK MANAGEMENT**

The District is exposed to losses related to torts; theft of, damage to or destruction of assets; errors and omissions; job-related illnesses or injuries to volunteers, and natural disasters. The District purchases sufficient commercial insurance to cover losses from these events, and does not self-insure or participate in a public entity risk pool. All risk management activities are accounted for in the Insurance Reserve Fund. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 11**    **COMPLIANCE**

The District has complied with the requirements of the Financial Policies and Procedures Handbook for the 2001/2002 audit period as required by Colorado Statutes C.R.S. 22-44-204(3).

**NOTE 12**    **CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS**

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. (The District's management believes none of its operations qualifies for this exclusion.)

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and student growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocable pledging present cash reserves for all future payments.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.



**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 12**    **CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)**

On November 7, 2001, the registered voters approved a ballot resolution authorizing Falcon School District Number 49 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.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

**NOTE 13**    **BUDGET COMPARISONS**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>Food Services Fund</u></b>			
Revenues	<u>1,141,020</u>	<u>1,393,944</u>	<u>252,924</u>
Expenses	<u>1,492,692</u>	<u>1,401,742</u>	<u>90,950</u>
<b><u>Trust and Agency Funds</u></b>			
<b><u>Falcon Scholarship Fund</u></b>			
Receipts	<u>850</u>	<u>953</u>	<u>103</u>
Disbursements	<u>2,500</u>	<u>1,300</u>	<u>1,200</u>
<b><u>Pupil Activity Funds</u></b>			
Receipts	<u>1,112,000</u>	<u>1,213,841</u>	<u>101,841</u>
Disbursements	<u>1,224,000</u>	<u>1,173,246</u>	<u>50,754</u>

**NOTE 14**    **INTERFUND RECEIVABLES AND PAYABLES**

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	858,907	451,118
Designated Purpose Grants - Special Revenue	451,118	125,525
Bond Redemption - Debt Service	-	713,382
Food Service – Enterprise	-	20,000
	<u>1,310,025</u>	<u>1,310,025</u>

**FALCON SCHOOL DISTRICT NUMBER 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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**NOTE 15**    **COMPLIANCE WITH STATE LAWS**

The following funds of the District exceeded expenditure budgets as of June 30, 2001, and this may be a violation of Colorado Budget Law:

	<b><u>Expenditures in</u></b> <b><u>Excess of Budget</u></b>
Capital Reserve – Special Revenue Fund	4,074,357
Insurance Reserve - Special Revenue Fund	74,809
Governmental Designated Purpose Grant Fund – Special Revenue Fund	1,359,608

(The District did not adopt a budget for the Governmental Designated Purpose Grand Fund for the year ended June 30, 2002)

**NOTE 16**    **DEFICIT FUND BALANCE**

The Insurance Reserve Fund had a deficit fund balance of \$14,918, as of June 30, 2002.

## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

The Combining and Individual Fund Financial Statements represent the second and third levels of financial reporting for the district. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type. For those fund types with a single fund, individual fund financial statements are presented.

## **GENERAL FUND**

**The General Fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
<b><u>Local Sources</u></b>			
Property Taxes	7,156,016	7,134,065	(21,951)
Specific Ownership Taxes	1,312,875	1,617,711	304,836
Tuition	-	346,477	346,477
Interest on Taxes	-	10,789	10,789
Transportation Fees	-	39,354	39,354
Earnings on Investments	168,000	160,284	(7,716)
Other	295,000	145,090	(149,910)
<b><u>County Sources</u></b>			
Other	-	6,098	6,098
<b><u>State Sources</u></b>			
State Equalization	26,064,481	25,820,649	(243,832)
Transportation	418,286	444,282	25,996
State Textbook	-	131,930	131,930
Vocational Education	75,000	100,083	25,083
Special Education	402,635	460,286	57,651
Other State	-	3,655	3,655
<b><u>Federal Sources</u></b>			
Impact Aid	30,000	101,469	71,469
<b><u>Allocation to Capital Reserve/ Insurance Reserve Fund</u></b>	<b><u>(1,648,456)</u></b>	<b><u>(1,763,904)</u></b>	<b><u>(115,448)</u></b>
<b><u>TOTAL REVENUES</u></b>	<b><u>34,273,837</u></b>	<b><u>34,758,318</u></b>	<b><u>484,481</u></b>
<b><u>EXPENDITURES</u></b>			
<b><u>Instruction</u></b>			
Salaries	15,261,504	15,182,222	79,282
Employee Benefits	2,960,004	2,946,450	13,554
Purchased Services-Professional	9,450	12,460	(3,010)
Purchased Services-Property	38,372	52,151	(13,779)
Purchased Services-Other	865,557	643,993	221,564
Supplies and Materials	897,552	935,329	(37,777)
Property	122,326	213,533	(91,207)
Other	48,061	19,695	28,366
<b><u>Total Instruction</u></b>	<b><u>20,202,826</u></b>	<b><u>20,005,833</u></b>	<b><u>196,993</u></b>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>(Continued)</u></b>			
<b><u>Supporting Services</u></b>			
Salaries	8,323,206	8,798,573	(475,367)
Employee Benefits	1,719,187	1,743,408	(24,221)
Purchased Services-Professional	271,872	261,403	10,469
Purchased Services-Property	629,361	618,657	10,704
Purchased Services-Other	825,099	638,935	186,164
Supplies and Materials	1,310,523	1,380,166	(69,643)
Property	300,976	153,265	147,711
Other	<u>149,910</u>	<u>135,515</u>	<u>14,395</u>
<b><u>Total Supporting Services</u></b>	<b><u>13,530,134</u></b>	<b><u>13,729,922</u></b>	<b><u>(199,788)</u></b>
<b><u>Other Uses</u></b>			
Other Uses of Funds	<u>9,500</u>	<u>44,401</u>	<u>(34,901)</u>
<b><u>Appropriated Reserves</u></b>	<b><u>1,173,248</u></b>	<b><u>-</u></b>	<b><u>1,173,248</u></b>
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>34,915,708</u></b>	<b><u>33,780,156</u></b>	<b><u>1,135,552</u></b>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(641,871)</u></b>	<b><u>978,162</u></b>	
<b><u>Other Financing Sources (Uses)</u></b>			
Lease Purchase Proceeds	-	-	-
Operating Transfer (Out)	<u>(217,717)</u>	<u>(261,700)</u>	<u>(43,983)</u>
<b><u>Total Other Financing Sources (Uses)</u></b>	<b><u>(217,717)</u></b>	<b><u>(261,700)</u></b>	<b><u>(43,983)</u></b>
<b><u>Revenues Over (Under)</u></b>			
<b><u>Expenditures and Other Uses</u></b>	<b><u>(859,588)</u></b>	<b><u>716,462</u></b>	
<b><u>Non-Appropriated Reserves</u></b>	<b><u>(3,244,645)</u></b>	<b><u>-</u></b>	
<b><u>FUND BALANCE, July 1</u></b>	<b><u>4,104,233</u></b>	<b><u>4,093,935</u></b>	
<b><u>FUND BALANCE, June 30</u></b>	<b><u>-</u></b>	<b><u>4,810,397</u></b>	

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>INSTRUCTION</u></b>			
<b><u>Regular Programs</u></b>			
Salaries	15,261,504	15,182,222	79,282
Employee Benefits	2,960,004	2,946,450	13,554
Purchased Services-Professional	9,450	12,460	(3,010)
Purchased Services-Property	38,372	52,151	(13,779)
Purchased Services-Other	865,557	643,993	221,564
Supplies and Materials	897,552	935,329	(37,777)
Property	122,326	213,533	(91,207)
Other Objects	48,061	19,695	28,366
<b><u>Total Regular Programs</u></b>	<b><u>20,202,826</u></b>	<b><u>20,005,833</u></b>	<b><u>196,993</u></b>
<b><u>SUPPORTING SERVICES</u></b>			
<b><u>Students</u></b>			
Salaries	1,875,701	2,031,828	(156,127)
Employee Benefits	382,175	412,078	(29,903)
Purchased Services-Professional	3,900	4,463	(563)
Purchased Services-Property	400	-	400
Purchased Services-Other	19,829	12,667	7,162
Supplies and Materials	29,617	25,384	4,233
Property	2,600	3,008	(408)
Other	500	25	475
<b><u>Total Students</u></b>	<b><u>2,314,722</u></b>	<b><u>2,489,453</u></b>	<b><u>(174,731)</u></b>
<b><u>Instruction Staff</u></b>			
Salaries	937,114	1,063,040	(125,926)
Employee Benefits	195,747	175,254	20,493
Purchased Services-Professional	45,000	10,315	34,685
Purchased Services-Property	4,925	3,095	1,830
Purchased Services-Other	62,983	77,778	(14,795)
Supplies and Material	49,632	27,981	21,651
Property	7,204	39,249	(32,045)
Other	7,600	22,602	(15,002)
<b><u>Total Instructional Staff</u></b>	<b><u>1,310,205</u></b>	<b><u>1,419,314</u></b>	<b><u>(109,109)</u></b>
<b><u>General Administration</u></b>			
Salaries	163,981	177,246	(13,265)
Employee Benefits	24,709	33,748	(9,039)
Purchased Services-Professional	59,100	128,511	(69,411)
Purchased Services-Property	400	719	(319)
Purchased Services-Other	30,900	24,999	5,901
Supplies and Materials	6,150	5,555	595
Property	3,846	1,502	2,344
Other	18,550	12,399	6,151
<b><u>Total General Administration</u></b>	<b><u>307,636</u></b>	<b><u>384,679</u></b>	<b><u>(77,043)</u></b>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>SUPPORTING SERVICES (Continued)</u></b>			
<b><u>School Administration</u></b>			
<b>Office of the Principal</b>			
Salaries	1,851,063	1,785,530	65,533
Employee Benefits	322,098	293,418	28,680
Purchased Services-Professional	700	1,226	(526)
Purchased Services-Property	5,758	5,172	586
Purchased Services-Other	38,188	33,833	4,355
Supplies and Materials	57,474	65,568	(8,094)
Property	14,905	33,823	(18,918)
Other	2,792	15,521	(12,729)
<b><u>Total School Administration</u></b>	<b><u>2,292,978</u></b>	<b><u>2,234,091</u></b>	<b><u>58,887</u></b>
<b><u>Operations and Maintenance</u></b>			
Salaries	1,781,579	1,846,652	(65,073)
Employee Benefits	387,565	391,229	(3,664)
Purchased Services-Professional	28,772	56,037	(27,265)
Purchased Services-Property	525,178	484,447	40,731
Purchased Services-Other	16,850	12,925	3,925
Supplies and Materials	846,100	963,798	(117,698)
Property	151,619	37,965	113,654
Other	2,863	(2,258)	5,121
<b><u>Total Operations &amp; Maintenance</u></b>	<b><u>3,740,526</u></b>	<b><u>3,790,795</u></b>	<b><u>(50,269)</u></b>
<b><u>Pupil Transportation Services</u></b>			
Salaries	936,202	1,065,697	(129,495)
Employee Benefits	235,598	285,864	(50,266)
Purchased Services-Professional	7,000	5,584	1,416
Purchased Services-Property	36,000	46,609	(10,609)
Purchased Services-Other	6,875	4,255	2,620
Supplies and Materials	210,250	209,565	685
Property	19,000	4,077	14,923
Other	4,300	1,888	2,412
<b><u>Total Pupil Transportation</u></b>	<b><u>1,455,225</u></b>	<b><u>1,623,539</u></b>	<b><u>(168,314)</u></b>
<b><u>Other Business Services</u></b>			
Salaries	281,234	290,634	(9,400)
Employee Benefits	57,531	55,916	1,615
Purchased Services-Professional	14,000	9,361	4,639
Purchased Services-Property	2,200	6,828	(4,628)
Purchased Services-Other	24,465	19,137	5,328
Supplies and Materials	27,300	25,333	1,967
Property	7,702	7,291	411
Other	3,005	10,478	(7,473)
<b><u>Total Other Business Services</u></b>	<b><u>417,437</u></b>	<b><u>424,978</u></b>	<b><u>(7,541)</u></b>

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



**FALCON SCHOOL DISTRICT NUMBER 49**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>SUPPORTING SERVICES (Continued)</u></b>			
<b><u>Central Support Services</u></b>			
Salaries	496,332	537,946	(41,614)
Employee Benefits	113,764	95,901	17,863
Purchased Services-Professional	10,400	45,906	(35,506)
Purchased Services-Property	39,500	58,305	(18,805)
Purchased Services-Other	610,009	452,471	157,538
Supplies and Materials	68,500	54,243	14,257
Property	52,100	19,350	32,750
Other Objects	109,300	74,860	34,440
<u>Total Central Support Services</u>	<u>1,499,905</u>	<u>1,338,982</u>	<u>160,923</u>
<b><u>Other Support</u></b>			
Supplies and Materials	500	824	(324)
Other	-	-	-
<u>Total Other Support</u>	<u>500</u>	<u>824</u>	<u>(324)</u>
<b><u>Community Services</u></b>			
Supplies and Materials	-	1,915	(1,915)
<b><u>Facilities Acquisition/Construc.</u></b>			
Purchased Services-Professional	103,000	-	103,000
Purchased Services-Property	15,000	13,482	1,518
Purchased Services-Other	15,000	870	14,130
Supplies and Materials	15,000	-	15,000
Property	42,000	7,000	35,000
Other	1,000	-	1,000
<u>Total Facilities Acquisition/ Construc.</u>	<u>191,000</u>	<u>21,352</u>	<u>169,648</u>
<b><u>TOTAL SUPPORTING SERVICES</u></b>	<b><u>13,530,134</u></b>	<b><u>13,729,922</u></b>	<b><u>(199,788)</u></b>
<b><u>Other Uses</u></b>			
Other Uses of Funds	9,500	44,401	(34,901)
<b><u>Appropriated Reserves</u></b>	<b><u>1,173,248</u></b>	<b><u>-</u></b>	<b><u>1,173,248</u></b>
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>34,915,708</u></b>	<b><u>33,780,156</u></b>	<b><u>1,135,552</u></b>

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

## **SPECIAL REVENUE FUNDS**

**Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.**

### **Capital Reserve Fund**

**This fund is authorized by Colorado School Law and is funded by General Fund allocated revenues. It is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases.**

### **Insurance Reserve Fund**

**This fund is authorized by Colorado School Law for the purpose of providing the District with a means to self-insure a portion of its insurance needs. Funding is provided by General Fund allocated revenues.**

### **Governmental Designated-Purpose Grants Fund**

**This fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINING BALANCE SHEET**  
**ALL SPECIAL REVENUE FUNDS**  
**June 30, 2002**

	<u>Capital Reserve Fund</u>	<u>Insurance Reserve Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Total (Memo Only)</u>
<b><u>ASSETS</u></b>				
Cash (Deficit in Pooled Cash)	1,592,654	40,030	(314,937)	1,317,747
Accounts Receivable	300	-	475,366	475,666
Due from Other Funds	-	-	451,118	451,118
Accrued Revenues	-	-	2,000	2,000
Other Assets	-	-	350	350
<u>Total Assets</u>	<u>1,592,954</u>	<u>40,030</u>	<u>613,897</u>	<u>2,246,881</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	408,306	54,948	29,765	493,019
Accrued Salaries & Benefits	-	-	231,088	231,088
Due to Other Funds	-	-	125,525	125,525
Deferred Revenues	-	-	227,519	227,519
<u>Total Liabilities</u>	<u>408,306</u>	<u>54,948</u>	<u>613,897</u>	<u>1,077,151</u>
<b><u>FUND EQUITY</u></b>				
Fund Balance				
Unreserved:				
Designated for				
Subsequent Years'				
Expenditures	1,184,648	-	-	1,184,648
Undesignated (Deficit)	-	(14,918)	-	(14,918)
<u>Total Fund Balance</u>	<u>1,184,648</u>	<u>(14,918)</u>	<u>-</u>	<u>1,169,730</u>
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<b><u>1,592,954</u></b>	<b><u>40,030</u></b>	<b><u>613,897</u></b>	<b><u>2,246,881</u></b>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2002**

	<u>Capital Reserve Fund</u>	<u>Insurance Reserve Fund</u>	<u>Designated Purpose Grants</u>	<u>Total (Memo Only)</u>
<b><u>REVENUES</u></b>				
Allocated Revenues-General Fund	1,563,904	200,000	-	1,763,904
Earnings on Investments	88,497	-	-	88,497
Other Revenues - Local	4	190,027	-	190,031
Grant Revenues	-	-	<u>1,097,908</u>	<u>1,097,908</u>
<u>Total Revenues</u>	<u>1,652,405</u>	<u>390,027</u>	<u>1,097,908</u>	<u>3,140,340</u>
<b><u>EXPENDITURES</u></b>				
Capital Expenditures	4,917,312	-	-	4,917,312
Insurance Reserve Expenditures	-	403,170	-	403,170
Grant Programs	-	-	1,359,608	1,359,608
Debt Service	<u>1,081,522</u>	-	-	<u>1,081,522</u>
<u>Total Expenditures</u>	<u>5,998,834</u>	<u>403,170</u>	<u>1,359,608</u>	<u>7,761,612</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(4,346,429)</u></b>	<b><u>(13,143)</u></b>	<b><u>(261,700)</u></b>	<b><u>(4,621,272)</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfer In	-	-	261,700	261,700
Lease Purchase Proceeds	<u>3,021,896</u>	-	-	<u>3,021,896</u>
<u>Total Other Financing Sources</u>	<u>3,021,896</u>	-	<u>261,700</u>	<u>3,283,596</u>
<b><u>Revenues and Other Sources Over (Under) Expenditures and Other Uses</u></b>	<b><u>(1,324,533)</u></b>	<b><u>(13,143)</u></b>	<b><u>-</u></b>	<b><u>(1,337,676)</u></b>
<b><u>FUND BALANCE, July 1</u></b>	<b><u>2,509,181</u></b>	<b><u>(1,775)</u></b>	<b><u>-</u></b>	<b><u>2,507,406</u></b>
<b><u>FUND BALANCE, June 30</u></b>	<b><u>1,184,648</u></b>	<b><u>(14,918)</u></b>	<b><u>-</u></b>	<b><u>1,169,730</u></b>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**CAPITAL RESERVE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Earnings on Investments	-	88,497	88,497
Other Local	175,000	4	(174,996)
Allocated Revenues-General Fund	1,448,456	1,563,904	115,448
<u>Total Revenues</u>	<u>1,623,456</u>	<u>1,652,405</u>	<u>28,949</u>
<b><u>EXPENDITURES</u></b>			
<b><u>Capital Expenditures</u></b>			
Purchased Services – Professional	-	119,132	(119,132)
Purchased Services – Property	-	256,479	(256,479)
Purchased Services – Other	-	1,829	(1,829)
Supplies and Materials	-	57,844	(57,844)
Property	670,804	4,443,928	(3,773,124)
Other	-	38,100	(38,100)
<u>Total Capital Expenditures</u>	<u>670,804</u>	<u>4,917,312</u>	<u>(4,246,508)</u>
<b><u>Debt Service</u></b>			
Interest on Leases	122,105	335,654	(213,549)
Principal on Leases	566,646	535,868	30,778
Long Term – Principal (COP)	210,000	210,000	-
<u>Total Debt Service</u>	<u>898,751</u>	<u>1,081,522</u>	<u>(182,771)</u>
<b><u>Appropriated Reserves</u></b>	<u>354,922</u>	<u>-</u>	<u>354,922</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>1,924,477</u>	<u>5,998,834</u>	<u>(4,074,357)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(301,021)</u>	<u>(4,346,429)</u>	
<b><u>Other Financing Sources (Uses)</u></b>			
Lease Purchased Proceeds	-	3,021,896	3,021,896
Operating Transfers In	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>3,021,896</u>	<u>3,021,896</u>
<b><u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u></b>	<u>(301,021)</u>	<u>(1,324,533)</u>	
<b><u>FUND BALANCE, July 1</u></b>	<u>301,021</u>	<u>2,509,181</u>	
<b><u>FUND BALANCE, June 30</u></b>	<u>-</u>	<u>1,184,648</u>	

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**INSURANCE RESERVE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Allocated Revenues - General Fund	200,000	200,000	-
Other - Local	<u>126,573</u>	<u>190,027</u>	<u>63,454</u>
<u>Total Revenues</u>	<u>326,573</u>	<u>390,027</u>	<u>63,454</u>
<b><u>EXPENDITURES</u></b>			
Purchased Services	307,061	371,163	(64,102)
Supplies	10,000	15,584	(5,584)
Property	-	16,423	(16,423)
Appropriated Reserves	<u>11,300</u>	<u>-</u>	<u>11,300</u>
<u>Total Expenditures</u>	<u>328,361</u>	<u>403,170</u>	<u>(74,809)</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	(1,788)	(13,143)	
<b><u>FUND BALANCE, July 1</u></b>	<u>1,788</u>	<u>(1,775)</u>	
<b><u>FUND BALANCE (DEFICIT) June 30</u></b>	<u>-</u>	<u>(14,918)</u>	

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



<u>Carl Perkins</u>	<u>Title VI B</u>	<u>PL99-457</u>	<u>School to Career</u>	<u>Goals 2000 – I</u>	<u>Title II CDE</u>	<u>Goals 2000 – II</u>	<u>IDEA Preschool Impr.</u>
35,319	(234,659)	7,770	4,099	40	-	-	64
-	417,025	40,496	-	-	-	-	-
-	36,074	-	-	-	-	-	-
-	-	-	-	-	-	2,000	-
-	-	-	-	-	-	-	-
<u>35,319</u>	<u>218,440</u>	<u>48,266</u>	<u>4,099</u>	<u>40</u>	<u>-</u>	<u>2,000</u>	<u>64</u>
-	189	-	-	-	-	2,000	-
817	92,726	-	-	-	-	-	-
-	125,525	-	-	-	-	-	-
<u>34,502</u>	<u>-</u>	<u>48,266</u>	<u>4,099</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>64</u>
<u>35,319</u>	<u>218,440</u>	<u>48,266</u>	<u>4,099</u>	<u>40</u>	<u>-</u>	<u>2,000</u>	<u>64</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35,319</u>	<u>218,440</u>	<u>48,266</u>	<u>4,099</u>	<u>40</u>	<u>-</u>	<u>2,000</u>	<u>64</u>

(Continued Next Page)

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



**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINING BALANCE SHEET**  
**ALL DESIGNATED - PURPOSE GRANTS – SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2002**

	<u>Read to Achieve</u>	<u>Professional Development</u>	<u>Partnership Quality Teach</u>	<u>State Library</u>	<u>Total (Memo Only)</u>
<b><u>ASSETS</u></b>					
Cash (Deficit in Pooled Cash)	106,680	14,576	6,404	878	(314,937)
Accounts Receivable	-	-	5,000	-	475,366
Due from Other Funds	-	-	-	20	451,118
Accrued Revenue	-	-	-	-	2,000
Other Assets	-	-	-	-	350
<u>Total Assets</u>	<u>106,680</u>	<u>14,576</u>	<u>11,404</u>	<u>898</u>	<u>613,897</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	7,246	-	-	-	29,765
Accrued Salaries & Benefits	45,617	-	-	-	231,088
Due to Other Funds	-	-	-	-	125,525
Deferred Revenue	<u>53,817</u>	<u>14,576</u>	<u>11,404</u>	<u>898</u>	<u>227,519</u>
<u>Total Liabilities</u>	<u>106,680</u>	<u>14,576</u>	<u>11,404</u>	<u>898</u>	<u>613,897</u>
<b><u>Fund Equity</u></b>					
Designated for Special Programs	-	-	-	-	-
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<u>106,680</u>	<u>14,576</u>	<u>11,404</u>	<u>898</u>	<u>613,897</u>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**ALL DESIGNATED - PURPOSE GRANT – SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2002**

	<u>Fund Balance 7-1-2001</u>	<u>Revenues</u>	<u>Transfer In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>Fund Balance 6-30-2002</u>
Gifted & Talented	-	43,450	224,507	267,957	-	-
Drug Free Schools	-	24,892	1,108	26,000	-	-
SWAP	-	68,824	-	68,824	-	-
Title I	-	212,364	-	212,364	-	-
Title VI Library	-	35,617	-	35,617	-	-
Title VI – D	-	81,488	12	81,500	-	-
Title II	-	26,392	-	26,392	-	-
Carl Perkins	-	16,497	-	16,497	-	-
Title VI – B	-	354,308	36,073	390,381	-	-
PL 99-457	-	-	-	-	-	-
School to Career	-	8,777	-	8,777	-	-
Goals 2000 – I	-	-	-	-	-	-
Title II – CDE	-	-	-	-	-	-
Goals 2000 – II	-	2,000	-	2,000	-	-
IDEA – Preschool Impr.	-	-	-	-	-	-
READ to Achieve	-	198,713	-	198,713	-	-
Professional Development	-	17,774	-	17,774	-	-
Partnership-Quality Teach	-	4,596	-	4,596	-	-
State Library	-	2,216	-	2,216	-	-
<u>Total</u>	<u>-</u>	<u>1,097,908</u>	<u>261,700</u>	<u>1,359,608</u>	<u>-</u>	<u>-</u>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**GOVERNMENTAL DESIGNATED – PURPOSE GRANT FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Local Sources	-	2,000	2,000
State Sources	-	266,749	266,749
Federal Sources	-	829,159	829,159
<u>Total Revenue</u>	<u>-</u>	<u>1,097,908</u>	<u>1,097,908</u>
<b><u>EXPENDITURES</u></b>			
<u>Instruction</u>	<u>-</u>	<u>996,574</u>	<u>(996,574)</u>
<u>Supporting Services:</u>			
Instructional Staff	-	352,405	(352,405)
Central Support Services	-	10,629	(10,629)
<u>Total Supporting Services</u>	<u>-</u>	<u>363,034</u>	<u>(363,034)</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>-</u>	<u>1,359,608</u>	<u>(1,359,608)</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>		<u>(261,700)</u>	
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	-	261,700	261,700
<b><u>Revenues and Other Sources Over (Under) Expenditures and Other Uses</u></b>	-	-	
<b><u>FUND BALANCE, July 1</u></b>	<u>-</u>	<u>-</u>	
<b><u>FUND BALANCE, June 30</u></b>	<u>-</u>	<u>-</u>	

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

## **CAPITAL PROJECTS FUNDS**

**Capital Projects Funds account for the financial resources used for the acquisition or construction of major capital facilities.**

**The District has two capital projects funds as follows:**

### **Building Funds**

**These funds account for specific capital construction projects funded by the sale of general obligation bonds. Separate funds are utilized to account for specific bond authorizations.**

### **Capital Reserve Capital Project Fund**

**This fund is to account for City and County impact fees in lieu of land dedication. The resources are to be used for the acquisition or construction of major capital facilities.**

**FALCON SCHOOL DISTRICT NUMBER 49  
COMBINING BALANCE SHEET  
ALL CAPITAL PROJECT FUNDS  
For the Year Ended June 30, 2002**

	<u>Building Fund (41)</u>	<u>Building Fund (45)</u>	<u>Capital Reserve Capital Project Fund</u>	<u>Total (Memo Only)</u>
<b><u>ASSETS</u></b>				
Cash	-	22,289,342	117,344	22,406,686
Accounts Receivable	-	-	19,100	19,100
Interest Receivable	-	42,640	-	42,640
<u>Total Assets</u>	<u>-</u>	<u>22,331,982</u>	<u>136,444</u>	<u>22,468,426</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	-	1,567,760	-	1,567,760
Retainage Payable	-	733,146	-	733,146
<u>Total Liabilities</u>	<u>-</u>	<u>2,300,906</u>	<u>-</u>	<u>2,300,906</u>
<b><u>Fund Balance</u></b>				
Unreserved:				
Designated for Subsequent Years' Expenditures	-	20,031,076	4,690	20,035,766
Undesignated	-	-	131,754	131,754
<u>Total Fund Balance</u>	<u>-</u>	<u>20,031,076</u>	<u>136,444</u>	<u>20,167,520</u>
<u>Total Liabilities and Fund Equity</u>	<u>-</u>	<u>22,331,982</u>	<u>136,444</u>	<u>22,468,426</u>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL CAPITAL PROJECT FUNDS**  
**For the Year Ended June 30, 2002**

	<u>Building Fund (41)</u>	<u>Building Fund (45)</u>	<u>Capital Reserve Capital Project Fund</u>	<u>Total (Memo Only)</u>
<b><u>Revenues</u></b>				
Earnings on Investments	109	320,942	-	321,051
Other Revenues	<u>-</u>	<u>-</u>	<u>131,754</u>	<u>131,754</u>
<u>Total Revenues</u>	<u>109</u>	<u>320,942</u>	<u>131,754</u>	<u>452,805</u>
<b><u>Expenditures</u></b>				
Land, Building, Improvements & Equipment	158,982	11,885,584	-	12,044,566
Other	<u>-</u>	<u>216,010</u>	<u>-</u>	<u>216,010</u>
<u>Total Expenditures</u>	<u>158,982</u>	<u>12,101,594</u>	<u>-</u>	<u>12,260,576</u>
<b><u>Revenues Over (Under) Expenditures</u></b>	<b>(158,873)</b>	<b>(11,780,652)</b>	<b>131,754</b>	<b>(11,807,771)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Bond Proceeds	-	31,190,365	-	31,190,365
Premium on Bonds	-	984,525	-	984,525
Bond Issue Cost	<u>-</u>	<u>(363,162)</u>	<u>-</u>	<u>(363,162)</u>
<b><u>Total Other Financing Sources (Uses)</u></b>	<u>-</u>	<u>31,811,728</u>	<u>-</u>	<u>31,811,728</u>
<b><u>Revenues and Other Sources Over (Under) Expenditures and Other Uses</u></b>	<b>(158,873)</b>	<b>20,031,076</b>	<b>131,754</b>	<b>20,003,957</b>
<b><u>Fund Balance, July 1</u></b>	<u>158,873</u>	<u>-</u>	<u>4,690</u>	<u>163,563</u>
<b><u>Fund Balance, June 30</u></b>	<u>-</u>	<u>20,031,076</u>	<u>136,444</u>	<u>20,167,520</u>

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**BUILDING (41) - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Earnings from Investments	-	109	109
<u>Total Revenues</u>	-	109	109
<b><u>EXPENDITURES</u></b>			
Site Improvement	164,275	-	164,275
Building	-	58,203	(58,203)
Equipment	-	100,779	(100,779)
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	164,275	158,982	5,293
 <b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	 (164,275)	 (158,873)	
 <b><u>FUND BALANCE, July 1</u></b>	 164,275	 158,873	
 <b><u>FUND BALANCE, June 30</u></b>	 -	 -	

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

**FALCON SCHOOL DISTRICT NUMBER 49**  
**BUILDING (45) - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Earnings from Investments	<u>275,000</u>	<u>320,942</u>	<u>45,942</u>
<b><u>EXPENDITURES</u></b>			
Land, Building, Improvements & Equipment	32,000,000	11,885,584	20,114,416
Other	<u>-</u>	<u>216,010</u>	<u>(216,010)</u>
<b><u>Total Expenditures</u></b>	<b><u>32,000,000</u></b>	<b><u>12,101,594</u></b>	<b><u>19,898,406</u></b>
 <b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	 (31,725,000)	 (11,780,652)	
 <b><u>Other Financing Sources (Uses)</u></b>			
Bond Proceeds	32,100,000	31,190,365	(909,635)
Premium on Bonds	-	984,525	984,525
Bond Issue Cost	<u>(375,000)</u>	<u>(363,162)</u>	<u>11,838</u>
<b><u>Total Other Financing Sources (Uses)</u></b>	<b><u>31,725,000</u></b>	<b><u>31,811,728</u></b>	<b><u>86,728</u></b>
 <b><u>Revenues and Other Sources Over (Under)</u></b>			
<b><u>Expenditures and Other Uses</u></b>	-	20,031,076	
 <b><u>FUND BALANCE, July 1</u></b>	 <u>-</u>	 <u>-</u>	
 <b><u>FUND BALANCE, June 30</u></b>	 <u>-</u>	 <u>20,031,076</u>	

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



**FALCON SCHOOL DISTRICT NUMBER 49**  
**CAPITAL RESERVE - CAPITAL PROJECTS - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
<b>Other Income</b>	<b><u>60,000</u></b>	<b><u>131,754</u></b>	<b><u>71,754</u></b>
<b><u>EXPENDITURES</u></b>			
<b>Equipment and Other</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Appropriated Reserve</b>	<b><u>62,350</u></b>	<b>-</b>	<b><u>62,350</u></b>
<b><u>Total Expenditures</u></b>	<b><u>62,350</u></b>	<b>-</b>	<b><u>62,350</u></b>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b>(2,350)</b>	<b>131,754</b>	
<b><u>FUND BALANCE, July 1</u></b>	<b><u>2,350</u></b>	<b><u>4,690</u></b>	
<b><u>FUND BALANCE, June 30</u></b>	<b><u>-</u></b>	<b><u>136,444</u></b>	

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

## **DEBT SERVICE FUND**

**Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.**

### **Bond Redemption Fund**

**This fund is authorized by Colorado School Law. It provides revenues based upon a property tax mill levy set by the School Board to satisfy the District's bonded indebtedness on an annualized basis.**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**BOND REDEMPTION - DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2002**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Local Property Tax	2,950,786	2,950,786	-
Delinquent Taxes & Interest	-	5,582	5,582
Earnings on Investments	-	-	-
<u>Total Revenues</u>	<u>2,950,786</u>	<u>2,956,368</u>	<u>5,582</u>
<b><u>EXPENDITURES</u></b>			
Principal on Debt	835,000	835,000	-
Interest on Debt	1,958,704	2,577,630	(618,926)
Other Debt Service	4,000	1,546	2,454
Appropriated Reserves	<u>2,172,252</u>	-	<u>2,172,252</u>
<u>Total Expenditures</u>	<u>4,969,956</u>	<u>3,414,176</u>	<u>1,555,780</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(2,019,170)</u></b>	<b><u>(457,808)</u></b>	
<b><u>FUND BALANCE, July 1</u></b>	<b><u>2,019,170</u></b>	<b><u>2,204,332</u></b>	
<b><u>FUND BALANCE, June 30</u></b>	<b><u>-</u></b>	<b><u>1,746,524</u></b>	

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

## **ENTERPRISE FUND**

**Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the school board is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the school board has decided that periodic determination of net income is appropriate for accountability purposes.**

### **Food Services Fund**

**This fund is used to account for the costs of providing meals to students. Financing is from local and federal sources.**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**FOOD SERVICE FUND**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN RETAINED EARNINGS**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>OPERATING REVENUES</u></b>			
Food Sales	816,600	1,051,248	234,648
Other Local	<u>11,000</u>	<u>3,993</u>	<u>(7,007)</u>
<b>Total Operating Revenues</b>	<u>827,600</u>	<u>1,055,241</u>	<u>227,641</u>
<b><u>OPERATING EXPENSE</u></b>			
Salaries	350,000	467,801	(117,801)
Benefits	105,000	81,433	23,567
Food and Milk	544,000	659,788	(115,788)
Depreciation	36,000	60,316	(24,316)
Supplies	45,000	46,131	(1,131)
Purchased Services	28,000	27,069	931
Repairs	-	35,760	(35,760)
Property – Equipment	30,000	3,359	26,641
Other	1,500	20,085	(18,585)
Appropriated Reserves	<u>353,192</u>	<u>-</u>	<u>353,192</u>
<b>Total Operating Expenses</b>	<u>1,492,692</u>	<u>1,401,742</u>	<u>90,950</u>
<b><u>INCOME (LOSS) FROM OPERATIONS</u></b>	<u>(665,092)</u>	<u>(346,501)</u>	
<b><u>NON-OPERATING REVENUE</u></b>			
State Aid	-	16,060	16,060
Federal Aid:			
Commodities	100,000	49,938	(50,062)
School Lunches/Breakfast	<u>213,420</u>	<u>272,705</u>	<u>59,285</u>
<b>Total Non-Operating Revenue</b>	<u>313,420</u>	<u>338,703</u>	<u>25,283</u>
<b><u>INCOME (LOSS)</u></b>	<u>(351,672)</u>	<u>(7,798)</u>	
<b><u>RETAINED EARNINGS, July 1</u></b>	<u>351,672</u>	<u>396,913</u>	
<b><u>RETAINED EARNINGS, June 30</u></b>	<u>-</u>	<u>389,115</u>	

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

## **TRUST AND AGENCY FUNDS**

**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 and student groups. The agency funds are custodial in nature and do not involve measurement of results of operations:**

### **Falcon Scholarship Fund**

**The Falcon Scholarship Fund was established in 1967 as a means of aiding students of the Falcon School District Number 49 in securing education above the high school level.**

### **Pupil Activity Fund**

**The District has established an Agency Fund to account for various student activity groups.**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**ALL AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Year Ended June 30, 2002**

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	<u>Balance</u> <u>7-1-01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6-30-02</u>
<b><u>Falcon Scholarship Fund</u></b>				
<u>Assets</u>				
Cash	<u>1,650</u>	<u>953</u>	<u>1,300</u>	<u>1,303</u>
<u>Liabilities</u>				
Due to Others	<u>1,650</u>	<u>953</u>	<u>1,300</u>	<u>1,303</u>
<b><u>Pupil Activity Funds</u></b>				
<u>Assets</u>				
Cash	<u>305,927</u>	<u>1,213,841</u>	<u>1,173,246</u>	<u>346,522</u>
<u>Liabilities</u>				
Due to Others	<u>305,927</u>	<u>1,213,841</u>	<u>1,173,246</u>	<u>346,522</u>
<b><u>Total - All Agency Funds</u></b>				
<u>Assets</u>				
Cash	<u>307,577</u>	<u>1,214,794</u>	<u>1,174,546</u>	<u>347,825</u>
<u>Liabilities</u>				
Due to Others	<u>307,577</u>	<u>1,214,794</u>	<u>1,174,546</u>	<u>347,825</u>

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

that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management 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.

*Dixon, Walker & Co., Inc.*

November 11, 2002



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

**To the Board of Education  
Falcon School District Number 49  
Falcon, Colorado 80831**

**Compliance**

We have audited the compliance of Falcon School District Number 49, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Falcon School District Number 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 Number 49's management. Our responsibility is to express an opinion on Falcon School District Number 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 Number 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 on Falcon School District Number 49's compliance with those requirements.

In our opinion, Falcon School District Number 49 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

**Internal Control Over Compliance**

The management of Falcon School District Number 49 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Falcon School District Number 49's internal control over compliance with requirements that could have a direct and material effect

on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Falcon School District Number 49's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management 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.

*Dyer, Walker & Co., Inc.*

November 11, 2002

**FALCON SCHOOL DISTRICT NUMBER 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2002**

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**SUMMARY OF AUDITOR'S RESULTS:**

**Report**

An unqualified report has been issued on the financial statements of Falcon School District Number 49.

**Reportable Conditions**

Conditions were disclosed by the audit, none are considered material weaknesses.

**Noncompliance**

No instances of noncompliance in amounts material to the financial statements of Falcon School District Number 49 were disclosed by the audit.

**Reportable on Compliance - Major Programs**

An unqualified report has been issued on Falcon School District Number 49 compliance for major programs.

**Audit Findings**

No audit findings requiring disclosure in accordance with OMB Circular A-133 section 510 were disclosed by the audit.

**Major Programs**

National School Breakfast Program  
National School Lunch Program  
Food Distribution

**Dollar Threshold to Distinguish Type A and Type B Programs**

\$300,000.

**Qualification as low-risk auditee**

The District qualifies as a low-risk auditee for fiscal year 2001/2002.

**FINDINGS - GAGAS**

**Item 2002-1**

Falcon School District Number 49 has an inherent problem it shares with other entities in that it has a limited number of personnel performing accounting and administrative functions. Therefore, a proper separation of duties and responsibilities is not possible.

**(Continued)**

**FINDINGS - FEDERAL AWARDS**

**None.**

**FALCON SCHOOL DISTRICT NUMBER 49**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2002**

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**NOTE 1**    **Basis of Presentation**

The accompanying schedule is prepared in accordance with generally accepted accounting principles. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Falcon School District Number 49 and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE 2**    **Food Distribution**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received.