

THOMPSON SCHOOL DISTRICT R2-J



Comprehensive Annual Financial Report
Fiscal Year Ending
June 30, 2019
www.thompsonschoools.org

THOMPSON SCHOOL DISTRICT R2-J

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2019

Prepared by the
Financial Services Department

Chief Financial Officer
Gordon L. Jones

Director of Finance
Rusty Williams

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

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INTRODUCTORY SECTION

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- ASBO Certificate of Achievement
- District Organizational Chart
- Listing of Board of Education Members
- Listing of Key Officials



Business Services Department

800 South Taft Avenue • Loveland, CO 80537 • Office (970) 613-5051 • Fax (970) 613-5085

December 5, 2019

**Board of Education and Citizens
Thompson School District R2-J:**

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Thompson School District R2-J (District) for the year ended June 30, 2019.

State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Thompson School District R2-J for the fiscal year ended June 30, 2019.

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

The District's financial statements have been audited by Hinkle & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District’s separately issued Single Audit Report.

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

Profile of the Government

The Thompson School District is the 17th largest school district in Colorado based on Funded Pupil Count (FPC), encompassing approximately 362 square miles in northern Colorado. The District includes the complete cities of Loveland and Berthoud and parts of city boundaries of Fort Collins, Windsor and Johnstown as well as parts of Larimer, Weld and Boulder counties.

Serving students pre-K through 12th grade, for FY2019 the district operated 14 early childhood centers, 20 elementary schools, 5 middle schools, 1 K-8 school, 5 high schools and 2 charter schools. Based on changing attendance patterns the Board of Education elected to close 2 of the 20 elementary schools at the end of the 2018-19 school year. These buildings will be repurposed to a career and technical education (CTE) center and a dedicated district early childhood center. The District owned facilities range in age from 3 to 103 years old, with the average facility age being approximately 44 years. Funded Pupil Count for the 2018-19 school year was 15,194.5 students, which was a 0.2% decrease from the prior year.

District schools offer a number of educational options including: International Baccalaureate (IB) and pre-IB programs; Advanced Placement (AP) programs; Science, Technology, Engineering, Art & Mathematics (STEAM) focus; concurrent enrollment for college credit; Thompson online; Leader in Me program; Loveland area Integrated School of the Arts (LISA); gifted and talented; dual language immersion; and personalized learning opportunities. Also available is support to parents who choose to educate their children at home or outside a public school setting but still have a bricks and mortar option available on a limited basis through the Loveland/Berthoud Enrichment Access Program (LEAP) program.

The District is the reporting entity for financial reporting purposes and is not included in any other governmental reporting entity. The financial statements of the District include all funds that are controlled by the publicly elected Board of Education. These include the Major Governmental Funds of General, Bond Redemption (debt service), and Building, as well as Nonmajor Governmental Funds of Nutrition Services, Designated Purpose Grants, Land Reserve, Fee Supported, and Capital Projects. The Board of Education adopts the budget for each of these Governmental Funds, authorizes expenditures, selects the superintendent, sets policy regarding operations, and is primarily accountable for fiscal matters. The District’s Board is also empowered to levy a property tax on both real and personal properties located within its statutory boundaries.

The annual budget serves as the foundation of the District’s financial planning and control. The District maintains extensive budgetary controls to ensure compliance with legal requirements, Board of Education policies and District administration guidelines. The legal level of budgetary

control is the fund level. The District's budget must be adopted by June 30 prior to the budget year, but may be revised for any reason no later than January 31 of the current budget year. Budgets are developed and monitored for compensation and benefit costs, utilities, instructional supplies and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

Staffing levels are authorized for each site and are tracked to insure usage within budgeted limits. On-line budget inquiry access is continuously provided to each site's administrative staff via the District accounting software to allow monitoring of their discretionary budgets.

Budgetary control is also maintained through the use of an encumbrance (purchase order) accounting system. Encumbrances outstanding at year-end lapse, but may be re-appropriated as part of the following year's budget. Unspent discretionary budgets at year-end may also be reappropriated for each school or department in the following budget year, thereby fostering responsible spending and allowing site management to develop longer range spending plans. Schools' discretionary budgets also include a share of revenues generated from building rental of that school. Under state law, the District is required to involve each employee group, the Board of Education, and the District Accountability Committee in the budget development process.

Component units of the District as reported in this document include the two District charter schools. The charter schools' revenues from per pupil funding are included in District revenues and the transfer of those monies to the charter schools are considered District expenditures, even while the charter schools are separate entities under the control and direction of their own respective governing boards. The District Board maintains oversight responsibility. The Thompson Education Foundation is also a component unit reported here. Its funding is independent of the district with expenditures directed by its board to support education initiatives within the District.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the District operates.

Local Economy. Economic conditions in Northern Colorado continue to be among the strongest in the state and the nation as business leaders remain positive about the state economy. The unemployment rate in the area continues to remain below the historical average, which can place pressure on being able to sufficiently hire for some positions, most notably bus drivers, nutrition services workers and hard to fill professional positions. The District remains the largest employer in Loveland and Berthoud.

There is optimism for continued growth in employment, construction activity and retail sales within the District boundaries. The fluctuation in the price of oil has led to ebbs and flows in property assessed valuations and oil-related employment in some neighboring counties but the District boundaries lie primarily within Larimer County which has not been affected as much by that category. Overall net assessed valuation in the District increased 3.1% in 2018-19.

Due to continued population growth in the area and the lack of availability of attainable housing, residential construction continues to be active, especially in the north, south and east parts of the District. The State Demography Office currently forecasts Larimer and Weld counties to remain as two of the fastest growing areas in both the state and the country.

Local retail sales opportunities remain poised for growth into the future. The intersection of Interstate 25 & US Highway 34, which is located within the District, continues to be an area of recent and planned significant growth and considerable future promise for the region. Assessed valuations of real property in the District, from both existing and new construction, have steadily increased (+40.5%) over the previous five years from 2015 to 2019.

State Funding. General Fund revenues for public schools in Colorado are largely determined by the School Finance Act of 1994 (SFA). Revenues from that funding source will normally not fluctuate significantly with stable enrollment such as the District has experienced in recent years and can reasonably expect into the near future.

School districts are also subject to the provisions of Article X, Section 20 of the State Constitution called the TABOR Amendment (Taxpayers Bill of Rights), which limits increases in governmental revenues, taxes and spending. Under the TABOR Amendment, school districts' annual increases to revenues or spending over the prior year are limited to the combined increase in student enrollment and inflation (measured by Denver/Boulder consumer price index). These limits apply to the combined funds of the District except those specifically excluded within the law, such as voter approved bond issues and mill levy override increases. In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective for the fiscal year ended June 30, 2000 and beyond.

In November 2000, Colorado voters approved an amendment to the State Constitution intended to establish minimum funding levels for public schools for 2001-2002 through 2010-2011. Known as Amendment 23, this mandate established a state level financial reserve (State Education Fund) intended to pay for K-12 funding growth of inflation plus 1% annually for the 10 year time period.

Beginning in 2008-2009, however, a significant state and national economic downturn negatively impacted state budget revenues and local property values, both of which fund the School Finance Act (SFA). As a result the state legislature introduced the "negative factor" (now referred to as the "budget stabilization factor") into the school finance formula which has underfunded the called for Amendment 23 SFA formula for eleven years through 2018-19. For the District, the negative factor/budget stabilization factor or related rescissions, suppressed District SFA revenues by an average of \$14.1 M per year (cumulative impact of \$126.7 M through 2018-19).

Fiscal 2019-20 projects an increase to Per Pupil Revenue (PPR) from \$7,714 to \$8,050 while still withholding \$9.5 M from the District via the budget stabilization factor. Though economic conditions and assessed valuations have remained strong in recent years, school finance in Colorado is still searching for a sustainable long term solution to more adequate funding while at the same time continuing to shift more of the financial burden to the local district level via mill levy overrides if approved by voters in the respective districts.

The Governor's office has presented the proposed State Budget which will be used to begin budget discussions with legislators for the 2020 Legislative Session. This preliminary budget anticipates an inflation rate of 1.7% and would decrease the budget stabilization factor by \$40.0 M statewide to a total of approximately \$532.4 M, with the District's share for the 2020-21 year estimated to be \$8.8 M less in funding than called for in the SFA formula. It is expected that the annual gap in funding will remain absent any structural change to the State's budget and how PK-12 education is funded. In the November 2019 election, Proposition CC was proposed asking voters to forego anticipated TABOR revenue refunds to taxpayers and instead appropriate those funds evenly between PK-12 education, higher education and transportation. This initiative was defeated by voters. The outlook for school funding in Colorado remains cautionary.

Public Employee's Retirement Association (PERA). In addition to revenue challenges at the state level, PERA of Colorado (the pension plan that covers all District employees) is underfunded. In an effort to increase pension plan funding levels in relation to actuarial calculations legislation was passed in the 2018 session to help address this issue. After much debate and adjustments, legislation (SB18-200) was adopted that increases employee contributions by an additional 2.0% and employer contributions by 0.25%, effective July 1, 2019, along with other plan design changes, in exchange for a direct contribution of \$225.0 M from the State of Colorado to PERA. These changes are intended to help put PERA on a more sustainable trajectory. Monitoring the performance of PERA and the progress of these initiatives will continue to be a key item in future District budget development discussions.

District Response to State Funding Cuts

Over the last several years school finance funding first declined, and then rebounded in part. For 2019-20, preliminary total program dollars still fall \$572.4 M (or 7.5%) below statutory formula levels for all districts in the state without allowing for the negative/budget stabilization factor. For the District that shortfall is nearly \$9.5 M for 2019-20.

Through this uncertainty and resource shortage District leadership has taken a balanced approach in responding to these fluctuations. The District has balanced expenditure control, covering unfunded federal and state mandates, and other reduction measures with student and organization needs and appropriate and measured use of General Fund reserves.

Licensed staff count is still below levels of 2009-10 even while the District serves more students. Reductions of all expenditure types have been analyzed and implemented where doing so was prudent. On some occasions resources were redirected toward areas of greater need or as mandated. Where there have been needs requiring more resources those needs have been met. Use of 1-time monies has been done thoughtfully and carefully.

In addition to expense reductions and prudent use of reserves, the District requested authorization from local taxpayers for increased local funding through the approval of a mill levy override (MLO) designed to mitigate on a longer term basis the impact of state funding cuts. Voters approved that request on the ballot of November 2018 (\$13.8 M). Fiscal year 2018-19 marked the first year of collections from this local support and allowed the District to balance the annual General Fund operating results while maintaining employment and current class-size ratios, providing needed updates to curriculum and technology and expanding safety and security in schools.

As a result of the voter approved 2018 MLO, 2018-19 was the first time since 2012-13 that the General Fund reflected an increase to year end fund balance. The District's current level of General Fund reserves can still provide 1-time support for some warranted student programming needs. Ultimately the District will need to see a sufficient combination of state funding rebound, continued local support, maintenance of recent increases in assessed valuation and ongoing scrutiny of requested expenditures to maintain a sound financial position.

Cash Management Policies and Practices

The District's policy is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the District and conforming to all federal, state, and local statutes governing the investment of public funds. Accordingly, temporarily idle cash is invested during the year in the Colorado Local Government Liquid Asset Trust (ColoTrust), a "AAAm" rated investment pool.

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 41.1% of its School Finance Act revenues. Those property tax revenues are collected primarily during the latter half of the fiscal year. Fiscal year 2017-18 marked the first time in District history that it has participated in the state's interest-free loan program to meet temporary cash flow obligations until funds from local property tax collections are received. As a matter of prudence the District has applied with the state to be a participant in the loan program again in 2019-20.

Awards and Acknowledgements

The Government Finance Officers Association's (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the thirty-first time the District had received this prestigious award and the twenty-third consecutive year. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the twenty-second consecutive year that the District has received this award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. It is believed that the current CAFR continues to meet the Certificate of Achievement Programs' requirements and the document will be submitted to the GFOA and ASBO to determine its eligibility for another certificate.

The preparation and completion of this report could not have been accomplished without the direct and indirect contributions of the entire Financial Services Staff. Appreciation and recognition is also extended to our independent audit firm, Hinkle & Company, PC, and its professional audit staff for all the assistance and advice provided during the year.

We would also like to thank the Board of Education for their continued support for maintaining the highest standards and professionalism in the management of the District's finances.

Respectfully submitted,



Dr. Marc Schaffer
Superintendent of Schools



Gordon L. Jones
Chief Financial Officer



Rusty Williams
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Thompson R2-J School District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Thompson School District R2-J

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

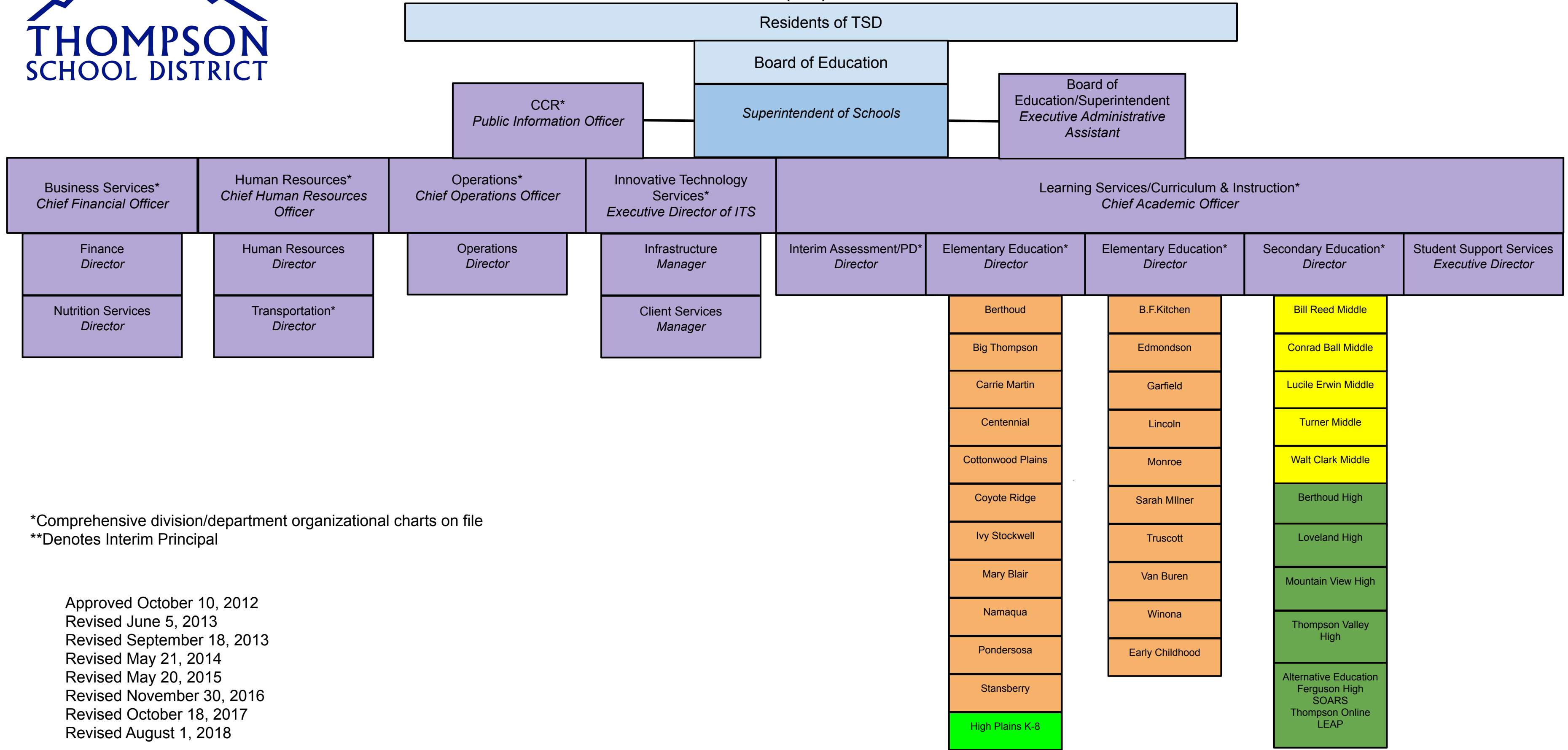
Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



**2018-19
THOMPSON SCHOOL DISTRICT (TSD) R2-J ORGANIZATIONAL CHART**



*Comprehensive division/department organizational charts on file

**Denotes Interim Principal

Approved October 10, 2012
 Revised June 5, 2013
 Revised September 18, 2013
 Revised May 21, 2014
 Revised May 20, 2015
 Revised November 30, 2016
 Revised October 18, 2017
 Revised August 1, 2018

Board of Education

Lori Hvizda Ward, President	Term Expires 2021
Pam Howard, Vice-President	Term Expires 2019
Jeff Swanty, Secretary	Term Expires 2019
Paul Bankes	Term Expires 2021
Barbara Kruse	Term Expires 2021
Dave Levy	Term Expires 2019
Marc Seter	Term Expires 2019

Superintendent's Executive Staff

Dr. Marc Schaffer	Superintendent
Dr. Bill Siebers	Chief Human Resources
Dawne Huckaby	Chief Academic Officer
Gordon Jones	Chief Financial Officer
Todd Piccone	Chief Operating Officer
Michael Hausmann	Public Information Officer
Dr. Matt Kuhn	Executive Director of IT
Wendy Kryah	Executive Assistant Supt/BOE

FINANCIAL SECTION

The Financial section may be viewed as a “reporting pyramid.” The financial statements and *schedules are presented only as far down the reporting pyramid (in terms of increasing levels of detail)* as necessary to (1) report fairly financial position and operating results; (2) demonstrate legal compliance; and (3) assure adequate disclosure.

The levels of the pyramid are:

Financial Section

Independent Auditors’ Report:

This is the opinion of the Independent Certified Public Accountants, Hinkle & Company, PC, on the information in the financial section. This audit is to determine that information is fairly presented, complete and in conformance with accounting principles generally accepted in the United States of America (US GAAP).

Management’s Discussion and Analysis:

The Management’s Discussion and Analysis provides a narrative introduction, overview, and analysis of the basic financial statements.

Basic Financial Statements

These statements provide an overview of the financial position of the District as a whole, focusing on major funds instead of fund types and groups. They also serve as an introduction to the more detailed statements and schedules that follow. The notes to the financial statements are an integral part of the basic financial statements and contain the “Summary of Significant Accounting Policies” and other notes necessary for adequate disclosure.

Required Supplemental Information

These statements include budgetary data for the General Fund and Major Special Revenue Funds and other required information for the District’s pension plan.

Combining and Individual Fund Statements

These statements and schedules present information on the individual funds where (a) there is only one fund of a specific type or (b) sufficient detail to assure adequate disclosure is not presented in the basic statements. These statements and schedules are also used to present certain budgetary data.



Independent Auditors' Report

Board of Education
Thompson School District R2-J
Loveland, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J, 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 the New Vision Charter School and Loveland Classical Schools, which represent 97 percent and 94 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School and Loveland Classical Schools, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in the year ended June 30, 2019, the Thompson School District R2-J adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, auditor's integrity report, and continuing disclosure section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the auditor's integrity report 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical, and continuing disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, on our consideration of the Thompson School District R2-J'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 the Thompson School District R2-J's internal control over financial reporting and compliance.

Hick & Company, PC

Greenwood Village, Colorado
December 5, 2019



Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

As management of the Thompson School District R2-J, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and financial statements, which immediately follow this section.

Financial Highlights

Summary financial highlights for 2019 are as follows:

- The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer cost-sharing, defined benefit pension plan as of June 30, 2015. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution decisions made by PERA. This new reporting requirement became effective in the 2014-15 fiscal year. The beginning net position of governmental activities reflects this relatively new reporting requirement. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, resulting in a net pension liability of \$276.5 million at June 30, 2019 (versus \$583.3 million at the end of the prior year), representing the District's proportionate share of the plan's net pension liability.
- The District's government-wide net position improved \$47.4 million during the fiscal year ended June 30, 2019, to a deficit of \$304.8 million, which represents an increase of 13.5% from the prior year. The year-over-year improvement in net position was largely due to the net effect of improvement in cash and investments (proceeds from sale of bond issuance) and decrease in liabilities (lower pension liability), offset somewhat by less deferred outflows and higher deferred inflows associated with reporting requirements of the proportionate share of PERA's unfunded liability as called for in GASB Statement No. 68 and GASB Statement No. 75. If the District's proportionate share of the PERA net pension liability was removed, the net position would reflect a negative position of approximately \$28.3 million. Total revenue growth of \$29.9 million (17.9%), combined with expense decreases of \$121.8 million (44.8%) yielded the \$47.4 million improvement in net position versus the prior year's decrease in net position of \$104.3 million. Legislative action in the 2018 session (SB18-200) provided additional funding to the Public Employees' Retirement Association (PERA). This action was intended to eliminate the unfunded liability of the plan. The District continues to monitor the situation regarding

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

PERA to ensure correct and reasonable reflection of its financial position and targeted and balanced use of available resources within its control.

- Government-wide revenue improvements of \$29.9 million versus the prior year came predominantly from revenue associated with the 2018 voter approved mill levy override (\$13.8 million), increase in bond redemption proceeds associated with debt service on the Series 2019 bond issuance (\$7.7 million), School Finance Act funding from local property taxes and state equalization (\$2.8 million), interest earnings on cash deposits from bond proceeds on hand (\$2.2 million) and higher specific ownership tax collections (\$1.1 million). Revenue across all measured categories increased from 2017-18 to 2018-19.
- Government-wide expenses decreased by \$121.8 million versus the prior year almost exclusively as a result of the significant decrease in the District's proportionate share of the PERA net pension liability. Offsetting some of the net position improvement, the District continued to make investments in the following areas: curriculum, information technology infrastructure and devices, safety and security systems and school resource officers, social/emotional needs staffing, and compensation in response to market pressures. Inflationary increases occurred across a variety of other expenditure categories, most notably in utility costs and student transportation costs associated with Special Education in order to continue to meet Federal requirements. Monthly health, dental and life insurance premiums paid by the District for eligible employees actually saw a reduction of approximately 2.38%.
- Total assets of the District increased by \$186.2 million as compared to the prior year. The change is almost entirely related to an increase in Cash and Investments of \$190.1 million associated with proceeds from the sale of voter authorized bonds in January 2019 and the related investment earnings on those proceeds, offset somewhat by a decrease in capital assets as a result of continuing annual depreciation (\$6.3 million).

Overview of the Financial Statements

The annual report consists of six parts.

1. Introduction - including pertinent organization profile information.
2. Management's Discussion & Analysis - including analysis of current year results and recent trends.
3. Basic Financial Statements - including government-wide and fund specific financial statements with associated Notes to the Financial Statements.
4. Supplementary Information - including Budget to Actual comparisons.
5. Statistical - providing broader relevant contextual information.
6. Electronic Municipal Market Access (EMMA) – continuing disclosure statements regarding District tax exempt bonds.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

The *basic financial statements* include two different kinds of statements that present different views of the District.

1. Government-wide financial statements
2. Fund specific financial statements

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

1. The *statement of net position* includes all of the District's assets and liabilities as well as all deferred inflows and outflows.
2. The *statement of activities* reports all of the current year's revenues and expenses regardless of when cash is received or paid.

Both government-wide statements report *net position* and how it has changed. Net position – the difference between the District's assets plus deferred outflows of resources less the District's liabilities plus deferred inflows of resources – is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, keeping in mind that this net position includes the District's proportionate share of the PERA pension liability for which it has no means of control. To assess the District's overall health one needs to consider additional non-financial factors such as enrollment trends, changes in the District's property tax base, age of curriculum and the condition of school buildings and other facilities.

The District's activities are reported in the government-wide financial statements. Most of the District's basic services are included here such as instruction, maintenance and operations, pupil transportation, nutrition services, and administration.

Fund Specific Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

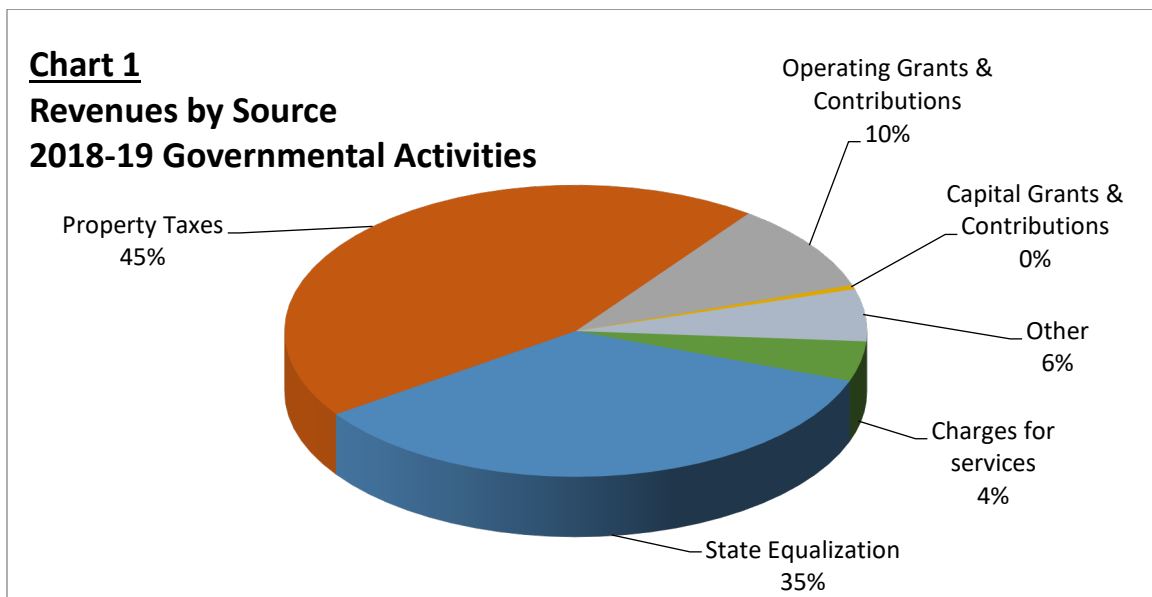
Some funds are required by state law and by bond covenants. The District establishes other funds to monitor, control and manage money for particular purposes (such as repaying long-term debt) or to show that it is properly using certain revenues (such as federal grants). The District's funds are divided into two categories: governmental funds and fiduciary funds.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

1. **Governmental Funds:** Most of the District's basic services are included in governmental funds which generally focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year end are available for spending. These include the general, bond redemption, building, nutrition services, federal and state grants, land reserve, fee supported programs and capital projects funds. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciling schedule follows the governmental funds statements to help explain the relationship (or differences) between them.
2. **Fiduciary Funds:** The District is an agent, or fiduciary, for assets that belong to others such as the education memorial and student activities funds. The District is responsible for ensuring that those to whom the assets belong use them only for their intended purposes. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Analysis of Government-wide Financial Statements

Property taxes, state equalization, and operating grants & contributions are the District's primary revenue sources overall as shown in Chart 1 below. These three categories comprise 90% of the revenues received by the District. This distribution remains unchanged from the prior year.



Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

Chart 2 below presents the District's expenditures by major categories with direct instruction, and pupil and instructional support type expenditures receiving the greatest emphasis, as expected.

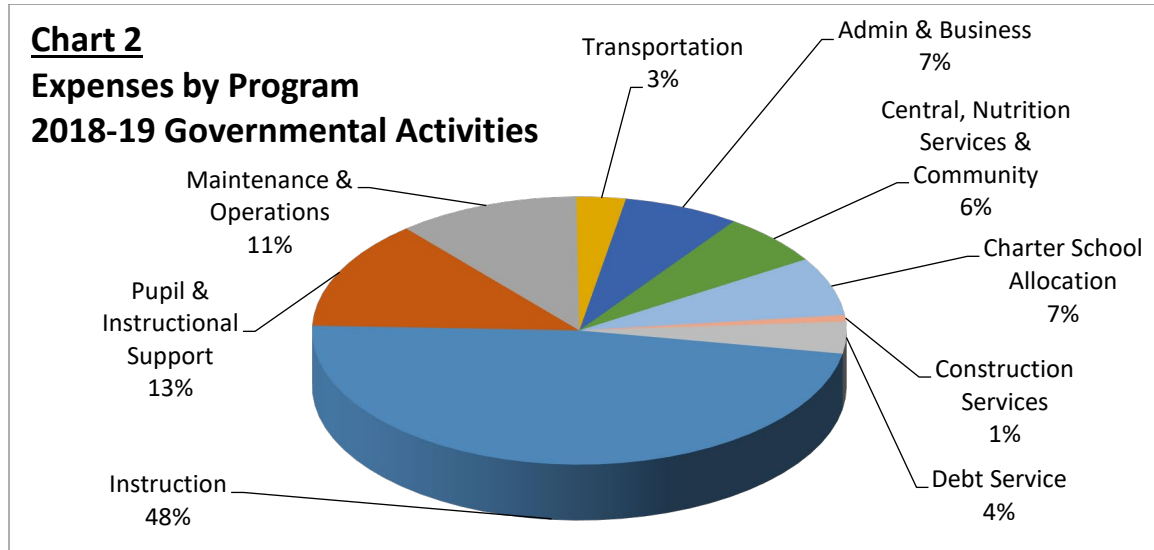


Chart 1 – Revenues by Source: 2018-19 Governmental Activities

- In fiscal 2018-19 the state supplied 58.4% of School Finance Act (SFA) funding for the District through equalization. Local property and specific ownership (SO) taxes comprised the remaining 41.6% of SFA revenue. State equalization monies are approximately 34.8% of the District's total Governmental Activities revenues. Beginning in 2009-10, state revenues were impacted by the recession. This resulted in creation of the state budget balancing mechanism known as the Budget Stabilization Factor (formerly Negative Factor) which decreases the constitutional formula funding from the state.
- The District collects property taxes through three different mill levy overrides which were approved by voters in 1999, 2006 and 2018. These funds are used to support specified General Fund services and an additional mill levy is used to fund the annual principal and interest payments of the District's bonded debt. Collectively property taxes (local SFA, mill levy override and debt service) are 44.7% of total governmental activities revenues.
- 10.3% of District revenues came from operating/capital grants and contributions in 2018-19. Most significant are grants for the Federal Individuals with Disabilities Education Act (IDEA), Title and Head Start programs.
- The District collects 4.4% of total revenues via fees for supplemental services or programs such as full-day kindergarten (prior to 2019-20), certain elective classes, and rental of district facilities. An additional 5.8% of other revenues are from specific ownership taxes, payments-in-lieu-of (PILO) land dedication from developers and investment earnings.

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Chart 2 – Expenses by Program: 2018-19 Governmental Activities

- Classroom teacher salaries & benefits, curriculum, textbooks and instructional supplies and materials are the foundation of student instruction. At 47.8% of the total, these costs comprise the largest category of expenditures for the organization.
- The District spends another 13.2% for expenditures in direct support of students and the staff that instruct them. This category includes activities designed to assess and improve the well-being of students and to supplement the teaching process. Examples include counselors and instructional coaches.
- Maintenance and operation costs for all school sites and other district properties are 11.0% of expenditures. This includes activities concerned with keeping the physical plant, grounds, buildings and equipment open, functioning, comfortable and safe for use. Utility costs, maintenance, repairs and safety are included in this category.
- Administration and business expenditures (7.0% of total) are primarily the school building principals, assistant principals, school secretaries and their related expenditures. It also includes the superintendent, Board of Education and staff and related expenditures to manage and oversee financial operations of the organization.
- 100% of per pupil revenues derived from students enrolled in District charter schools is categorized as expenditures and flow to the charters on a monthly basis at the same time the funds are received. Also included is incremental funding provided to the charter schools authorized by the District. In addition, the sharing of any mill levy override revenue with charters is included in this category. These allocations to charter schools comprise approximately 7.1% of total governmental activities spending for 2018-19.
- Interest on long term debt increased in 2018-19 versus 2017-18 due primarily to payments required on the voter approved bonded debt that was issued in January 2019. This expenditure makes up 3.8% of total expenses.

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**Table 1
Condensed Statement of Net Position
in millions**

	Governmental Activities		Total Percentage Change
	2019	2018	2018-2019
Assets			
Current & Other Assets	\$ 251.636	\$ 59.151	325.4%
Capital Assets	144.075	150.372	-4.2%
Total Assets	395.711	209.523	88.9%
Deferred Outflows of Resources			
Pensions, Net of Accumulated Amortization	87.283	170.615	-48.8%
OPEB, Net of Accumulated Amortization	0.835	0.642	
Loss on Refunding, Net of Accumulated Amortization	5.574	6.545	-14.8%
Total Deferred Outflows of Resources	93.692	177.802	-47.3%
Liabilities			
Other Liabilities	21.827	16.214	34.6%
Long-Term Liabilities	266.054	100.037	166.0%
Net Pension Liability	276.523	583.294	-52.6%
Net OPEB Liability	13.810	13.320	
Total Liabilities	578.214	712.865	-18.9%
Deferred Inflows of Resources			
Pensions, Net of Accumulated Amortization	215.873	26.458	715.9%
OPEB, Net of Accumulated Amortization	0.128	0.223	
Total Deferred Inflows of Resources	216.001	26.681	709.6%
Net Position			
Net Investment in			
Capital Assets	(112.692)	62.016	-281.7%
Restricted	32.343	25.204	28.3%
Unrestricted	(224.463)	(439.441)	-48.9%
Total Net Position	\$ (304.812)	\$ (352.221)	-13.5%

The condensed Statement of Net Position (Table 1) is supported by the following analysis:

- Total current & other assets shown above increased \$192.5 million in 2018-19 as compared to the prior year. This increase is primarily due to an increase of \$190.1 million as a result of proceeds from principal, premium and investment earnings associated with the sale of bonds in January 2019.

**Thompson School District R2-J
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- Total capital assets, shown net of depreciation, decreased by \$6.3 million reflecting annual depreciation (\$7.6 million) and net new investment over deletions for the year (\$1.3 million) primarily associated with bond projects construction in progress (\$1.2 million).
- Total liabilities decreased \$134.7 million, primarily due to a decrease in the District's proportionate share of PERA's unfunded pension liability (\$306.8 million), offset somewhat by an increase of \$166.0 million associated with future principal and interest payments on the District's long-term general obligation and certificates of participation debt. Also adding to the variance was an increase in accounts payable (\$4.4 million) in FY19.

**Table 2
Changes in Net Position from Operating Results
in millions**

	Governmental Activities	
	2019	2018
Revenues		
Program revenues		
Charges for services	\$ 8.745	\$ 7.320
Operating Grants & Contributions	19.296	18.801
Capital Grants & Contributions	0.926	0.921
General revenues		
Property taxes	88.397	65.699
State revenue	68.759	67.123
Other	11.374	7.716
Total Revenues	197.497	167.580
Expenses		
Instruction	71.730	149.038
Pupil & Instructional Support	19.823	40.891
Administration & Business	10.548	22.470
Maintenance & Operations	16.574	19.200
Transportation	4.471	9.025
Central Support	4.139	8.855
Nutrition Service	4.361	7.194
Community Services	0.893	1.514
Facilities Acquisition and Construction Services	1.170	0.115
Interest on Long Term Debt	5.771	3.716
Charter School Allocation	10.609	9.833
Total Expenses	150.089	271.851
Increase (decrease) in Net Position	47.408	(104.271)
Net Position - July 1	(352.220)	(247.950)
Net Position - June 30	\$ (304.812)	\$ (352.221)

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

The condensed Changes in Net Position from Operating Results (Table 2) are supported by the following additional analysis:

- Governmental activities revenues increased by approximately \$29.9 million. This increase was primarily from higher mill levy override collections (\$13.8 million) due to the passage of the 2018 mill levy override by voters, additional collection of bond redemption mill revenue to service the debt on the Series 2019 bonds approved by voters (\$7.7 million), collections for School Finance Act property and specific ownership taxes (\$3.9 million) and investment earnings on bond proceeds (\$2.2 million).
- Expenses in total decreased by \$121.8 million versus the prior year primarily related to the accounting only entries to record the District's proportionate share of PERA's unfunded pension and health insurance liabilities. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution. There were also investments made in the following areas which increased expenditures of the District, thus partially offsetting some of the expenditure reduction from recording the lower PERA unfunded liability: curriculum, information technology infrastructure, student and staff technology equipment, safety and security systems, funding of additional school resource officers, staffing of additional social/emotional assistance positions, and compensation increases in response to market pressures in the immediate area. Monthly health, dental and life insurance premiums paid by the District for eligible employees actually saw a reduction of approximately 2.4%. Inflationary increases occurred across a variety of other expenditure categories, most notably in utility costs and student transportation costs associated with Special Education in order to continue to meet Federal requirements. These increases partially offset expenditure savings previously mentioned.
- Increased District charter school enrollments and a higher per pupil revenue allocation from the state resulted in increased charter school allocations of \$0.8 million over the previous year.

Analysis of Fund Financial Statements

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements. The focus of 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. These funds are accounted for using the modified accrual basis of accounting.

Governmental Funds

FY 2019 financial results show governmental fund balances, in total, having increased approximately \$186.0 million, from \$42.0 million to \$228.0 million at the fiscal year-end.

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- The General Fund reserve balance increased \$5.7 million in 2018-19, primarily as a result of \$13.8 million in additional revenue provided by the voter approved 2019 mill levy override (MLO). Strategic investments of those funds, as well as other revenue sources were made in the following areas: curriculum and other instructional materials, technology additions in both infrastructure and individual devices, expansion of the school resource officer program, additional staffing and focus on social/emotional support, compensation in response to market conditions in the northern Colorado area to attract and retain quality employees, literacy support, and facility maintenance. Inflationary increases included legislatively mandated PERA contributions, higher risk management insurance premiums and greater costs associated with transportation of special education students. Charter school allocations were also \$0.8 million higher over the prior year.
- The Bond Redemption Fund balance increased by \$5.3 million. This is primarily a result of additional revenue collections associated with servicing the debt on the Series 2019 bonds that were approved by voters in November 2018 and issued in January 2019. Any other movement in fund balance is a function of normal adherence to the existing debt service schedules and property tax collections for the next year.
- There was no activity or projects in the Building Fund in 2017-18 and thus, no beginning of year fund balance. The end of year fund balance of \$173.0 million is a result of revenue from bond principal (\$149.0 million) and premium (\$28.6 million) associated with the sale of Series 2019 bonds in January and investment earnings (\$1.9 million) on those proceeds. Slightly offsetting that revenue were expenditures of \$6.5 million for bond projects that were completed during the last six months of the fiscal year and costs of issuance associated with the sale of bonds.
- Grants Fund reserves grew \$0.5 million to \$4.6 million. The largest remaining balances are Medicaid reimbursement (\$3.4 million), READ Act (\$0.2 million), ELPA Professional Development (\$0.2 million), School Safety (\$0.2 million), and School Bullying and Prevention (\$0.1 million) with the remaining balance comprised of nominal balances from State and local grants.
- The Land Reserve fund balance increased by \$1.5 million for the year to an ending balance of \$4.3 million. The increase is due to the collection of payments in lieu of (PILO) land dedication from developers throughout the District with only nominal expenditures.
- The Capital Projects Fund balance decreased \$0.1 million for the year. The remaining fund balance of \$1.6 million is intended to cover projects that were budgeted but not yet completed by the close of fiscal year 2019. This fund is also where Loveland Urban Renewal Area (LURA) proceeds and annual debt servicing of outstanding Certificates of Participation (COP) are recorded.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

General Fund Budgetary Highlights

The District began the year with a General Fund budget that included expenditures in excess of revenues by \$4.9 million. In setting the budget, the Board was cautious to balance reserves use with strategic expenditure reductions in response to uncertain School Finance Act revenues of recent years. A reasonable reserves position and conservative fiscal planning were keys to this strategy.

In November 2018 voters of the District approved a mill levy override (MLO) ballot initiative that provided additional local revenue to the General Fund. Use of those proceeds, as called for in the ballot language, included expenditures for compensation, curriculum, technology resources and student security, with a portion of the funds to be distributed to the District's charter schools in accordance with state law. Mid-year, budget amendments were approved by the Board. The combined impact of these changes was an improvement of \$6.4 million to General Fund results over the adopted budget, resulting in a revised increase in reserves balance of \$1.5 million.

Improvement of budgeted revenues by \$12.6 million is detailed below.

- Increase in proceeds from 2018 MLO property taxes (\$13.8 million)
- School Finance Act revenue (local + equalization) decrease due to lower enrollment than budgeted and a decrease in the Per Pupil Revenue (PPR) budgeted amount (\$1.0 million)
- Decrease from all other combined adjustments (\$0.2 million)

Increased expenditures budget, including transfers, of \$6.3 million is detailed below.

- Use of 2018 MLO funds for curriculum adoptions, technology upgrades and expansion of school resource officer program (\$4.7 million)
- Charter school allocation of portion of 2018 MLO proceeds (\$1.2 million)
- All other budgeted expenditure adjustments (\$0.4 million)

Prior to the end of the fiscal year, supplemental budget changes were considered by staff to be presented to the Board. No material adjustments related to the General Fund were anticipated at that time.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

Final actual performance against budget (adopted, resolution, supplemental) was improved for the 2018-19 year. Revenues exceeded the adjusted targets by \$0.983 million. Key aspects of this improvement are shown below.

- Recording of revenue in accordance with new accounting pronouncement GASB 68 regarding the District's proportionate share of direct PERA contribution by the state. As per instructions in the pronouncement as to the correct accounting treatment there is a revenue entry and a corresponding expenditure entry in the same amount (\$2.246 million)
- Higher than budgeted Specific Ownership tax collections (\$0.903 million)
- Higher than expected categorical funding (Special Education, Vocational Education, Transportation) from the State (\$0.450 million)
- Higher than budgeted receipts from Other revenue sources (e-rate rebates, funding for crossing guards, field trip reimbursements, cell tower leases, etc.) (\$0.292 million)
- Investment (interest) earnings higher than anticipated (\$0.239 million)
- School Finance Act (SFA) and mill levy override tax collections lower than expected (\$3.100 million)
- All other combined net revenue decreases (\$0.047 million)

Final actual expenditures, including transfers, were favorable to budget by \$3.241 million. Highlighted variances include the following:

- The Student Instruction program code comprises approximately 54.0% of total expenditures of the General Fund. This same program code represented \$2.293 million of expenditures greater than budget. These unfavorable budget variances were somewhat evenly distributed between salaries/benefits (\$0.699 million), purchased services (\$0.707 million) and supplies/materials (\$0.881 million).
- All Supporting Services program codes make up approximately 37.8% of General Fund budgeted expenditures. These combined program codes contributed \$4.769 million in favorable variance versus the final expenditures budget. The primary driver of savings was budgeted but not spent funds associated with curriculum updates within the Instructional Staff program code. Total favorable variance in that category was \$5.132 million. These savings are reflected in the restricted final General Fund reserve balance and will be expended as carryover purchases in 2019-20.

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- Total net variance in all other Supporting Services areas (Pupil Services, General Administration, School Administration, Business Services, Maintenance/Operations, Transportation and Central Supporting Services) was (\$0.363 million) more than budget.
- Capital Outlay and Charter School Allocation program codes represent approximately 8.2% of General Fund budgeted expenditures and were \$0.534 million less than budget.

Total net improvement of actual performance versus final budget was \$4.2 million with a large portion of this favorable variance to be considered restricted reserves to be spent on curriculum purchases that were budgeted in 2018-19 but will not be expended until 2019-20.

Capital Assets

At the end of fiscal year 2019 the District had invested \$144.1 million in land, buildings, equipment and transportation vehicles, net of depreciation. Table 3 provides a comparison of fiscal years 2019 and 2018.

**Table 3
Capital Assets at June 30, 2019
(Net of Depreciation, in Millions)**

	Governmental Activities		Total Percentage Change
	2019	2018	2018-2019
Land	\$ 16.289	\$ 16.289	0.0%
Land Improvements	1.085	1.264	-14.2%
Water Rights	4.498	4.498	0.0%
Construction in Progress	1.158	-	NA
Buildings	116.995	123.752	-5.5%
Equipment	1.408	1.586	-11.2%
Transportation	2.642	2.983	-11.4%
Totals	\$ 144.075	\$ 150.372	-4.2%

New investments in capital assets, net of disposals for the year, were \$1.341 million. The majority of the change in net assets was related to construction in progress for bond and capital projects (\$1.158 million), net equipment purchases (\$0.119 million) and additional net transportation assets (\$0.064 million). Net depreciation of \$7.638 million on governmental activities assets yields an overall net decrease in capital assets for the year of \$6.297 million.

Additional information can be found in Note 3 to the Financial Statements.

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Management’s Discussion & Analysis
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Debt Administration

At year-end the District had \$262.3 million in outstanding bonds, certificates of participation, and capital lease obligations. The significant increase in the balance of general obligation bonds is the result of the sale of Series 2019 bonds in January 2019 that were authorized by voters in November 2018. Of the total outstanding debt, \$10.5 million of principal is due within one year.

**Table 4
Outstanding Debt at June 30, 2019
(in Millions)**

	Governmental Activities 2019	Governmental Activities 2018
General Obligation Bonds	\$ 251.163	\$ 82.869
Certificates of Participation	9.214	10.160
Capital Lease Obligation Payable	1.963	2.434
 Total	 <u>\$ 262.340</u>	 <u>\$ 95.463</u>

Additional information on the District’s long-term debt can be found in Notes 5 through 8.

Factors bearing on the District’s Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Fluctuations in student enrollment impact the primary revenue source for District General Fund operations, the School Finance Act. Enrollment has been relatively stable for several years and is reasonably expected to remain so in the near future. The impact of students choosing to choice in or choice out of the District also weighs into this consideration.
- Under state law, the District may contract with individuals and organizations for the operation of schools referred to as “charter schools,” within the District. For purposes of the School Finance Act, pupils enrolled in charter schools within the District are included in the pupil enrollment of the District. Such charter schools are financed primarily from the associated per pupil revenues received under the School Finance Act. The District is required to pay its charters 100% of per pupil revenue for each pupil enrolled in the charter, less administrative and purchased services costs, where applicable. The addition of new charter schools or expansion of existing charter schools could negatively impact the District’s finances. No plans for new charter schools are known of at this time, however

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2019

both existing charter schools have recently expanded their building square footage which may result in additional capacity to accommodate more students.

- The District continues to monitor national and state economic and demographic trends and their potential impact on the Colorado state budget. Funding for school districts in Colorado is approximately 35.0% of the State's General Fund budget as proposed in the FY 2020-21 Governor's Budget Request and, as a result, state-level budget struggles can impact school districts as evidenced by the continued use of the budget stabilization factor (previously known as the negative factor) in calculating school funding. Per pupil funding for the District for 2020-21 is expected to grow by a rate of 2.3% over 2019-20 levels. The governor's initial budget proposal for 2020-21 includes a decrease in the statewide budget stabilization factor of \$40 million to a total of \$532.4 million barring an unforeseen economic downturn. The District share of the budget stabilization factor results in an estimated decrease in funding of \$8.8 million in FY 2020-21 from what is called for in the School Finance Act funding formula.
- The Public Employees' Retirement Association (PERA) of Colorado, the pension plan that covers all District employees, has a current employer contribution rate of 20.4% of PERA-eligible compensation as of July 1, 2019. In an effort to improve pension plan funding levels in relation to actuarial calculations, legislation was adopted in the 2018 session that contains an automatic adjustment to the employer contributions depending on actual performance of the PERA plan, along with other plan design changes. This provision will require an increase in the employer contribution rate to 20.9% effective July 1, 2020. This required rate increase will be included in future District budget development.
- Healthcare costs remain a significant portion of the District's expenditures. The District is part of the Colorado Employer Benefit Trust (CEBT) for health insurance coverage. The purpose of the trust is to spread the risk of adverse claims over a large base of members (approximately 260 participating groups covering 25,000 members) and reduce administration costs. Since the pool is self-insured, the participating groups are able to benefit from positive overall claims experience and low administrative costs. The District's Joint Insurance Committee will continue to analyze appropriate means of controlling this significant cost.
- The District currently receives property tax revenues associated with three local mill levy overrides (MLO) approved by voters in 1999, 2006 and 2018. The first two initiatives have reached the maximum funding levels called for in the ballot language. Therefore, no additional revenue will be realized for these two overrides even as assessed valuations in the District boundaries continue to increase.
- In November 2018, voters of the District approved an additional MLO in the amount of \$13.8 million for 2019 and 7.6 mills thereafter for the purpose of maintaining employment and current class-size ratios, updates to curriculum and technology, expansion of safety

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and security measures and a pro-rata sharing of these MLO dollars with the two charter schools in the District. This incremental funding will allow the District to address immediate needs and reverse the trend of drawing down reserves on an annual basis but must be further evaluated should there be a decrease in assessed valuation of property within District boundaries.

- In November 2018, voters of the District approved the District request authorizing the issuance of \$149 million of general obligation bonds. The proceeds from this measure will provide for significant capital projects, including addressing maintenance backlog items that have been deferred due a lack of funding and adding security and technology infrastructure upgrades. Funding will also provide for construction of a new K-8 school in the eastern part of the District and adding classroom additions to two elementary schools in the southern part of the District to address growth needs in those geographic locations.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Office, Thompson School District R2-J, 800 South Taft Ave., Loveland, Colorado 80537.



SOLVE
COLLABORATION
PROBLEM
COLLABORATE SOLUTION
PROCESS
DEFINE
AGREE
COLLABORATIVE
APPROACH
ONE
NIGHT
NEW
REACHING
BEST
MAY
MANY
DIFFERENT
SOLUTIONS
IDENTIFY
PROBLEMS
LEADERS
QUESTIONS
CRITERIA
CAUSES
FIX
STRONGLY
STAGE
QUALITY
TOGETHER

**BASIC
FINANCIAL STATEMENTS**

Thompson School District R2-J
Statement of Net Position
As of June 30, 2019

	Primary Governmental Activities	Component Units
ASSETS		
Cash and Investments	\$ 243,500,199	\$ 5,658,793
Restricted Cash and Cash Equivalents	-	8,604,234
Accounts Receivable	345,476	129,728
Property Tax Receivable	3,717,510	-
Grants Receivable	2,878,236	-
Prepaid Expenses	-	510,920
Inventory	398,400	-
Bond Issuance Costs, (net of Accumulated Amortization)	796,221	-
Capital Assets, Not Being Depreciated	21,945,259	16,551,698
Capital Assets, Net of Accumulated Depreciation	122,129,435	20,755,996
Total Assets	395,710,736	52,211,369
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	87,282,804	5,075,378
OPEB, Net of Accumulated Amortization	835,451	101,535
Loss on Debt Refundings, Net of Accumulated Amortization	5,574,005	-
Total Deferred Outflows of Resources	93,692,260	5,176,913
LIABILITIES		
Current Liabilities		
Accounts Payable	5,662,553	339,679
Retainage Payable	68,580	-
Accrued Liabilities	-	1,805,587
Accrued Salaries and Benefits	15,448,254	344,626
Unearned Revenue	150,696	2,284
Accrued Interest Payable	497,206	553,069
Noncurrent Liabilities		
Due within One Year	12,008,732	210,000
Due in More Than One Year	254,044,790	44,927,767
Pension Liability	276,522,868	14,953,583
OPEB Liability	13,810,320	746,841
Total Liabilities	578,213,999	63,883,436
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	215,873,153	10,653,569
OPEB, Net of Accumulated Amortization	128,118	1,136
Total Deferred Inflows of Resources	216,001,271	10,654,705
Net Position		
Net Investment in Capital Assets	(112,692,112)	(7,830,073)
Restricted for:		
Debt Service	18,930,658	8,012,057
TABOR	4,616,833	247,000
Land and Land Improvements	4,243,010	-
Grant Programs	4,552,796	-
Colorado Preschool Program	335,851	-
Repairs and Replacement	-	92,271
Restricted for Emergencies	-	142,000
Unrestricted	(224,799,310)	(17,813,115)
Total Net Position	\$ (304,812,274)	\$ (17,149,860)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2019

	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities				
Instruction	\$ 71,729,893	\$ 4,730,851	\$ 12,008,999	\$ 926,413
Supporting Services				
Pupil Services	9,619,688	-	1,639,359	-
Instructional Staff	10,203,709	258,320	666,912	-
General Administration	901,829	-	-	-
School Administration	7,831,541	-	224,264	-
Business Services	1,814,787	41,516	-	-
Maintenance/Operations	16,573,762	-	67,408	-
Pupil Transportation	4,471,317	-	1,170,387	-
Central Supporting Services	4,138,842	1,980,815	-	-
Nutrition Services	4,361,198	1,733,745	3,430,254	-
Community Services	893,015	-	88,843	-
Facilities Acquisition and Construction Services	1,170,230	-	-	-
Total Supporting Services	61,979,918	4,014,396	7,287,427	-
Charter School Allocation	10,608,878	-	-	-
Interest on Long-term Debt	5,770,659	-	-	-
Total Governmental Activities	150,089,348	8,745,247	19,296,426	926,413
Component Units				
New Vision Charter School	5,068,745	119,641	131,476	142,963
Loveland Classical Schools	7,810,339	173,698	204,658	251,803
Thompson Education Foundation	697,945	8,591	745,895	-
	\$ 13,577,029	\$ 301,930	\$ 1,082,029	\$ 394,766

General Revenues

Property taxes levied for:

 General Purposes

 Mill Levy Override

 Debt Services

Specific Ownership Taxes levied for:

 General Purposes

Equalization Entitlement

Payment in Lieu of Land Dedication

Interest and Investment Earnings

Charter Schools Per Pupil Revenues

Grants and Contributions not Restricted to Specific Programs

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of this statement

**Net (Expenses) Revenues
And Changes in Net Position**

Primary Government Governmental Activities	Component Units
\$ (54,063,630)	\$ -
(7,980,329)	-
(9,278,477)	-
(901,829)	-
(7,607,277)	-
(1,773,271)	-
(16,506,354)	-
(3,300,930)	-
(2,158,027)	-
802,801	-
(804,172)	-
(1,170,230)	-
<u>(50,678,095)</u>	<u>-</u>
(10,608,878)	-
<u>(5,770,659)</u>	<u>-</u>
(121,121,262)	-
-	(4,674,665)
-	(7,180,180)
-	56,541
<u>-</u>	<u>(11,798,304)</u>
41,856,033	-
27,869,246	-
18,672,084	-
7,100,619	-
68,758,543	-
1,481,394	-
2,792,351	492,863
-	10,349,293
-	1,725,936
-	183,326
<u>168,530,270</u>	<u>12,751,418</u>
47,409,009	953,114
<u>(352,221,283)</u>	<u>(18,102,974)</u>
\$ <u>(304,812,274)</u>	\$ <u>(17,149,860)</u>

**Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2019**

	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 35,408,707	\$ 18,776,434	\$ 177,373,394	\$ 11,941,664	\$ 243,500,199
Accounts Receivable	297,268	-	250	47,958	345,476
Property Tax Receivable	3,066,079	651,431	-	-	3,717,510
Grants Receivable	-	-	-	2,878,236	2,878,236
Inventory	-	-	-	398,400	398,400
Total Assets	<u>\$ 38,772,054</u>	<u>\$ 19,427,865</u>	<u>\$ 177,373,644</u>	<u>\$ 15,266,258</u>	<u>\$ 250,839,821</u>
LIABILITIES					
Accounts Payable	\$ 944,090	\$ -	\$ 4,329,427	\$ 389,036	\$ 5,662,553
Retainage Payable	-	-	68,580	-	68,580
Accrued Salaries and Benefits	13,679,860	-	514	1,767,880	15,448,254
Unearned Revenue	-	-	-	150,696	150,696
Total Liabilities	<u>14,623,950</u>	<u>-</u>	<u>4,398,521</u>	<u>2,307,612</u>	<u>21,330,083</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	1,191,264	316,640	-	-	1,507,904
Total Deferred Inflows of Resources	<u>1,191,264</u>	<u>316,640</u>	<u>-</u>	<u>-</u>	<u>1,507,904</u>
FUND BALANCES					
Nonspendable Inventory	-	-	-	398,400	398,400
Restricted for:					
TABOR	4,571,386	-	-	45,447	4,616,833
Debt Service	-	19,111,225	-	-	19,111,225
Land & Land Improvements	-	-	-	4,243,010	4,243,010
Grant Programs	-	-	-	4,552,796	4,552,796
Preschool	335,851	-	-	-	335,851
Committed to Student Specific Programs	-	-	-	1,563,631	1,563,631
Assigned to Early Childhood Program	-	-	-	77,579	77,579
Assigned to Capital Projects	-	-	172,975,123	1,561,319	174,536,442
Assigned to Nutrition Services	-	-	-	516,464	516,464
Unassigned	18,049,603	-	-	-	18,049,603
Total Fund Balances	<u>22,956,840</u>	<u>19,111,225</u>	<u>172,975,123</u>	<u>12,958,646</u>	<u>228,001,834</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,772,054</u>	<u>\$ 19,427,865</u>	<u>\$ 177,373,644</u>	<u>\$ 15,266,258</u>	<u>\$ 250,839,821</u>

The accompanying notes are an integral part of this statement

Reconciliation:

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

Total Fund Balances - Governmental Funds \$ 228,001,834

Capital assets used in governmental activities are not financial resources & therefore are not reported as assets in governmental funds.

The cost of capital assets is	293,656,457	
Accumulated depreciation is	<u>(149,581,763)</u>	144,074,694

Revenues that do not provide current financial resources are deferred in the governmental funds but are recognized in the government-wide financial statements. This amount represents property tax revenues not available at year-end.

1,507,904

Long-term liabilities and related items are not due and payable in the governmental funds. Long-term liabilities at year end consist of:

Accrued Interest Payable	(497,206)	
Bonds Payable	(216,600,000)	
Bond Issuance Costs	796,221	
Deferred Outflows of Resources, Loss on Debt Refundings	5,574,005	
Premium on Bond Financing	(34,563,188)	
Certificates of Participation	(8,185,000)	
Premium on Certificates of Participation	(1,029,433)	
iPad/Bus Leases	(1,963,189)	
Compensated Absences	(514,644)	
Early Retirement Stipends	(3,198,068)	
Net Pension Liability	(276,522,868)	
Net OPEB Liability	(13,810,320)	
Deferred Outflows of Resources, Pensions	87,282,804	
Deferred Outflows of Resources, OPEB	835,451	
Deferred Inflows of Resources, Pensions	(215,873,153)	
Deferred Inflows of Resources, OPEB	<u>(128,118)</u>	<u>(678,396,706)</u>

Total Net Position - Governmental Activities \$ (304,812,274)

**Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019**

	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 76,612,958	\$ 18,550,731	\$ -	\$ -	\$ 95,163,689
Intergovernmental	78,795,905	-	-	14,178,186	92,974,091
Loveland URA Distribution	-	-	-	926,413	926,413
Charges for Services	-	-	-	3,773,230	3,773,230
Payments in Lieu of Land Dedication	-	-	-	1,481,394	1,481,394
Investment Earnings	581,839	278,201	1,883,969	48,345	2,792,354
Other	-	-	-	52,892	52,892
TOTAL REVENUE	<u>155,990,702</u>	<u>18,828,932</u>	<u>1,883,969</u>	<u>20,460,460</u>	<u>197,164,063</u>
Expenditures					
Current					
Instruction					
Salaries and Benefits	72,307,060	-	-	6,057,421	78,364,481
Purchased Services	3,433,407	-	226,707	294,162	3,954,276
Supplies and Materials	3,436,743	-	-	585,511	4,022,254
Equipment	1,386,012	-	8,455	181,722	1,576,189
Other	71,102	-	-	98,639	169,741
Total Instruction	<u>80,634,324</u>	<u>-</u>	<u>235,162</u>	<u>7,217,455</u>	<u>88,086,941</u>
Supporting Services					
Pupil Services	8,861,238	-	-	3,347,252	12,208,490
Instructional Staff	10,827,752	-	10,643	2,174,352	13,012,747
General Administration	1,013,741	-	-	-	1,013,741
School Administration	9,864,787	-	-	558,670	10,423,457
Business Services	2,171,409	-	112,809	-	2,284,218
Maintenance/Operations	13,627,670	-	4,197,499	851,996	18,677,165
Pupil Transportation	4,878,698	-	-	61,370	4,940,068
Central Supporting Services	4,208,701	-	-	63,809	4,272,510
Nutrition Services	-	-	-	4,980,928	4,980,928
Community Services	-	-	-	1,006,865	1,006,865
Facilities Acquisition and Construction Services	-	-	1,170,230	-	1,170,230
Total Support Services	<u>55,453,996</u>	<u>-</u>	<u>5,491,181</u>	<u>13,045,242</u>	<u>73,990,419</u>
Bond Issuance Costs					
Charter School Allocation	10,608,878	-	813,162	-	11,422,040
Debt Service - Principal	-	7,605,000	-	1,296,137	8,901,137
Debt Service - Interest	-	5,934,400	-	439,660	6,374,060
TOTAL EXPENDITURES	<u>146,697,198</u>	<u>13,539,400</u>	<u>6,539,505</u>	<u>21,998,494</u>	<u>188,774,597</u>
Excess of Revenues Over (Under) Expenditures	<u>9,293,504</u>	<u>5,289,532</u>	<u>(4,655,536)</u>	<u>(1,538,034)</u>	<u>8,389,466</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	3,611,162	3,611,162
Transfers Out	(3,611,162)	-	-	-	(3,611,162)
Debt Issued	-	-	149,000,000	-	149,000,000
Debt Premiums	-	-	28,630,659	-	28,630,659
Total Other Financing Sources (Uses)	<u>(3,611,162)</u>	<u>-</u>	<u>177,630,659</u>	<u>3,611,162</u>	<u>177,630,659</u>
Net Change in Fund Balances	5,682,342	5,289,532	172,975,123	2,073,128	186,020,125
Fund Balances - Beginning of the Year	<u>17,274,498</u>	<u>13,821,693</u>	<u>-</u>	<u>10,885,518</u>	<u>41,981,709</u>
Fund Balances - End of the Year	<u>\$ 22,956,840</u>	<u>\$ 19,111,225</u>	<u>\$ 172,975,123</u>	<u>\$ 12,958,646</u>	<u>\$ 228,001,834</u>

The accompanying notes are an integral part of this statement

Reconciliation:

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

Net change in fund balances - governmental funds \$ 186,020,125

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as an annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current year.

Depreciation expense	(7,895,749)	
Loss on Disposal	(11,133)	
Capital Outlay	<u>1,609,268</u>	(6,297,614)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the changes in property taxes not available at year-end. 334,294

In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (severance incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid \$1,524,097 were more than the amounts earned (\$645,605) by \$878,492. Vacation used \$893,790 was less than the amounts earned (\$912,373) by (\$18,583). 859,909

Repayments of bonds, capital leases, and certificates of participation are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.

Principal Payment on Bonds	7,605,000	
Principal Payment of Capital Leases	471,137	
Principal Payment of COPs	<u>825,000</u>	8,901,137

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Amortization of Loss on Refunding	(970,958)	
Amortization of Premiums	1,852,958	
Bond Issuance Costs	796,221	
Bond Proceeds	<u>(177,630,659)</u>	(175,952,438)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the change in the net pension and OPEB liability and the related deferred outflows of resources and deferred inflows of resources (\$33,821,694) and the change in accrued interest payable (\$278,599).

33,543,596

Change in net position of governmental activities \$ 47,409,009

Thompson School District R2-J
Statement of Fiduciary Assets and Liabilities
As of June 30, 2019

	Agency Funds
ASSETS	
Cash and Investments	\$ 1,680,631
Accounts Receivable	403
TOTAL ASSETS	\$ 1,681,034
LIABILITIES	
Accounts Payable	\$ 49,797
Accrued Salaries and Benefits	528
Undistributed Monies	1,630,709
TOTAL LIABILITIES	\$ 1,681,034

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

NOTE (1) Summary of Significant Accounting Policies

The financial statements of Thompson School District R2-J (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

(A) Reporting Entity

In conformance with governmental accounting and financial reporting standards, Thompson School District R2-J, Larimer County, Loveland, Colorado, is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of public school instruction within the geographical area organized as Thompson School District R2-J. The District meets the criteria of a primary government: its Board of Education is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

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

Blended Component Unit:

Thompson School Facilities Corporation

The Thompson School Facilities Corporation (Corporation), a Colorado not-for-profit corporation, was formed by the District solely for the purpose of acting as lessor, with the District as lessee, to finance the acquisition and/or construction of certain facilities used in District operations. The corporation has no financial activity other than debt payments included in the District's Capital Projects Fund. Therefore, the corporation is not separately presented in the financial statements. The Corporation does not publish individual component unit financial statements.

Discrete Component Units:

The District includes the New Vision Charter School, Loveland Classical Schools and Thompson Education Foundation, which is a nonprofit entity, (the "Entities") within its reporting entity because the District is financially accountable for the Entities. The charter schools are authorized by the District and the District is legally obligated to provide the majority of their revenues. The resources of the Foundation exclusively benefit the District. In addition, management has determined that their exclusion would render the District's financial statements incomplete. Since the Entities have separately elected boards, the balances and transactions of the Entities are discretely presented in the financial statements. New Vision Charter School issues separate

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

financial statements, which can be obtained at 2366 E. 1st Street, Loveland, CO 80537. Loveland Classical Schools issues separate financial statements, which can be obtained at 3835 14th Street Southwest, Loveland, CO 80537. Thompson Education Foundation does not issue separate financial statements.

(B) Fund Accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of restricted or committed funds (special revenue funds), the servicing of general long-term debt (debt service funds) and capital improvements for the district (capital projects funds). The following are the District’s major governmental funds:

General Fund – The General Fund is the District’s general operating fund and is used to account for all financial transactions except those accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the District, except for programs funded by grants from federal and state governments, grants from local agencies, school construction, certain capital outlay expenditures, debt service, food service operations, certain extracurricular athletic and other pupil activities.

Bond Redemption Fund – The Bond Redemption Fund is a debt service fund. This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The fund’s primary revenue source is local property taxes levied specifically for debt service.

In addition, the District reports the following fund type:

Fiduciary Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds, The Education Memorial Fund and Interscholastic Athletic and Activity Fund. The District holds all resources in a purely custodial capacity.

(C) Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements, therefore, include a reconciliation with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

(D) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end (or ninety days in the case of Grant funds).

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, special ownership taxes collected within 30 days after year-end, interest, tuition, grants and student fees.

Unearned Revenue Unearned revenues arise when the District receives resources before it has a legal claim to them, as when grant moneys are received prior to meeting eligibility requirements and charges for services received in advance. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Deferred Outflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 District has two items that qualify for reporting in this category. A loss on debt 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.

Deferred Inflows of Resources Property taxes and grant revenues earned but not available as current financial resources are reported as deferred inflows of resources in the governmental fund financial statements.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The acquisition value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as donated commodities revenue.

(E) Cash, Cash Equivalents and Temporary Investments

Cash, cash equivalents, and temporary investments include cash on hand, demand deposits, certificates of deposit, repurchase agreements, money market funds and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

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Cash balances from different funds are combined and invested to the extent possible in local government investment pools. Earnings from investments are allocated to each fund based upon that fund's share of the investment. The District generally holds investments until maturity.

(F) Inventories

Nutrition Services Fund purchased inventories are stated at cost as determined by the first-in, first-out (FIFO) method. Commodity inventories are stated at the USDA's assigned values at the date of receipt. Expenditures for food items are recorded when used. The federal government donates surplus commodities to supplement the National School Lunch Program. Commodity contributions are recorded as revenues and as expenditures when used.

(G) Capital Assets

Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at the acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

All reported capital assets are depreciated with the exception of land, water rights and construction-in-progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Equipment and vehicles acquired under lease agreements are amortized over the life of the related lease agreement or the estimated useful lives of the capital assets. Amortization is combined with depreciation expense in the financial statements. Depreciation or amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 - 20 Years

(H) Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, at June 30, 2019, are reflected as a liability in the accompanying financial statements.

(I) Compensated Absences and Severance Incentive Benefit Amounts

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and the District will compensate the employees for the benefits through paid time off or payment at separation of employment. The District records a liability for accumulated unused vacation time when earned for all employees

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with more than one year of service. District policy allows employees to accumulate only unused vacation earned since the beginning of the current school year. For employees classified as administrators, twenty days of vacation may be carried over from year to year with the approval of the Superintendent of Schools.

Upon separation, all certified employees are entitled to unused sick leave at the substitute teacher daily rate. Unused sick leave is exchanged at the rate of one-half day for every day earned up to 120 days beyond the 45 accrued days, acquired prior to the end of the 1993 fiscal year. However, under the severance bonus plan, adopted in fiscal year 1993, teachers could choose a severance plan that would allow payment for all sick leave earned at one-half the substitute teacher daily rate up to a combined total of 120 days. For classified staff, unused sick leave is exchanged at the rate of one-half day for every day earned up to 120 days beyond the 40 accrued days, acquired prior to the end of the 1994 fiscal year.

During fiscal year 1993, the District initiated a severance bonus plan. Certified, classified and administrative personnel could choose from a number of options and payment plans when terminating from the District. Currently, payments under the severance plan are scheduled through fiscal year 2024. The District budgets the subsequent year's available resources for severance, severance incentive and eligible accumulated leave benefits. Therefore, the entire unpaid liability for early retirement and sick leave paid upon retirement for governmental funds is reported on the government-wide financial statements. Amounts for sick leave to be paid with the severance and early retirement bonus are included in severance incentive stipends payable. The compensated absences balance is the accrual for active employees. The amounts recorded as liabilities for all compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The entire compensated absence and severance incentive liability is reported on the government-wide financial statements.

(J) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with available resources. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with available financial resources. Bonds, capital leases, and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(K) Defined Benefit Plans

Pensions - The District participates in the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting,

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the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

(L) Fund Balance

In the fund financial statements, fund balance is restricted when constraints placed on the use of resources are externally imposed.

In the governmental fund financial statements, governmental funds report committed fund balances when the Board of Education commits resources for the specific purpose through passage of a resolution. Assigned fund balance is reported when the Board of Education intends to use resources for a specific purpose but without a formal action. The Board of Education through resolution has given the superintendent or their designee, the chief financial officer, the authority to assign these fund balances. The District has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balances first, followed by committed, assigned and unassigned balances.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount.

(M) Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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(N) Property Taxes

Property taxes attach as an enforceable lien on January 1, are certified on December 15 and are levied the following January 1. They are payable in full by April 30 or are due in two equal installments on February 28 and June 15. Larimer, Weld and Boulder Counties bill and collect property taxes for all taxing entities within each county. The property tax receipts collected by the counties are remitted to the District in the subsequent month.

(O) Interfund Transactions

Interfund services provided and used are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

NOTE (2) Cash and Investments

(A) Deposits

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 fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2019, the District had deposits of \$6,363,169 collateralized with securities held by the financial institutions' agents, but not in the District's name.

(B) Investments

The District is required to comply with State statutes, which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include the following.

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

Fair Value Measurement – The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes

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the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2019, the Foundation's investments in U.S. Agency securities, corporate securities and mutual funds were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). Investments in money market funds and external investment pools are reported at the net asset value per share.

Interest rate risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute generally limits investments to a maturity of five years from date of purchase, unless the Board of Education authorizes a maturity in excess of five years.

Credit Risk – State statutes limit certain investments to those with specified ratings provided by nationally recognized statistical rating organizations (NRSROs), depending on the type of investment. State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more NRSROs.

Concentration of Credit Risk – Except for corporate securities, State statutes do not limit the amount the District may invest in a single issuer.

Custodial Risk – State statutes require the collateral securities of repurchase agreements to be held by the District's custodian or a third-party trustee.

Local government investment pool – At June 30, 2019, the District had \$240,460,130 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). The pool is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pool. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 with each share equal to \$1. The pool is rated AAAM by Standard and Poor's. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

The District's investments at June 30, 2019 were as follows:

Investment Type	S&P / Morningstar Rating	Investment Maturities (In Years)		Thompson		Fair Value
		Less than 1	1 - 3	Education	All	
				Foundation	Other Funds	
Money Market Funds	AAAM	\$ 79,753	\$ -	\$ 78,693	\$ 1,060	\$ 79,753
Mutual Funds	5	365,951	-	365,951	-	365,951
Mutual Funds	4	253,189	-	253,189	-	253,189
Mutual Funds	3	233,273	-	233,273	-	233,273
Local Government Investment Pool	AAAM	240,460,130	-	-	240,460,130	240,460,130
Corporate Securities	A	-	25,636	25,636	-	25,636
Corporate Securities	BBB	-	25,751	25,751	-	25,751
		\$ 241,392,296	\$ 51,387	\$ 982,493	\$ 240,461,190	\$ 241,443,683

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The Thompson Education Foundation is a nonprofit entity with its own investment policy and is not subject to State statutes.

The following table is a reconciliation of cash and investments reported in the financial statements.

Cash on Hand	\$	1,350
Cash and Deposits		5,140,448
Investments		241,443,684
Total	\$	<u>246,585,482</u>
 <u>Financial Statements:</u>		
Primary Government Cash and Investments	\$	243,500,198
Thompson Education Foundation Cash and Investments		1,404,653
Fiduciary Funds Cash and Investments		1,680,631
Total	\$	<u>246,585,482</u>

NOTE (3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows.

	Capital Assets July 1, 2018	Additions	Deletions / Transfers	Capital Assets June 30, 2019
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 16,288,951	\$ -	\$ -	\$ 16,288,951
Water Rights	4,498,334	-	-	4,498,334
Construction in Progress	-	1,157,974	-	1,157,974
Total capital assets, not being depreciated	<u>20,787,285</u>	<u>1,157,974</u>	<u>-</u>	<u>21,945,259</u>
Capital assets, being depreciated:				
Land Improvements	1,853,723	-	-	1,853,723
Buildings	243,505,030	-	-	243,505,030
Equipment	13,314,345	289,592	(170,406)	13,433,531
Transportation	12,855,533	161,701	(98,320)	12,918,914
Total capital assets, being depreciated	<u>271,528,631</u>	<u>451,293</u>	<u>(268,726)</u>	<u>271,711,198</u>
Less accumulated depreciation for:				
Land Improvements	(590,168)	(178,845)	-	(769,013)
Buildings	(119,753,356)	(6,756,571)	-	(126,509,927)
Equipment	(11,728,331)	(456,340)	159,272	(12,025,399)
Transportation	(9,871,751)	(503,993)	98,320	(10,277,424)
Total accumulated depreciation	<u>(141,943,606)</u>	<u>(7,895,749)</u>	<u>257,592</u>	<u>(149,581,763)</u>
Total capital assets, being depreciated, net	<u>129,585,025</u>	<u>(7,444,456)</u>	<u>(11,134)</u>	<u>122,129,435</u>
Governmental Activities Capital Assets, Net	<u>\$ 150,372,310</u>	<u>\$ (6,286,482)</u>	<u>\$ (11,134)</u>	<u>\$ 144,074,694</u>

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Depreciation expense for the year ended June 30, 2019 was charged to the following governmental functions:

Instruction	\$ 6,636,952
Supporting Services	
Maintenance / Operations	174,257
Pupil Transportation	674,228
Central Supporting Services	340,422
Nutrition Services	38,268
Community Services	31,622
Total	<u>\$ 7,895,749</u>

NOTE (4) Short-term Debt

During the year ended June 30, 2019, the District borrowed \$9,719,648 from the state-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full by June 30, 2019, from property taxes received primarily from February through March. The schedule of changes is summarized below.

	Balance July 1 2018	Additions	Payments	Balance June 30 2019
State-sponsored Interest-free Loan	<u>\$ -</u>	<u>\$ 9,719,648</u>	<u>\$ 9,719,648</u>	<u>\$ -</u>

NOTE (5) General Obligation Bonds Payable

In March 2012, the District issued \$84,740,000 General Obligation Refunding Bonds to refund a portion of the General Obligation Bonds, Series 2005. Interest payments are due semi-annually on June 15 and December 15. Principal payments are due annually on December 15, through 2025.

In January 2019, the District issued \$149,000,000 General Obligation Bonds for capital improvements. Interest payments are due semi-annually on June 15 and December 15. Principal payments are due annually on December 15, through 2038.

The table below identifies the remaining principal and interest due on all outstanding General Obligation Bonds as of June 30, 2019.

Series 2012 and 2019 Bonds

Interest Rate 2.00% to 5.00%

Year Ended June 30, 2019	Principal	Interest	Total
2020	\$ 9,145,000	\$ 10,174,975	\$ 19,319,975
2021	9,085,000	9,736,675	18,821,675
2022	9,525,000	9,300,925	18,825,925
2023	9,955,000	8,923,019	18,878,019
2024	10,280,000	8,554,338	18,834,338
2025-2039	<u>168,610,000</u>	<u>68,403,718</u>	<u>237,013,718</u>
Total	<u>\$ 216,600,000</u>	<u>\$ 115,093,650</u>	<u>\$ 331,693,650</u>

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NOTE (6) Certificates of Participation

Certificates of Participation represent long-term lease purchase agreements for the acquisition of capital items. Certificates of Participation (COP) are not considered bonded debt of the District due to the structure of the lease and annual appropriation clause. The COPs are not considered to be a general obligation or other indebtedness of the District within the meaning of any constitutional or statutory debt limitations.

On October 30, 2014, the Thompson School Facilities Corporation issued \$11,515,000 Certificates of Participation. Proceeds of \$2,420,000 were used to refund the 2004 COPs. Proceeds of \$9,095,000 were used to construct High Plains School. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at the rates ranging from 2% to 5% per annum. Principal payments are due annually on December 1, through 2029. Debt service is expected to be paid with distributions from the Loveland Urban Renewal Authority.

The table below identifies the remaining principal and interest due on the outstanding COPs as of June 30, 2019.

Series 2014 Certificates of Participation

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 870,000	\$ 355,412	\$ 1,225,412
2021	920,000	310,665	1,230,665
2022	965,000	263,538	1,228,538
2023	1,025,000	213,788	1,238,788
2024	1,075,000	161,288	1,236,288
2025-2030	3,330,000	287,370	3,617,370
Total	<u>\$ 8,185,000</u>	<u>\$ 1,592,061</u>	<u>\$ 9,777,061</u>

NOTE (7) Capital Lease

In August 2017, the District entered into a master lease agreement for \$2,100,000 to purchase buses. Annual payments of \$231,216 are due under the lease agreement through September 1, 2026. Interest accrues on the outstanding balance at 2.175% per annum. At June 30, 2019, capital assets of \$2,002,809 less accumulated amortization of \$400,562 are reported under this lease agreement.

In August 2017, the District entered into a master lease agreement with Apple, Inc., for a maximum amount of \$849,480 to purchase technology equipment. Three annual payments of approximately \$284,656 are due under the lease agreement beginning on September 20, 2017, through July 20, 2019. Interest accrues on the outstanding balance at 2.9% per annum. No capital assets are reported under this lease agreement.

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The table below identifies the remaining principal and interest due on the outstanding capital leases as of June 30, 2019.

Year Ended June 30,	Principal	Interest	Total
2020	\$ 476,776	\$ 39,096	\$ 515,872
2021	198,887	32,329	231,216
2022	203,212	28,004	231,216
2023	207,632	23,584	231,216
2024	212,148	19,068	231,216
2025-2027	<u>664,534</u>	<u>29,115</u>	<u>693,649</u>
Total	<u>\$ 1,963,189</u>	<u>\$ 171,196</u>	<u>\$ 2,134,385</u>

NOTE (8) Changes in Long-Term Debt

(A) Summary

The following is a summary of the changes in long-term debt for the year ended June 30, 2019.

	June 30, 2018	Additions	Deletions	June 30, 2018	Amount Due in One Year
Governmental activities:					
Bonds Payable (principal)	\$ 75,205,000	\$ 149,000,000	\$ 7,605,000	\$ 216,600,000	\$ 9,145,000
Premium Bond Refinancing '12	7,664,479	-	1,135,478	6,529,001	-
Certificates of Participation '14	9,010,000	-	825,000	8,185,000	870,000
Premium Certificate of Participation '14	1,150,442	-	121,008	1,029,434	-
Premium Bond Issuance '19	-	28,630,659	596,472	28,034,187	-
iPad Lease '18	562,751	-	280,628	282,123	282,123
Bus Lease '18	1,871,575	-	190,509	1,681,066	194,653
Compensated Absences*	496,061	912,373	893,790	514,644	280,000
Severance-Incentive Payable*	<u>4,076,560</u>	<u>645,605</u>	<u>1,524,097</u>	<u>3,198,068</u>	<u>1,236,956</u>
Total	<u>\$ 100,036,868</u>	<u>\$ 179,188,637</u>	<u>\$ 13,171,982</u>	<u>\$ 266,053,523</u>	<u>\$ 12,008,732</u>

* The General Fund liquidates compensated absences and the severance incentive stipend payable.

(B) Annual Requirements

Listed below are the annual requirements to amortize the Severance Incentive at June 30, 2019:

Year Ended June 30,	Severance Incentive Stipends
2020	\$ 1,236,956
2021	847,511
2022	564,529
2023	361,506
2024	163,330
2025-2026	<u>24,236</u>
Total	<u>\$ 3,198,068</u>

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NOTE (9) Interfund Transfers

Interfund transfers at June 30, 2019, were composed of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Government Designated-Purpose Grants	General	\$ 911,115
Fee Supported Programs	General	362,800
Capital Projects	General	<u>2,337,247</u>
Total		\$ <u>3,611,162</u>

The General Fund routinely subsidizes programs of the Fee Supported Fund. The General Fund also transfers monies to the Grants Fund. The majority of the transfers are for Early Childhood Special Education and the balance are for matching programs. The General Fund transfers monies to the Capital Projects Fund for facility maintenance, transportation, technology, and debt service.

NOTE (10) Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by (PERA). All employees of the District participate in the SDTF. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available financial report (CAFR) that includes information on the SDTF that may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. The lifetime retirement benefit is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on eligible amounts as of the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

Retirees may elect to withdraw their contributions upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2018, retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) in certain years, referred to

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as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, retirees under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5% or the average consumer price index for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible plan participants once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

Contributions - The District, eligible employees and the State are required to contribute to the SDTF at a rate set by Colorado statute. These contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. The contribution rate for eligible employees is 8% of covered salaries during the period of July 1, 2018 through June 30, 2019. The District's contribution rate for calendar years 2019 and 2018 was 20.15% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SDTF. The District's contributions to the SDTF for the year ended June 30, 2019, were \$16,898,698 equal to the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a net pension liability of \$276,522,868, representing its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated the District were as follows:

School's proportionate share of net pension liability	\$	314,333,530
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School		<u>(37,810,662)</u>
Proportionate share of the net pension liability		<u>276,522,868</u>

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June 30, 2019

The net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2018, relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 1.561653723%, which was a decrease of 0.2421749072% from its proportion measured at December 31, 2017.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

During the year ended June 30, 2019, the direct distribution for the SDTF was \$126,505,000.

For the year ended June 30, 2019, the District recognized pension benefit of \$17,008,074 which includes \$194,248 of support from the state as a nonemployer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,379,926	\$ -
Changes of assumptions and other inputs	51,614,175	171,967,474
Net difference between projected and actual earnings on plan investments	15,072,217	-
Changes in proportion	492,949	43,905,679
Contributions subsequent to the measurement date	10,723,537	-
 Total	 \$ 87,282,804	 \$ 215,873,153

District contributions subsequent to the measurement date of \$10,723,537 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

2020	\$ (27,697,465)
2021	(72,102,479)
2022	(47,758,752)
2023	8,244,810
 Total	 \$(139,313,886)

Actuarial Assumptions - The actuarial valuation as of December 31, 2017, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate ¹	4.78%
Post-retirement benefit increases:	
Hired prior to 1/1/07	0% through 2019 and 1.5% compounded annually thereafter
Hired after 12/31/06	ad hoc

¹The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 7.25%.

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Notes to Financial Statements
June 30, 2019

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class, as follows:

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June 30, 2019

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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Notes to Financial Statements
June 30, 2019

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 351,551,522	\$ 276,522,868	\$ 213,561,175

Pension Plan Fiduciary Net Position - Detailed information about the SDTF’s fiduciary net position is available in PERA’s separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

NOTE (11) Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (see Note 10) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2019, was \$900,809, equal to the required amount.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported a net OPEB liability of \$13,810,320, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2018, relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 1.0150601687%, which was a decrease of 0.0098757068% from its proportion measured at December 31, 2017.

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Notes to Financial Statements
June 30, 2019

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,117,662. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,133	\$ 21,023
Changes of assumptions and other inputs	96,880	-
Net difference between projected and actual earnings on plan investments	79,414	-
Changes in proportion	34,157	107,095
Contributions subsequent to the measurement date	574,867	-
 Total	\$ 835,451	\$ 128,118

District contributions subsequent to the measurement date of \$574,867 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,

2020	\$ 20,471
2021	20,471
2022	20,471
2023	75,645
2024	(4,343)
Thereafter	(249)
 Total	\$ 132,466

Actuarial Assumptions - The actuarial valuation as of December 31, 2017, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums:	
3.25% for 2018, gradually rising to 5.00% in 2025	

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Notes to Financial Statements
June 30, 2019

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016 and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously (see Note 10).

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

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Notes to Financial Statements
June 30, 2019

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 15,452,545	\$ 13,810,320	\$ 12,406,370

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the District's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ 12,828,767	\$ 13,810,320	\$ 13,628,878

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE (12) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Colorado School District Self Insurance Pool

The District has joined together with other districts to participate in the Colorado School Districts Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for school districts. Participation in CSDSIP is approved by and managed under regulations promulgated by the Colorado State Insurance Division of Regulatory Agencies. The District pays an annual premium to CSDSIP for its general property and liability insurance coverage. CSDSIP is self-sustaining through member premiums and currently carries reinsurance for property claims in excess of \$1,000,000 and for liability claims in excess of \$500,000.

The Colorado Governmental Immunity Act limits the types of liability claims that can be brought against a school district and the amount of monetary damages that a school district might be ordered to pay. The maximum amount that can be recovered for an injury involving one person in any single occurrence is \$350,000. The maximum amount that is recoverable for a single occurrence involving two or more people is \$990,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Complete financial

Thompson School District R2-J
Notes to Financial Statements
June 30, 2019

statements for CSDSIP can be obtained from CSDSIP, 6857 South Spruce Street, Centennial, Colorado 80112.

Other Risks

The General Fund is used to report the purchase of commercial insurance for workers' compensation coverage and other types of coverage not provided in the pool agreement; to partially fund salaries and other service costs for risk management and loss control (deductibles, security contracts, medical evaluation, controlled substance and alcohol testing, etc.). In the past three years there have been no amounts of settlements which exceeded insurance coverage.

NOTE (13) Commitments and Contingencies

(A) Litigation

The District is involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

(B) Grants and State Funding

The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2019.

(C) TABOR Amendment

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 Amendment is complex and subject to judicial interpretation.

In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 2000. At June 30, 2019, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.



REQUIRED SUPPLEMENTARY INFORMATION

These financial statements present information required by the Governmental Accounting Standards Board, including budget to actual comparison for the General Fund and major special revenue funds.

Also we have presented the Schedule of Proportionate Share of the Net Pension Liability and Contributions for the Public Employees' Retirement Association of Colorado School Division Trust Fund.

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2019

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
District's Proportion of the Net Pension Liability	1.5616537230%	1.8038286302%	1.7975140477%	1.8247272213%	1.8673090248%	1.8379409554%
District's Proportionate Share of the Net Pension Liability	\$ 276,522,868	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146	\$ 253,083,096	\$ 234,428,873
District's Covered Employee Payroll	\$ 85,850,523	\$ 83,209,077	\$ 80,682,995	\$ 79,521,895	\$ 78,227,377	\$ 74,093,252
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	322%	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57%	44%	43%	59%	63%	64%
 DISTRICT CONTRIBUTIONS:	 <u>6/30/2019</u>	 <u>6/30/2018</u>	 <u>6/30/2017</u>	 <u>6/30/2016</u>	 <u>6/30/2015</u>	 <u>6/30/2014</u>
Statutorily Required Contribution	\$ 16,898,698	\$ 15,882,065	\$ 15,078,469	\$ 14,135,265	\$ 13,371,671	\$ 12,266,682
Contributions in Relation to the Statutorily Required Contribution	<u>(16,898,698)</u>	<u>(15,882,065)</u>	<u>(15,078,469)</u>	<u>(14,135,265)</u>	<u>(13,371,671)</u>	<u>(12,266,682)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 88,314,605	\$ 84,099,703	\$ 82,018,638	\$ 79,689,504	\$ 79,169,029	\$ 76,712,390
Contributions as a Percentage of Covered Employee Payroll	19.13%	18.88%	18.38%	17.74%	16.89%	15.99%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See independent auditors' report

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2019

	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net OPEB Liability		
District's Proportion of the Net OPEB Liability	1.0150601687%	1.0249358755%
District's Proportionate Share of the Net OPEB Liability	\$ 13,810,320	\$ 13,320,067
District's Covered Payroll	\$ 85,850,523	\$ 88,242,833
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	16%	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17%	18%
	<u>6/30/19</u>	<u>6/30/18</u>
District Contributions		
Statutorily Required Contribution	\$ 900,809	\$ 857,817
Contributions in Relation to the Statutorily Required Contribution	<u>(900,809)</u>	<u>(857,817)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 88,314,605	\$ 84,099,703
Contributions as a Percentage of Covered Payroll	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See independent auditors' report

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the District's overall operations.

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Local Property- School Finance Act	\$ 41,786,362	\$ 44,772,595	\$ 41,844,442	\$ (2,928,153)
Local Property- Mill Levy Override	14,040,000	27,840,000	27,667,897	(172,103)
Specific Ownership	6,197,058	6,197,058	7,100,619	903,561
Intergovernmental				
Equalization Entitlements	72,661,813	68,721,501	68,758,543	37,042
Special Education	2,999,272	3,245,304	3,460,949	215,645
Vocational Education	469,345	326,140	446,565	120,425
Transportation	1,068,690	1,048,109	1,162,404	114,295
Other Federal Grants	482,950	482,950	48,319	(434,631)
Charter School Chargebacks	1,598,575	1,306,167	1,656,060	349,893
Other	725,141	725,141	3,263,065	2,537,924
Investment Earnings	342,535	342,535	581,839	239,304
TOTAL REVENUE	142,371,741	155,007,500	155,990,702	983,202
TOTAL EXPENDITURES	143,441,573	149,707,715	146,697,198	3,010,517
Excess of Revenues Over (Under) Expenditures	(1,069,832)	5,299,785	9,293,504	3,993,719
Other Financing Sources (Uses)				
Transfers Out:				
Governmental Designated-Purpose				
Grants Fund	(1,036,443)	(1,041,685)	(911,115)	130,570
Fee Supported Programs Fund	(362,800)	(362,800)	(362,800)	-
Capital Projects Fund	(2,437,247)	(2,437,247)	(2,337,247)	100,000
Total Other Financing Sources (Uses)	(3,836,490)	(3,841,732)	(3,611,162)	230,570
Net Change in Fund Balance	(4,906,322)	1,458,053	5,682,342	4,224,289
Fund Balance - Beginning of Year	14,573,076	17,274,498	17,274,498	-
Fund Balance - End of Year	\$ 9,666,754	\$ 18,732,551	\$ 22,956,840	\$ 4,224,289

See independent auditors' report

Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2019

	<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>
Expenditures				
Instruction:				
Salaries and Benefits	\$ 71,608,259	\$ 71,608,259	\$ 72,307,060	\$ (698,801)
Purchased Services	2,726,578	2,726,578	3,433,407	(706,829)
Supplies and Materials	2,555,282	2,555,282	3,436,743	(881,461)
Other	65,472	65,472	71,102	(5,630)
Total Instruction	<u>76,955,591</u>	<u>76,955,591</u>	<u>79,248,312</u>	<u>(2,292,721)</u>
Supporting Services				
Pupil Services	8,663,611	8,943,875	8,861,238	82,637
Instructional Staff	11,570,085	15,960,085	10,827,752	5,132,333
General Administration	858,213	964,213	1,013,741	(49,528)
School Administration	9,349,301	9,349,301	9,864,787	(515,486)
Business Services	2,192,697	2,192,697	2,171,409	21,288
Maintenance/Operations	13,449,048	13,449,048	13,627,670	(178,622)
Pupil Transportation	5,051,076	5,051,076	4,878,698	172,378
Central Supporting Services	4,312,624	4,312,624	4,208,701	103,923
Total Supporting Services	<u>55,446,655</u>	<u>60,222,919</u>	<u>55,453,996</u>	<u>4,768,923</u>
Capital Outlay	725,248	725,248	1,386,012	(660,764)
Charter School Allocation	10,314,079	11,803,957	10,608,878	1,195,079
TOTAL EXPENDITURES	<u>\$ 143,441,573</u>	<u>\$ 149,707,715</u>	<u>\$ 146,697,198</u>	<u>\$ 3,010,517</u>

See independent auditors' report

DEBT SERVICE FUND

The District has one debt service fund, the Bond Redemption Fund. This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. This fund's primary revenue sources are local property taxes levied specifically for debt service.

**Thompson School District R2-J
Bond Redemption Fund - 31
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Property Taxes	\$ 11,060,850	\$ 18,607,175	\$ 18,550,731	\$ (56,444)
Investment Earnings	65,309	112,474	278,201	165,727
TOTAL REVENUE	<u>11,126,159</u>	<u>18,719,649</u>	<u>18,828,932</u>	<u>109,283</u>
Expenditures				
Debt Service:				
Principal	7,605,000	7,605,000	7,605,000	-
Interest and Fiscal Charges	3,165,975	6,430,138	5,934,400	495,738
TOTAL EXPENDITURES	<u>10,770,975</u>	<u>14,035,138</u>	<u>13,539,400</u>	<u>495,738</u>
Net Change in Fund Balance	355,184	4,684,511	5,289,532	605,021
Fund Balance - Beginning of Year	<u>13,668,599</u>	<u>13,821,693</u>	<u>13,821,693</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 14,023,783</u>	<u>\$ 18,506,204</u>	<u>\$ 19,111,225</u>	<u>\$ 605,021</u>

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BUILDING FUND

The Building Fund accounts for the debt proceeds to be used to construct, renovate and equip capital facilities.

**Thompson School District R2-J
Building Fund - 41
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Bond Principal	\$ -	\$ 149,000,000	\$ 149,000,000	\$ -
Bond Premium	-	28,630,658	28,630,659	1
Investment Earnings	-	1,839,109	1,883,969	44,860
TOTAL REVENUES	<u>-</u>	<u>179,469,767</u>	<u>179,514,628</u>	<u>44,861</u>
Expenditures				
Bond Issuance Costs	-	822,162	813,162	9,000
Instruction- Purchased Services	-	-	226,707	(226,707)
Instruction- Equipment	-	-	8,455	(8,455)
Supporting Services- Instructional Staff	-	-	10,643	(10,643)
Business Services	-	-	112,809	(112,809)
Maintenance / Operations	-	-	4,197,499	(4,197,499)
Facilities Acquisition & Construction Svcs	-	-	1,170,230	(1,170,230)
Capital Projects	-	6,693,490	-	6,693,490
TOTAL EXPENDITURE	<u>-</u>	<u>7,515,652</u>	<u>6,539,505</u>	<u>976,147</u>
Excess of Revenues Over (Under) Expenditures	-	171,954,115	172,975,123	1,021,008
Net Change in Fund Balance	-	171,954,115	172,975,123	1,021,008
Fund Balance - Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ 171,954,115</u>	<u>\$ 172,975,123</u>	<u>\$ 1,021,008</u>

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Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2019

NOTE (1) Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The District's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2019, the total pension liability was determined by an actuarial valuation as of December 31, 2017. The following revised economic and demographic assumptions were effective as of December 31, 2017.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption decreased from 4.85% per year, net of investment expenses, to 4.78%. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date increased from 4.78% to 7.25%.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

NOTE (2) Budgets and Budgetary Accounting

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data reflected in the financial statements:

- 1) Budgets are required by state law for all funds. Prior to May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- 3) Prior to June 30, the budget is adopted by formal resolution.
- 4) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the Superintendent of Schools, or department directors. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- 5) Budgets for all funds are adopted on a basis consistent with US GAAP.
- 6) Appropriations lapse at year-end.



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

These financial statements present more detailed information, such as budget to actual comparisons for the individual funds in a format that segregates information by major fund type and non-major funds.

NONMAJOR GOVERNMENTAL FUNDS

The District has the following Nonmajor Funds:

Nutrition Services Fund

This fund accounts for all financial activities associated with the district school breakfast and lunch programs. Funding is provided by sales to pupils and intergovernmental revenue from the United States Department of Agriculture.

Government Designated-Purpose Grants Fund

This fund maintains the accounting for programs funded by federal, state and local grants that normally have a different fiscal period than that of the District.

Land Reserve Fund

This fund is provided to maintain a separate accounting for cash in lieu of land dedication assessed on newly constructed homes that have an impact on the District's financial resources. The revenues are for specific use designated for the jurisdiction for which the monies are collected such as infrastructure and maintenance.

Fee Supported Programs Fund

This fund is used to account for programs that are financed primarily through user fees and tuition.

Capital Projects Fund

This fund is used to fund ongoing capital needs such as site acquisitions, building additions, equipment purchases and technology. Funding is provided by a transfer from the General Fund along with monies distributed by the Loveland Urban Renewal Authority.

**Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	<u>Nutrition Services</u>	<u>Government Designated- Purpose Grants</u>	<u>Land Reserve</u>
ASSETS			
Cash and Investments	\$ 338,698	\$ 3,930,142	\$ 4,245,884
Accounts Receivable	-	5,385	42,573
Grants Receivable	680,546	2,197,690	-
Inventory	<u>398,400</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,417,644</u>	<u>\$ 6,133,217</u>	<u>\$ 4,288,457</u>
LIABILITIES			
Accounts Payable	\$ 123,859	\$ 204,561	\$ -
Accrued Salaries and Benefits	266,716	1,259,790	-
Unearned Revenue	<u>112,205</u>	<u>38,491</u>	<u>-</u>
Total Liabilities	<u>502,780</u>	<u>1,502,842</u>	<u>-</u>
FUND BALANCE			
Nonspendable Inventory	398,400	-	-
Restricted for:			
TABOR	-	-	45,447
Land & Land Improvements	-	-	4,243,010
Grant Programs	-	4,552,796	-
Committed to Student Specific Programs	-	-	-
Assigned to Early Childhood Program	-	77,579	-
Assigned to Capital Projects	-	-	-
Assigned to Nutrition Services	<u>516,464</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>914,864</u>	<u>4,630,375</u>	<u>4,288,457</u>
Total Liabilities and Fund Balances	<u>\$ 1,417,644</u>	<u>\$ 6,133,217</u>	<u>\$ 4,288,457</u>

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Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ 1,827,517	\$ 1,599,422	\$ 11,941,663
-	-	47,958
-	-	2,878,236
-	-	398,400
\$ 1,827,517	\$ 1,599,422	\$ 15,266,257
\$ 22,513	\$ 38,104	\$ 389,037
241,374	-	1,767,880
-	-	150,696
263,887	38,104	2,307,613
-	-	398,400
-	-	45,447
-	-	4,243,010
-	-	4,552,796
1,563,630	-	1,563,630
-	-	77,579
-	1,561,318	1,561,318
-	-	516,464
1,563,630	1,561,318	12,958,644
\$ 1,827,517	\$ 1,599,422	\$ 15,266,257

Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	<u>Nutrition Services</u>	<u>Government Designated- Purpose Grants</u>	<u>Land Reserve</u>
Revenues			
Intergovernmental	\$ 3,430,254	\$ 10,747,932	\$ -
Loveland URA Distribution	-	-	-
Charges for Services	1,733,745	-	-
Payments In Lieu of Land Dedication	-	-	1,481,394
Investment Earnings	1,720	12,344	33,497
Other	-	-	-
TOTAL REVENUES	<u>5,165,719</u>	<u>10,760,276</u>	<u>1,514,891</u>
Expenditures			
Instruction			
Salaries and Benefits	-	4,970,826	-
Purchased Services	-	266,694	-
Supplies and Materials	-	405,679	-
Equipment	-	52,459	-
Other	-	72,894	-
Total Instruction	<u>-</u>	<u>5,768,552</u>	<u>-</u>
Supporting Services			
Pupil Services	-	3,334,315	-
Instructional Staff	-	1,463,921	-
School Administration	-	499,029	-
Maintenance/Operations	-	19,039	-
Pupil Transportation	-	-	-
Central Supporting Services	-	-	3,271
Nutrition Services	4,980,928	-	-
Community Services	-	92,542	-
Total Support Services	<u>4,980,928</u>	<u>5,408,846</u>	<u>3,271</u>
Debt Service - Principal	-	-	-
Debt Service - Interest	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,980,928</u>	<u>11,177,398</u>	<u>3,271</u>
Excess of Revenues			
Over (Under) Expenditures	<u>184,791</u>	<u>(417,122)</u>	<u>1,511,620</u>
Other Financing Sources			
Transfers in	-	911,115	-
Total Other Financing Sources	<u>-</u>	<u>911,115</u>	<u>-</u>
Net Change in Fund Balances	184,791	493,993	1,511,620
Fund Balances - Beginning of the Year	<u>730,073</u>	<u>4,136,382</u>	<u>2,776,837</u>
Fund Balances - End of the Year	<u>\$ 914,864</u>	<u>\$ 4,630,375</u>	<u>\$ 4,288,457</u>

See independent auditors' report

Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 14,178,186
-	926,413	926,413
2,039,485	-	3,773,230
-	-	1,481,394
-	784	48,345
-	52,892	52,892
<u>2,039,485</u>	<u>980,089</u>	<u>20,460,460</u>
1,086,595	-	6,057,421
17,748	9,720	294,162
179,832	-	585,511
17,060	112,203	181,722
25,745	-	98,639
<u>1,326,980</u>	<u>121,923</u>	<u>7,217,455</u>
12,937	-	3,347,252
94,235	616,196	2,174,352
59,641	-	558,670
-	832,957	851,996
-	61,370	61,370
-	60,538	63,809
-	-	4,980,928
914,323	-	1,006,865
<u>1,081,136</u>	<u>1,571,061</u>	<u>13,045,242</u>
-	1,296,137	1,296,137
-	439,660	439,660
-	<u>1,735,797</u>	<u>1,735,797</u>
<u>2,408,116</u>	<u>3,428,781</u>	<u>21,998,494</u>
<u>(368,631)</u>	<u>(2,448,692)</u>	<u>(1,538,034)</u>
<u>362,800</u>	<u>2,337,247</u>	<u>3,611,162</u>
<u>362,800</u>	<u>2,337,247</u>	<u>3,611,162</u>
(5,831)	(111,445)	2,073,128
<u>1,569,462</u>	<u>1,672,764</u>	<u>10,885,518</u>
<u>\$ 1,563,631</u>	<u>\$ 1,561,319</u>	<u>\$ 12,958,646</u>

**Thompson School District R2-J
Nutrition Services Fund - 21
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Federal Source, USDA Reimbursements	\$ 2,978,519	\$ 2,978,519	\$ 2,953,349	\$ (25,170)
Federal Source, Commodities	346,248	346,248	364,991	18,743
State Categorical Reimbursement	147,079	147,079	111,913	(35,166)
Charges for Services	2,042,256	2,042,256	1,733,745	(308,511)
Investment Earnings	-	-	1,720	1,720
TOTAL REVENUE	<u>5,514,102</u>	<u>5,514,102</u>	<u>5,165,718</u>	<u>(348,384)</u>
Expenditures				
Supporting Services				
Nutrition Services	<u>5,613,854</u>	<u>5,613,854</u>	<u>4,980,928</u>	<u>632,926</u>
TOTAL EXPENDITURE	<u>5,613,854</u>	<u>5,613,854</u>	<u>4,980,928</u>	<u>632,926</u>
Net Change in Fund Balance	(99,752)	(99,752)	184,790	284,542
Fund Balances - Beginning of Year	<u>708,212</u>	<u>730,073</u>	<u>730,073</u>	-
Fund Balances - End of Year	<u>\$ 608,460</u>	<u>\$ 630,321</u>	<u>\$ 914,863</u>	<u>\$ 284,542</u>

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Thompson School District
Government Designated-Purpose Grants Fund - 22 & 28
Budgetary Comparison Schedule
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
Federal Sources	\$ 8,908,119	\$ 8,908,119	\$ 8,478,171	\$ (429,948)
State/Local Sources	1,760,999	1,760,999	2,269,761	508,762
Investment Earnings	-	-	12,344	12,344
TOTAL REVENUE	<u>10,669,118</u>	<u>10,669,118</u>	<u>10,760,276</u>	<u>91,158</u>
Expenditures				
Instruction				
Salaries and Benefits	8,933,139	8,933,139	4,970,826	3,962,313
Purchased Services	845,019	845,019	266,694	578,325
Supplies and Materials	199,199	199,199	405,679	(206,480)
Equipment	15,534	15,534	52,459	(36,925)
Other	94,649	94,649	72,894	21,755
Total Instruction	<u>10,087,540</u>	<u>10,087,540</u>	<u>5,768,552</u>	<u>4,318,988</u>
Supporting Services				
Pupil Services	3,715,393	3,715,393	3,334,315	381,078
Instructional Staff	1,030,981	1,030,981	1,463,921	(432,940)
School Administration	555,638	555,638	499,029	56,609
Maintenance/Operations	7,971	7,971	19,039	(11,068)
Community Services	85,652	85,652	92,542	(6,890)
Total Support Services	<u>5,395,635</u>	<u>5,395,635</u>	<u>5,408,846</u>	<u>(13,211)</u>
TOTAL EXPENDITURES	<u>15,483,175</u>	<u>15,483,175</u>	<u>11,177,398</u>	<u>4,305,777</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,814,057)</u>	<u>(4,814,057)</u>	<u>(417,122)</u>	<u>4,396,935</u>
Other Financing Sources				
Transfers In	911,116	911,116	911,115	(1)
Net Change in Fund Balance	(3,902,941)	(3,902,941)	493,993	4,396,934
Fund Balances - Beginning of Year	3,902,943	4,136,382	4,136,382	-
Fund Balances - End of Year	<u>\$ 2</u>	<u>\$ 233,441</u>	<u>\$ 4,630,375</u>	<u>\$ 4,396,934</u>

See independent auditors' report

**Thompson School District R2-J
Land Reserve Fund - 27
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Payments in Lieu of Land Dedication	\$ 1,202,103	\$ 1,202,103	\$ 1,481,394	\$ 279,291
Investment Earnings	7,030	7,030	33,497	26,467
TOTAL REVENUE	<u>1,209,133</u>	<u>1,209,133</u>	<u>1,514,891</u>	<u>305,758</u>
Expenditures				
Supporting Services				
Central Supporting Services	3,482,533	3,482,533	3,271	3,479,262
TOTAL EXPENDITURE	<u>3,482,533</u>	<u>3,482,533</u>	<u>3,271</u>	<u>3,479,262</u>
Net Change in Fund Balance	(2,273,400)	(2,273,400)	1,511,620	3,785,020
Fund Balance - Beginning of Year	<u>2,523,400</u>	<u>2,776,837</u>	<u>2,776,837</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 250,000</u>	<u>\$ 503,437</u>	<u>\$ 4,288,457</u>	<u>\$ 3,785,020</u>

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Thompson School District R2-J
Fee Supported Programs Fund - 29
Budgetary Comparison Schedule
Year Ended June 30, 2019

	<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				
Charges for Services	\$ 1,894,303	\$ 1,894,303	\$ 2,039,485	\$ 145,182
TOTAL REVENUE	<u>1,894,303</u>	<u>1,894,303</u>	<u>2,039,485</u>	<u>145,182</u>
Expenditures				
Instruction				
Salaries and Benefits	1,226,503	1,226,503	1,086,595	139,908
Purchased Services	6,487	6,487	17,748	(11,261)
Supplies and Materials	11,728	11,728	179,832	(168,104)
Equipment	8,882	8,882	17,060	(8,178)
Other	-	-	25,745	(25,745)
Total Instruction	<u>1,253,600</u>	<u>1,253,600</u>	<u>1,326,980</u>	<u>(73,380)</u>
Supporting Services				
Pupil Services	-	-	12,937	(12,937)
Instructional Staff	-	-	94,235	(94,235)
School Administration	81,600	81,600	59,641	21,959
Community Services	<u>1,022,461</u>	<u>1,022,461</u>	<u>914,323</u>	<u>108,138</u>
Total Support Services	<u>1,104,061</u>	<u>1,104,061</u>	<u>1,081,136</u>	<u>22,925</u>
TOTAL EXPENDITURES	<u>2,357,661</u>	<u>2,357,661</u>	<u>2,408,116</u>	<u>(50,455)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(463,358)</u>	<u>(463,358)</u>	<u>(368,631)</u>	<u>94,727</u>
Other Financing Sources				
Transfers In	<u>362,800</u>	<u>362,800</u>	<u>362,800</u>	<u>-</u>
Net Change in Fund Balance	(100,558)	(100,558)	(5,831)	94,727
Fund Balance - Beginning of the Year	<u>1,598,281</u>	<u>1,569,462</u>	<u>1,569,462</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 1,497,723</u>	<u>\$ 1,468,904</u>	<u>\$ 1,563,631</u>	<u>\$ 94,727</u>

See independent auditors' report

**Thompson School District R2-J
Capital Projects Fund - 43
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<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				
Loveland URA Distribution	\$ 926,413	\$ 926,413	\$ 926,413	\$ -
Investment Earnings	-	-	784	784
Other	-	-	52,892	52,892
TOTAL REVENUE	<u>926,413</u>	<u>926,413</u>	<u>980,089</u>	<u>53,676</u>
Expenditures				
Instruction				
Purchased Services	-	-	9,720	(9,720)
Equipment	230,000	230,000	112,203	117,797
Total Instruction	<u>230,000</u>	<u>230,000</u>	<u>121,923</u>	<u>108,077</u>
Supporting Services				
Instructional Staff	550,000	550,000	616,196	(66,196)
Maintenance/Operations	1,690,555	1,690,555	832,957	857,598
Pupil Transportation	50,000	50,000	61,370	(11,370)
Central Supporting Services	25,000	25,000	60,538	(35,538)
Food Services Operations	20,000	20,000	-	20,000
Total Support Services	<u>2,335,555</u>	<u>2,335,555</u>	<u>1,571,061</u>	<u>764,494</u>
Debt Service				
Debt Service - Principal	1,336,844	1,336,844	1,296,137	40,707
Debt Service - Interest and Fiscal Charges	401,816	401,816	439,660	(37,844)
Total Debt Service	<u>1,738,660</u>	<u>1,738,660</u>	<u>1,735,797</u>	<u>2,863</u>
TOTAL EXPENDITURES	<u>4,304,215</u>	<u>4,304,215</u>	<u>3,428,781</u>	<u>875,434</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,377,802)</u>	<u>(3,377,802)</u>	<u>(2,448,692)</u>	<u>929,110</u>
Other Financing Sources				
Transfer In	2,437,247	2,437,247	2,337,247	(100,000)
Total Other Financing Sources	<u>2,437,247</u>	<u>2,437,247</u>	<u>2,337,247</u>	<u>(100,000)</u>
Net Change in Fund Balance	(940,555)	(940,555)	(111,445)	829,110
Fund Balance - Beginning of Year	<u>940,555</u>	<u>1,672,764</u>	<u>1,672,764</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 732,209</u>	<u>\$ 1,561,319</u>	<u>\$ 829,110</u>

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FIDUCIARY FUND TYPE

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds; The Education Memorial Fund and the Interscholastic Athletic and Activity Fund.

Thompson School District R2-J
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2019

	<u>Education Memorial</u>	<u>Interscholastic Athletic and Activity</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 55,066	\$ 1,625,565	\$ 1,680,631
Accounts Receivable	<u>-</u>	<u>403</u>	<u>403</u>
TOTAL ASSETS	<u>\$ 55,066</u>	<u>\$ 1,625,968</u>	<u>\$ 1,681,034</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 49,797	\$ 49,797
Accrued Salaries and Benefits	-	528	528
Undistributed Monies	<u>55,066</u>	<u>1,575,643</u>	<u>1,630,709</u>
TOTAL LIABILITIES	<u>\$ 55,066</u>	<u>\$ 1,625,968</u>	<u>\$ 1,681,034</u>

See independent auditor's report

Thompson School District R2-J
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Education Memorial</u>				
Assets				
Cash and Investments	\$ 57,566	\$ 30,000	\$ 32,500	\$ 55,066
Liabilities				
Undistributed Monies	\$ 57,566	\$ 30,000	\$ 32,500	\$ 55,066
Total Liabilities	\$ 57,566	\$ 30,000	\$ 32,500	\$ 55,066
<u>Interscholastic Athletic and Activity</u>				
Assets				
Cash and Investments	\$ 1,522,659	\$ 2,716,929	\$ 2,614,023	\$ 1,625,565
Accounts Receivable	-	403	-	403
Total Assets	\$ 1,522,659	\$ 2,717,332	\$ 2,614,023	\$ 1,625,968
Liabilities				
Accounts Payable	\$ 96,258	-	\$ 46,461	\$ 49,797
Accrued Salaries and Benefits	1,316	-	788	528
Undistributed Monies	1,425,085	2,717,332	2,566,774	1,575,643
Total Liabilities	\$ 1,522,659	\$ 2,717,332	\$ 2,614,023	\$ 1,625,968
<u>Combined</u>				
Assets				
Cash and Investments	\$ 1,580,225	\$ 2,746,929	\$ 2,646,523	\$ 1,680,631
Accounts Receivable	-	403	-	403
Total Assets	\$ 1,580,225	\$ 2,747,332	\$ 2,646,523	\$ 1,681,034
Liabilities				
Accounts Payable	\$ 96,258	-	\$ 46,461	\$ 49,797
Accrued Salaries and Benefits	1,316	-	788	528
Undistributed Monies	1,482,651	2,747,332	2,599,274	1,630,709
Total Liabilities	\$ 1,580,225	\$ 2,747,332	\$ 2,646,523	\$ 1,681,034

**Thompson School District R2-J
Education Memorial Fund - 72
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Additions				
Donations	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Total Additions	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Deductions				
Scholarships	<u>55,476</u>	<u>55,476</u>	<u>32,500</u>	<u>22,976</u>
Total Deductions	<u>55,476</u>	<u>55,476</u>	<u>32,500</u>	<u>22,976</u>
Change in Undistributed Monies	(25,476)	(25,476)	(2,500)	22,976
Undistributed Monies - Beginning of Year	<u>25,476</u>	<u>57,566</u>	<u>57,566</u>	<u>-</u>
Undistributed Monies - End of Year	<u>\$ -</u>	<u>\$ 32,090</u>	<u>\$ 55,066</u>	<u>\$ 22,976</u>

See independent auditors' report

Thompson School District R2-J
Interscholastic Athletic and Activity Fund - 74
Budgetary Comparison Schedule
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Additions				
Fund Raising and Events	\$ 2,857,178	\$ 2,857,178	\$ 2,692,543	\$ (164,635)
Investment Earnings	11,520	11,520	24,789	13,269
Total Additions	<u>2,868,698</u>	<u>2,868,698</u>	<u>2,717,332</u>	<u>(151,366)</u>
Deductions				
Athletic Expenditures	1,115,464	1,115,464	1,128,781	(13,317)
Pupil Activity Expenditures	1,826,732	1,826,732	1,437,993	388,739
Total Deductions	<u>2,942,196</u>	<u>2,942,196</u>	<u>2,566,774</u>	<u>375,422</u>
Change in Undistributed Monies	(73,498)	(73,498)	150,558	224,056
Undistributed Monies, Beginning of Year	<u>1,297,522</u>	<u>1,425,086</u>	<u>1,425,085</u>	<u>(1)</u>
Undistributed Monies, End of Year	<u>\$ 1,224,024</u>	<u>\$ 1,351,588</u>	<u>\$ 1,575,643</u>	<u>\$ 224,055</u>

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COMPONENT UNITS

Component Units are legal separate entities for which the primary government is financially accountable. Certain legal and organizational structures such as charter schools and foundations may result in an entity apart from, although connected to, the school district. When this happens the financial transactions of the charter school or foundation is usually not included in the school district's financial transaction database for normal day to day operations. However, districts are required to include the activity for revenues and expenditures in the financial statement presentation.

Thompson School District's component units consist of two charter school administrative units: New Vision Charter School, Loveland Classical Schools and Thompson Education Foundation. These entities have separate governing boards.

Thompson School District R2-J
Combining Statement of Net Position
Component Units
As of June 30, 2019

	New Vision Charter School	Loveland Classical Schools	Thompson Education Foundation	Total Component Units
ASSETS				
Cash and Investments	\$ 1,572,025	\$ 2,682,115	\$ 1,404,653	\$ 5,658,793
Restricted Cash and Investments	6,344,832	2,259,402	-	8,604,234
Accounts Receivable	10,105	119,623	-	129,728
Prepaid Expense	487,409	23,511	-	510,920
Capital Assets, Not Being Depreciated: Land	15,049,355	1,502,343	-	16,551,698
Capital Assets, Net of Accumulated Depreciation	2,539,511	18,216,485	-	20,755,996
Total Assets	26,003,237	24,803,479	1,404,653	52,211,369
DEFERRED OUTFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization Related to OPEB	1,708,098 27,147	3,367,280 74,388	-	5,075,378 101,535
Total Deferred Outflows of Resources	1,735,245	3,441,668	-	5,176,913
LIABILITIES				
Accounts Payable	51,706	270,449	17,524	339,679
Accrued Liabilities	1,805,587	-	-	1,805,587
Accrued Salaries and Benefits	123,339	221,287	-	344,626
Unearned Revenue	-	2,284	-	2,284
Accrued Interest Payable	53,163	499,906	-	553,069
Noncurrent Liabilities				
Due Within One Year	-	210,000	-	210,000
Due in More Than One Year	23,675,000	21,252,767	-	44,927,767
Pension Liability	5,465,194	9,488,389	-	14,953,583
OPEB Liability	272,953	473,888	-	746,841
Total Liabilities	31,446,942	32,418,970	17,524	63,883,436
DEFERRED INFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization Related to OPEB	4,028,733 415	6,624,836 721	-	10,653,569 1,136
Total Deferred Inflows of Resources	4,029,148	6,625,557	-	10,654,705
NET POSITION				
Net Investment in Capital Assets	(6,086,134)	(1,743,939)	-	(7,830,073)
Restricted for TABOR	-	247,000	-	247,000
Restricted for Debt Service	6,344,832	1,667,225	-	8,012,057
Restricted for Repairs and Replacement	-	92,271	-	92,271
Restricted for Emergencies	142,000	-	-	142,000
Unrestricted	(8,138,306)	(11,061,937)	1,387,128	(17,813,115)
Total Net Position	\$ (7,737,608)	\$ (10,799,380)	\$ 1,387,128	\$ (17,149,860)

See independent auditors' report

Thompson School District R2-J
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2019

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
Expenses				
Total Instruction	\$ 2,522,350	\$ 2,890,818	\$ -	\$ 5,413,168
Support Services				
Total Supporting Services	1,256,115	3,529,830	697,945	5,483,890
Total Business Activities	-	1,389,691	-	1,389,691
Interest & Fiscal Charges	1,290,280	-	-	1,290,280
Total Expenses	<u>5,068,745</u>	<u>7,810,339</u>	<u>697,945</u>	<u>13,577,029</u>
Program Revenues				
Charges for Services	119,641	173,698	8,591	301,930
Operating Grants and Contributions	131,476	204,658	745,895	1,082,029
Capital Grants and Contributions	142,963	251,803	-	394,766
Total Program Revenues	<u>394,080</u>	<u>630,159</u>	<u>754,486</u>	<u>1,778,725</u>
General Revenues				
Per Pupil Revenues	3,870,096	6,479,197	-	10,349,293
Investment Income	351,712	86,407	54,744	492,863
Grants and Contributions not Restricted to Specific Programs	607,127	1,118,809	-	1,725,936
Miscellaneous	179,582	3,744	-	183,326
Total General Revenues	<u>5,008,517</u>	<u>7,688,157</u>	<u>54,744</u>	<u>12,751,418</u>
Total Revenues	<u>5,402,597</u>	<u>8,318,316</u>	<u>809,230</u>	<u>14,530,143</u>
Changes in Net Position	333,852	507,977	111,285	953,114
Net Position - Beginning	<u>(8,071,460)</u>	<u>(11,307,357)</u>	<u>1,275,843</u>	<u>(18,102,974)</u>
Net Position - Ending	<u>\$ (7,737,608)</u>	<u>\$ (10,799,380)</u>	<u>\$ 1,387,128</u>	<u>\$ (17,149,860)</u>

See independent auditor's report

Thompson School District R2-J
Statement of Cash Flows
Thompson Education Foundation
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended June 30, 2019

	<u>Thompson Education Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from	
Contributions and Fundraising Activities	\$ 745,895
Charges for Services	8,591
Payments to Suppliers and the District	<u>(785,354)</u>
 Net Cash Provided (Used) by Operating Activities	 <u>(30,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchases) Sales of Investments, Net	25,613
Investment Income Received	<u>54,744</u>
 Net Cash Provided by Investing Activities	 <u>80,357</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 49,489
 CASH AND CASH EQUIVALENTS, Beginning	 <u>1,303,776</u>
 CASH AND CASH EQUIVALENTS, Ending	 <u><u>\$ 1,353,265</u></u>
 RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in Net Operating Income	\$ 56,541
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts Payable	<u>(87,409)</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ (30,868)</u></u>

See independent auditors' report



STATISTICAL SECTION

This part of the Thompson School District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	106-115
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant local revenue sources.	116-120
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	121-125
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	126-127
Operating Information These schedules contain personnel and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.	128-131



Thompson School District R2-J
Schedule of Net Position
Last Ten Years
(Accrual basis of accounting)
(Unaudited)

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>
Governmental Activities							
Net Investment in Capital Assets	52,399,048	\$	54,766,501	\$	50,836,568	\$	47,612,676
Restricted	20,717,458		21,066,584		21,090,133		19,828,646
Unrestricted	<u>17,421,337</u>		<u>17,065,795</u>		<u>18,622,959</u>		<u>24,574,905</u>
Total Governmental Activities Net Position	<u>90,537,843</u>	\$	<u>92,898,880</u>	\$	<u>90,549,660</u>	\$	<u>92,016,227</u>
Business-type Activities							
Net Investment in Capital Assets	387,092	\$	374,404	\$	302,113	\$	341,862
Restricted	62,547		59,057		54,384		47,788
Unrestricted	<u>552,736</u>		<u>757,372</u>		<u>786,264</u>		<u>758,044</u>
Total Business-type Activities Net Position	<u>1,002,375</u>	\$	<u>1,190,833</u>	\$	<u>1,142,761</u>	\$	<u>1,147,694</u>
Primary Government							
Net Investment in Capital Assets	52,786,140	\$	55,140,905	\$	51,138,681	\$	47,954,538
Restricted	20,780,005		21,125,641		21,144,517		19,876,434
Unrestricted	<u>17,974,073</u>		<u>17,823,167</u>		<u>19,409,223</u>		<u>25,332,949</u>
Total Primary Government Net Position	<u>91,540,218</u>	\$	<u>94,089,713</u>	\$	<u>91,692,421</u>	\$	<u>93,163,921</u>

The District adopted GASB 65 in 2014. Issuance costs have been restated as of June 30, 2013.

The District adopted GASB 68 in 2015. Prior year financial information has not been restated because comparable information is not available.

The District reclassified the Nutrition Services Fund as a governmental fund in 2015 per compliance with CDE requirements.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	47,441,252	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)
	20,782,304	22,474,183	23,441,761	25,956,416	25,203,687	32,343,297
	<u>20,537,641</u>	<u>(218,168,956)</u>	<u>(231,579,493)</u>	<u>(319,089,480)</u>	<u>(439,440,749)</u>	<u>(224,463,459)</u>
\$	<u>88,761,197</u>	<u>(147,119,664)</u>	<u>(152,453,705)</u>	<u>(235,227,030)</u>	<u>(352,221,285)</u>	<u>(304,812,274)</u>
\$	317,855	\$ -	\$ -	\$ -	\$ -	\$ -
	48,906	-	-	-	-	-
	828,165	-	-	-	-	-
\$	<u>1,194,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	47,759,107	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)
	20,831,210	22,474,183	23,441,761	25,956,416	25,203,687	32,343,297
	<u>21,365,806</u>	<u>(218,168,956)</u>	<u>(231,579,493)</u>	<u>(319,089,480)</u>	<u>(439,440,749)</u>	<u>(224,463,459)</u>
\$	<u>89,956,123</u>	<u>(147,119,664)</u>	<u>(152,453,705)</u>	<u>(235,227,030)</u>	<u>(352,221,285)</u>	<u>(304,812,274)</u>

Thompson School District R2-J
Schedule of Changes in Net Position
Last Ten Years
(Accrual basis of accounting)
(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities Expenses:				
Total Instruction	\$ 72,938,988	\$ 72,447,458	\$ 74,816,653	\$ 71,738,996
Supporting Services				
Pupil Services	10,866,456	9,614,206	8,248,122	8,641,673
Instructional Staff	11,821,157	10,981,248	10,462,675	9,464,893
General Administration	1,123,991	1,097,871	1,282,987	796,543
School Administration	8,790,952	8,478,267	7,718,718	7,672,001
Business Services	3,587,229	2,233,389	1,915,333	1,890,438
Maintenance/Operations	12,242,873	13,854,509	10,971,086	11,642,850
Pupil Transportation	5,882,278	5,292,524	4,369,625	4,256,359
Central Supporting Services	4,045,434	3,934,697	4,471,462	4,083,834
Nutrition Services	-	-	-	-
Community Services	925,487	1,443,698	819,985	1,318,301
Facilities Acquisition and Construction Services	-	-	-	-
Total Support Services	<u>59,285,857</u>	<u>56,930,409</u>	<u>50,259,993</u>	<u>49,766,892</u>
Charter School Allocation	-	2,747,307	5,827,930	6,497,874
Interest on Long-term Debt	6,188,909	5,977,903	4,406,590	4,886,533
Total Governmental Activities Expenses	<u>138,413,754</u>	<u>138,103,077</u>	<u>135,311,166</u>	<u>132,890,295</u>
Business-type Activities:				
Nutritional Services	4,348,417	4,320,056	4,406,054	4,514,124
Total Primary Government Expenses	<u>\$ 142,762,171</u>	<u>\$ 139,675,826</u>	<u>\$ 139,717,220</u>	<u>\$ 137,404,419</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 716,533	\$ 1,655,641	\$ 1,905,524	\$ 1,859,361
Supporting Services				
Pupil Services	-	-	-	-
Instructional Staff	39,125	90,403	104,048	101,527
General Administration	-	-	-	-
School Administration	-	-	-	-
Business Services	6,288	14,529	16,722	16,317
Maintenance Operations	-	-	-	-
Central Supporting Services	562,606	1,299,973	1,496,176	1,459,928
Nutrition Services	-	-	-	-
Community Services	-	-	-	-
Operating Grants and Contributions	14,717,024	14,227,794	11,690,893	12,814,379
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>16,041,576</u>	<u>17,288,340</u>	<u>15,213,363</u>	<u>16,251,512</u>
Business-type Activities:				
Nutritional Services	4,419,110	4,436,524	4,357,355	4,518,884
Total Primary Government Program Revenues	<u>\$ 20,460,686</u>	<u>\$ 21,724,864</u>	<u>\$ 19,570,718</u>	<u>\$ 20,770,396</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (122,372,178)	\$ (118,067,431)	\$ (120,097,803)	\$ (116,638,783)
Business-type Activities	<u>70,693</u>	<u>116,468</u>	<u>(48,699)</u>	<u>4,760</u>
Total Primary Government Net Expense	<u>\$ (122,301,485)</u>	<u>\$ (117,950,963)</u>	<u>\$ (120,146,502)</u>	<u>\$ (116,634,023)</u>

The District adopted GASB 65 in 2014 and GASB 68 in 2015. Issuance costs have been restated as of June 30, 2013.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	<u>78,424,559</u>	<u>85,586,978</u>	<u>88,009,660</u>	<u>137,165,073</u>	<u>149,038,099</u>	<u>71,729,895</u>
	9,008,392	9,856,217	10,993,338	17,314,885	19,658,309	9,619,689
	10,862,474	12,420,701	12,245,025	19,745,594	21,233,146	10,203,708
	691,508	703,710	929,728	1,174,076	1,178,889	901,829
	8,245,479	9,442,354	10,050,222	16,130,484	17,713,318	7,831,541
	1,927,179	2,138,095	2,194,203	3,285,149	3,577,993	1,814,787
	12,772,492	12,588,683	12,778,550	17,987,026	19,199,854	16,573,761
	4,473,844	4,932,017	5,094,970	7,473,023	9,025,031	4,471,317
	3,718,829	6,417,280	4,638,394	5,278,938	8,854,858	4,138,842
	-	5,181,013	5,351,449	6,952,819	7,193,901	4,361,198
	1,136,630	1,068,006	1,097,471	1,403,235	1,513,697	893,014
	-	-	-	-	115,280	1,170,230
	<u>52,836,827</u>	<u>64,748,076</u>	<u>65,373,350</u>	<u>96,745,229</u>	<u>109,264,276</u>	<u>61,979,916</u>
	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878
	4,623,670	4,499,733	4,351,692	4,052,834	3,716,488	5,770,659
	<u>142,671,028</u>	<u>162,222,950</u>	<u>166,116,085</u>	<u>246,695,613</u>	<u>271,851,672</u>	<u>150,089,348</u>
	4,661,737	-	-	-	-	-
\$	<u>147,332,765</u>	<u>162,222,950</u>	<u>166,116,085</u>	<u>246,695,613</u>	<u>271,851,672</u>	<u>150,089,348</u>
\$	1,973,568	\$ 2,896,832	\$ 3,142,010	\$ 3,317,966	\$ 3,960,005	\$ 4,730,851
	-	-	-	-	-	-
	107,763	158,176	171,564	181,172	216,229	258,320
	-	-	-	-	-	-
	-	-	-	-	-	-
	17,319	25,421	27,573	29,117	34,751	41,516
	-	-	-	-	-	-
	1,549,602	727,864	841,379	909,125	-	1,980,815
	-	1,546,665	1,625,659	1,696,069	1,458,574	1,733,745
	-	-	-	-	1,650,735	-
	13,735,085	17,389,882	17,810,774	18,443,123	18,801,401	19,296,426
	-	-	-	2,522,176	920,531	926,413
	<u>17,383,337</u>	<u>22,744,840</u>	<u>23,618,959</u>	<u>27,098,748</u>	<u>27,042,226</u>	<u>28,968,086</u>
	4,662,337	-	-	-	-	-
\$	<u>22,045,674</u>	<u>22,744,840</u>	<u>23,618,959</u>	<u>27,098,748</u>	<u>27,042,226</u>	<u>28,968,086</u>
\$	(125,287,691)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)	\$ (121,121,262)
	600	-	-	-	-	-
\$	<u>(125,287,091)</u>	<u>(139,478,110)</u>	<u>(142,497,126)</u>	<u>(219,596,865)</u>	<u>(244,809,445)</u>	<u>(121,121,262)</u>

Thompson School District R2-J
Schedule of Changes in Net Position
Last Ten Years
(Accrual basis of accounting)
(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues				
Governmental Activities:				
Property Taxes Levied For:				
General Purpose	\$ 30,378,658	\$ 29,728,007	\$ 28,679,943	\$ 29,221,467
Mill Levy Override	13,209,662	12,857,383	12,884,073	12,866,612
Debt Services	12,053,521	12,532,757	12,335,606	10,312,144
Specific Ownership Taxes Levied For:				
General Purpose	4,058,837	3,853,468	3,887,262	4,000,549
Mill Levy Override	-	-	-	-
Intergovernmental				
Equalization	64,803,052	57,404,922	59,316,022	60,659,979
Loveland URA Distribution	-	-	-	-
Payments in Lieu of Land Dedication	232,579	242,816	387,558	905,621
Interest and Investment Earnings	317,332	107,407	72,712	138,978
Grants and Contributions not Restricted to Specific Programs	-	3,773,100	89,399	-
Miscellaneous	-	-	96,008	-
Transfers	(58,202)	(71,392)	-	-
Total Governmental Activities	<u>124,995,439</u>	<u>120,428,468</u>	<u>117,748,583</u>	<u>118,105,350</u>
Business-type Activities:				
Interest and Investment Earnings	592	598	627	173
Transfers	58,202	71,392	-	-
Total Business-type Activities	<u>58,794</u>	<u>71,990</u>	<u>627</u>	<u>173</u>
Total Primary Government	<u>\$ 125,054,233</u>	<u>\$ 120,500,458</u>	<u>\$ 117,749,210</u>	<u>\$ 118,105,523</u>
Change in Net Position				
Governmental Activities	\$ 2,623,261	\$ 2,361,037	\$ (2,349,220)	\$ 1,466,567
Business-type Activities	129,487	188,458	(48,072)	4,933
Total Primary Government	<u>\$ 2,752,748</u>	<u>\$ 2,549,495</u>	<u>\$ (2,397,292)</u>	<u>\$ 1,471,500</u>

The District adopted GASB 65 in 2014. Issuance costs have been restated as of June 30, 2013.

The District adopted GASB 68 in 2015. Prior year financial information has not been restated because comparable information is not available.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	29,370,651	\$ 29,765,495	\$ 34,473,827	\$ 35,476,107	\$ 40,649,572	\$ 41,856,033
	13,100,533	13,050,343	13,895,680	14,001,757	14,117,375	27,869,246
	10,427,594	10,560,487	10,663,828	10,762,759	10,931,701	18,672,084
	4,428,291	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619
	-	-	-	-	-	-
	63,794,200	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543
	207,316	952,587	4,965,571	-	-	-
	605,155	774,163	714,098	1,349,264	1,104,655	1,481,394
	113,478	129,381	147,610	328,125	570,953	2,792,351
	-	-	-	-	-	-
	31,752	13,232	-	-	-	-
	(46,310)	-	-	-	-	-
	<u>122,032,660</u>	<u>128,753,121</u>	<u>137,163,085</u>	<u>136,823,541</u>	<u>140,536,863</u>	<u>168,530,270</u>
	322	-	-	-	-	-
	46,310	-	-	-	-	-
	<u>46,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u><u>122,079,292</u></u>	<u><u>128,753,121</u></u>	<u><u>137,163,085</u></u>	<u><u>136,823,541</u></u>	<u><u>140,536,863</u></u>	<u><u>168,530,270</u></u>
\$	(3,255,030)	\$ (10,724,989)	\$ (5,334,041)	\$ (82,773,325)	\$ (104,272,582)	\$ 47,409,009
	47,232	-	-	-	-	-
\$	<u><u>(3,207,798)</u></u>	<u><u>(10,724,989)</u></u>	<u><u>(5,334,041)</u></u>	<u><u>(82,773,325)</u></u>	<u><u>(104,272,582)</u></u>	<u><u>47,409,009</u></u>

Thompson School District R2-J

Schedule of Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Restricted	\$ 4,727,990	\$ 4,757,546	\$ 4,341,296	\$ 3,915,124
Unassigned	20,530,456	24,969,474	24,277,466	25,903,813
Total General Fund	<u>25,258,446</u>	<u>29,727,020</u>	<u>28,618,762</u>	<u>29,818,937</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	20,842,333	18,416,837	17,371,971	15,919,938
Committed	-	-	1,359,266	1,395,017
Assigned	-	3,015,162	1,991,507	2,041,795
Unassigned	3,600,654	-	-	-
Total All Other Governmental Funds	<u>24,442,987</u>	<u>21,431,999</u>	<u>20,722,744</u>	<u>19,356,750</u>
Total Governmental Funds	<u>\$ 49,701,433</u>	<u>\$ 51,159,019</u>	<u>\$ 49,341,506</u>	<u>\$ 49,175,687</u>

The District reclassified the Nutrition Services Fund as a governmental fund in 2015 per compliance with CDE requirements.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	3,864,166	\$ 4,009,925	\$ 4,080,528	\$ 4,239,338	\$ 4,538,090	\$ 4,571,386
	<u>22,451,258</u>	<u>20,268,620</u>	<u>18,287,873</u>	<u>15,545,987</u>	<u>12,736,408</u>	<u>18,385,454</u>
	<u>26,315,424</u>	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>	<u>17,274,498</u>	<u>22,956,840</u>
	-	292,882	259,735	229,872	291,888	398,400
	16,891,756	27,397,096	19,380,094	21,249,417	20,688,918	27,952,478
	1,433,645	1,418,262	1,539,972	1,594,763	1,569,462	1,563,630
	187,280	1,490,483	2,388,531	1,678,644	2,156,943	175,130,484
	<u>1,877,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,389,835</u>	<u>30,598,723</u>	<u>23,568,332</u>	<u>24,752,696</u>	<u>24,707,211</u>	<u>205,044,992</u>
\$	<u>46,705,259</u>	<u>\$ 54,877,268</u>	<u>\$ 45,936,733</u>	<u>\$ 44,538,021</u>	<u>\$ 41,981,709</u>	<u>\$ 228,001,832</u>

Thompson School District R2-J

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 58,780,951	\$ 60,845,170	\$ 58,666,107	\$ 56,719,581
Intergovernmental	78,751,910	76,473,714	73,941,932	75,120,012
Loveland URA Distribution	-	-	-	-
Charges for Services	-	-	-	-
Payments in Lieu of Land Dedication	-	-	-	-
Investment Earnings	317,332	107,407	72,712	138,978
Other	1,574,546	1,779,721	2,034,322	2,697,100
Total Revenues	<u>139,424,739</u>	<u>139,206,012</u>	<u>134,715,073</u>	<u>134,675,671</u>
Expenditures				
Current:				
Instruction				
Salaries and Benefits	63,192,919	63,024,849	62,616,552	62,400,347
Purchased Services	2,264,059	1,761,663	1,876,173	1,566,029
Supplies and Materials	3,194,067	2,523,932	1,995,802	2,440,673
Other	125,206	141,885	92,869	141,427
Supporting Services				
Pupil Services	10,469,008	9,135,938	8,267,519	8,641,673
Instructional Staff	11,516,102	10,568,331	10,512,500	9,464,893
General Administration	1,057,750	1,040,479	1,282,987	796,543
School Administration	8,459,745	8,095,652	7,718,718	7,672,001
Business Services	3,520,988	2,156,866	1,915,333	1,890,438
Maintenance/Operations	10,809,066	12,368,434	11,759,472	11,447,332
Pupil Transportation	4,557,453	4,331,921	3,737,798	3,652,732
Central Supporting Services	3,485,465	3,102,498	3,521,225	3,159,276
Nutrition Services	-	-	-	-
Community Services	859,246	1,348,044	820,684	1,317,129
Facilities Acquisition and Construction Services	-	-	-	-
Capital Projects	13,015,598	2,544,904	1,864,946	969,874
Charter School Allocation	2,764,792	2,747,307	5,827,930	6,497,874
Debt Service:				
Principal	6,231,399	3,761,316	3,610,684	3,855,927
Interest	5,406,789	9,094,407	8,053,027	8,927,322
Bond Issuance Costs	-	-	740,029	-
Total Expenditures	<u>150,929,652</u>	<u>137,748,426</u>	<u>136,214,248</u>	<u>134,841,490</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,504,913)</u>	<u>1,457,586</u>	<u>(1,499,175)</u>	<u>(165,819)</u>
Other Financing Sources (Uses)				
Debt Issued	-	-	84,740,000	-
Debt Premiums	-	-	14,761,217	-
Payments to Escrow Agent	-	-	(99,819,555)	-
Transfers In	9,024,938	4,234,946	2,643,417	2,040,762
Transfers Out	(9,024,938)	(4,234,946)	(2,643,417)	(2,040,762)
Proceeds from Capital Lease	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(318,338)</u>	<u>-</u>
Net Change to Fund Balance	<u>\$ (11,504,913)</u>	<u>\$ 1,457,586</u>	<u>\$ (1,817,513)</u>	<u>\$ (165,819)</u>

Debt Service as a Percentage of

Non-Capital Expenditures	8.44%	9.55%	8.65%	9.54%
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The District reclassified the Nutrition Services Fund as a governmental fund in 2015 per compliance with CDE requirements.

	2014	2015	2016	2017	2018	2019
\$	57,669,288	\$ 58,461,359	\$ 63,892,812	\$ 65,510,795	\$ 71,879,126	\$ 95,163,689
	79,274,256	87,891,647	87,432,729	89,901,442	89,811,647	92,974,091
	207,316	952,587	4,965,571	1,745,357	920,531	926,413
	-	3,440,545	3,507,030	3,580,553	3,730,463	3,773,230
	-	774,163	714,098	1,349,264	1,104,655	1,481,394
	113,478	129,381	147,610	328,125	570,956	2,792,354
	2,545,889	39,517	23,218	39,752	126,441	52,892
	<u>139,810,227</u>	<u>151,689,199</u>	<u>160,683,068</u>	<u>162,455,288</u>	<u>168,143,819</u>	<u>197,164,063</u>
	66,976,839	69,330,670	69,664,733	71,918,171	73,998,932	78,364,481
	1,726,524	1,873,194	2,222,607	2,484,575	2,807,242	3,954,276
	2,902,770	3,163,428	2,361,200	2,965,033	2,795,027	4,022,254
	80,687	174,607	66,163	144,203	152,288	169,741
	9,008,392	9,131,964	9,990,714	10,782,257	11,617,097	12,208,490
	10,862,474	11,634,833	11,157,102	12,657,214	12,507,842	13,012,747
	691,508	672,401	886,384	891,672	831,272	1,013,741
	8,245,479	8,717,228	9,046,390	9,589,989	9,662,422	10,423,457
	1,927,179	2,006,765	2,012,396	2,100,577	2,119,866	2,284,218
	11,929,777	11,864,245	11,898,106	12,644,066	12,931,777	18,677,165
	4,185,317	4,228,728	4,590,664	4,607,771	6,890,436	4,940,068
	3,174,618	3,439,091	4,210,100	3,709,390	6,989,220	4,272,510
	-	4,916,808	5,067,055	5,220,820	5,129,264	4,980,928
	1,135,716	1,026,652	1,040,474	1,034,422	1,179,701	1,006,865
	-	-	-	-	115,280	1,170,230
	1,817,897	3,887,327	15,364,952	2,579,769	1,684,266	1,576,189
	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878
	6,053,819	6,434,293	7,030,000	7,495,000	8,427,870	8,901,137
	4,775,687	4,704,958	4,633,180	4,296,594	3,974,715	6,374,060
	-	204,197	-	-	-	813,162
	<u>142,280,655</u>	<u>154,799,552</u>	<u>169,623,603</u>	<u>163,854,000</u>	<u>173,647,327</u>	<u>188,774,597</u>
	<u>(2,470,428)</u>	<u>(3,110,353)</u>	<u>(8,940,535)</u>	<u>(1,398,712)</u>	<u>(5,503,508)</u>	<u>8,389,466</u>
	-	11,515,000	-	-	-	149,000,000
	-	1,594,138	-	-	-	28,630,659
	-	(2,707,222)	-	-	-	-
	3,092,110	13,335,636	5,743,039	3,916,628	3,722,324	3,611,162
	(3,092,110)	(13,335,636)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)
	-	-	-	-	2,947,196	-
	-	<u>10,401,916</u>	-	-	<u>2,947,196</u>	<u>177,630,659</u>
\$	<u>(2,470,428)</u>	<u>7,291,563</u>	<u>(8,940,535)</u>	<u>(1,398,712)</u>	<u>(2,556,312)</u>	<u>186,020,125</u>
	7.67%	7.34%	7.59%	7.27%	7.39%	8.16%

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property

(Unaudited)

<u>Year Ended December 31</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Vacant Land</u>	<u>Industrial Property</u>	<u>Utilities</u>	<u>Agricultural</u>
2009	730,081,200	484,216,470	127,303,730	52,167,820	31,828,070	7,285,250
2010	736,192,250	487,165,730	114,140,990	57,292,650	32,667,099	7,550,590
2011	714,094,295	474,059,605	81,454,515	53,399,467	34,906,273	8,034,497
2012	727,146,373	471,328,711	75,694,525	53,744,013	35,577,342	8,268,596
2013	752,165,439	470,234,566	68,000,485	56,548,570	39,505,346	8,968,739
2014	770,621,741	467,848,853	63,564,841	56,899,557	39,499,246	9,059,635
2015	911,790,305	523,152,792	71,707,608	69,877,322	42,538,454	11,129,382
2016	943,539,940	530,258,495	63,857,641	65,497,111	44,783,490	11,313,850
2017	1,067,616,796	612,219,567	85,081,265	76,820,853	43,831,540	12,433,478
2018	1,100,898,007	640,688,615	74,991,614	81,499,466	43,087,047	12,476,569

Total Taxable Assessed Value includes urban renewal property values where the tax increment is paid to the urban renewal authority.

From 2009 to 2018, commercial real property, undeveloped land, personal property and utilities were assessed at 29% of replacement cost calculated on the base year's appraised value.

Residential real property was assessed as follows:

	<u>Assessment Percentage</u>	<u>Base Year</u>
2009	7.96%	2007 appraised value
2010	7.96%	2009 appraised value
2011	7.96%	2009 appraised value
2012	7.96%	2011 appraised value
2013	7.96%	2011 appraised value
2014	7.96%	2013 appraised value
2015	7.96%	2013 appraised value
2016	7.96%	2015 appraised value
2017	7.96%	2015 appraised value
2018	7.20%	2017 appraised value

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office

Note: All residential and commercial real properties are reappraised every two years in the odd year cycle bringing properties to the current market level of valuation. The residential assess rate is set by the Legislature and coincides with changes in the level of value. This is constitutionally required and designed to stabilize the tax burden on residential property. Colorado State Statutes and Constitution limit the annual increase in ad valorem tax yield over the previous year and prohibit any increase in the mill levy, except upon the favorable approval of the electorate. At an election held on November 2, 1999, Larimer County voters approved a measure exempting the County from any revenue or property tax increase limitation; however, tax rates cannot be increased.

<u>Natural Resources</u>	<u>Oil and Gas</u>	<u>Total Taxable Assessed Value</u>	<u>Tax Exempt Property</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1,319,520	7,941,312	1,442,143,372	278,112,430	41.295	11,609,898,993	12.42%
1,192,810	5,070,260	1,441,272,379	283,483,550	41.643	11,669,308,699	12.35%
1,271,515	8,669,615	1,375,889,782	287,307,276	42.310	11,237,179,643	12.24%
1,252,765	14,066,512	1,387,078,837	288,372,057	40.884	11,380,383,646	12.19%
1,244,815	12,554,610	1,409,222,570	301,018,386	40.416	11,688,512,847	12.06%
960,855	16,343,389	1,424,798,117	308,034,787	40.268	11,904,760,584	11.97%
1,014,980	22,609,402	1,653,820,245	329,168,816	38.393	13,964,441,174	11.84%
1,000,310	29,486,433	1,689,737,270	332,498,244	38.349	14,362,926,391	11.76%
902,870	36,765,089	1,935,671,458	336,254,684	36.315	17,743,625,537	10.91%
1,031,571	47,679,320	2,002,352,209	334,767,923	47.428	18,302,719,005	10.94%

Thompson School District R2-J
Property Tax Rates
Direct and Overlapping Governments (per \$1,000 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Thompson School District R2-J Rates			Overlapping Rates			
	General Fund	Debt Service	Total Direct Rate	Larimer County	City of Loveland	Other Cities and Towns	Other Special Districts (1)
2010	32.175	9.120	41.295	22.435	9.564	55.404	1,007.652
2011	32.487	9.156	41.643	22.524	9.564	55.511	1,199.293
2012	32.655	9.655	42.310	22.472	9.564	55.494	1,218.291
2013	32.830	8.054	40.884	22.520	9.564	55.491	1,311.630
2014	32.437	7.979	40.416	22.424	9.564	55.429	1,727.553
2015	32.300	7.968	40.268	22.459	9.564	55.502	2,300.438
2016	31.454	6.939	38.393	21.882	9.564	55.308	2,653.568
2017	31.497	6.852	38.349	22.521	9.564	55.157	2,888.495
2018	30.272	6.043	36.315	22.092	9.564	54.910	3,069.926
2019	37.406	10.022	47.428	22.403	9.564	55.101	3,470.803

Source: Larimer County Assessor's Office

Note:

(1) This represents the gross millage of all Larimer County special taxing entities within the District boundaries. The total is not representative of the mill levy assessed to an individual taxpayer.

Thompson School District R2-J
Principal Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Kerr McGee Oil and Gas Onshore LP	27,311,910	1	1.46%	\$ -		-
G and I VI Promenade LLC	\$ 22,177,158	2	1.19%	-		-
Public Service Company of Colorado	17,661,069	3	0.95%	8,537,630	5	0.63%
Wal-Mart Stores East, LP	14,438,555	4	0.77%	19,117,330	2	1.42%
HR Assets LLC	11,875,500	5	0.64%	-		-
Centerra Retail Shops LLC	11,600,000	6	0.62%	-		-
Canyon Bakehouse LLC	7,837,354	7	0.42%	-		-
Loveland Medical Enterprises LLC	7,773,450	8	0.42%	-		-
RVABTS LLC	7,540,000	9	0.40%	-		-
Qwest Corporation	7,517,896	10	0.40%	11,442,030	3	0.85%
Centerra Lifestyle Center, LLC	-		-	23,680,400	1	1.76%
Agilent Technologies, Incorporated	-		-	9,612,020	4	0.71%
Craig Realty Group-Loveland, LLC	-		-	8,018,500	6	0.60%
MCR-MOB LLC	-		-	7,815,500	7	0.58%
Quebecor World Incorporated	-		-	5,308,710	8	0.39%
John Q. Hammons Hotels	-		-	5,205,500	9	0.39%
Hach Company	-		-	4,663,870	10	0.35%
	<u>\$ 135,732,892</u>		<u>7.27%</u>	<u>\$ 103,401,490</u>		<u>7.68%</u>
Total assessed valuation	<u>\$ 1,866,163,922</u>			<u>\$ 1,346,729,792</u>		

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office

Thompson School District R2-J
Property Tax Levies and Collections
 Last Ten Years
(Unaudited)

Assessment Year	Year Ended June 30	Taxes Levied for the Year	Collected within the Year of the Levy		Delinquent Tax Collections	Total Collection to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2010	55,613,207	50,735,191	91.2%	3,986,923	54,722,114	98.4%
2010	2011	56,072,249	52,371,429	93.4%	4,620,273	56,991,702	101.6%
2011	2012	54,072,711	51,303,145	94.9%	3,475,700	54,778,845	101.3%
2012	2013	52,692,995	50,029,889	94.9%	2,689,143	52,719,032	100.0%
2013	2014	52,985,717	51,118,305	96.5%	2,122,692	53,240,997	100.5%
2014	2015	53,487,740	51,542,396	96.4%	2,025,167	53,567,563	100.1%
2015	2016	59,261,073	56,828,127	95.9%	2,106,232	58,934,359	99.4%
2016	2017	60,501,426	58,429,130	96.6%	1,532,229	59,961,359	99.1%
2017	2018	65,741,247	63,595,937	96.7%	2,243,284	65,839,221	100.1%
2018	2019	88,508,422	85,416,259	96.5%	2,646,811	88,063,070	99.5%

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office

Note: Delinquent property tax data is not available from the counties for the district to apply to prior years, therefore property tax collections include delinquent taxes which may make total collections exceed the current year levy.

Thompson School District R2-J
Ratios of Outstanding Debt by Type (Governmental Only)
Last Ten Years
(Unaudited)

Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2010	130,637,310	3,450,000	1,071,301	135,158,611	5.48%	2,054
2011	124,096,273	3,260,000	876,179	128,232,452	5.15%	1,925
2012	116,326,723	3,060,000	671,925	120,058,648	4.69%	1,776
2013	120,997,488	2,860,000	458,112	124,315,600	4.54%	1,807
2014	114,058,728	2,650,000	234,293	116,943,021	3.89%	1,606
2015	106,789,968	12,778,466	-	119,568,434	3.87%	1,661
2016	99,166,209	11,932,458	-	111,098,667	3.43%	1,495
2017	91,139,957	11,061,450	-	102,201,407	3.03%	1,374
2018	82,869,479	10,160,442	2,434,326	95,464,247	2.68%	1,261
2019	223,129,001	37,248,621	1,963,189	262,340,811	6.84%	3,461

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financials Statements.

(1) See the Demographic page in the Statistical Section for personal income and population data.

The District adopted GASB 65 in 2014.

Thompson School District R2-J
Ratio of Gross General Bonded Debt to Assessed Value and Gross Bonded Debt per Capita
Last Ten Fiscal Years
(Unaudited)

Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Gross Bonded Due to Assessed Value (1)	Gross Bonded Debt per Capita
2010	130,637,310	13,488,987	117,148,323	9.70%	1,985
2011	124,096,273	13,767,050	110,329,223	9.22%	1,863
2012	116,326,723	14,116,172	102,210,551	9.10%	1,721
2013	120,997,488	12,351,178	108,646,310	9.39%	1,759
2014	114,058,728	12,611,056	101,447,672	8.70%	1,567
2015	106,789,968	12,869,000	93,920,968	8.04%	1,483
2016	99,166,209	13,129,412	86,036,797	6.42%	1,335
2017	91,139,957	13,351,499	77,788,458	5.78%	1,225
2018	82,869,479	13,821,693	69,047,786	4.58%	1,095
2019	223,129,001	19,111,226	204,017,775	11.96%	2,944

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office

(1) Assessed Value is \$1,866,163,922 for 2018.

Thompson School District R2-J
 Computation of Direct and Overlapping Debt
 June 30, 2019
 (Unaudited)

	<u>Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
Direct Debt:			
Thompson School District R2-J	\$ 262,340,811	100.00%	\$ 262,340,811
Overlapping Debt:			
Town of Berthoud	<u>9,720,000</u>	100.00%	<u>9,720,000</u>
 Total	 <u>\$ 272,060,811</u>		 <u>\$ 272,060,811</u>

(1) Determined by calculating ratio of assessed valuation of taxable property within the District to assessed valuation of the overlapping unit.

Thompson School District R2-J
 Computation of Legal Debt Margin
 June 30, 2019
 Last Ten Years
 (Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Assessed value	\$ <u>1,346,729,792</u>	\$ <u>1,346,498,784</u>	\$ <u>1,278,012,549</u>	\$ <u>1,288,846,309</u>	\$ <u>1,311,008,455</u>	\$
Debt limit (20% of assessed valuation)	\$ 269,345,958	\$ 269,299,757	\$ 255,602,510	\$ 257,769,262	\$ 262,201,691	\$
Total net debt applicable to limit	<u>130,637,310</u>	<u>124,096,273</u>	<u>116,326,723</u>	<u>120,997,488</u>	<u>114,058,728</u>	
Legal debt margin	\$ <u>138,708,648</u>	\$ <u>145,203,484</u>	\$ <u>139,275,787</u>	\$ <u>136,771,774</u>	\$ <u>148,142,963</u>	\$
Total net debt applicable to the limit as a percentage of debt limit	<u>48.50%</u>	<u>46.08%</u>	<u>45.51%</u>	<u>46.94%</u>	<u>43.50%</u>	

Note:

Under state finance law, the outstanding general obligation debt should not exceed 20 percent of total assessed property value.

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office
 District Financial Records

2015	2016	2017	2018	2019
<u>1,328,293,932</u>	\$ <u>1,543,538,472</u>	\$ <u>1,577,653,289</u>	\$ <u>1,810,305,577</u>	\$ <u>1,866,163,922</u>
265,658,786	\$ 308,707,694	\$ 315,530,658	\$ 362,061,115	\$ 373,232,784
<u>106,789,968</u>	<u>99,166,209</u>	<u>91,139,957</u>	<u>82,869,479</u>	<u>223,129,001</u>
<u>158,868,818</u>	\$ <u>209,541,485</u>	\$ <u>224,390,701</u>	\$ <u>279,191,636</u>	\$ <u>150,103,783</u>
<u>40.20%</u>	<u>32.12%</u>	<u>28.88%</u>	<u>22.89%</u>	<u>59.78%</u>

Thompson School District R2-J
Principal Employers
Current and Nine Years Ago
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment (a)
Thompson School District R2-J	2,500	1	7.57%	2,408	1	4.76%
Medical Center of the Rockies	1,621	2	4.91%	1,100	4	2.18%
Wal-Mart Distribution Center	1,226	3	3.71%	1,050	5	2.08%
Nutrein/Crop Production Services	900	4	2.72%	-	-	-
City of Loveland	833	5	2.52%	692	7	1.37%
Hach Company	800	6	2.42%	1,200	3	2.37%
McKee Medical Center	577	7	1.75%	950	6	1.88%
The Eye Laser Center of Northern Co	200	8	0.61%	-	-	-
Pinnacle Agriculture Holdings LLC	200	9	0.61%	-	-	-
North Shore Health & Rehab Facility	154	10	0.47%	-	-	-
Wal-Mart Super Center	-	-	-	307	9	0.61%
Kroll Factual Data	-	-	-	262	10	0.52%
Group Publishing	-	-	-	311	8	0.62%
Promenade Shops at Centerra	-	-	-	1,927	2	3.81%
Total	9,011		27.28%	10,207		20.19%
Total City Employment	33,035			50,561		

Sources: City of Loveland December 31, 2018 Comprehensive Annual Financial Report
District Financial Records

(a) Numbers prior to 2016 reflect full employment, 2016 forward will reflect full time equivalents (FTEs).

Thompson School District R2-J
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population <i>(thousands)</i>	Personal Income <i>(millions)</i>	County Per Capita Income (b) <i>(thousands)</i>	Median Age	Unemployment Percentage (a)
2009	65.8	2,466.25	37.5	36.9	5.4
2010	66.6	2,487.66	37.4	36.9	8.2
2011	67.6	2,557.54	37.8	35.3	8.7
2012	68.8	2,736.96	39.8	38.7	7.7
2013	72.8	3,009.34	41.3	38.1	6.5
2014	72.0	3,085.71	42.9	37.7	4.8
2015	74.3	3,240.43	43.6	38.4	3.8
2016	74.4	3,372.88	45.3	39.1	3.2
2017	75.7	3,564.64	47.1	40.1	2.5
2018	75.8	3,832.88	50.5	40.2	2.9

(a) Separate City statistics were not previously available, but are available as of 2016 retroactively to 2007

(b) Larimer County, separate City statistics not available

Source: City of Loveland December 31, 2018 Comprehensive Annual Financial Report

Thompson School District R2-J
Number of Employees by Function
June 30, 2019
(Unaudited)

<u>Employees: (Full and Part Time Positions)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Administration										
Instructional Central Office Administrators	9	11	10	8	8	9	9	10	9	10
Principals & Asst. Principals	49	47	45	45	47	48	49	47	47	47
Support Central Office Administrators	12	11	10	9	9	6	8	8	11	13
Teaching Staff										
Teachers										
Substitute Teachers	408	438	391	484	491	568	524	472	525	462
Guidance Counselors	43	39	37	36	35	37	44	46	48	44
Media Specialist	9	9	9	9	7	7	7	8	7	9
Teacher Aides	212	166	172	175	193	197	195	210	224	232
Support Services										
Nurses, Psychologists, and Social Workers	32	30	29	31	32	32	31	34	34	41
Pupil Transportation	128	114	99	99	99	98	97	96	99	100
Personnel Services	11	9	9	9	9	9	12	12	12	13
Operations and Maintenance	164	162	156	145	149	144	144	141	144	143
Fiscal Services and Data Processing	16	16	16	14	14	14	14	14	14	13
School Building Clerical	148	137	125	119	123	124	118	121	124	120
Other Professional Support Staff	156	134	124	121	128	132	134	141	142	138
Other Clerical Support	31	26	22	19	19	22	21	21	22	21
Food Services	115	86	74	72	73	69	73	76	74	62
Total	2,580	2,407	2,234	2,290	2,375	2,453	2,411	2,407	2,500	2,455

Source: Thompson School District Human Resources Department

Thompson School District R2-J

Operating Indicators

June 30, 2019

(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Funding per Student	\$ 6,714	\$ 6,461	\$ 6,140	\$ 6,145	\$ 6,308	\$ 6,665	\$ 6,938	\$ 7,045	\$ 7,275	\$ 7,713
Funded Pupil Count	14,491.7	14,469.9	14,672.9	14,903.3	15,115.6	15,122.3	15,064.9	15,252.0	15,229.7	15,194.5
Total Funding per School Finance Act	<u>\$ 97,297,274</u>	<u>\$ 93,490,024</u>	<u>\$ 90,091,606</u>	<u>\$ 91,580,779</u>	<u>\$ 95,349,205</u>	<u>\$ 100,790,130</u>	<u>\$ 104,520,276</u>	<u>\$ 107,450,340</u>	<u>\$ 110,796,068</u>	<u>\$ 117,195,179</u>

Source: Thompson School District Finance Department

Thompson School District R2-J
School Building Information
 June 30, 2019
(Unaudited)

<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>					
			<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Elementary Schools								
Berthoud	50,050	480	481	463	431	474	433	397
BF Kitchen	33,800	280	224	237	226	219	227	214
Big Thompson	29,100	255	232	240	221	220	207	184
Carrie Martin	33,350	280	285	251	220	240	232	245
Centennial	57,750	530	441	435	455	457	466	462
Cottonwood Plains	57,400	530	428	419	416	446	424	408
Coyote Ridge	58,300	375	379	366	368	339	360	361
Garfield	34,900	300	255	262	266	245	252	267
High Plains	63,600	550	533	473	391	-	-	-
Ivy Stockwell	36,050	355	375	333	312	301	318	323
Laurene Edmondson	32,650	280	208	213	214	210	235	250
Lincoln	40,500	355	245	244	213	208	222	220
Mary Blair	49,150	480	267	313	326	375	387	389
Monroe	51,050	505	198	209	227	294	292	305
Namaqua	51,550	505	256	274	312	323	329	367
Ponderosa	71,500	550	404	407	419	445	449	462
Sarah Milner	36,700	405	286	316	318	298	314	336
Stansberry	31,800	280	118	170	199	225	212	207
Truscott	45,700	330	215	221	246	257	240	265
Van Buren	32,800	300	123	124	142	150	189	197
Winona	65,500	550	367	349	405	442	443	466
Middle Schools								
Bill Reed	146,500	900	661	628	658	685	709	695
Conrad Ball	96,100	810	499	528	553	638	667	659
Lucile Erwin	115,500	900	850	890	919	879	903	888
Turner	72,750	770	479	477	464	438	425	460
Walt Clark	96,850	900	499	495	481	494	481	477
High Schools								
Berthoud	143,100	990	678	715	714	727	693	678
Ferguson	43,000	185	118	109	127	103	124	120
Loveland	211,250	1,500	1,638	1,628	1,617	1,530	1,535	1,521
Mountain View	252,300	1,475	1,203	1,250	1,218	1,268	1,253	1,208
Thompson Valley	218,000	1,475	1,087	1,147	1,209	1,177	1,246	1,238
Totals	2,358,550	18,380	14,032	14,186	14,287	14,107	14,267	14,269

Source: Thompson School District Planning Department

2013	2012	2011	2010
380	378	432	419
223	217	250	215
171	185	206	183
270	281	304	317
403	399	417	417
413	416	426	433
374	341	347	295
275	276	258	294
-	-	-	-
307	317	334	334
246	211	227	246
220	223	249	366
405	435	423	487
333	330	305	352
380	372	396	481
457	431	370	-
338	307	312	328
213	223	243	253
261	281	302	284
202	199	212	274
433	418	440	435
701	660	650	618
660	642	646	621
888	850	874	854
449	465	407	421
508	530	574	586
646	623	626	623
112	131	138	125
1,490	1,517	1,553	1,641
1,127	1,118	1,103	1,081
1,278	1,328	1,330	1,364
14,163	14,104	14,354	14,347



COMPLIANCE SECTION



**Independent Auditors' 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***

Board of Education
Thompson School District R2-J
Loveland, Colorado

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated December 5, 2019. Our report includes a reference to other auditors who audited the financial statements of the New Vision Charter School, as described in our report on the Thompson School District R2-J's financial statements. The financial statements of the New Vision Charter School and the Loveland Classical Schools 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 the Thompson School District R2-J's internal control over financial reporting 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 the Thompson School District R2-J's internal control. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Thompson School District R2-J's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 the Thompson School District R2-J's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thompson School District R2-J'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*.

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 Thompson School District R2-J'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 Thompson School District R2-J's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Greenwood Village, Colorado
December 5, 2019





**Independent Auditors' Report on Compliance for Each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of Education
Thompson School District R2-J
Loveland, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Thompson School District R2-J's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Thompson School District R2-J's major federal programs for the year ended June 30, 2019. The Thompson School District R2-J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Thompson School District R2-J'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Thompson School District R2-J'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 the Thompson School District R2-J's compliance.

Opinion on Each Major Federal Program

In our opinion, the Thompson School District R2-J 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, 2019.

Report on Internal Control Over Compliance

Management of the Thompson School District R2-J 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 the Thompson School District R2-J'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 the Uniform Guidance, 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 the Thompson School District R2-J'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 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 the Thompson School District R2-J's 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J. We issued our report thereon dated December 5, 2019, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School, which represent 49 percent and 35 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School, is based solely upon the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
December 5, 2019



Thompson School District R2-J
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Section I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified Qualified Adverse Disclaimed

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies 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 federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Unmodified Qualified Adverse Disclaimed

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
84.101	Title I – Special Education Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II: Financial Statement Findings

None to report for the year ended June 30, 2019.

Section III: Federal Awards Findings and Questioned Costs

None to report for the year ended June 30, 2019.

Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass - Through Grantor Program Title	Pass-Through Entity Grant Code	Federal CFDA Number	Grant Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I	4010,5010	84.010	\$ 1,794,520
Special Education Cluster			
Special Education	4027	84.027	2,857,277
Special Education Preschool	4173	84.173	<u>68,257</u>
Special Education Cluster Subtotal			2,925,534
Supporting Effective Instruction	4367	84.367	293,690
English Language Acquisition	4365	84.365	41,436
Student Support and Academic Enrichment Program	4424	84.424	60,694
Education for Homeless Children and Youth	5196	84.196	25,884
Special Education State Personnel Development	5323	84.323	2,514
Passed Through State Community Colleges System			
Career and Technical Education		84.048	<u>95,911</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,240,183</u>
U.S. Department of Agriculture			
Passed through State Department of Human Services			
Child Nutrition Cluster			
Food Donation		10.555	364,991
Passed Through State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	4553	10.553	754,211
National School Lunch Program	4555	10.555	2,089,244
Summer Food Service Program for Children	4559	10.559	<u>89,117</u>
Child Nutrition Cluster Subtotal			2,932,572
Passed Through State Department of Public Health & Environment			
Child and Adult Care Food Program		10.558	<u>20,777</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,318,340</u>
U.S. Department of Health and Human Services			
Direct Program			
Head Start		93.600	1,342,523
Passed Through State Department of Education			
Substance Abuse and Mental Health Services	7243	93.243	<u>419,392</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,761,915</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 10,320,438</u>

See independent auditors' report

Thompson School District R2-J
Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

Note (1) Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

Note (2) Indirect Costs

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note (3) Subrecipients

There were no funds passed through to subrecipients.

Note (4) Method of Valuation for Commodities

Commodities were valued at fair market value at the time of receipt.

**Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2018**

Section II - Findings Required to be Reported by Government Auditing Standards

No prior year findings for follow up.

Section III - Findings Required to be Reported by the Uniform Guidance

No prior year finding for follow up.



Colorado Department of Education
Auditors Integrity Report
 District: 1560 - Thompson R2-J
 Fiscal Year 2018-19
 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	17,201,998	139,545,563	133,868,721	22,878,840
18 Risk Mgmt Sub-Fund of General Fund	72,500	1,556,809	1,551,309	78,000
19 Colorado Preschool Program Fund	0	668,290	668,290	0
Sub- Total	17,274,498	141,770,662	136,088,320	22,956,840
11 Charter School Fund	1,953,719	13,809,229	13,420,707	2,342,241
20,26-29 Special Revenue Fund	4,346,299	3,917,176	2,411,386	5,852,088
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	730,073	5,165,719	4,980,928	914,864
22 Govt Designated-Purpose Grants Fund	4,136,382	11,671,391	11,177,398	4,630,375
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	13,821,692	18,828,933	13,539,400	19,111,225
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	179,514,628	6,539,505	172,975,123
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,672,765	3,317,336	3,428,781	1,561,319
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	43,935,428	377,995,072	191,586,425	230,344,074
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	57,566	30,000	32,500	55,066
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,425,085	2,717,332	2,566,774	1,575,643
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,275,843	809,230	697,945	1,387,129
Totals	2,758,495	3,556,562	3,297,219	3,017,838

FINAL

EMMA, CONTINUING DISCLOSURE SECTION

This part of the Thompson School District’s comprehensive annual financial report presents certain information about tax exempt bonds that arises after the initial issuance of the bonds. This information generally reflects the financial or operating condition of the issuer (or the other party responsible for the repayment of some or all of the bonds, an “obligor”) as it changes over time, as well as specific events occurring after issuance that can have an impact on the ability of issuer or obligated person to pay amounts owing on the bonds, the value of the bonds if it is bought or sold prior to its maturity, the timing of repayment of principal, and other key features of the bonds.

<u>Contents</u>	<u>Pages</u>
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History of District’s Mill Levy	148
History of District’s Assessed Valuation	149
History of District’s Property Tax Collections	150
History of General Fund Revenues, Expenditures and Fund Balances	152-153
General Fund Budget Summary and Comparison	154-155
General Obligation Debt Ratios, Historical Debt Ratios (as of June 30)	156

Note

For a summary of the principal taxpayers of the District, please reference page 119 of the report.

Thompson School District R2-J
 District Enrollment
 Historical Enrollment as of October Student Counts
(Unaudited)

School Year	Enrollment	Percent Increase Based Upon Total Enrollment
2010	15,225	-0.70%
2011	15,310	0.56%
2012	15,655	2.25%
2013	16,042	2.47%
2014	16,210	1.05%
2015	16,133	-0.48%
2016	16,043	-0.56%
2017	16,280	1.48%
2018	16,278	-0.01%
2019	16,181	-0.60%

Thompson School District R2-J
 History of District's Mill Levy
 (Unaudited)

<u>School Year</u>	<u>General Fund Mill Levy</u>	<u>Bond Fund Mill Levy</u>	<u>Mill Levy Override</u>	<u>Abatements</u>	<u>Total Mill Levy</u>
2010	22.360	9.120	9.719	0.096	41.295
2011	22.360	9.156	9.720	0.407	41.643
2012	22.360	9.655	10.018	0.277	42.310
2013	22.360	8.054	9.969	0.501	40.884
2014	22.360	7.979	9.870	0.207	40.416
2015	22.360	7.968	9.796	0.144	40.268
2016	22.360	6.939	9.008	0.086	38.393
2017	22.360	6.852	8.898	0.239	38.349
2018	22.360	6.043	7.754	0.158	36.315
2019	22.360	10.022	14.916	0.130	47.428

Thompson School District R2-J
 History of District's Assessed Valuation
 (Unaudited)

Levy / Collection Year	Gross Assessed Valuation				Tax Increment Valuation	Net Assessed Valuation	Percent Change
	Larimer County	Weld County	Boulder County	Total			
2009/2010	1,427,021,812	11,338,520	3,783,040	1,442,143,372	95,413,580	1,346,729,792	2.06%
2010/2011	1,428,017,910	9,438,100	3,816,369	1,441,272,379	94,773,595	1,346,498,784	-0.02%
2011/2012	1,361,162,945	11,196,000	3,530,837	1,375,889,782	97,877,233	1,278,012,549	-5.09%
2012/2013	1,369,737,812	13,731,010	3,610,015	1,387,078,837	98,232,528	1,288,846,309	0.85%
2013/2014	1,391,202,663	14,153,877	3,866,030	1,409,222,570	98,214,115	1,311,008,455	1.72%
2014/2015	1,406,505,209	14,532,160	3,760,748	1,424,798,117	96,504,185	1,328,293,932	1.32%
2015/2016	1,634,814,386	15,082,540	3,923,319	1,653,820,245	110,281,773	1,543,538,472	16.20%
2016/2017	1,650,085,690	35,755,870	3,895,710	1,689,737,270	112,083,981	1,577,653,289	2.21%
2017/2018	1,905,697,165	25,884,930	4,089,363	1,935,671,458	125,365,881	1,810,305,577	14.75%
2018/2019	1,966,738,446	31,467,000	4,146,763	2,002,352,209	136,188,287	1,866,163,922	3.09%

Thompson School District R2-J
 History of District's Property Tax Collections
(Unaudited)

Assessment Year	Collection Year	Total Taxes Levied	Taxes Collected	Percent Collected
2009	2010	55,613,207	54,722,114	98.4%
2010	2011	56,072,249	56,991,702	101.6%
2011	2012	54,072,711	54,778,845	101.3%
2012	2013	52,692,995	52,719,032	100.0%
2013	2014	52,985,717	53,240,997	100.5%
2014	2015	53,487,740	53,567,563	100.1%
2015	2016	59,261,073	58,934,359	99.4%
2016	2017	60,501,426	59,961,359	99.1%
2017	2018	65,741,247	65,839,221	100.1%
2018	2019	88,508,422	88,063,070	99.5%



Thompson School District R2-J

History of General Fund Revenues, Expenditures and Fund Balances

(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues						
Taxes						
Local Property-School Finance Act	\$ 29,734,849	\$ 31,039,495	\$ 29,259,082	\$ 29,268,775	\$ 29,675,067	\$ 29,896,023
Local Property-Mill Levy Override	12,933,744	13,419,450	13,042,059	13,019,306	13,071,303	13,073,884
Specific Ownership	4,058,837	3,853,468	3,887,262	4,000,549	4,428,291	4,893,796
Intergovernmental						
Equalization Entitlements	64,803,052	57,404,922	59,316,022	60,659,979	63,794,200	68,613,637
Special Education	2,856,876	2,945,718	2,672,906	2,814,051	3,146,620	3,343,434
Vocational Education	545,397	511,729	482,041	381,172	326,140	432,096
Transportation	862,440	972,871	953,060	1,022,447	1,020,396	1,036,797
Other Federal Grants	-	3,892,585	162,482	68,142	67,079	-
Charter School Chargebacks	-	-	730,892	887,200	952,278	1,035,075
Other	1,550,352	1,435,156	1,144,814	758,453	755,241	839,822
Investment Earnings	198,062	53,806	35,277	103,387	72,034	54,989
Total Revenues	<u>117,543,609</u>	<u>115,529,200</u>	<u>111,685,897</u>	<u>112,983,461</u>	<u>117,308,649</u>	<u>123,219,553</u>
Expenditures						
Current Operating						
Instruction	59,894,659	60,900,240	60,677,590	60,841,196	65,216,824	68,502,531
Supporting Services	47,256,194	45,503,134	43,042,411	41,721,050	44,391,604	45,518,203
Capital Outlay	593,237	718,591	602,807	682,404	1,325,652	1,062,017
Charter School Allocation	-	-	5,827,930	6,497,874	6,785,972	7,388,163
Total Expenditures	<u>107,744,090</u>	<u>107,121,965</u>	<u>110,150,738</u>	<u>109,742,524</u>	<u>117,720,052</u>	<u>122,470,914</u>
Excess of Revenues Over (Under) Expenditur	<u>9,799,519</u>	<u>8,407,235</u>	<u>1,535,159</u>	<u>3,240,937</u>	<u>(411,403)</u>	<u>748,639</u>
Other Financing Sources (Uses)						
Transfers Out	<u>(8,657,568)</u>	<u>(4,234,946)</u>	<u>(2,643,417)</u>	<u>(2,040,762)</u>	<u>(3,092,110)</u>	<u>(2,785,518)</u>
Net Change In Fund Balances	1,141,951	4,172,289	(1,108,258)	1,200,175	(3,503,513)	(2,036,879)
Fund Balances - Beginning of the Year	<u>24,116,495</u>	<u>25,554,731</u>	<u>29,727,020</u>	<u>28,618,762</u>	<u>29,818,937</u>	<u>26,315,424</u>
Fund Balances - End of the Year	<u>\$ 25,258,446</u>	<u>\$ 29,727,020</u>	<u>\$ 28,618,762</u>	<u>\$ 29,818,937</u>	<u>\$ 26,315,424</u>	<u>\$ 24,278,545</u>

Difference in ending June 30, 2010 balance and the beginning July 1, 2010 is due to a restatement of fund balance due to a GASB 54 requirement that the Severance Fund and the Interscholastic Athletics/Activities Fund (previously reported separately) are to be included in the General Fund for 2010/2011.

Sources: District Comprehensive Annual Financial Reports for years ended June 30, 2010-June 30, 2019; and the District.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	34,410,569	\$ 35,239,167	\$ 40,728,957	\$ 41,844,442
	13,860,291	14,007,199	14,139,040	27,667,897
	4,958,453	5,549,436	6,039,905	7,100,619
	67,344,018	69,356,093	67,122,702	68,758,543
	3,295,248	3,149,449	3,274,728	3,460,949
	617,848	438,570	456,561	446,565
	1,081,771	1,025,549	1,050,582	1,162,404
	120,634	18,406	54,136	48,319
	1,245,964	1,341,972	1,548,222	1,656,060
	1,031,973	1,171,172	1,915,170	3,263,065
	106,464	243,468	394,081	581,839
	<u>128,073,233</u>	<u>131,540,481</u>	<u>136,724,085</u>	<u>155,990,702</u>
	68,290,676	70,648,085	73,055,038	79,248,312
	46,936,538	49,962,439	52,036,925	55,453,996
	631,741	863,928	587,816	1,386,012
	8,381,383	8,732,477	9,832,809	10,608,878
	<u>124,240,338</u>	<u>130,206,929</u>	<u>135,512,588</u>	<u>146,697,198</u>
	<u>3,832,895</u>	<u>1,333,552</u>	<u>1,211,497</u>	<u>9,293,504</u>
	<u>(5,743,039)</u>	<u>(3,916,628)</u>	<u>(3,722,324)</u>	<u>(3,611,162)</u>
	(1,910,144)	(2,583,076)	(2,510,827)	5,682,342
	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>	<u>17,274,498</u>
\$	<u><u>22,368,401</u></u>	<u><u>19,785,325</u></u>	<u><u>17,274,498</u></u>	<u><u>22,956,840</u></u>

Thompson School District R2-J

General Fund Budget Summary and Comparison

(Unaudited)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Fund Balance - Beginning of Year	\$ 24,116,495	\$ 25,258,446	\$ 29,727,020	\$ 28,618,762	\$ 29,818,937	\$ 26,315,424	\$ 24,278,545
REVENUES							
School Finance Act							
Property taxes	30,112,878	30,107,713	28,576,361	28,818,457	29,314,149	29,700,652	31,990,765
Specific ownership taxes	2,380,066	2,207,174	2,106,762	2,079,791	2,236,977	2,472,616	2,528,596
State equalization	67,101,409	56,985,336	59,349,418	60,456,717	63,831,868	68,644,716	69,722,273
SFSF	-	1,098,337	-	-	-	-	-
Total School Finance Act	99,594,353	90,398,560	90,032,541	91,354,965	95,382,994	100,817,984	104,241,634
Mill Levy Override and Other							
Property taxes from overrides	12,978,760	13,170,517	13,087,970	12,848,509	12,940,685	12,940,685	13,905,685
Specific ownership taxes	1,597,489	1,440,000	1,677,652	1,513,399	2,149,674	1,796,022	2,256,668
Education Jobs Fund	-	2,718,609	89,399	-	-	-	-
Transportation reimbursement	728,055	834,068	903,055	988,354	988,273	1,015,945	1,024,421
ECEA funding	2,449,751	2,656,359	2,705,979	2,839,850	3,252,845	3,349,801	3,359,791
Vocational education reimbursement	247,000	475,000	478,275	400,000	296,000	304,000	333,352
Indirect cost reimbursement	-	-	270,000	254,400	227,500	227,500	227,500
Charter school chargebacks	-	-	713,185	924,540	950,123	955,093	1,036,703
Investment earnings	109,693	75,250	19,000	15,000	44,400	44,400	55,000
Instructional materials fees	-	-	-	225,000	205,000	170,000	153,611
E-rate reimbursements	-	-	160,000	165,000	165,000	165,000	165,000
Cell & broadband leases	-	-	80,000	72,192	72,192	73,000	73,000
National forest & other	1,215,037	962,000	578,819	54,500	74,500	117,000	124,200
Total Mill Levy Override and	19,325,785	22,331,803	20,763,334	20,300,744	21,366,192	21,158,446	22,714,931
Total Revenues	118,920,138	112,730,363	110,795,875	111,655,709	116,749,186	121,976,430	126,956,565
EXPENDITURES							
Student instruction	65,831,236	67,486,504	62,138,492	63,282,941	66,938,929	70,131,577	70,718,872
Student support	5,624,216	5,497,370	7,410,581	6,686,447	7,412,140	7,091,600	7,785,136
Instruction support	10,446,927	9,697,565	8,532,848	7,557,795	8,664,884	9,160,567	9,683,972
General administration	1,011,376	1,007,344	841,282	821,292	703,609	670,265	696,554
School administration	7,837,013	7,938,795	7,450,561	7,411,592	7,946,734	8,117,509	8,432,580
Business services	2,502,442	2,436,041	2,021,002	1,935,047	1,988,740	2,033,068	2,063,896
Facilities/operations	11,050,929	11,195,623	10,883,378	10,856,138	11,210,242	11,666,498	11,738,259
Student transportation	3,424,229	3,690,532	3,914,538	3,622,188	3,952,415	4,111,192	4,369,763
Central support	3,112,654	3,318,707	3,639,769	3,430,779	3,602,752	3,498,145	3,649,064
Allocation to charters	2,775,478	2,757,390	5,829,408	6,483,540	6,788,556	7,390,194	8,357,645
Transfers to other funds	8,838,453	4,244,206	2,651,416	2,115,562	2,947,825	2,835,837	5,743,039
Total Expenditures	122,454,953	119,270,077	115,313,275	114,203,321	122,156,826	126,706,452	133,238,780
Net Change in Fund Balance	(3,534,815)	(6,539,714)	(4,517,400)	(2,547,612)	(5,407,640)	(4,730,022)	(6,282,215)
Fund Balance - End of Year	\$ 20,581,680	\$ 18,718,732	\$ 25,209,620	\$ 26,071,150	\$ 24,411,297	\$ 21,585,402	\$ 17,996,330

Sources: District Adopted Budgets

2016-17 Budget	2017-18 Budget	2018-19 Budget	2018-19 Year End (audited)	2019-20 Year End
\$ 19,600,197	\$ 17,859,560	\$ 14,573,076	\$ 17,274,498	\$ 18,732,552
35,446,569	36,403,208	41,786,362	41,844,442	50,994,294
2,824,621	2,989,675	3,386,421	3,834,007	3,987,568
68,245,587	72,587,269	72,661,813	68,758,543	70,815,423
-	-	-	-	-
106,516,777	111,980,152	117,834,596	114,436,992	125,797,285
14,036,939	14,040,000	14,040,000	27,667,897	30,347,838
2,204,555	2,307,427	2,810,637	3,266,612	2,576,757
-	-	-	-	-
1,068,412	1,087,783	1,068,690	1,162,404	1,146,628
3,476,306	3,387,515	2,999,272	3,460,949	3,130,868
476,361	330,403	469,345	446,565	435,246
226,800	233,150	244,664	256,722	247,111
1,167,891	1,274,636	1,598,575	1,656,060	2,064,936
78,320	177,891	342,535	581,839	374,581
140,819	136,839	168,630	172,989	162,121
135,911	215,133	247,000	215,698	-
87,226	61,417	64,847	72,767	97,008
274,539	339,539	482,950	2,593,208	306,686
23,374,078	23,591,733	24,537,145	41,553,710	40,889,780
129,890,855	135,571,885	142,371,741	155,990,702	166,687,065
72,190,892	74,331,478	77,237,810	79,506,815	84,973,349
7,636,909	8,524,441	8,669,611	8,868,744	10,662,272
10,637,770	11,473,461	11,819,855	11,788,452	12,333,205
767,804	779,072	859,713	1,015,912	1,189,892
8,817,955	8,971,625	9,359,973	9,893,121	9,927,582
2,143,197	2,107,901	2,212,503	2,177,777	2,398,561
12,213,239	12,724,198	13,545,848	13,726,639	15,178,932
4,674,322	4,842,284	5,097,475	4,881,842	5,059,215
3,913,144	3,884,491	4,324,705	4,229,018	4,801,901
8,799,690	9,313,040	10,314,079	10,608,878	14,508,857
3,418,418	3,516,024	3,836,490	3,611,162	3,947,365
135,213,340	140,468,016	147,278,062	150,308,360	164,981,131
(5,322,485)	(4,896,131)	(4,906,321)	5,682,342	1,705,934
\$ 14,277,712	\$ 12,963,429	\$ 9,666,755	\$ 22,956,840	\$ 20,438,486

Thompson School District R2-J
General Obligation Debt Ratios
Historical Debt Ratios (as of June 30)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Outstanding	\$ 116,969,737	\$ 113,593,544	\$ 110,402,114	\$ 106,960,000	\$ 101,340,000	\$ 95,390,000	\$ 89,085,000	\$ 82,340,000	\$ 75,205,000	\$ 216,600,000
Estimated Population	104,236	105,485	107,858	110,523	111,683	111,152	110,532	112,165	112,152	111,483
Debt Per Capita	\$ 1,122	\$ 1,077	\$ 1,024	\$ 968	\$ 907	\$ 858	\$ 806	\$ 734	\$ 671	\$ 1,943
Assessed Value	\$ 1,442,143,372	\$ 1,441,272,379	\$ 1,375,889,782	\$ 1,387,078,837	\$ 1,409,222,570	\$ 1,424,798,117	\$ 1,653,820,245	\$ 1,689,737,270	\$ 1,935,671,458	\$ 2,002,352,209
Ratio of Debt to Assessed Value	8.11%	7.88%	8.02%	7.71%	7.19%	6.69%	5.39%	4.87%	3.89%	10.82%
Personal Income Per Capita (Larimer County)	\$ 38,546	\$ 44,179	\$ 45,775	\$ 46,610	\$ 48,730	\$ 50,410	\$ 52,059	\$ 53,497	\$ 56,846	\$ N/A
Ratio of Debt Per Capita to Personal Income Per Capita	2.91%	2.44%	2.24%	2.08%	1.86%	1.70%	1.55%	1.37%	1.18%	N/A

Includes \$95,413,580; \$94,773,595; \$97,877,233; \$98,232,528; \$98,214,115; \$96,504,185; \$110,281,773; \$112,083,981, \$125,365,881 and \$136,188,287 for incremental assessed valuation attributable to the various Larimer County Urban Renewal Authorities in the 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 levy years, respectively, in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenues.

Sources: District Comprehensive Annual Financial Report for the year ended June 30, 2010-2019; State of Colorado, Division of Property Taxation, Annual Reports 2007-2010; Regional Economics Information System Bureau of Economic Analysis.