
El Paso County School District 49



AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

El Paso County School District 49

El Paso County, Colorado

also known as:

Falcon School District 49

*AUDIT
REPORT*

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2014*

*Prepared by: Brett Ridgway
Chief Business Officer*

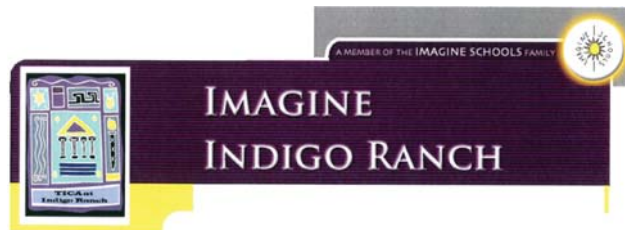
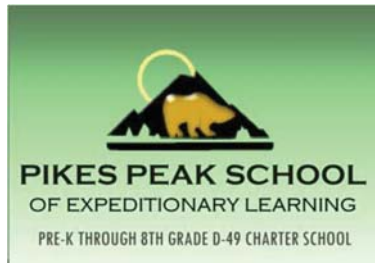
To prepare students, in a safe and caring environment; to be successful, competent and productive citizens in a global society.

-District 49 Mission Statement

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

*Falcon School District 49
-Board of Education Purpose*

Our Charter Schools



Our Coordinated Schools



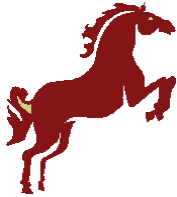
Evans International
Elementary



Falcon
Elementary



Meridian Ranch
Elementary



Remington
Elementary



Ridgeview
Elementary



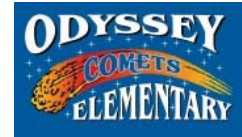
Woodmen Hills
Elementary



Springs Ranch
Elementary



Stetson
Elementary



Odyssey
Elementary



Falcon Middle



Horizon Middle



Skyview Eagles
Skyview Middle



Falcon High School



Sand Creek High School



Vista Ridge High School



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INTRODUCTORY SECTION

FALCON SCHOOL DISTRICT 49
June 30, 2014

Elected Officials
Board of Education

Tammy Harold	President
David Moore	Vice President
Kevin Butcher	Treasurer
Marie LaVere-Wright	Secretary
Chuck Irons	Member

Administrative Officials

Peter Hilts	Chief Education Officer
Brett Ridgway	Chief Business Officer & Assistant Treasurer
Jack Bay	Chief Operations Officer
Monty Lammers	Falcon Area Zone Leader
Sean Dorsey	Sand Creek Area Zone Leader
Mike Pickering	POWER Zone Leader
Kim McClelland	iConnect Innovation Leader
Amber Whetstine	Executive Director of Learning Services
Zach Craddock	Executive Director of Individualized Education
Paul Andersen	Human Resources Director
Gene Hammond	Director of Transportation
Monica Deines-Henderson	Director of Nutrition Services
Matt Meister	Public Information Officer
Donna Richer	Secretary to the Board of Education

El Paso County School District No. 49 Board of Education

BOE Admin Assistant

OFFICE OF THE SUPERINTENDENT

Educational Achievement

Chief Education Officer

Overseeing Educational Achievement, Improvement, Innovation, and Administration

Business Office

Chief Business Officer

Overseeing Business Administration, Policy, and Strategy

Operational Support

Chief Operating Officer

Overseeing Operational Administration, Policy, and Strategy

Individualized Education
Executive Director

---- School Nurses --- Career & Tech Ed

Learning Services
Executive Director

Communications Department
Director of Communications

Falcon Area Innovation Zone
Zone Leader > CIA Coord; Schools

Sand Creek Area Innovation Zone
Zone Leader > CIA Coord; Schools

POWER Innovation Zone
Zone Leader > CIA Coord / Schools

iConnect Innovation Community
Zone Leader > Solutions Mgr; Schools

---- Safety & Security

---- Cultural Capacity

---- Instructional Technology

Finance &
Accounting

Risk Management

Purchasing &
Contracts

Strategic Planning

Human Resources Dept
HR Director

Transportation
Services

Nutrition Services

Facilities
Maintenance

Grounds
Management

Information Technology
(currently outsourced)

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Falcon School District 49

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Falcon School District 49, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pikes Peak School of Expeditionary Learning, Imagine Charter School at Indigo Ranch, and GOAL Academy, which represent 25.8 percent, 70.9 percent, and 72.7 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as those reports relate to the amounts included for Pikes Peak School of Expeditionary Learning, Imagine Charter School at Indigo Ranch, and GOAL Academy, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Falcon School District 49, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Falcon School District 49's basic financial statements. The introductory section and combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015, on our consideration of the Falcon School District 49's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Falcon School District 49's internal control over financial reporting and compliance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 20, 2015

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

As management of El Paso County (aka Falcon) School District 49, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014.

Financial Highlights

- The Governmental Activities of District 49 had a Net Position totaling \$80,022,481 at the end of the current fiscal year, an increase of \$3,807,235 from the prior year.
- General Revenues for the Governmental Activities of the District totaled \$93,317,310, or 80.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions received accounted for \$22,120,482, or 19.2% of total revenues of \$115,437,792
- The ending fund balance of total General Funds was \$38,674,368. The General Fund portion maintained a fund balance to revenue ratio above 10% (10.7%), which is required by District 49 Board of Education Policy.
- General Funds' Revenue, including the Component Unit share (Charter Schools – net of services), totaled \$128,428,560 which was up \$24,648,215; (23.8%) from the prior year due to the District beginning authorization responsibility for GOAL Academy Charter School. Excluding GOAL, General Funds' Revenue was \$109,008,332, which was up \$5,227,987, (5.0%) from the prior year.
- Total student count in the District increased 24.2% from the prior year, while the corresponding funded student count increased by 25.4% (3,708.5 student FTE). These measures were significantly impacted by the addition of GOAL Academy and the affiliation the District began with the Colorado Digital Board of Cooperative Education Services (CDBOCES), which was treated as an affiliate school for District 49. Removing those two issues, the District increased 1.6% (228.1 sFTE) in funded student count. The component units' funded student count (excluding GOAL and CDBOCES) increased 2.7% (72.5 student FTE). The District's coordinated (non-charter) schools' funded student count increased 1.3% (155.6 student FTE).
- Business-type Activities reported a Unrestricted Net Position of \$1,126,991 in the Nutritional Service Fund, an increase of \$48,305 from the prior year, and \$48,305 better than budgeted due higher than expected food costs more than offset by a higher revenue stream. This was driven by a \$387,964 negative variance in total expenses (\$426,894 [110%] from Purchased Food); higher local sales revenue of \$157,534; and higher non-operating revenue (primarily Federal and State Revenue subsidies) of \$278,735.

Overview of the Financial Statements

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

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

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

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

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

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

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

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

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

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

District 49 maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the grants fund, and the bond redemption fund because all are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

District 49 adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. District 49 maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. Internal service funds are used to accumulate and allocate costs internally among the district's various functions. The district uses internal service funds to account for employee benefit programs for health insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements

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

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

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

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

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

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

The District's five component units are:

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

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

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of changes in a government's financial position over time. In the case of Falcon School District, Primary Government Assets exceeded Liabilities by \$81,253,163 at the close of the most recent fiscal year.

Of that amount, \$37,400,680 of net position is invested in capital assets net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

FALCON SCHOOL DISTRICT 49 NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current assets	\$ 55,578,479	\$ 54,072,360	\$ 1,345,607	\$ 1,283,976	\$ 56,924,086	\$ 55,356,336
Capital assets, net of depreciation	150,942,432	156,377,062	103,691	121,007	151,046,123	156,498,069
Total assets	206,520,911	210,449,422	1,449,298	1,404,983	207,970,209	211,854,405
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	1,893,094	2,217,241	-	-	1,893,094	2,217,241
Total deferred outflows of resources	1,893,094	2,217,241	-	-	1,893,094	2,217,241
LIABILITIES						
Current liabilities	11,922,779	12,098,407	181,459	202,023	12,104,238	12,300,430
Long-term liabilities	116,468,745	124,353,010	37,157	20,583	116,505,902	124,373,593
Total liabilities	128,391,524	136,451,417	218,616	222,606	128,610,140	136,674,023
NET POSITION						
Net Investment in Capital Assets	37,296,989	35,029,181	103,691	121,007	37,400,680	35,150,188
Restricted for:						
TABOR	3,000,000	3,000,000	-	-	3,000,000	3,000,000
Debt Service	30,025,958	28,246,588	-	-	30,025,958	28,246,588
Preschool	92,644	56,258	-	-	92,644	56,258
Unrestricted	9,606,890	9,883,219	1,126,991	1,061,370	10,733,881	10,944,589
TOTAL NET POSITION	\$ 80,022,481	\$ 76,215,246	\$ 1,230,682	\$ 1,182,377	\$ 81,253,163	\$ 77,397,623

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

Governmental activities increased the net position of the District by \$3,807,235. Program revenues included \$11,032,353 in charges for services, and \$10,912,740 in operating grants and contributions. Over \$92.6 million was received in general revenues consisting of local property taxes, specific ownership taxes, and school finance act revenue. The majority of expenses were for instructional purposes which totaled \$60,020,821 out of a total of \$111,630,557.

Business type activities (Nutritional Services) increased net position by \$48,305. Program revenues included \$1,783,647 in charges for services and \$1,804,446 in operating grants and contributions. All expenditures of \$3,544,264 were for food services.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
PROGRAM REVENUES						
Charges for service	\$ 11,032,353	\$ 9,131,277	\$ 1,783,467	\$ 1,912,878	\$ 12,815,820	\$ 11,044,155
Operating Grants & contributions	10,912,740	9,750,503	1,804,446	1,712,285	12,717,186	11,462,788
Capital Grants & contributions	175,389	69,801	-	-	175,389	69,801
GENERAL REVENUES						
Property Taxes	27,517,073	27,217,408	-	-	27,517,073	27,217,408
Specific ownership taxes	2,737,200	2,447,418	-	-	2,737,200	2,447,418
State equalization	61,879,292	58,587,096	-	-	61,879,292	58,587,096
Investment earnings	43,126	76,283	4,656	6,406	47,782	82,689
Miscellaneous revenues & transfer:	1,140,619	349,305	-	-	1,140,619	349,305
TOTAL REVENUES	115,437,792	107,629,091	3,592,569	3,631,569	119,030,361	111,260,660
EXPENSES						
Instruction	60,020,821	54,910,864	-	-	60,020,821	54,910,864
Supporting Services	44,941,313	39,933,659	-	-	44,941,313	39,933,659
Community Services	558	5,230	-	-	558	5,230
Facilities Acquisition & Constructio	927,249	3,921,201	-	-	927,249	3,921,201
Interest on long-term debt	5,740,616	6,124,842	-	-	5,740,616	6,124,842
Food Service			3,544,264	3,545,394	3,544,264	3,545,394
TOTAL EXPENSES	111,630,557	104,895,796	3,544,264	3,545,394	115,174,821	108,441,190
Change in Net Position	3,807,235	2,733,295	48,305	86,175	3,855,540	2,819,470
Beginning Net Position	76,215,247	76,606,974	1,182,377	1,237,808	77,397,624	77,844,782
Prior Period Adjustment	-	(3,125,022)	-	(141,606)	-	(3,266,628)
TOTAL NET POSITION	\$ 80,022,481	\$ 76,215,247	\$ 1,230,682	\$ 1,182,377	\$ 81,253,164	\$ 77,397,624

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$41,392,942.

The general fund is the chief operating fund of the District. At the end of the current fiscal year committed and unassigned fund balance of the general fund was \$7,369,006 while total fund balance is \$25,846,595. As a measure of the general fund's liquidity, it may be useful to compare both contingent/unassigned fund balance and total fund balance to total fund expenditures. Excluding Charter School remittances, nominally committed and unassigned fund balance represents 7.9% of total general fund expenditures, while total fund balance represents 27.8% of that same amount.

The Bond Redemption Fund remains in strong financial condition. The fund has an ample fund balance to make the December 1st principal and interest payments on the District's voter approved debt. The fund balance as of June 30, 2014 is \$14,641,013, which is entirely restricted for debt service. The fund balance represents coverage for 2.21 times the 2013-14 annual payments.

In 2013-14, Falcon School District expended \$4,529,405 of local, state and federal grant funds, excluding charter school grant expenditures. Of these expenditures, \$947,315 represent funds yet to be received from the individual granting authorities prior to the close of the fiscal year; and are scheduled for receipt early in the 2014-15 fiscal year.

General Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In October, after a better estimate of enrollment can be made, adjustments are made to the budget. The rapid growth the District experienced for most of 2000's has moderated in the last few years. The 2012-13 to 2013-2014 expected growth was 1.3%

Some significant budget highlights include:

- The final (Amended) budget showed decreased revenue by \$1,368,146 from the original (Adopted) budget. The revenue changes were added to reflect, among other things, a reduced estimate for State Equalization Revenue (lowered by \$1,314,569), Local Property Tax Revenue (lowered by - \$263,051). The final budget had expense increases of \$1,550,663 driven primarily by a \$632,000 increase in Facilities construction spend and associated services & contingencies. These items projected a reduction in fund balance of \$1,652,825
- Actual General Funds results for the 2013-14 fiscal year showed revenues in excess of expenses by \$306,350, which was \$1,959,175 better than the final budget. The improvement came from improved

**EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014**

program formula revenue results of \$2,244,395, offset by an unanticipated revenue transfer of \$268,284..

Capital Assets and Debt Administration

Capital assets. The Falcon School District's investment in capital assets for governmental activities as of June 30, 2014 amounts to \$150,942,432 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was 3.5% due primarily to scheduled depreciation of assets.

	<u>Balance @ 06/30/14</u>	<u>Balance @ 06/30/13</u>
Governmental Activities		
Land and Site Improvements	15,765,500	15,765,500
Buildings & Improvements	130,766,645	135,864,100
Equipment	3,746,472	4,747,462
Construction in Progress	663,815	-
Total capital assets, net	<u><u>150,942,432</u></u>	<u><u>156,377,062</u></u>
Business-Type Activities		
Equipment	103,691	121,007
Total capital assets, net	<u><u>103,691</u></u>	<u><u>121,007</u></u>

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

Long-Term Debt. At the end of the current fiscal year, the District's total outstanding long-term debt was \$116,468,745. Of this amount, \$32,208,447 is general obligation bonds for which there is a mill levy assessment to pay the debt, \$1,751,960 for capital leases, and \$81,578,130 in certificates of participation

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

EL PASO COUNTY (FALCON) SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2014

State Statutes limit the amount of the District's general obligation bonded debt to 20% of the assessed value of the District, or 6% of the retail value of the District. At the end of the current fiscal year, the District had total general obligation bonded debt of \$31,300,000 or 4.7% of assessed value, or 0.5% of retail value, . The district's legal debt limit and debt margin is \$132,919,464 and \$101,539,464 respectively relative to the assessed value measures and \$379,308,838 and \$347,928,838 respectively relative to the retail value measures.

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

Economic Factors and 2014-2015 Budget

- The local, state, and federal economies are recovering. This was seen in the change in the District's assessed property value, which increased by 3.78% in 2014 from the prior year to a total of \$689,724,560. This change was recognized in a non-reassessment cycle. It is normal for there to be a lag in recognizing changes in assessed valuations relative to market values.
- The District must continue to work proactively with developers, the City of Colorado Springs, and El Paso County to confront the enrollment growth issue. Falcon School District has been one of the fastest growing school districts in the state, based on enrollment - on a percentage basis, for the last several years.
- The District continues to work with charter schools. The District had five charter schools during the current fiscal year after taking over authorizing responsibility for the state's largest multi-district online charter school on July 1, 2013; and is also exploring opportunities for a charter high school as well.
- The District ended the 2013-14 school year with more than a 10% revenue to fund balance ratio, as mandated by School Board Policy. The 10% target equates to approximately one month of expenditures and is necessary to handle the District's annual cash flow cycle that is present due to the seasonal nature of property tax receipts.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

FALCON SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 23,242,692	\$ 1,191,820	\$ 24,434,512	\$ 8,760,840
Investments	-	-	-	12,512,504
Accounts receivable	995,306	5,303	1,000,609	35,755
Taxes receivable	1,379,569	-	1,379,569	-
Internal balances	34,923	(34,923)	-	-
Prepaid expenses	-	-	-	264,981
Deposits	-	-	-	35,407
Inventory	-	183,407	183,407	-
Restricted cash and cash equivalents	29,925,989	-	29,925,989	1,599,833
Capital assets, not being depreciated	16,429,315	-	16,429,315	14,613,351
Capital assets, net of depreciation	134,513,117	103,691	134,616,808	14,728,626
Total assets	206,520,911	1,449,298	207,970,209	52,551,297
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,893,094	-	1,893,094	-
Total deferred outflows of resources	1,893,094	-	1,893,094	-
LIABILITIES				
Accounts payable and other current liabilities	1,328,452	29,078	1,357,530	939,244
Accrued salaries and benefits	9,376,300	55,600	9,431,900	444,962
Accrued interest	281,768	-	281,768	782,985
Unearned revenues	814,228	96,781	911,009	-
Payable to agency funds	122,031	-	122,031	-
Long-term liabilities				
Due within one year	8,027,237	-	8,027,237	250,000
Due in more than one year	108,441,508	37,157	108,478,665	40,676,256
Total liabilities	128,391,524	218,616	128,610,140	43,093,447
NET POSITION				
Net investment in capital assets	37,296,989	103,691	37,400,680	(3,027,747)
Restricted for:				
Emergency reserve (TABOR)	3,000,000	-	3,000,000	1,194,946
Debt service	30,025,958	-	30,025,958	5,262,456
Preschool	92,644	-	92,644	-
Repairs and replacement	-	-	-	259,866
Unrestricted	9,606,890	1,126,991	10,733,881	5,768,329
Total net position	\$ 80,022,481	\$ 1,230,682	\$ 81,253,163	\$ 9,457,850

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

**FALCON SCHOOL DISTRICT 49
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
Instruction	\$ 60,020,821	\$ 3,426,721	\$ 9,958,245	\$ 175,389	\$ (46,460,466)	\$ -	\$ (46,460,466)	\$ -
Supporting services	44,941,313	7,605,632	954,495	-	(36,381,186)	-	(36,381,186)	-
Community services	558	-	-	-	(558)	-	(558)	-
Facilities acquisition & construction	956,249	-	-	-	(956,249)	-	(956,249)	-
Interest on long-term debt	5,711,616	-	-	-	(5,711,616)	-	(5,711,616)	-
Total governmental activities	<u>111,630,557</u>	<u>11,032,353</u>	<u>10,912,740</u>	<u>175,389</u>	<u>(89,510,075)</u>	<u>-</u>	<u>(89,510,075)</u>	<u>-</u>
Business-type activities								
Food services	3,544,264	1,783,467	1,804,446	-		43,649	43,649	
Total primary government	<u>\$ 115,174,821</u>	<u>\$ 12,815,820</u>	<u>\$ 12,717,186</u>	<u>\$ 175,389</u>	<u>(89,510,075)</u>	<u>43,649</u>	<u>(89,466,426)</u>	
Component units								
Charter schools	<u>\$ 39,109,666</u>	<u>\$ 842,782</u>	<u>\$ 770,719</u>	<u>\$ 3,183,374</u>				<u>(34,312,791)</u>
General revenues:								
Property taxes					27,517,073	-	27,517,073	-
Specific ownership taxes					2,737,200	-	2,737,200	-
State equalization					61,879,292	-	61,879,292	-
Per pupil revenue					-	-	-	37,031,995
Investment earnings					43,126	4,656	47,782	10,779
Miscellaneous					475,430	-	475,430	(399,725)
Transfers					665,189	-	665,189	-
Total general revenues and transfers					<u>93,317,310</u>	<u>4,656</u>	<u>93,321,966</u>	<u>36,643,049</u>
Change in net position					3,807,235	48,305	3,855,540	2,330,258
Net position - beginning					76,215,246	1,182,377	77,397,623	7,127,592
Net position - ending					<u>\$ 80,022,481</u>	<u>\$ 1,230,682</u>	<u>\$ 81,253,163</u>	<u>\$ 9,457,850</u>

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

FALCON SCHOOL DISTRICT 49
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,728,035	\$ -	\$ -	\$ 1,096,970	\$ 21,825,005
Accounts receivable	47,991	947,315	-	-	995,306
Taxes receivable	1,106,503	-	273,066	-	1,379,569
Due from other funds	1,444,222	522,240	-	50,670	2,017,132
Restricted cash and cash equivalents	15,347,617	-	14,578,372	-	29,925,989
Total assets	<u>\$ 38,674,368</u>	<u>\$ 1,469,555</u>	<u>\$ 14,851,438</u>	<u>\$ 1,147,640</u>	<u>\$ 56,143,001</u>
LIABILITIES					
Accounts payable and other accrued liabilities	\$ 921,490	\$ 76,523	\$ -	\$ 50,440	\$ 1,048,453
Accrued salaries and benefits	9,223,403	80,973	-	71,924	9,376,300
Due to other funds	1,768,976	843,318	66,631	119,942	2,798,867
Unearned revenue	345,487	468,741	-	-	814,228
Payable to agency funds	122,031	-	-	-	122,031
Total liabilities	<u>12,381,387</u>	<u>1,469,555</u>	<u>66,631</u>	<u>242,306</u>	<u>14,159,879</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	446,386	-	143,794	-	590,180
Total deferred inflows of resources	<u>446,386</u>	<u>-</u>	<u>143,794</u>	<u>-</u>	<u>590,180</u>
FUND BALANCES					
Restricted for:					
Emergency reserve (TABOR)	3,000,000	-	-	-	3,000,000
Debt service	15,384,945	-	14,641,013	-	30,025,958
Preschool	92,644	-	-	-	92,644
Committed for:					
Risk management	283,898	-	-	-	283,898
Capital projects	537,515	-	-	112,581	650,096
Contingencies	5,105,178	-	-	-	5,105,178
Assigned for:					
Pupil activities	-	-	-	792,753	792,753
Unassigned	1,442,415	-	-	-	1,442,415
Total fund balances	<u>25,846,595</u>	<u>-</u>	<u>14,641,013</u>	<u>905,334</u>	<u>41,392,942</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,674,368</u>	<u>\$ 1,469,555</u>	<u>\$ 14,851,438</u>	<u>\$ 1,147,640</u>	<u>\$ 56,143,001</u>

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

FALCON SCHOOL DISTRICT 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2014

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

Total fund balance - governmental funds	\$	41,392,942
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, but are reported in the governmental activities of the statement of net position.		150,942,432
Property tax receivable is not available to pay current period expenditures and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the statement of net position.		590,180
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		1,954,346
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.		(281,768)
Deferred charges on refunding are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		1,893,094
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		<u>(116,468,745)</u>
Net position of governmental activities	\$	<u><u>80,022,481</u></u>

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

FALCON SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 26,093,695	\$ 362,945	\$ 7,405,094	\$ 2,092,597	\$ 35,954,331
State sources	66,563,882	4,302	-	442,436	67,010,620
Federal sources	848,298	4,162,158	-	-	5,010,456
Total revenues	<u>93,505,875</u>	<u>4,529,405</u>	<u>7,405,094</u>	<u>2,535,033</u>	<u>107,975,407</u>
EXPENDITURES					
Instruction	49,251,402	3,232,613	-	1,785,229	54,269,244
Supporting services	35,838,925	1,296,792	-	1,118,244	38,253,961
Community services	1,501	-	-	-	1,501
Facilities acquisition and construction	732,702	-	-	290,362	1,023,064
Debt service	7,106,711	-	6,616,242	-	13,722,953
Total expenditures	<u>92,931,241</u>	<u>4,529,405</u>	<u>6,616,242</u>	<u>3,193,835</u>	<u>107,270,723</u>
Excess (deficiency) of revenues over expenditures	<u>574,634</u>	<u>-</u>	<u>788,852</u>	<u>(658,802)</u>	<u>704,684</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(268,284)	-	-	1,170,339	902,055
Refunding bond proceeds	-	-	3,470,000	-	3,470,000
Refunding bond premium	-	-	183,890	-	183,890
Payment to bond escrow agent	-	-	(3,592,625)	-	(3,592,625)
Total other financing sources (uses)	<u>(268,284)</u>	<u>-</u>	<u>61,265</u>	<u>1,170,339</u>	<u>963,320</u>
Net change in fund balances	306,350	-	850,117	511,537	1,668,004
Fund balances - beginning	<u>25,540,245</u>	<u>-</u>	<u>13,790,896</u>	<u>393,797</u>	<u>39,724,938</u>
Fund balances - ending	<u>\$ 25,846,595</u>	<u>\$ -</u>	<u>\$ 14,641,013</u>	<u>\$ 905,334</u>	<u>\$ 41,392,942</u>

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

FALCON SCHOOL DISTRICT 49
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances - total governmental funds:	\$ 1,668,004
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(5,434,630)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(12,354)
Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.	(1,019)
Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.	27,116
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,702,438
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.	<u>(142,320)</u>
Change in net position of governmental activities	<u><u>\$ 3,807,235</u></u>

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

FALCON SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,191,820	\$ 1,417,687
Accounts receivable, net	5,303	-
Due from other funds	20,583	816,659
Inventories	183,407	-
Total current assets	<u>1,401,113</u>	<u>2,234,346</u>
Non-current assets		
Equipment	1,101,957	-
Accumulated depreciation	(998,266)	-
Total non-current assets	<u>103,691</u>	<u>-</u>
Total assets	<u>1,504,804</u>	<u>2,234,346</u>
LIABILITIES		
Current liabilities		
Accounts payable	29,078	280,000
Accrued salaries and benefits	55,600	-
Due to other funds	55,506	-
Unearned revenue	96,781	-
Total current liabilities	<u>236,965</u>	<u>280,000</u>
Long-term liabilities		
Compensated absences	37,157	-
Total long-term liabilities	<u>37,157</u>	<u>-</u>
Total liabilities	<u>274,122</u>	<u>280,000</u>
NET POSITION		
Net investment in capital assets	103,691	-
Unrestricted	1,126,991	1,954,346
Total net position	<u>\$ 1,230,682</u>	<u>\$ 1,954,346</u>

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

FALCON SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 1,783,467	\$ 6,808,360
Total operating revenues	1,783,467	6,808,360
OPERATING EXPENSES		
Salaries	1,153,931	-
Employee benefits	311,083	-
Purchased services	195,672	6,573,703
Purchased food	1,595,004	-
Commodities	254,636	-
Equipment	1,387	-
Other	15,235	-
Depreciation	17,316	-
Total operating expenses	3,544,264	6,573,703
Operating income (loss)	(1,760,797)	234,657
NON-OPERATING REVENUES (EXPENSES)		
State funding	53,796	-
National School Food Program	1,343,347	-
School Breakfast Program	152,667	-
Donated commodities	254,636	-
Interest and investment revenue	4,656	1,190
Total non-operating revenue (expenses)	1,809,102	1,190
Income (loss) before transfers	48,305	235,847
Transfers in (out)	-	(236,866)
Change in net position	48,305	(1,019)
Net position - beginning	1,182,377	1,955,365
Net position - ending	\$ 1,230,682	\$ 1,954,346

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

**FALCON SCHOOL DISTRICT 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 1,775,920	\$ 6,682,999
Cash payments to suppliers	(1,801,175)	(6,633,755)
Cash paid to employees	(1,403,968)	-
	<u>(1,429,223)</u>	<u>49,244</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
National school breakfast and lunch	1,781,080	-
State reimbursements	53,796	-
Transfers in (out)	-	(236,866)
	<u>1,834,876</u>	<u>(236,866)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4,656	1,190
	<u>4,656</u>	<u>1,190</u>
Net increase (decrease) in cash and cash equivalents	410,309	(186,432)
Cash and cash equivalents - beginning	781,511	1,604,119
Cash and cash equivalents - ending	<u>\$ 1,191,820</u>	<u>\$ 1,417,687</u>

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

FALCON SCHOOL DISTRICT 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,760,797)	\$ 234,657
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	17,316	-
Commodities used	254,636	-
Change in assets and liabilities:		
(Increase) decrease in:		
Due from other funds	34,923	(125,361)
Inventories	28,688	-
Increase (decrease) in:		
Unearned revenue	13,036	-
Accounts payable	(22,565)	(60,052)
Accrued salaries and benefits	(11,035)	-
Compensated absences	16,575	-
Total adjustments	331,574	(185,413)
Net cash provided (used) by operating activities	\$ (1,429,223)	\$ 49,244

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

FALCON SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Private- Purpose Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 7,086	\$ 173,403
Interfund receivable	-	122,031
Total assets	7,086	295,434
LIABILITIES		
Accounts payable	-	10,561
Due to student organizations	-	284,873
Total liabilities	-	\$ 295,434
NET POSITION		
Held in trust for scholarship recipients	7,086	
Total net position	\$ 7,086	

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

**FALCON SCHOOL DISTRICT 49
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2014**

	Private- Purpose Trust Fund
ADDITIONS	
Fundraising activities	\$ 27
Total additions	27
DEDUCTIONS	
Scholarship awards	-
Total deductions	-
Change in net position	27
Net position - beginning	7,059
Net position - ending	\$ 7,086

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

NOTES TO FINANCIAL STATEMENTS

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Falcon School District 49 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. REPORTING ENTITY

Falcon School District No. 49 of El Paso County was organized by a vote of qualified electorate during 1889, under the provisions of Colorado Law. The legislative power of the District is vested in the Board of Education, consisting of five members who are elected for staggered four-year terms. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the district. The District has presented the following component units:

Discretely Presented Component Units

The Board of Education approved five charter schools for operation. Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, The Imagine Classical Academy, and Guided Online Academic Learning (GOAL) Academy charter schools were formed in accordance with state statute as District charter schools. The charter schools are deemed to be fiscally dependent on the District since the District provides the majority of support to each charter school in the form of per pupil revenue. In addition, the nature and significance of the charter schools' relationship with the District is such that exclusion would cause the District's financial statements to be incomplete.

The amount of per pupil revenue allotted to each charter school during the year ended June 30, 2014 is as follows:

<u>Charter School</u>	<u>Amount</u>
Pikes Peak School of Expeditionary Learning	\$ 2,299,461
Banning Lewis Ranch Academy	4,530,444
Rocky Mountain Classical Academy	5,481,417
The Imagine Classical Academy	5,001,459
GOAL Academy	<u>19,719,214</u>
	<u>\$ 37,031,995</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (continued)

The members of each charter school's governing board are appointed separately from the District. These charter schools have been deemed to be separate legal entities based on the formation of the schools in accordance with state statutes. Separately issued financial statements for the charter schools may be obtained by writing to the following:

Pikes Peak School of Expeditionary Learning
11925 Antlers Ridge Drive
Falcon, Colorado 80831

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

Rocky Mountain Classical Academy
1710 Piro Drive
Colorado Springs, CO 80915

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

GOAL Academy
107 W. 11th Street
Pueblo, CO 80204

C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

The *Bond Redemption Fund* is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Pupil Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities.

The *Transportation Fund* is used to account for revenues from a tax levied or a fee imposed for the purpose of paying excess transportation costs.

The *Capital Projects Fund* is used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles.

Enterprise Funds are used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are *measurable* when the amount of the transaction can be determined and are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Those revenues susceptible to accrual are property taxes, and interest associated with the current fiscal year. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

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 cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value.

Accounts receivable

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

Inventories and prepaid items

Inventory is valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs. Commodity contributions received by the District are recorded as non-operating revenues.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Restricted cash and cash equivalents

The use of certain cash and cash equivalents of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization threshold is \$5,000 in all funds. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in proprietary funds.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings, building improvements, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Deferred outflows/inflows of resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Long-term liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 31 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The county treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2014 is 34.405 mills for general operating expenses and 11.212 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2014 is \$664,597,320.

Specific Ownership Taxes

Specific ownership taxes are collected by the county treasurer for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county treasurer are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

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

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

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

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

The compensated absences balance is reported in the government-wide financial statements. For the governmental fund financial statements, the recognition of this liability is limited to the amount expected to be paid using expendable available resources.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

Proprietary Funds Operating and Non-operating Revenues and Expenses

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

H. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes reconciliation between *total fund balances—governmental funds* and *total net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements”. The details of this difference are as follows:

Non-depreciable assets	\$ 16,429,315
Net depreciable assets	<u>134,513,117</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ 150,942,432</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements.” The details of this difference are as follows:

Bonds payable	\$ (31,300,000)
Unamortized bond premium	(908,447)
Certificates of Participation	(79,945,000)
COP Premium	(1,633,130)
Capital Lease Obligations	(1,751,960)
Compensated Absences	<u>(930,208)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (116,468,745)</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances—governmental funds* and *change in net position—governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Depreciation	\$ (7,217,930)
Capital outlays	<u>1,783,300</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ (5,434,630)</u>

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

General obligation bonds additions	\$ (3,470,000)
General obligation bonds principal payments	8,600,000
Certificates of Participation principal payments	2,225,000
Capital Lease principal payments	589,228
Amortization of deferred on refunding	(324,147)
Accretion of bond and COP premiums	<u>82,357</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 7,702,438</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to June 1, management submits to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayers comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Chief Education Officer is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for proprietary funds which are budgeted on the cash basis. Budgeted amounts in this report are as originally adopted or amended.
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

Excess of expenditures over appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the general fund, the governmental designated-purpose grants fund, and the food service fund by \$445,762, \$529,405, and \$387,964, respectively. These over-expenditures were funded by greater than anticipated revenues.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

Cash on Hand	\$ 3,183
Deposits	4,395,831
Investments	<u>50,141,977</u>
	<u>\$ 54,540,991</u>

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

Cash and Cash Equivalents	\$ 24,434,512
Restricted Cash and Cash Equivalents	29,925,990
Fiduciary Funds	<u>180,489</u>
	<u>\$ 54,540,991</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District’s deposits at June 30, 2014 was \$4,395,831 and the bank balances were \$4,699,367. Of the bank balances, \$1,000,000 was covered by federal deposit insurance and the balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The District is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies’ securities;
- ◆ Certain international agencies’ securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers’ acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

At June 30, 2014 the District’s investment balances were as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Government Investment Pool (COLOTRUST)	Less than 60 days	\$ 33,622,727
Fidelity Investments Government Portfolio Fund	Less than 60 days	2,305,779
JP Morgan US Govt Money Market	Less than 60 days	10,863,471
Commercial Paper	Less than 60 days	<u>3,350,000</u>
		<u>\$ 50,141,977</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. State law limits investment maturities to five years or less as a means of management exposure to fair value loss resulting from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, almost all investments of the District have maturities less than six months. As such, due to the short-term nature of the District’s investments, interest rate risk is minimized.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of June 30, 2014 all of the District’s investments in COLOTRUST and money markets were rated AAAM by Standard & Poor’s, the corporate discount notes were rated A1 by Standard & Poor’s, and the other investments were not rated.

The District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function 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. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Restricted cash and investments

Cash and investments of \$29,925,989 representing reserves for debt service of \$14,578,372, and mill levy override funds of \$15,215,427, and other reserves of \$132,190 have been restricted for pre-school activities in the General fund.

NOTE 5 – ACCOUNTS RECEIVABLE

At June 30, 2014, the District had the following accounts receivable:

	<u>General</u>	Designated Purpose <u>Grants</u>	Food <u>Service</u>	<u>Total</u>
Grant proceeds	\$ -	\$ 947,315	\$ -	\$ 947,315
Other	<u>47,991</u>	<u>-</u>	<u>5,303</u>	<u>53,294</u>
	<u>\$ 47,991</u>	<u>\$ 947,315</u>	<u>\$ 5,303</u>	<u>\$1,000,609</u>

All accounts receivable are expected to be fully collected; therefore, no allowance for uncollectibles has been recorded.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2014 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,444,222	\$ 1,768,976
Governmental Designated Purpose Grants Fund	522,240	843,318
Transportation Fund	50,670	119,942
Bond Redemption Fund	-	66,631
Food Service Fund	20,582	55,506
Risk Management – Health Insurance Fund	<u>816,659</u>	<u>-</u>
	<u>\$ 2,854,373</u>	<u>\$ 2,854,373</u>

Interfund transfers

Interfund transfer activity for the year ended June 30, 2014 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ 236,866	\$ 505,150
Risk Management – Health Insurance Fund	-	236,866
Pupil Activity Fund	879,087	-
Transportation Fund	291,252	-
Agency Fund	<u>-</u>	<u>665,189</u>
	<u>\$ 1,407,205</u>	<u>\$ 1,407,205</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>06/30/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/14</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 15,765,500	\$ -	\$ -	\$ 15,765,500
Construction in progress	<u>-</u>	<u>663,815</u>	<u>-</u>	<u>663,815</u>
Total capital assets not being depreciated	<u>15,765,500</u>	<u>663,815</u>	<u>-</u>	<u>16,429,315</u>
Capital assets being depreciated:				
Buildings and improvements	188,535,489	546,956	-	189,082,445
Equipment	<u>17,641,131</u>	<u>572,529</u>	<u>-</u>	<u>18,213,660</u>
Total capital assets being depreciated	<u>206,176,620</u>	<u>1,119,485</u>	<u>-</u>	<u>207,296,105</u>
Less accumulated depreciation for:				
Buildings and improvements	(52,671,389)	(5,644,411)	-	(58,315,800)
Equipment	<u>(12,893,669)</u>	<u>(1,573,519)</u>	<u>-</u>	<u>(14,467,188)</u>
Total accumulated depreciation	<u>(65,565,058)</u>	<u>(7,217,930)</u>	<u>-</u>	<u>(72,782,988)</u>
Total capital assets being depreciated, net	<u>140,611,562</u>	<u>(6,098,445)</u>	<u>-</u>	<u>134,513,117</u>
Governmental activities capital assets, net	<u>\$ 156,377,062</u>	<u>\$ (5,434,630)</u>	<u>\$ -</u>	<u>\$ 150,942,432</u>
 <u>Business-type activities</u>				
Capital assets being depreciated:				
Equipment	\$ 1,101,957	\$ -	\$ -	\$ 1,101,957
Less accumulated depreciation for:				
Equipment	<u>(980,950)</u>	<u>(17,316)</u>	<u>-</u>	<u>(998,266)</u>
Business-type activities capital assets, net	<u>\$ 121,007</u>	<u>\$ (17,316)</u>	<u>\$ -</u>	<u>\$ 103,691</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$ 6,070,196
General Administration	507,017
Operation and Maintenance	61,364
Student Transportation	188,164
Support Services	384,661
Business	<u>6,528</u>
	<u>\$ 7,217,930</u>

Business-type Activities

Food services	<u>\$ 17,316</u>
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NOTE 8 – 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 ten months. The salaries and benefits earned, but unpaid, as of June 20, 2014, are \$9,431,900. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

NOTE 9 - LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All general obligation bonds have been issued for governmental activities.

General Obligation bonds payable at June 30, 2014 are as follows:

	<u>Principal Balance</u>
\$12,675,000 of general obligation refunding bonds series 2006B; interest due semi-annually with rates ranging from 4.0% to 5.0%, principal due annually through 2018 in payments of \$1,195,000 to \$1,820,000.	\$ 8,355,000
\$23,315,000 of general obligation refunding bonds series 2006; interest due semi-annually with rates ranging from 3.55% to 5.0%, principal due annually through 2021 in payments of \$1,800,000 to \$2,855,000.	19,520,000
\$3,470,000 of general obligation refunding bonds series 2013; interest due semi-annually with rates ranging from 2.00% to 4.00%; principal due annually through 2015 in payments of \$45,000 to \$1,740,000.	<u>3,425,000</u>
	<u>\$ 31,300,000</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 5,280,000	\$ 1,307,256
2016	5,495,000	1,098,828
2017	3,925,000	895,731
2018	4,115,000	707,556
2019	4,300,000	503,725
2020 – 2022	8,185,000	619,863
Total	\$ 31,300,000	\$ 5,132,959

Legal Debt Margin

Assessed valuation	\$ 664,597,320
Debt limit – 20% of assessed valuation	132,919,464
General obligation debt	31,300,000
	\$ 101,619,464

Advance Refunding

The District issued \$3,470,000 in general obligation refunding bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$3,505,000 of outstanding 2002 Series general obligation refunding bonds which had interest rates of 5.00%. The net proceeds of \$3,592,625 (including a \$183,890 premium and after payment of \$61,265 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2002 Series general obligation refunding bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$338,695. This amount is being amortized over the remaining life of the refunding debt. The government advance refunded the 2002 Series general obligation refunding bonds to reduce its total debt service payments over 2 years by \$170,975 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$169,655.

Prior Year Defeasance of Debt

In prior years, the District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's government-wide financial statements. As of June 30, 2014, the amount of defeased debt outstanding amounted to \$31,195,000.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation

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

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

Future debt service requirements of the Certificates of Participation are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,425,000	\$ 3,900,313
2016	2,625,000	3,789,406
2017	2,840,000	3,660,756
2018	3,080,000	3,516,069
2019	3,325,000	3,361,038
2020-2024	20,935,000	13,935,343
2025-2029	29,755,000	8,160,772
2030-2031	<u>14,960,000</u>	<u>943,075</u>
Total	<u>\$ 79,945,000</u>	<u>\$ 41,266,772</u>

Capital Leases

The District has entered into capital lease agreements to purchase property, portable buildings, and equipment. The lease terms range from five to fifteen years with annual interest rates from 4.0% to 8.5%. Capital assets of \$9,465,955 have been capitalized under these leases.

Assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Buildings and improvements	\$ 7,999,071
Equipment	1,466,884
Less: Accumulated depreciation	<u>(4,649,666)</u>
Total	<u>\$ 4,816,289</u>

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows

<u>Year Ending June 30</u>	
2015	\$ 416,493
2016	412,244
2017	137,992
2018	137,992
2019	137,992
2020 – 2024	689,958
2025 – 2028	<u>344,978</u>
Total minimum lease payments	2,277,649
Less: amount representing interest	<u>(525,689)</u>
Present value of minimum lease payments	<u>\$ 1,751,960</u>

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2014:

	<u>Balance</u> <u>06/30/13</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/14</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 36,430,000	\$ 3,470,000	\$ 8,600,000	\$ 31,300,000	\$ 5,280,000
Bond premiums	<u>894,738</u>	<u>183,890</u>	<u>170,181</u>	<u>908,447</u>	<u>-</u>
Total bonds payable	37,324,738	3,653,890	8,770,181	32,208,447	5,280,000
Certificates of participation	82,170,000	-	2,225,000	79,945,000	2,425,000
COP premium	1,729,196	-	96,066	1,633,130	-
Capital lease obligations	2,341,188	-	589,228	1,751,960	322,237
Compensated absences	<u>787,888</u>	<u>142,320</u>	<u>-</u>	<u>930,208</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 124,353,010</u>	<u>\$ 3,796,210</u>	<u>\$ 11,680,475</u>	<u>\$ 116,468,745</u>	<u>\$ 8,027,237</u>
<i>Business-type Activities</i>					
Compensated absences	<u>\$ 20,583</u>	<u>\$ 16,574</u>	<u>\$ -</u>	<u>\$ 37,157</u>	<u>\$ -</u>

Payments on the general obligation bonds are made by the Debt service fund with property taxes. Certificates of participation and capital lease obligations are serviced by the General fund. The compensated absences liabilities are paid by the fund for which the employee worked.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - RISK MANAGEMENT

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

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

Claims liabilities are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the year ended June 30, 2014 are as follows:

Net claims payable as of 6/30/2013	\$ 340,053
Claims presented	5,303,131
Claims paid	<u>(5,363,184)</u>
Net claims payable as of 6/30/2014	<u>\$ 280,000</u>

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

COLORADO DIGITAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

The District in conjunction with other surrounding districts created the Colorado Digital Board of Cooperative Educational Services (BOCES). The BOCES is an organization that utilizes research based learning and technology applications to provide an innovative model of public school education adapted to the needs of elementary, middle and high school students throughout the State of Colorado. The District does not have an ongoing financial interest in or responsibility for the BOCES. Financial statements for the BOCES can be obtained from their office at 4035 Tutt Blvd, Colorado Springs, 80922.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The contribution rate for members is 8.0 percent and for the District it is 10.15 percent of covered salary. A portion of the District's contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (see Note 12). The District is also required to pay an amortization equalization disbursement (AED) equal to 3.80 percent of the total payroll for the calendar year 2014 (3.40 percent of total payroll for the calendar year 2013, and 3.00 percent of total payroll for the calendar year 2012). Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.50 percent of the total payroll for the calendar year 2014 (3.00 percent of total payroll for the calendar year 2013, and 2.50 percent of total payroll for the calendar year ended 2012). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however no member contributions are required. For the years ended June 30, 2014, 2013, and 2012, the District's employer contributions to the SDTF were \$8,413,483, \$7,453,131, and \$6,704,204 respectively, equal to their required contributions for each year.

NOTE 13 – POST-EMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment health care plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 1-800-759-PERA (7372).

Funding Policy

The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF from the defined benefit plan employer contribution (see Note 11) is established under Title 24, Article 51, Section 208 of the C.R.S., as amended. For the years ended June 30, 2014, 2013, and 2012 were \$543,706, \$511,971, and \$490,292 respectively, equal to their required contributions for each year.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – FORWARD AND DELIVERY INVESTMENT AGREEMENT

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

The amount received under this agreement is being amortized over the term of the agreement for GAAP purposes, rather than in full in the fiscal year ended June 30, 2003, with the unamortized balance reflected as unearned revenue. The following GAAP-basis schedule shows the amounts of revenue recognized and the remaining balance treated as unearned revenue as of and for the year ended June 30, 2014:

	<u>Revenue Recognized</u>	<u>Unearned Revenue</u>
Fiscal Year Ending June 30, 2014	<u>\$ 88,571</u>	<u>\$ 177,143</u>

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

Legal

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 16 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The District’s financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes Enterprises from its provisions. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

FALCON SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing 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.

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

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

The Amendment requires Emergency Reserves to be established. These reserves must be 3 percent of Fiscal Year Spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. As of June 30, 2014 the District reserved \$3,000,000 in the General Fund for this purpose.

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

REQUIRED SUPPLEMENTARY INFORMATION

FALCON SCHOOL DISTRICT 49
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 23,184,484	\$ 22,921,433	\$ 20,201,170	\$ (2,720,263)
Specific ownership taxes	3,001,600	3,001,600	2,737,200	(264,400)
State sources	62,649,393	61,334,824	66,563,882	5,229,058
Federal sources	953,590	953,590	848,298	(105,292)
Other local revenue	2,916,883	3,126,357	3,155,325	28,968
Total revenues	<u>92,705,950</u>	<u>91,337,804</u>	<u>93,505,875</u>	<u>2,168,071</u>
EXPENDITURES				
Instruction	48,052,357	47,932,070	49,251,402	(1,319,332)
Supporting services				
Student support	4,220,011	4,021,792	4,615,202	(593,410)
Instructional staff	4,010,094	4,891,784	4,125,758	766,026
General administration	1,336,045	1,316,198	932,988	383,210
School administration	7,548,828	8,390,867	7,129,590	1,261,277
Business services	1,265,149	1,365,771	1,381,266	(15,495)
Operations and maintenance	8,056,405	7,916,897	9,449,027	(1,532,130)
Student transportation	2,074,234	1,831,948	2,037,976	(206,028)
Central support service	4,883,999	5,907,774	6,165,856	(258,082)
Other support services	978,822	1,486,421	1,262	1,485,159
Community services	-	-	1,501	(1,501)
Facilities acquisition & construction	1,581,456	2,213,486	732,702	1,480,784
Debt service	6,801,904	6,819,962	7,106,711	(286,749)
Contingency reserves	630,662	(1,104,341)	-	(1,104,341)
Total expenditures	<u>91,439,966</u>	<u>92,990,629</u>	<u>92,931,241</u>	<u>59,388</u>
Excess (deficiency) of revenues over expenditures	<u>1,265,984</u>	<u>(1,652,825)</u>	<u>574,634</u>	<u>2,227,459</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(268,284)</u>	<u>(268,284)</u>
Net change in fund balance	1,265,984	(1,652,825)	306,350	1,959,175
Fund balance - beginning	<u>23,504,183</u>	<u>25,540,245</u>	<u>25,540,245</u>	<u>-</u>
Fund balance - ending	<u>\$ 24,770,167</u>	<u>\$ 23,887,420</u>	<u>\$ 25,846,595</u>	<u>\$ 1,959,175</u>

See the accompanying independent auditors' report.

FALCON SCHOOL DISTRICT 49
GOVERNMENTAL DESIGNATED- PURPOSE GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget -
				(Negative)
REVENUES				
Local sources	\$ 94,620	\$ 333,045	\$ 362,945	\$ 29,900
State sources	-	4,320	4,302	(18)
Federal sources	3,905,380	3,662,635	4,162,158	499,523
	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,529,405</u>	<u>529,405</u>
EXPENDITURES				
Salaries	1,344,533	1,007,156	1,710,700	(703,544)
Benefits	321,155	593,214	450,686	142,528
Purchased Services	1,510,401	1,404,188	1,547,739	(143,551)
Supplies	(42,691)	428,885	411,993	16,892
Property and Equipment	272,273	227,522	308,051	(80,529)
Other	594,329	339,035	100,236	238,799
	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,529,405</u>	<u>(529,405)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

BOND REDEMPTION FUND

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

FALCON SCHOOL DISTRICT 49
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 7,383,037	\$ 7,400,158	\$ 17,121
Interest	18,000	4,936	(13,064)
Total revenues	<u>7,401,037</u>	<u>7,405,094</u>	<u>4,057</u>
EXPENDITURES			
Debt Service			
Principal retirement	5,807,356	5,095,000	712,356
Interest and fiscal charges	1,593,681	1,459,977	133,704
Bond issuance costs	-	61,265	(61,265)
Total expenditures	<u>7,401,037</u>	<u>6,616,242</u>	<u>784,795</u>
Excess (deficiency) of revenues over expenditures	-	788,852	788,852
OTHER FINANCING SOURCES (USES)			
Refunding bond proceeds	-	3,470,000	3,470,000
Refunding bond premium	-	183,890	183,890
Payment to bond escrow agent	-	(3,592,625)	(3,592,625)
Total other financing sources and (uses)	<u>-</u>	<u>61,265</u>	<u>61,265</u>
Net change in fund balance	-	850,117	850,117
Fund balance - beginning	<u>13,790,896</u>	<u>13,790,896</u>	<u>-</u>
Fund balance - ending	<u>\$ 13,790,896</u>	<u>\$ 14,641,013</u>	<u>\$ 850,117</u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

Pupil Activity Fund

This fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

Transportation Fund

This fund is used to account for revenues from a tax levied or a fee imposed for the purpose of paying excess transportation costs pursuant to the provisions of Sections 22-40-102(1.7)(a) or 22-32-113(5)(a), C.R.S., respectively.

Capital Projects Fund

This fund is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

**FALCON SCHOOL DISTRICT 49
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Pupil Activity Fund</u>	<u>Transportation Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 794,834	\$ 189,555	\$ 112,581	\$ 1,096,970
Due from other funds	-	50,670	-	50,670
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 794,834</u>	<u>\$ 240,225</u>	<u>\$ 112,581</u>	<u>\$ 1,147,640</u>
LIABILITIES				
Accounts payable	\$ 2,081	\$ 48,359	\$ -	\$ 50,440
Accrued salaries and benefits	-	71,924	-	71,924
Due to other funds	-	119,942	-	119,942
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,081</u>	<u>240,225</u>	<u>-</u>	<u>242,306</u>
FUND BALANCES				
Committed for:				
Capital Projects	-	-	112,581	112,581
Assigned:				
Pupil activities	792,753	-	-	792,753
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>792,753</u>	<u>-</u>	<u>112,581</u>	<u>905,334</u>
Total liabilities and fund balances	<u>\$ 794,834</u>	<u>\$ 240,225</u>	<u>\$ 112,581</u>	<u>\$ 1,147,640</u>

See the accompanying independent auditors' report.

FALCON SCHOOL DISTRICT 49
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Pupil Activity Fund	Transportation Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Local sources	\$ 1,737,656	\$ 295,115	\$ 59,826	\$ 2,092,597
State sources	-	442,436	-	442,436
Total revenues	1,737,656	737,551	59,826	2,535,033
EXPENDITURES				
Instruction	1,785,229	-	-	1,785,229
Supporting services	38,761	1,028,803	50,680	1,118,244
Facilities acquisition & construction	-	-	290,362	290,362
Total expenditures	1,823,990	1,028,803	341,042	3,193,835
Excess (deficiency) of revenues over expenditures	(86,334)	(291,252)	(281,216)	(658,802)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	879,087	291,252	-	1,170,339
Net change in fund balances	792,753	-	(281,216)	511,537
Fund balances - beginning	-	-	393,797	393,797
Fund balances - ending	\$ 792,753	\$ -	\$ 112,581	\$ 905,334

See the accompanying independent auditors' report.

FALCON SCHOOL DISTRICT 49
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 1,663,453	\$ 1,737,656	\$ 74,203
Total revenues	<u>1,663,453</u>	<u>1,737,656</u>	<u>74,203</u>
EXPENDITURES			
Instruction	2,188,633	1,785,229	403,404
Supporting services			
Student support	-	7,631	(7,631)
Instructional staff	-	15,323	(15,323)
School administration	-	103	(103)
Business services	-	15,704	(15,704)
Total expenditures	<u>2,188,633</u>	<u>1,823,990</u>	<u>364,643</u>
Excess (deficiency) in revenues over expenditures	<u>(525,180)</u>	<u>(86,334)</u>	<u>438,846</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>525,180</u>	<u>879,087</u>	<u>353,907</u>
Net change in fund balance	-	792,753	792,753
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 792,753</u>	<u>\$ 792,753</u>

See the accompanying independent auditors' report.

**FALCON SCHOOL DISTRICT 49
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 254,500	\$ 294,971	\$ 40,471
State revenue	462,000	442,436	(19,564)
Interest	-	144	144
	<u>716,500</u>	<u>737,551</u>	<u>21,051</u>
EXPENDITURES			
Salaries	580,000	504,690	75,310
Employee benefits	324,076	290,230	33,846
Fuel charges	233,524	206,396	27,128
Other expenses	15,000	27,487	(12,487)
	<u>1,152,600</u>	<u>1,028,803</u>	<u>123,797</u>
Excess (deficiency) of revenues over expenditures	<u>(436,100)</u>	<u>(291,252)</u>	<u>144,848</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>436,100</u>	<u>291,252</u>	<u>(144,848)</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

**FALCON SCHOOL DISTRICT 49
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other local revenue	\$ 75,000	\$ 59,826	\$ (15,174)
Total revenues	<u>75,000</u>	<u>59,826</u>	<u>(15,174)</u>
EXPENDITURES			
Supporting services			
Operations and maintenance	-	50,680	(50,680)
Facilities acquisition & construction	<u>393,797</u>	<u>290,362</u>	<u>103,435</u>
Total expenditures	<u>393,797</u>	<u>341,042</u>	<u>52,755</u>
Net change in fund balance	(318,797)	(281,216)	37,581
Fund balance - beginning	<u>393,797</u>	<u>393,797</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 75,000</u></u>	<u><u>\$ 112,581</u></u>	<u><u>\$ 37,581</u></u>

See the accompanying independent auditors' report.

ENTERPRISE FUND

Enterprise Funds account for operations that are financed and operated in a manner similar to private enterprises, where the cost of providing goods or services to the general public is financed or recovered primarily by user charges.

Food Service Fund

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

FALCON SCHOOL DISTRICT 49
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 1,625,933	\$ 1,783,467	\$ 157,534
Total operating revenues	<u>1,625,933</u>	<u>1,783,467</u>	<u>157,534</u>
OPERATING EXPENSES			
Salaries	1,110,000	1,153,931	(43,931)
Employee benefits	323,975	311,083	12,892
Purchased services	150,000	195,672	(45,672)
Purchased food	1,168,110	1,595,004	(426,894)
Commodities	166,000	254,636	(88,636)
Equipment	10,000	1,387	8,613
Other	52,000	15,235	36,765
Depreciation	76,215	17,316	58,899
Contingency	100,000	-	100,000
Total operating expenses	<u>3,156,300</u>	<u>3,544,264</u>	<u>(387,964)</u>
Operating income (loss)	<u>(1,530,367)</u>	<u>(1,760,797)</u>	<u>(230,430)</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal sources			
School Breakfast Program	129,782	152,667	22,885
National School Food Program	1,234,585	1,343,347	108,762
Donated commodities	166,000	254,636	88,636
State sources	-	53,796	53,796
Interest	-	4,656	4,656
Total non-operating revenue (expenses)	<u>1,530,367</u>	<u>1,809,102</u>	<u>278,735</u>
Change in net position	-	48,305	48,305
Net position - beginning	<u>1,323,107</u>	<u>1,182,377</u>	<u>(140,730)</u>
Net position - ending	<u>\$ 1,323,107</u>	<u>\$ 1,230,682</u>	<u>\$ (92,425)</u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

Risk Management Fund

This fund accounts for the Health Insurance Fund risk management activities of the District.

FALCON SCHOOL DISTRICT 49
RISK MANAGEMENT - HEALTH INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Premiums & employer contributions	\$ 8,115,300	\$ 6,785,411	\$ (1,329,889)
Refunds & other revenue	80,200	22,949	(57,251)
Total operating revenues	<u>8,195,500</u>	<u>6,808,360</u>	<u>(1,387,140)</u>
OPERATING EXPENSES			
Purchased medical services & supplies	6,747,600	5,363,814	1,383,786
Purchased management services	1,347,500	1,209,889	137,611
Contingency reserve	102,100	-	102,100
Total operating expenses	<u>8,197,200</u>	<u>6,573,703</u>	<u>1,623,497</u>
Operating income (loss)	<u>(1,700)</u>	<u>234,657</u>	<u>236,357</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	<u>1,700</u>	<u>1,190</u>	<u>(510)</u>
Total non-operating revenue (expenses)	<u>1,700</u>	<u>1,190</u>	<u>(510)</u>
Income (loss) before transfers	-	235,847	235,847
Transfers in (out)	<u>-</u>	<u>(236,866)</u>	<u>(236,866)</u>
Change in net position	-	(1,019)	(1,019)
Net position - beginning	<u>1,955,365</u>	<u>1,955,365</u>	<u>-</u>
Net position - ending	<u><u>\$ 1,955,365</u></u>	<u><u>\$ 1,954,346</u></u>	<u><u>\$ (1,019)</u></u>

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary 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 District has the following Fiduciary Funds:

Private-Purpose Trust Fund

Scholarship Fund: This fund is used to record financial transactions where both the principal and revenues earned on that principal may be expended for purposes designated by the trust agreement.

Agency Fund

Pupil Activity Fund: This fund was created to act as custodian for various student groups and activity funds.

**FALCON SCHOOL DISTRICT 49
PRIVATE-PURPOSE TRUST FUND - SCHOLARSHIP FUND
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30,2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Fundraising activities	\$ 200	\$ 27	\$ (173)
Total additions	200	27	(173)
DEDUCTIONS			
Scholarships awarded	7,259	-	7,259
Total deductions	7,259	-	7,259
Change in net position	(7,059)	27	7,086
Net position - beginning	7,059	7,059	-
Net position - ending	\$ -	\$ 7,086	\$ 7,086

See the accompanying independent auditors' report.

FALCON SCHOOL DISTRICT 49
AGENCY FUND - PUPIL ACTIVITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance 06/30/13</u>	<u>Additions/ Revenues</u>	<u>Deletions/ Expenditures</u>	<u>Balance 06/30/14</u>
ASSETS				
Cash and cash equivalents	\$ 1,532,924	\$ 788,882	\$ 2,148,403	\$ 173,403
Due to/from other funds	-	122,031	-	122,031
Total assets	<u>\$ 1,532,924</u>	<u>\$ 910,913</u>	<u>\$ 2,148,403</u>	<u>\$ 295,434</u>
LIABILITIES				
Accounts payable	\$ 123,412	\$ 10,561	\$ 123,412	\$ 10,561
Payable to primary government	504,792	-	504,792	-
Due to student organizations	904,720	900,352	1,520,199	284,873
Total liabilities	<u>\$ 1,532,924</u>	<u>\$ 910,913</u>	<u>\$ 2,148,403</u>	<u>\$ 295,434</u>

See the accompanying independent auditors' report.

FALCON SCHOOL DISTRICT 49
AGENCY FUND - PUPIL ACTIVITY
SCHEDULE OF CHANGES IN DUE TO STUDENT ORGANIZATIONS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
ADDITIONS			
Pupil Activities	\$ 1,298,367	\$ 900,352	\$ (398,015)
DEDUCTIONS			
Pupil Activities	2,211,194	855,010	1,356,184
Transfer to Pupil Activity Fund	-	665,189	(665,189)
Total deductions	2,211,194	1,520,199	690,995
Change in Due to Student Organizations	(912,827)	(619,847)	292,980
Due to student organizations - beginning	912,827	904,720	(8,107)
Due to student organizations - ending	\$ -	\$ 284,873	\$ 284,873

See the accompanying independent auditors' report.

COMPONENT UNITS

**FALCON SCHOOL DISTRICT 49
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014**

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	GOAL Academy	Total
ASSETS						
Cash and cash equivalents	\$ 1,106,105	\$ 1,963,029	\$ 1,521,610	\$ 1,276,900	\$ 2,893,196	\$ 8,760,840
Investments	-	-	12,512,504	-	-	12,512,504
Receivables	3,740	460	25,135	6,420	-	35,755
Prepaid expenses	-	10,119	4,862	-	250,000	264,981
Deposits	-	-	-	-	35,407	35,407
Restricted cash and cash equivalents	668,475	931,358	-	-	-	1,599,833
Capital assets, not being depreciated	569,537	-	14,005,279	-	38,535	14,613,351
Capital assets, net of depreciation	4,553,100	5,469,754	2,561,772	-	2,144,000	14,728,626
Total assets	6,900,957	8,374,720	30,631,162	1,283,320	5,361,138	52,551,297
LIABILITIES						
Accounts payable and other current liabilities	4,894	213,134	90,568	54,374	576,274	939,244
Accrued salaries and benefits	92,406	192,658	159,898	-	-	444,962
Accrued interest	33,539	18,236	731,210	-	-	782,985
Long-term liabilities						
Due within one year	100,000	150,000	-	-	-	250,000
Due in more than one year	5,975,000	7,115,000	27,586,256	-	-	40,676,256
Total liabilities	6,205,839	7,689,028	28,567,932	54,374	576,274	43,093,447
NET POSITION						
Net investment in capital assets	(952,363)	(1,795,246)	(2,462,673)	-	2,182,535	(3,027,747)
Restricted for:						
Emergency reserve - TABOR	77,000	140,300	169,646	165,000	643,000	1,194,946
Repairs and replacement	58,764	201,102	-	-	-	259,866
Debt service	576,228	730,256	3,955,972	-	-	5,262,456
Unrestricted	935,489	1,409,280	400,285	1,063,946	1,959,329	5,768,329
Total net position	\$ 695,118	\$ 685,692	\$ 2,063,230	\$ 1,228,946	\$ 4,784,864	\$ 9,457,850

See the accompanying independent auditors' report.

**FALCON SCHOOL DISTRICT 49
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	GOAL Academy	Total
EXPENSES						
Instruction	\$ 1,430,627	\$ 2,838,752	\$ 3,086,529	\$ 2,477,503	\$ 7,555,724	\$ 17,389,135
Supporting services	421,206	2,176,540	1,966,352	2,605,014	12,397,879	19,566,991
Interest and fiscal charges	532,665	583,159	1,037,716	-	-	2,153,540
Total expenses	2,384,498	5,598,451	6,090,597	5,082,517	19,953,603	39,109,666
PROGRAM REVENUES						
Charges for services	131,367	11,387	317,522	382,506	-	842,782
Operating grants and contributions	4,980	73,789	76,533	59,199	556,218	770,719
Capital grants and contributions	-	62,138	61,262	75,277	2,984,697	3,183,374
Total program revenues	136,347	147,314	455,317	516,982	3,540,915	4,796,875
Net expense (revenue)	(2,248,151)	(5,451,137)	(5,635,280)	(4,565,535)	(16,412,688)	(34,312,791)
GENERAL REVENUES						
Per pupil operating revenue	2,299,461	4,530,444	5,481,417	5,001,459	19,719,214	37,031,995
Investment earnings	8,077	1,699	1,003	-	-	10,779
Miscellaneous	58,419	694,919	9,490	94,565	(1,257,118)	(399,725)
Total general revenues	2,365,957	5,227,062	5,491,910	5,096,024	18,462,096	36,643,049
Change in net position	117,806	(224,075)	(143,370)	530,489	2,049,408	2,330,258
Net position - beginning	577,312	909,767	2,206,600	698,457	2,735,456	7,127,592
Net position - ending	\$ 695,118	\$ 685,692	\$ 2,063,230	\$ 1,228,946	\$ 4,784,864	\$ 9,457,850

NOTES TO COMBINING STATEMENT OF ACTIVITIES

Per pupil operating revenue is comprised of the following:

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	The Imagine Classical Academy	GOAL Academy	Total
Property tax	\$ 341,079	\$ 634,152	\$ 948,778	\$ 627,104	\$ 56,712	\$ 2,607,825
Specific ownership taxes	51,434	95,629	143,074	94,566	8,552	393,255
State equalization	1,906,948	3,800,663	4,389,565	4,279,789	19,653,950	34,030,915
Per pupil operating revenue	\$ 2,299,461	\$ 4,530,444	\$ 5,481,417	\$ 5,001,459	\$ 19,719,214	\$ 37,031,995

See the accompanying independent auditors' report.

COMPLIANCE SECTION

SINGLE AUDIT

FALCON SCHOOL DISTRICT 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<i>Child Nutrition Cluster</i>			
Passed Through Colorado Department of Education			
National School Lunch Program	10.555	4555	\$ 1,343,346
School Breakfast Program	10.553	4553	152,667
Passed Through Colorado Department of Human Services			
National School Lunch Program	10.555	4555	254,636
<i>Total Child Nutrition Cluster</i>			<u>1,750,649</u>
U.S. Department of Defense			
Direct Programs			
Reserve Officer Training Corps (ROTC)	12.XXX	9001	169,563
AIM (Achievement in Math)	12.566	7556	
Impact Aid Supplemental	12.558	9005	213,779
Total Department of Defense			<u>383,342</u>
U.S. Department of Education			
Direct Programs			
Impact Aid	84.041	4041	614,297
Passed Through Colorado Department of Education			
<i>Special Education Cluster</i>			
Special Education: Grants to States IDEA Part B	84.027	4027	2,019,889
Special Education: Preschool Grants	84.173	4173	26,513
<i>Total SPED Cluster</i>			<u>2,046,402</u>
No Child Left Behind, Title I, Part A	84.010	4010	940,019
English Language Learners, Title III, Part A	84.365	4365, 7365	44,639
Quality Teacher, Title II, Part A	84.367	4367	143,446
Passed through Colorado Community College System			
Vocational Education - Carl Perkins	84.048	4048	66,643
Total U.S. Department of Education			<u>3,855,446</u>
Total Federal Awards			<u>\$ 5,989,437</u>

See the accompanying independent auditors' report.

FALCON SCHOOL DISTRICT 49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, which includes the federal grant activity of Falcon School District 49, is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts may differ from amounts presented or used in the preparation of Falcon School District 49's government-wide financial statements for the year ended June 30, 2014.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by X's.

NOTE 3 – SUBRECIPIENTS

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

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
84.041	Impact Aid	\$149,340



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

To the Board of Education
Falcon School District 49

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Falcon School District 49, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Falcon School District 49’s basic financial statements, and have issued our report thereon dated February 20, 2015. Our report includes a reference to other auditors who audited the financial statements of discretely presented component units, as described in our report on Falcon School District 49’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Falcon School District 49’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Falcon School District 49’s internal control. Accordingly, we do not express an opinion on the effectiveness of Falcon School District 49’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2013-001, 2013-002, 2014-001, and 2014-002.

Compliance and Other Matters

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

Falcon School District 49's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Falcon School District 49's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 20, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education
Falcon School District 49

Report on Compliance for Each Major Federal Program

We have audited Falcon School District 49's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Falcon School District 49's major federal programs for the year ended June 30, 2014. Falcon School District 49's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Falcon School District 49's compliance.

Opinion on Each Major Federal Program

In our opinion, Falcon School District 49, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-3. Our opinion on each major federal program is not modified with respect to this matter.

Falcon School District 49's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Falcon School District 49's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hoelting & Company Inc.

Colorado Springs, Colorado
February 20, 2015

**FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs?

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

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes none reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 84.010	Title I, Part A
CFDA 84.041	Impact Aid
CFDA 84.027 and 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? yes no

**FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section II—Financial Statement Findings

2013-001 Bank Reconciliation Procedures

Criteria: General ledger cash balances should be reconciled to bank balances and outstanding items should be routinely updated. Bank reconciliations should be performed in a timely manner to ensure financial records are accurate and complete. Reconciliations should be performed by a knowledgeable staff member independent of the recording function and should be reviewed by management.

Condition: Standard bank reconciliations were not performed during the year, and have not been performed consistently for several years. Rather, district personnel review banking activity by downloading the bank activity into Excel worksheets in lieu of performing a standard bank reconciliation. The complexity of the current process seems to confuse staff and often results in reconciliations not being completed at all. This also results in certain unreconciled differences being written off without sufficient investigation.

Context: This finding was noted during testing of controls over cash accounts.

Effect: Ineffective control over cash.

Cause: Not using the bank reconciliation feature within the accounting system.

Recommendation: Bank reconciliations should be processed within the accounting system within two weeks of the end of each month. Most accounting software programs provide a way to reconcile within the system, which can provide greater control over the reconciliation process by eliminating the opportunity to alter the data actually recorded in the general ledger. Also, this usually saves time performing the reconciliations. We highly recommend the District begin using the bank reconciliation feature of the accounting system.

Management response: Management will consider allocating additional resources to the bank reconciliation function.

2013-002 Segregation of Duties—Journal Entries

Criteria: Segregation of duties should be implemented throughout the accounting department. There should be proper segregation of duties ensuring that no one person has the ability to initiate, authorize and record financial transactions.

Condition: Members of management have the ability to initiate, authorize, and record general journal entries.

Context: This was noted during substantive testing of various general ledger accounts as well as during inquires of employees and management.

Effect: Risk of misstatements due to error or fraud exists under this condition.

Cause: Some control procedures over segregation of duties were not followed. Controls over authorization, initiation and recording have not been properly implemented.

FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section II—Financial Statement Findings (Continued)

Recommendation: Management should implement proper segregation of duties by having different individuals perform authorization, initiation and recording of transactions.

Management response: Management will improve control procedures related to segregation of duties as staff availability allows.

2014-001 Review, Reconciliation, and Closing Procedures

Criteria: In order to provide accurate and timely accounting information, effective review and reconciliation policies and procedures are a critical part of the accounting process. A closing process should be in place that requires all balance sheet accounts in each fund be reconciled to supporting schedules.

Condition: Financial information for the Food Service, Transportation, and Agency funds included errors in certain balance sheet accounts that were the result of ineffective monitoring and closing processes throughout the year. Specific issues related to ineffective and inappropriate bank reconciliation procedures and audit adjustments from the 2013 audit not being posted to the general ledger. If year end financial data is correctly transmitted under Colorado Department of Education (CDE) guidelines, such errors would be found prior to closing the year. These errors caused misstatements on both the balance sheet and statement of revenues, expenditures, and changes in fund balance for these three funds.

Context: This finding was noted during substantive testing of balance sheet and revenue balances in the Food Service, Transportation, and Agency funds.

Effect: Misstated cash, accounts receivable, and revenue balances in the Food Service, Transportation, and Agency funds.

Cause: Lack of education, experience, and training in this area and a lack of review by a management level employee of the work performed on these funds.

Recommendation: First, we recommend that personnel responsible for the Food Service, Transportation, and Agency funds accounting improve and/or acquire different skills concerning the complexities of accounting, year-end closing procedures, and the preparation of supporting schedules for balances recorded in the general ledger at year-end. Second, we recommend that a closing process be implemented that requires all of the balance sheet accounts be reconciled to supporting statements and subsidiary ledgers. Third, we recommend that a management level employee perform a thorough and detailed review of the financial statements, and supporting schedules on a monthly basis and at year end. Finally, we recommend that year end financial transmission guidelines to CDE be followed to insure the integrity of the final financial amounts.

Management response: Management will allocate additional resources to staff training and implement procedures that provide for improved closing processes and more thorough review of financial statements and supporting schedules.

FALCON SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section II—Financial Statement Findings (Continued)

2014-002 Recording non-cash transactions

Criteria: Non-cash transactions that are not processed through the District's operating account must be recorded in the financial statements.

Condition: A bond refunding occurring during the year was not recorded in the general ledger.

Context: This finding was noted during review of debt service payments and through inquiries of management and accounting personnel.

Effect: Other financing sources and uses of funds were understated in the Bond Redemption Fund.

Cause: Control procedures related to non-cash transactions are not in place.

Recommendation: Management should implement procedures related to the communication of non-cash transactions to the finance department.

Management response: Management is in the process of implementing procedures to ensure that non-cash transactions are properly recorded.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**FALCON SCHOOL DISTRICT 49
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Falcon School District 49 Schedule of Findings and Questioned Costs for the year ended June 30, 2013. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2014 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2013-3	84.010	Title I, Part A	Documentation of Employee Time and Effort	Corrective Action Taken

STATE COMPLIANCE



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

To the Board of Education
Falcon School District 49

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Falcon School District 49, as of and for the year ended June 30, 2014, which collectively comprise Falcon School District 49's basic financial statements, and our report thereon dated February 20, 2015, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents. Other auditors audited the financial statements of Pikes Peak School of Expeditionary Learning and Imagine Charter School at Indigo Ranch, as described in our report on the District's financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Falcon School District 49's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 20, 2015



Colorado Department of Education
Auditors Integrity Report
 District: 1110 - FALCON 49
 Fiscal Year 2013-14
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	25,265,379	92,116,109	91,911,434	25,470,053
18 Risk Mgmt Sub-Fund of General Fund	218,607	729,640	664,349	283,898
19 Colorado Preschool Program Fund	56,258	391,843	355,458	92,644
Sub- Total	25,540,245	93,237,591	92,931,241	25,846,596
11 Charter School Fund	7,248,207	40,666,038	39,711,842	8,202,403
20,26-29 Special Revenue Fund	0	362,945	362,945	0
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	4,166,460	4,166,460	0
23 Pupil Activity Special Revenue Fund	0	2,616,743	1,823,990	792,753
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	1,028,803	1,028,803	0
31 Bond Redemption Fund	13,790,896	11,058,984	10,208,867	14,641,013
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	393,797	59,827	341,042	112,581
Totals	46,973,145	153,197,390	150,575,190	49,595,345
Proprietary				
51 Food Service Fund	1,182,378	3,592,569	3,544,264	1,230,682
50 Other Enterprise Funds	-332,636	1,314,840	2,153,541	-1,171,336
64 (63) Risk-Related Activity Fund	1,955,365	1,961,573	1,962,591	1,954,346
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	2,805,106	6,868,982	7,660,396	2,013,692
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	7,059	27	0	7,086
74 Pupil Activity Agency Fund	975,997	284,688	899,745	360,940
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	983,056	284,715	899,745	368,026

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.

