



Comprehensive Annual
Financial Report
Year Ended June 30, 2013
Thompson R2J School District
www.thompsonschools.org



THOMPSON SCHOOL DISTRICT R2-J

Loveland, Berthoud, & Fort Collins Colorado

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2013

Prepared by the
Financial Services Department

Chief Financial Officer
Stephen Towne

Manager of Accounting and Reporting
Luke Gonzales

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

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INTRODUCTORY SECTION

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- Letter of Transmittal
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- ASBO Certificate of Achievement
- District Organization Chart
- Listing of Board of Education Members
- Listing of Key Officials



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Luke Gonzales
Manager of Accounting
& Reporting

November 25, 2013

**To the Board of Education, Parents, Taxpayers, and Members of the Thompson School District
R2-J, Loveland and Berthoud, Colorado:**

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Thompson School District R2-J for the year ended June 30, 2013.

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 (District) for the fiscal year ended June 30, 2013.

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 Swanhorst & Company LLC, 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, 2013, 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, 2013, 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 MD&A and should be read in conjunction with it.

Profile of the Government

The Thompson School District is the 16th largest school district in Colorado, encompassing 362 square miles in northern Colorado. The District includes the cities of Loveland, Berthoud and the southern part of Fort Collins as well as parts of Larimer, Weld and Boulder counties.

Serving students pre-K through 12th grade, the district has 12 early childhood centers, 20 elementary schools, five middle schools, five high schools and two charter schools. The facilities range in age from 2 to 96 years old, with the average facility age being 33 years. Funded Pupil Count for the 2012-13 school year was 14,903 students with similar projections for 2013-14 at 15,014.

District schools offer a number of educational options including: International Baccalaureate (IB) and pre-IB programs; a Science, Technology, Engineering & Mathematics (STEM) focus at one high school and two elementary schools; Core Knowledge programs; the Loveland area Integrated School of the Arts (LISA), K-12; and Advanced Placement programs. Also available is the Loveland/Berthoud Enrichment Access Program (LEAP), which supports parents who choose to school their children at home or outside a public setting. The district's TCAP scores are consistently above state averages.

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. The Board of Education adopts the budget, authorizes expenditures, selects the superintendent, significantly influences 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 budget year. Budgets are developed and monitored for compensation costs, utilities 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 monthly to insure usage within budgeted limits. On-line budget inquiry access is continuously provided to each site's administrative staff, to allow monitoring of their discretionary budgets.

Budgetary control is also maintained through the use of an encumbrance accounting system. Encumbrances outstanding at year-end lapse, but are generally 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 rentals. Under state law, each school 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's revenues from per pupil funding are included in district revenues and the transfer of those monies to the charters are considered district expenditures, even while the charters are a separate entity 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 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. The District has been negatively impacted by the region's loss of technology jobs in the past several years. In addition, the recent national and statewide recession has had a predictable impact on the local area as well. The District remains the largest employer in Loveland and Berthoud.

There remain seeds of optimism for new growth including the potential of bringing new business to the community through the ACE technology manufacturing park. Local retail sales opportunities remain poised for growth into the future. The intersection of Interstate 25 & US Highway 34, an area of recent significant growth and considerable future promise for the region is located within the District.

State Funding. Because the General Fund revenues for public schools in Colorado are predominantly determined by the School Finance Act (SFA), total revenues will normally not fluctuate significantly with stable enrollment such as the District has experienced in recent years.

School districts are also subject to the provisions of an amendment to 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 tax 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 08/09 however, a significant state and national economic downturn has negatively impacted state budget revenues and local property values, both of which fund the School Finance Act. As a result the state legislature introduced the "negative factor" into the school finance formula which has underfunded the SFA formula for four years through 2012-13. For the District, the negative factor or related rescissions, reduced SFA revenues by \$1.9M in 2009-10, \$10.4 M in 2010-11, \$13.4 M in 2011-12, and \$17.6 M in 2012-13.

Fiscal 2013-14 projects an increase to PPR (from \$6145 to \$6310) while still withholding \$17.5 M from the District via the negative factor.

In May of 2013 state legislature approved Senate Bill 213 which updates the school finance funding model effective beginning in fiscal 2015-16. The bill would return school funding in Colorado to levels that approximate the current 1994 SFA in total (but not by district) if the negative factor were eliminated. But the bill uses an updated rationale to determine what level of funding each school district would receive. The bill only becomes effective if taxpayers statewide approve a measure to increase state revenues commensurately. If no revenue increase is approved by 2017 the bill would lapse. The outlook for school funding in Colorado remains cautionary.

District Response to State Funding Cuts

The District has adopted a balanced response to the above referenced revenue losses for four consecutive years now by using strategic expense reductions in combination with prudent use of district General Fund reserves.

Implementing an updated budget process with increased levels of transparency, as well as stakeholder and community participation and input, the District has attempted to maintain or improve service levels to its student populations in critical areas while responsibly reducing expenditure budgets in response to the funding reductions.

Over four years the district has implemented net General Fund budget cuts totaling \$1.2 M even while paying for inflationary and strategic program investments. The opening of a new charter school in 2011-12 mitigates those savings by \$4.2 M, while in total the District including its charters serves approximately 500 more students than 4 years ago.

In addition to the budget reductions District budget managers also returned in 2010-11 one-time savings versus budget of more than \$4 MM in previously authorized expenditures accumulated over time.

Through consistent conservative fiscal management the District has been able to generate reserves available in part to help mitigate the impact of the recent funding cuts. Over the previous three years the board budgeted the use of \$2M, \$7.25M, and \$3.3M from reserves, respectively, to support the continuance of important student academic program offerings. In each of those years the District significantly outperformed the budget plan and actually increased reserves by \$4.5M over that horizon. For fiscal 2013-14 the board has again authorized reserves use, \$5.4M in total, with only \$2.4M of that amount going towards expenditures anticipated to be ongoing. The District continues to maintain one of the healthiest reserve balances in the state.

In addition to expense reductions and prudent use of reserves, the District requested authorization from local taxpayers for temporary (12 years) increased local funding of \$12.8 MM annually designed to mitigate on a longer term basis the impact of state funding cuts. Voters rejected that request in November 2011.

The District's current level of General Fund reserves still provides flexibility when balancing ongoing expenditure cuts to revenue reductions in 2013-14. Reserve balances however may reach a level where they can longer provide that support. Ultimately, the District will need to see a sufficient combination of state funding rebound, increased local support, and deeper expenditure reductions to completely eliminate the annual imbalance going forward.

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 Government Liquid Assets Trust (ColoTrust), a-AAA rated investment pool.

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that of local property taxes for approximately 1/3 of its School Finance Act revenues. Those property tax revenues are collected mostly during the latter part of the fiscal year. The district currently maintains sufficient internal reserves, which prevent any cash flow concerns. Longer term spending of those reserves could eventually create cash flows requiring the use of the state's interest-free loan program.

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, 2012. This was the twenty-fourth consecutive year that the government has received this prestigious award. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the fifteenth 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. We believe that our current CAFR continues to meet the Certificate of Achievement Programs' requirements and we are submitting it 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, Swanhorst & Company LLC, and its professional audit staff for all the assistance and advice they provide throughout the year.

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

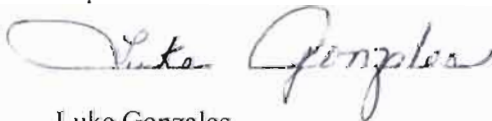
Respectfully submitted,



Dr. Stan Scheer
Superintendent of Schools



Stephen Towne
Chief Financial Officer



Luke Gonzales
Manager of Accounting & Reporting



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, 2012

Executive Director/CEO

Association of School Business Officials International



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

Thompson R2-J School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



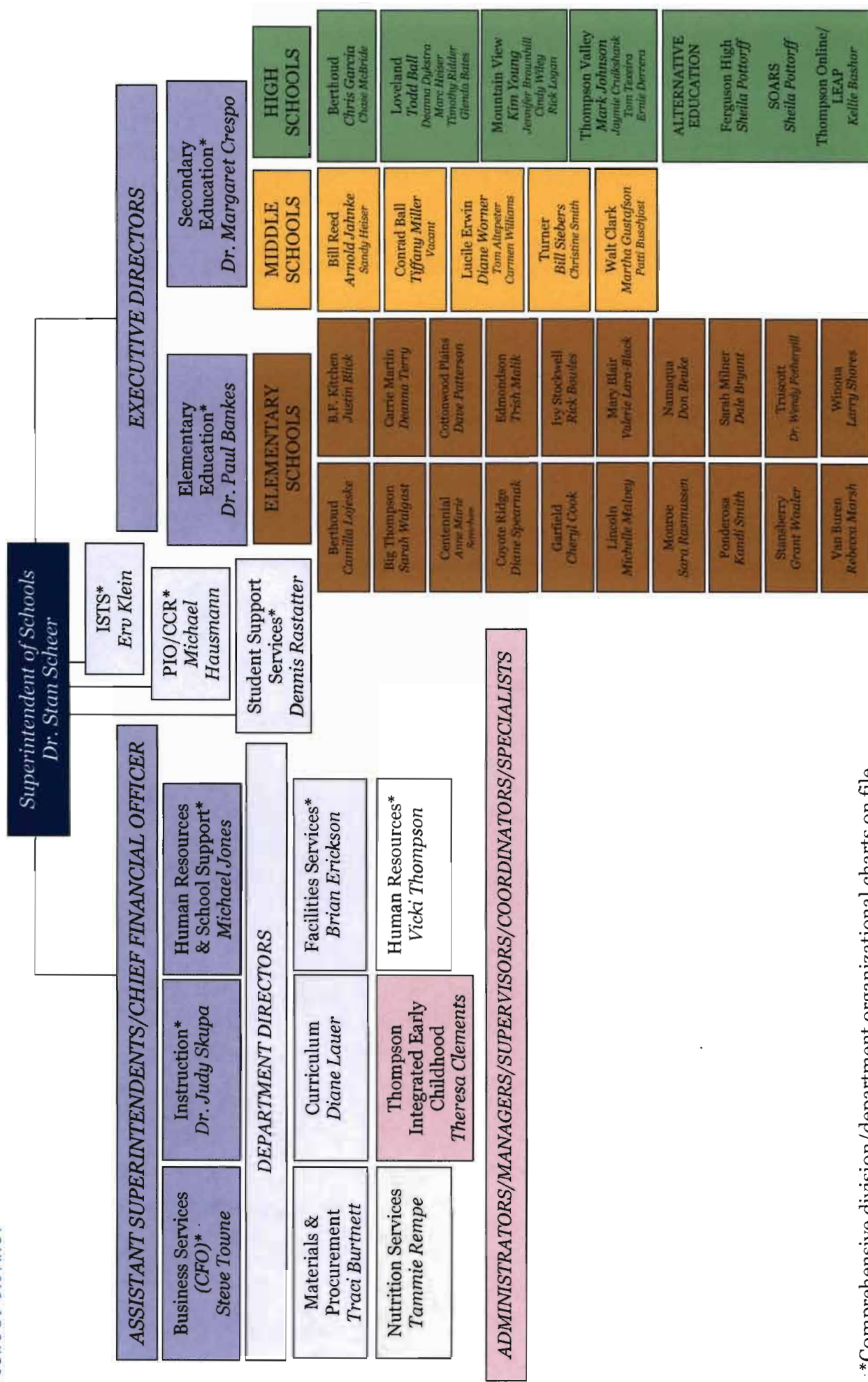
A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

ADMINISTRATIVE ORGANIZATIONAL CHART



*Comprehensive division/department organizational charts on file

Board of Education

Jeff Berg	Term Expires 2013
Bob Kerrigan	Term Expires 2015
Janice Marchman, Vice President	Term Expires 2013
Denise Montagu	Term Expires 2015
Sharon Olson, President	Term Expires 2013
Leonard Sherman, Treasurer	Term Expires 2013
Leslie Young, Secretary	Term Expires 2015

Superintendent's Executive Staff

Dr. Stan Scheer	Superintendent
Michael Jones	Assistant Superintendent, HR/School Support
Dr. Judy Skupa	Assistant Superintendent, Instruction
Stephen Towne	Chief Financial Officer
Michael Hausmann	Public Information Officer
Erv Klein	Director of Instructional Support/Technology Services
Dr. Paul Banks	Executive Director Elementary Education
Dr. Margaret Crespo	Executive Director Secondary Education
Shana Garcia	Executive Assistant to Superintendent/BOE Secretary

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, Swanhorst & Company LLC, 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.

Combining of Non-major Funds 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.



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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2013, 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, which represent 37 percent and 23 percent, respectively, of the assets and revenues of the aggregate discretely presented component units and remaining fund information. 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 on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, the business-type 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, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the auditors 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, 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.

SWAuburn & Company LLC

November 25, 2013

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

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, 2013. 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 2013 are as follows:

- The District's government-wide net position increased \$2.2 million during the fiscal year ended June 30, 2013. Total revenue growth of \$1.6 million, combined with expenditure reductions of \$3.0 million, yielded \$4.6 million of improvement versus the prior year's decrease in net position of \$2.4 million. The District's improved performance versus the prior year is attributed to an overall more conservative budget posture regarding use of reserves, while continuing successful cost containment and cost reduction strategies.
- Government-wide revenue improvements came predominantly from increased operating grants and contributions versus the prior year of \$1.5 million.
- Government-wide expenditures decreased by \$3.0 million versus the prior year. These savings resulted primarily from an employee voluntary exit incentive payout of \$1.4 million in 2012 that netted an equivalent amount of cost savings for 2013 – a combined change of \$2.8 million. Even though total expenditures decreased there still were inflationary increases to PERA pension costs and health insurance premiums. Those increases however were offset by other areas of managed cost improvements.
- Included within the overall net position change is a small increase of Business Type Net Position of \$.005 million as the Nutrition Services program saw increased participation in the Free Federal School Lunch Program.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

Overview of the Financial Statements

The annual report consists of five parts.

1. Introduction - including pertinent organization profile information.
2. Management's Discussion & Analysis - including analysis of current year results & recent trends.
3. Basic Financial Statements - including government-wide and fund financials formats with associated Notes to the Financial Statements.
4. Supplementary Information - including Budget to Actual comparisons.
5. Statistical - providing broader relevant contextual information.

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

1. Government-wide financial statements
2. Fund 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.
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 and liabilities – 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. 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 and the condition of school buildings and other facilities.

In each of the government-wide financial statements the District's activities are divided into two distinct kinds of activities:

1. Governmental activities: Most of the District's basic services are included here such as instruction, and supporting services for example, maintenance and operations, pupil transportation and administration.
2. Business-type activities: The District charges fees to help cover the costs of certain services it provides. The District's Nutritional Services program is included here.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. 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 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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 available for spending. 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. **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as government-wide statements. The District's enterprise fund (one type of proprietary fund) is used to present the same functions as its business-type activities but provide more detail and additional information such as cash flows.
3. **Fiduciary Funds:** The District is 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.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2013**

Analysis of Government-wide Financial Statements

State equalization, property taxes, and operating grants & contributions are the district's primary revenue sources overall as shown in Chart 1 below.

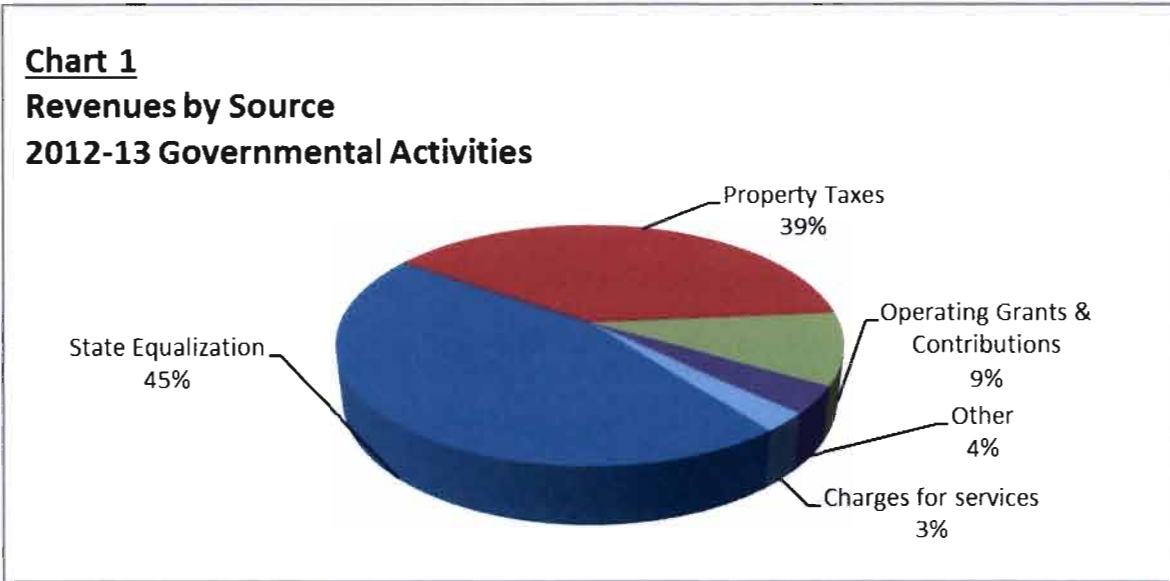
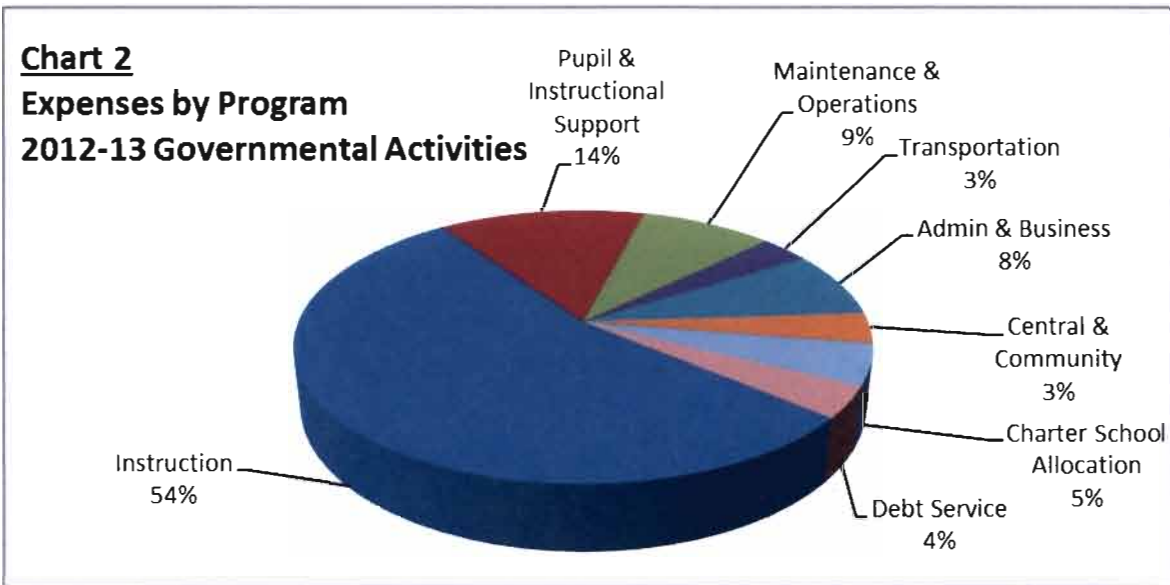


Chart 2 below presents the District's expenditures by major categories with direct instruction, and pupil and instructional support type expenditures receiving the greatest emphasis as expected.



Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

Chart 1 – Revenues by Source: 2012-13 Governmental Activities

- In fiscal 2012-13 the state supplied approximately two-thirds of school finance act funding for the District and statewide through equalization. These same monies are approximately 45% of the District's Governmental Activities revenues, and statewide comprise approximately 40% of the state's general fund expenditures budget. Recently, as state revenues have been impacted by the recession, school finance funding has similarly been affected. School Finance Act monies are recorded in the District's General Fund.
- Local property taxes comprise about a third of the District's School Finance Act. In addition, the District collects property taxes through two different voter approved overrides to support specified General Fund services and an additional levy is used to fund the annual principal and interest payments of the District's bonded debt. Collectively property taxes are 39% of total governmental activities revenues.
- 9% of District revenues came from operating grants in 2013. Most significant among them are the Federal IDEA, Title and Head Start grants.
- The District collects 3% of total revenues via fees for supplemental services or programs such as full-day kindergarten, certain elective classes, and use of district facilities.

Chart 2 – Expenses by Program: 2012-13 Governmental Activities

- Classroom teacher salaries & benefits, curriculum, textbooks and instructional supplies and materials are the foundation of student instruction. They comprise the largest category of expenditure for the organization.
- The District spends another 14% of its expenditures in support of students and the staff that instruct them. Examples include counselors and instructional coaches.
- Maintenance and operation costs for the 30 different school sites and other district properties are 9% of District expenditures. Utility costs, maintenance and repairs are included here.
- Administration and business expenditures 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 the per pupil revenues derived from students enrolled in District charter schools are categorized as expenditures of the district when those monies flow to the charters for their expenditure.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

Table 1
Condensed Statement of Net Position
in millions

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2012-2013
	2013	2012	2013	2012	2013	2012	
Assets							
Current & Other Assets	\$ 65.094	\$ 65.755	\$ 1.127	\$ 1.157	\$ 66.222	\$ 66.912	\$ -1.0%
Capital Assets	159.686	166.193	0.342	0.302	160.028	166.495	-3.9%
Total Assets	224.780	231.948	1.469	1.459	226.249	233.407	-3.1%
Liabilities							
Other Liabilities	22.186	24.403	0.301	0.295	22.487	24.698	-9.0%
Long-Term Liabilities	109.887	116.996	0.020	0.021	109.907	117.017	-6.1%
Total Liabilities	132.073	141.398	0.322	0.317	132.395	141.715	-6.6%
Net Position							
Net Investment in							
Capital Assets	47.613	50.837	0.342	0.302	47.955	51.139	-6.2%
Restricted	19.829	21.090	0.048	0.054	19.876	21.145	-6.0%
Unrestricted	25.266	18.623	0.758	0.786	26.024	19.409	34.1%
Total Net Position	\$ 92.707	\$ 90.550	\$ 1.148	\$ 1.143	\$ 93.855	\$ 91.692	\$ 2.4%

Table 2
Changes in Net Position from Operating Results
in millions

	Governmental Activities		Business-Type Activities		Total School District	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 3.437	\$ 3.522	\$ 1.521	\$ 1.741	\$ 4.958	\$ 5.263
Operating Grants & Contributions	12.814	11.691	2.998	2.617	15.812	14.308
General revenues						
Property taxes	52.400	53.900	-	-	52.400	53.900
State revenue	60.660	59.316	-	-	60.660	59.316
Other	5.045	4.533	-	0.001	5.045	4.534
Total Revenues	134.357	132.962	4.519	4.358	138.876	137.320
Expenses						
Instruction	71.739	74.817	-	-	71.739	74.817
Pupil & Instructional Support	18.107	18.711	-	-	18.107	18.711
Administration & Business	10.359	10.917	-	-	10.359	10.917
Maintenance & Operations	11.643	10.971	-	-	11.643	10.971
Transportation	4.256	4.370	-	-	4.256	4.370
Central & Community	4.711	5.291	4.514	4.406	9.225	9.698
Interest on Long Term Debt	4.887	4.406	-	-	4.887	4.406
Charter School Allocation	6.498	5.828	-	-	6.498	5.828
Total Expenses	132.199	135.311	4.514	4.406	136.714	139.717
Increase (decrease) in Net Position	2.157	(2.349)	0.005	(0.048)	2.162	(2.397)
Net Position - July 1	90.550	92.899	1.143	1.191	91.693	94.090
Net Position - June 30	\$ 92.707	\$ 90.550	\$ 1.148	\$ 1.143	\$ 93.855	\$ 91.693

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2013

The condensed Statement of Net Position (Table 1 on previous page) is supported by the following additional analysis.

- The decrease in total current & other assets shown above is explained by a planned Building Fund excess of expenditures over revenues of \$.725 million. This represents the majority of remaining 2005 bond proceeds being expended in support of District capital needs.
- Total capital assets, shown net of depreciation, decreased by approximately \$6.5 million reflecting excess annual depreciation (\$7.4 million) over new investment for the year (\$0.9 million).
- The total decrease in liabilities (\$9.3 million) is primarily a result of annual debt service on the district's long-term debt.
- Business-type activities experienced a small increase to net position (\$.005 million) resulting from an excess of revenues over expenditures in accordance with the planned profitability of the Nutrition Services enterprise fund.

The condensed Changes in Net Position from Operating Results (Table 2 on previous page) is supported by the following additional analysis.

- Governmental activities revenue increased by approximately \$1.4 million. This increase is primarily from revenues in Operating Grants and Contributions. Certain revenues which were deferred in fiscal 2012 and have now been appropriately recognized as revenue in fiscal 2013.
- Business-type revenues increased by \$.161 million as more students participated in the Free Federal School Lunch Program.
- Expenses in total decreased \$3.0 million. During fiscal 2011-12 the District offered a voluntary exit incentive organization-wide to certain eligible long-term employees. The District made lump sum payments to participants totaling \$1.4 million and in return generated approximately the same amount in savings for fiscal 2012-13 and beyond. This net reduction of \$2.8 million was the largest single issue in reducing expenses.
- District charter school enrollments increased over the previous year resulting in increased per pupil revenue allocations of \$.670 million over the previous year.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2013**

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 2013 financial results show governmental fund balances in total having declined just slightly from \$49.3 million to \$49.2 million by year end.

- The Building Fund, recipient of bond sale proceeds in 2005, has been steadily spending down these proceeds on District capital needs in accordance with legal guidelines. For FY 2013, that spending was \$.725 million leaving just \$.100 million remaining.
- The Bond Redemption Fund spent its reserves down \$1.8 million simply as a function of normal adherence to the debt service schedules.
- Grants Fund reserves grew \$.130 million resulting from miscellaneous increased revenues.
- The General Fund increased its reserves by \$1.2 million through stronger than expected revenues and close management of expenditures.
- All other governmental funds reserves increased another \$1.0 million in total.

Proprietary Funds

The District's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. Unrestricted net position in the Nutrition Services Fund was approximately \$.758 million at June 30, 2013. The slight increase in overall net position for the year (\$1.148 million from \$1.143 million) was the result a small operating profit for the year.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

General Fund Budgetary Highlights

The District began the year with a General Fund budget that included expenditures in excess of revenues by \$3.27 million. In setting budget the Board was cautious to balance reserves use with strategic expenditure reductions in response to declining School Finance Act revenues of recent years. A strong reserves position and conservative fiscal planning were keys to this strategy.

Mid-year, several budget adjustments of a net favorable impact (\$.725 million) were approved by the Board. Total approved revenue improvement of \$.933 million is detailed below.

- Growth in enrollment (\$.763 million)
- Transportation reimbursement improvement (\$.115 million)
- Mill Levy Override Property Tax & other improvements (\$.055 million)

Expenditures of the General Fund budget were increased by \$.208 million in total. Within that net change some cost savings items allowed for strategic re-investment in other areas. A summary list is provided below.

- Reduction in Charter School Allocations (\$.248 million)
- Authorization of certain unspent monies from the previous year (\$.427 million)
- Net increase of miscellaneous expenditures (\$.029 million)

Actual performance against budget saw improvement as well. Revenues exceed the adjusted targets by \$1.328 million. Key aspects of this improvement are shown below.

- Property Tax Collections (\$.621 million)
- Specific Ownership Tax Collections (\$.407 million)
- Equalization per Supplemental Per Pupil Revenue Bill of February 2013 (\$.203 million)
- All other net revenue improvements (\$.097 million)

Actual expenditures, including transfers, were less than final budget by \$2.420 million. Key variances versus budget are shown below.

- Savings from unfilled staff positions (\$.765 million)
- Savings from Health, Dental & Life Insurance (\$.800 million)
- Savings from favorable wage variance versus estimates (\$.391 million)
- All other payroll related cost savings (\$.111 million)
- Operating budget savings carried over for future year spending (\$.271 million)
- All other net operating budget savings (\$.082 million)

Total net improvement of actual performance versus final budget was \$3.748 million.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2013**

Capital Assets

By the end of 2013, the District had invested \$160.0 million in land, buildings, equipment and transportation vehicles, \$159.7 million of which was in governmental activities. Table 3 provides a comparison of fiscal years 2013 and 2012.

**Table 3
Capital Assets at June 30, 2013
(Net of Depreciation, in Millions)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2012-2013
	2013	2012	2013	2012	2013	2012	
Land	\$ 14.811	\$ 14.811	\$ -	\$ -	\$ 14.811	\$ 14.811	0.0%
Land Improvements	0.089	0.095	-	-	0.089	0.095	-5.6%
Water Rights	1.291	1.291	-	-	1.291	1.291	0.0%
Construction in Progress	0.568	-	-	-	0.568	-	100.0%
Buildings	138.834	144.877	-	-	138.834	144.877	-4.2%
Equipment	2.241	2.710	0.342	0.302	2.582	3.012	-14.3%
Transportation	1.852	2.411	-	-	1.852	2.411	-23.2%
Totals	\$ 159.685	\$ 166.193	\$ 0.342	\$ 0.302	\$ 160.027	\$ 166.495	-3.9%

Depreciation of \$7.387 million on governmental activities assets was greater than the new investments net of disposals for the year of \$.880 million. This yields an overall decrease in net value of \$6.507 million. The net value of business-type capital assets increased by \$.040 million, the net cost of additions (\$.108 million) less depreciation (\$.068 million) for the year. For more details see Note 5 of this report.

Debt Administration

At year-end, the District had \$112.2 million in bonds, certificates of participation, and capital leases payable. Of this total, \$6.1 million is due within one year.

**Table 4
Outstanding Debt at June 30, 2013
(in Millions)**

	Governmental Activities 2013	Governmental Activities 2012
General Obligation Bonds	\$ 108.855	\$ 116.327
Certificates of Participation	2.860	3.060
Capital Lease Obligation Payable	0.458	0.672
Total	\$ 112.173	\$ 120.059

Additional information on the District's long-term debt can be found in Notes 7 through 10 of this report.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2013

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 stable for several years and is reasonably expected to remain so in the near future.
- 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 charters 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.
- The District continues to monitor national and state economic trends and their potential impact on the Colorado state budget. Funding for school districts in Colorado is approximately 40% of the State's budget and as a result state-level budget struggles can impact school districts as evidenced by the continued use of a negative factor in calculating school funding. Base funding for 2013-14 is expected to grow by inflation of 1.9% over 2012-13 levels. The governor's initial budget proposal for 2014-15 includes base per pupil revenues adjusted upward for inflation estimates of 2.6%.
- The Public Employees Retirement Association (PERA) of Colorado, the pension plan that covers all District employees, will increase employer contribution rates by .9 percent per year through January 2018, culminating at 20.15%. The increase in contribution rates was enacted by the state legislature and the PERA board in order to increase pension plan funding levels in relation to actuarial calculations. The annual rate increases will be a key item in future District budget development discussions.
- Rising healthcare costs are expected to continue. The District's Joint Insurance Committee will continue to analyze, discuss and recommend all appropriate means of controlling this significant District cost.
- The District's General Fund Budget for fiscal 2014 includes expenditures in excess of revenues by \$5.4 million. The District continues to balance prudent use of available reserves against further cost reductions in response to School Finance Act per pupil revenue reductions of the past two years.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2013**

- The District expects to expend the remaining \$.100 million of the 2005 bond issue proceeds, as accounted for in the Building Fund, by the end of fiscal 2014. The proceeds have successfully provided for significant capital projects and maintenance across the District for the last eight years. With increased General Fund pressures impacting its support for capital projects the District has begun analysis of upcoming capital project needs and potential financial strategies to meet them.

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.

**BASIC
FINANCIAL STATEMENTS**

Thompson School District R2-J
Statement of Net Position
As of June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash and Investments	\$ 59,584,382	\$ 436,659	\$ 60,021,041	\$ 2,723,315
Restricted Cash and Cash Equivalents	-	-	-	591,257
Accounts Receivable	3,244,367	-	3,244,367	62,780
Grants Receivable	1,574,667	325,432	1,900,099	56,068
Prepaid Expense	-	-	-	59,853
Facility Advance Payment	-	-	-	525,000
Inventory	-	365,261	365,261	-
Total Current Assets	64,403,416	1,127,352	65,530,768	4,018,273
Noncurrent Assets				
Bond Issuance Costs, (net of Accumulated Amortization)	690,912	-	690,912	143,086
Capital Assets (net of Accumulated Depreciation - where applicable):				
Land	14,810,666	-	14,810,666	400,000
Water Rights	1,291,168	-	1,291,168	-
Construction in Progress	567,524	-	567,524	-
Land Improvements	89,418	-	89,418	-
Buildings	138,834,841	-	138,834,841	3,009,284
Equipment	2,240,546	341,862	2,582,408	-
Transportation	1,851,658	-	1,851,658	-
Total Noncurrent Assets	160,376,733	341,862	160,718,595	3,552,370
Total Assets	224,780,149	1,469,214	226,249,363	7,570,643
LIABILITIES				
Current Liabilities				
Accounts Payable	1,140,941	57,636	1,198,577	58,413
Accrued Salaries and Benefits	12,274,896	161,461	12,436,357	316,123
Accrued Interest Payable	197,502	-	197,502	82,165
Due to Other Governments	342,493	-	342,493	-
Unearned Revenue	-	77,550	77,550	3,335
Current Portion of Long-Term Debt	8,230,133	4,500	8,234,633	145,439
Total Current Liabilities	22,185,965	301,147	22,487,112	605,475
Noncurrent Liabilities				
Loan Payable	-	-	-	4,610,000
Bonds Payable	103,234,864	-	103,234,864	-
Certificates of Participation	2,650,000	-	2,650,000	-
Capital Lease Obligations	234,293	-	234,293	20,807
Compensated Absences	182,733	20,373	203,106	-
Early Retirement Stipends	3,585,155	-	3,585,155	-
Total Noncurrent Liabilities	109,887,045	20,373	109,907,418	4,630,807
Total Liabilities	132,073,010	321,520	132,394,530	5,236,282
Net Position				
Net Investment in Capital Assets	47,612,676	341,862	47,954,538	(1,318,575)
Restricted for:				
Debt Service	12,780,729	-	12,780,729	409,734
TABOR	3,839,725	47,788	3,887,513	212,198
Land and Land Improvements	2,142,219	-	2,142,219	-
Grants	887,411	-	887,411	-
Colorado Preschool Program	178,562	-	178,562	-
Facility Advance Payment	-	-	-	525,000
Repairs and Replacements	-	-	-	101,757
Unrestricted	25,265,817	758,044	26,023,861	2,404,247
Total Net Position	\$ 92,707,139	\$ 1,147,694	\$ 93,854,833	\$ 2,334,361

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues	
	Expenses	Charges for Service	Operating Grants and Contributions
Primary Government			
Government Activities			
Instruction	\$ 71,738,996	\$ 1,859,361	\$ 9,661,976
Supporting Services			
Pupil Services	8,641,673	-	1,339,821
Instructional Staff	9,464,893	101,527	545,056
General Administration	796,543	-	-
School Administration	7,672,001	-	183,287
Business Services	1,890,438	16,317	-
Maintenance/Operations	11,642,850	-	55,092
Pupil Transportation	4,256,359	-	956,537
Central Supporting Services	3,392,922	1,459,928	-
Community Services	1,318,301	-	72,610
Total Support Services	49,075,980	1,577,772	3,152,403
Charter School Allocation	6,497,874	-	-
Interest on Long-term Debt	4,886,533	-	-
Total Governmental Activities	132,199,383	3,437,133	12,814,379
Business-Type Activities			
Nutritional Services	4,514,124	1,520,919	2,997,965
Total Business-Type Activities	4,514,124	1,520,919	2,997,965
Total Primary Government	136,713,507	4,958,052	15,812,344
Component Units			
New Vision Charter School	2,972,595	114,176	40,275
Loveland Classical Schools	4,099,550	162,766	108,771
Thompson Education Foundation	325,156	3,900	412,290
	\$ 7,397,301	\$ 280,842	\$ 561,336

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**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
(60,217,659)	-	(60,217,659)	-
(7,301,852)	-	(7,301,852)	-
(8,818,310)	-	(8,818,310)	-
(796,543)	-	(796,543)	-
(7,488,714)	-	(7,488,714)	-
(1,874,121)	-	(1,874,121)	-
(11,587,758)	-	(11,587,758)	-
(3,299,822)	-	(3,299,822)	-
(1,932,994)	-	(1,932,994)	-
(1,245,691)	-	(1,245,691)	-
(44,345,805)	-	(44,345,805)	-
(6,497,874)	-	(6,497,874)	-
(4,886,533)	-	(4,886,533)	-
(115,947,871)	-	(115,947,871)	-
-	4,760	4,760	-
-	4,760	4,760	-
(115,947,871)	4,760	(115,943,111)	-
-	-	-	(2,818,144)
-	-	-	(3,828,013)
-	-	-	91,034
-	-	-	(6,555,123)
29,221,467	-	29,221,467	-
12,866,612	-	12,866,612	-
10,312,144	-	10,312,144	-
4,000,549	-	4,000,549	-
60,659,979	-	60,659,979	-
905,621	-	905,621	-
138,978	173	139,151	58,550
-	-	-	6,497,874
-	-	-	325,149
-	-	-	2,042
118,105,350	173	118,105,523	6,883,615
2,157,479	4,933	2,162,412	328,492
90,549,660	1,142,761	91,692,421	2,005,869
<u>\$ 92,707,139</u>	<u>\$ 1,147,694</u>	<u>\$ 93,854,833</u>	<u>\$ 2,334,361</u>

**Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2013**

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Building</u>
ASSETS				
Cash and Investments	\$ 40,364,068	\$ 830,879	\$ 12,116,020	\$ 99,831
Accounts Receivable	2,656,920	2,213	526,075	13,368
Grants Receivable	-	1,574,667	-	-
Total Assets	<u>\$ 43,020,988</u>	<u>\$ 2,407,759</u>	<u>\$ 12,642,095</u>	<u>\$ 113,199</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 898,912	\$ 146,898	\$ -	\$ 13,368
Accrued Salaries and Benefits	11,124,657	955,012	-	-
Due to Other Governments	-	342,493	-	-
Deferred Revenue	1,178,482	-	290,917	-
Total Liabilities	<u>13,202,051</u>	<u>1,444,403</u>	<u>290,917</u>	<u>13,368</u>
Fund Balances				
Restricted for:				
TABOR	3,736,562	75,945	-	-
Debt Services	-	-	12,351,178	-
Capital Projects	-	-	-	99,831
Land & Land Improvements	-	-	-	-
Grants	-	887,411	-	-
Preschool	178,562	-	-	-
Committed to Student Specific Programs	-	-	-	-
Assigned to Capital Projects	-	-	-	-
Unassigned	25,903,813	-	-	-
Total Fund Balances	<u>29,818,937</u>	<u>963,356</u>	<u>12,351,178</u>	<u>99,831</u>
Total Liabilities and Fund Balances	<u>\$ 43,020,988</u>	<u>\$ 2,407,759</u>	<u>\$ 12,642,095</u>	<u>\$ 113,199</u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Reconciliation of the Governmental Funds Balance Sheet
With the Statement of Net Position
June 30, 2013

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
\$ 6,173,584	\$ 59,584,382	Amounts reported for governmental activities in the statement of net position are different because:	
45,791	3,244,367		
-	1,574,667		
\$ 6,219,375	\$ 64,403,416	Total Fund Balance - Governmental Funds	\$ 49,175,687
		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	263,916,339
		Accumulated depreciation is	(104,230,518)
			159,685,821
\$ 81,763	\$ 1,140,941	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 receivable not available at year-end.	
195,227	12,274,896		
-	342,493		
-	1,469,399		1,469,399
276,990	15,227,729	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
		Accrued Interest Payable	(197,502)
		Bonds Payable	(106,960,000)
27,218	3,839,725	Bond Issuance Costs	690,912
336,136	12,687,314	Loss on Reissuance Cost	12,142,624
-	99,831	Premium on Bond Financing	(14,037,488)
2,142,219	2,142,219	Capital Lease Obligations	(458,112)
-	887,411	Certificates of Participation	(2,860,000)
-	178,562	Compensated Absences	(462,733)
1,395,017	1,395,017	Early Retirement Stipends	(5,481,469)
2,041,795	2,041,795		(117,623,768)
-	25,903,813		
5,942,385	49,175,687	Total Net Position - Governmental Activities	\$ 92,707,139
\$ 6,219,375	\$ 64,403,416		

Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Building</u>
Revenue				
Taxes	\$ 46,288,630	\$ -	\$ 10,430,951	\$ -
Intergovernmental	66,591,444	8,528,568	-	-
Investment earnings	103,387	653	16,331	336
Other	-	-	-	-
TOTAL REVENUE	<u>112,983,461</u>	<u>8,529,221</u>	<u>10,447,282</u>	<u>336</u>
Expenditures				
Current				
Instruction				
Salaries and Benefits	57,098,770	4,572,443	-	-
Purchased Services	1,501,398	60,034	-	-
Supplies and Materials	2,142,865	143,453	-	-
Equipment	682,404	267,828	-	-
Other Expenditures	98,163	10,712	-	-
Total Instruction	<u>61,523,600</u>	<u>5,054,470</u>	<u>-</u>	<u>-</u>
Supporting Services				
Pupil Services	7,245,226	1,375,699	-	-
Instructional Staff	7,644,824	1,605,949	-	-
General Administration	696,806	-	-	99,737
School Administration	7,284,722	329,830	-	-
Business Services	1,890,438	-	-	-
Maintenance/Operations	10,205,842	163,792	-	625,080
Pupil Transportation	3,652,732	-	-	-
Central Supporting Services	3,100,460	-	-	-
Community Services	-	472,128	-	-
Total Support Services	<u>41,721,050</u>	<u>3,947,398</u>	<u>-</u>	<u>724,817</u>
Charter School Allocation	6,497,874	-	-	-
Debt Service - Principal	-	-	3,442,114	-
Debt Service - Interest	-	-	8,770,162	-
TOTAL EXPENDITURES	<u>109,742,524</u>	<u>9,001,868</u>	<u>12,212,276</u>	<u>724,817</u>
Excess of Revenues				
Over (Under) Expenditures	<u>3,240,937</u>	<u>(472,647)</u>	<u>(1,764,994)</u>	<u>(724,481)</u>
Other Financing Sources (Uses)				
Transfers In	-	602,834	-	-
Transfers Out	<u>(2,040,762)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,040,762)</u>	<u>602,834</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,200,175	130,187	(1,764,994)	(724,481)
Fund Balances - Beginning of the Year	<u>28,618,762</u>	<u>833,169</u>	<u>14,116,172</u>	<u>824,312</u>
Fund Balances - End of the Year	<u>\$ 29,818,937</u>	<u>\$ 963,356</u>	<u>\$ 12,351,178</u>	<u>\$ 99,831</u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Statement of Activities
For The Year Ended June 30, 2013

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
\$ -	\$ 56,719,581	Amounts reported for governmental activities in the statement of activities are different because:	
-	75,120,012	Total net change in fund balances - governmental funds	\$ (165,819)
18,271	138,978	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 exceeded capital outlay in the current year.	
<u>2,697,100</u>	<u>2,697,100</u>	Depreciation expense (7,386,878)	
2,715,371	134,675,671	Capital Outlay <u>879,523</u>	(6,507,355)
729,134	62,400,347	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 and grants not available at year-end.	(318,809)
4,597	1,566,029	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 \$2,185,496 were more than the amounts earned (\$913,625) by \$1,271,871. Vacation used \$692,878 was more than the amounts earned (\$647,731) by \$45,147.	1,317,018
154,355	2,440,673	Repayments of bonds 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.	3,442,114
19,642	969,874	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 debt issuance cost (\$64,272), bond premiums \$1,318,760, and deferred amounts on refunding (\$1,166,743), accrued interest (\$125,158), interest paid \$4,002,886 and change in accrued interest payable \$11,044	3,976,517
<u>32,552</u>	<u>141,427</u>	Repayment of Capital Lease and Certificate of Participation principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
940,280	67,518,350	Principal Payment of COP's 200,000	
20,748	8,641,673	Principal Payment of Capital Lease <u>213,813</u>	213,813
214,120	9,464,893	Change in net position of governmental activities	\$ <u>2,157,479</u>
-	796,543		
57,449	7,672,001		
-	1,890,438		
452,618	11,447,332		
-	3,652,732		
58,816	3,159,276		
<u>845,001</u>	<u>1,317,129</u>		
1,648,752	48,042,017		
-	6,497,874		
413,813	3,855,927		
<u>157,160</u>	<u>8,927,322</u>		
3,160,005	134,841,490		
(444,634)	(165,819)		
1,437,928	2,040,762		
-	(2,040,762)		
<u>1,437,928</u>	<u>-</u>		
993,294	(165,819)		
4,949,091	49,341,506		
<u>\$ 5,942,385</u>	<u>\$ 49,175,687</u>		

Thompson School District R2-J
Statement of Net Position
Proprietary Fund
June 30, 2013

		<u>Nutrition Services Fund</u>
ASSETS		
Current Assets		
Cash and Investments	\$	436,659
Grants Receivable		325,432
Inventory		365,261
Total current assets		<u>1,127,352</u>
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation		<u>341,862</u>
TOTAL ASSETS		<u>1,469,214</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		57,636
Accrued Salaries and Benefits		161,461
Unearned Revenue		77,550
Current portion of Compensated Absences		<u>4,500</u>
Total Current Liabilities		<u>301,147</u>
Noncurrent Liabilities		
Compensated Absences		<u>20,373</u>
Total Liabilities		<u>321,520</u>
NET POSITION		
Net Investment in Capital Assets		341,862
Restricted for TABOR		47,788
Unrestricted		<u>758,044</u>
Total Net Position	\$	<u><u>1,147,694</u></u>

The accompanying notes are an integral part of this statement

**Thompson School District R2-J
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For The Year Ended June 30, 2013**

	Nutrition Services Fund
Operating Revenue	
Food Sales and Catering Sales	\$ 1,520,919
TOTAL OPERATING REVENUE	1,520,919
Operating Expenses	
Salaries and Benefits	2,143,255
Purchased Services	47,878
Supplies and Materials	2,223,066
Equipment	31,886
Depreciation	68,039
TOTAL OPERATING EXPENSES	4,514,124
Operating Loss	(2,993,205)
Non-Operating Revenue	
Federal Aid:	
USDA Reimbursements	2,639,809
Donated Commodities	286,328
State Categorical Reimbursement	71,828
Interest Earnings	173
TOTAL NON-OPERATING REVENUE	2,998,138
Change in Net Position	4,933
Net Position	
Beginning of the Year	1,142,761
Net Position	
End of the Year	\$ 1,147,694

The accompanying notes are an integral part of this statement

**Thompson School District R2-J
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2013**

	Nutrition Services Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,523,258
Cash Payments to Suppliers for Goods and Services	(2,090,462)
Cash Payments to Employees for Services	(2,169,083)
	(2,736,287)
Net Cash Used by Operating Activities	
Cash Flows from Noncapital Financing Activities	
Cash Received from Federal Government	2,372,812
Cash Received from State	75,355
	2,448,167
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(107,788)
Cash Flows from Investing Activities	
Interest Received	173
	(395,735)
Net Decrease in Cash and Cash Equivalents	
Cash and Cash Equivalents, Beginning of the Year	832,394
Cash and Cash Equivalents, End of the Year	\$ 436,659
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (2,993,205)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	68,039
USDA Commodities Food Used	286,328
Changes in Assets and Liabilities	
Decrease (Increase) in Inventory	(102,378)
Increase (Decrease) in Accounts Payable	28,418
Increase (Decrease) in Accrued Salaries and Benefits	(24,719)
Increase (Decrease) in Unearned Revenue	2,339
Increase (Decrease) in Compensated Absences	(1,109)
	(2,736,287)
Net Cash Used by Operating Activities	
Non-cash Investing, Capital and Financing Activities	
Federal Aid:	
Donated Commodities	\$ 286,328

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Fiduciary Assets and Liabilities
As of June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ <u>1,226,351</u>
TOTAL ASSETS	\$ <u><u>1,226,351</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	\$ 42,846
Accrued Salaries and Benefits	4,391
Undistributed Monies	<u>1,179,114</u>
TOTAL LIABILITIES	\$ <u><u>1,226,351</u></u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

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 statements of the District include all funds that are controlled by or dependent upon the Board of Education. Control by or dependence on the Board of Education is determined on the basis of budget adoption, taxing authority, outstanding debt that may be secured by general obligation of the District, and the responsibility of the District to finance debt or make subsidies to funds.

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 Entities are fiscally dependent on the District or provide benefits exclusively to the District and 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 financial statements, which can be obtained at the school, 2366 E. 1st Street, Loveland, CO 80537. Loveland Classical Schools issues separate financial statements, which can be obtained at the school, 3835 14th Street Southwest, Loveland, CO 80537. Thompson Education Foundation does not issue separate financial statements.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

(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 three categories: governmental, proprietary 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), and the servicing of general long-term debt (debt service 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 required to be 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 schools, 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.

Government Designated-Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that normally have a different fiscal period than that of the District.

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.

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

Proprietary Funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District’s only enterprise fund is:

Nutritional Services Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

results of operations. The District has two agency funds, The Education Memorial Fund and Interscholastic Athletic and Activity Fund.

(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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements; therefore, include 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 business-type activities 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; therefore, 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 business segment or governmental 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 and enterprise 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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

(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. Proprietary and 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 except for Grants which is ninety days.

Nonexchange 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. See Note 3. State 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 nonexchange 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.

Deferred Revenue Deferred revenues (modified accrual) arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period of the fund financial statements. Deferred revenues also 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 (modified and full accrual). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in net position as an expense with a like amount reported as donated commodities revenue.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

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.

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

Enterprise – Food Service Fund: Enterprise Funds are used to account for operations that are conducted in a manner similar to private business enterprises, i.e., where the intent of the Board of Education is that the costs (expenses, including depreciation) of providing goods and services to students, teachers, and the general public (including other school districts) on a continuing basis be financed and recovered primarily through user charges. This fund has been established to record financial transactions related to food service operations (providing breakfast and lunch to students).

(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.

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. Investments are stated at fair value. The District generally holds investments until maturity.

(F) Inventories

Nutritional 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, which approximate fair market value, at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the National School Lunch Program. Commodity contributions used by the District are recorded as non-operating revenues, and as expenses when used.

(G) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

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 their fair market 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 & construction-in-progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 Years	N/A
Buildings and Improvements	10-50 Year	N/A
Furniture and Equipment	5-20 Years	5-20 Years
Vehicles	8-15 years	8-15 years

(H) 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 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 2019. The severance plan is structured to comply with the legal requirements of Title X of the Colorado Constitution (also known as the Tabor Amendment). 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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

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. In proprietary funds, the entire amount is reported as a fund liability. A liability is reported in the governmental funds only when payment is due.

(I) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, the noncurrent portion of capital leases, 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 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.

(J) 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 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, the District uses restricted fund balances first, followed by committed, assigned and unassigned balances.

(K) Net Position

Net position represents the difference between assets and liabilities. 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 net position is available.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

(L) Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses 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, 2013, the District had deposits of \$6,389,948 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

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.

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 commercial paper to the highest rating issued by at least two NRSROs. 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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

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 pools – At June 30, 2013, the District had \$56,266,841 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 as promulgated under the Investment Company Act of 1940, as amended, which requires each share to equal \$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.

Investment Type	Rating	Investment Maturities (In Years)			Thompson	All	Fair Value
		Less than 1	1 - 3	3 - 9	Ed. Fnd.	Other Funds	
Money Market Funds	AAAm	\$ 406,539	\$ -	-	\$ 398,140	\$ 8,399	\$ 406,539
Local Government Investment Pool	AAAm	56,266,841	-	-	-	56,266,841	56,266,841
Corporate Bonds	BBB/AA+	76,738	135,215	244,412	456,365	-	456,365
Commercial Paper	A1	336,180	-	-	-	336,180	336,180
U.S. Agency Securities	AA+	-	-	26,858	26,858	-	26,858
Municipal Bonds	AA-/AAA	-	26,343	52,659	79,002	-	79,002
		<u>\$ 57,086,298</u>	<u>\$ 161,558</u>	<u>\$ 323,929</u>	<u>\$ 960,365</u>	<u>\$ 56,611,420</u>	<u>\$ 57,571,785</u>

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 on the statement of net position.

Cash on Hand	\$ 775
Cash and Deposits	4,840,701
Investments	<u>57,571,785</u>
Total	<u>\$ 62,413,261</u>
Statement of Net Position:	
Primary Government Cash and Investments	\$ 60,021,041
Thompson Education Foundation Cash and Investments	1,165,869
Fiduciary Funds Cash and Investments	<u>1,226,351</u>
Total	<u>\$ 62,413,261</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

NOTE (3) Receivables

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.

Receivables at June 30, 2013 consisted of taxes, accounts, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of accounts receivable follows:

General Fund		
Property taxes - current and delinquent		\$ 2,423,820
Accounts Receivable		177,000
Grants Receivable		<u>56,100</u>
		2,656,920
Government Designated Purpose Grants Fund		
Accounts Receivable – Larimer Co Truancy		<u>2,213</u>
Debt Service Fund		
Property taxes - Current and Delinquent		<u>526,075</u>
Building Fund		
Accounts receivable – City of Loveland		<u>13,368</u>
Land Reserve Fund		
Accounts receivable – Payment in Lieu of Land		<u>45,791</u>
Total Primary Government Receivables		<u>\$ 3,244,367</u>

NOTE (4) Interfund Transfers

Interfund transfers at June 30, 2013, were composed of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Government Designated-Purpose Grants	General	\$ 602,834
Fee Supported Programs	General	153,850
Capital Projects	General	<u>1,284,078</u>
	Total	\$ <u>2,040,762</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.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

NOTE (5) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Capital Assets July 1, 2012	Additions	Deletions / Transfers	Capital Assets June 30, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 14,810,666	\$ -	\$ -	\$ 14,810,666
Water Rights	1,291,168	-	-	1,291,168
Construction in Progress	-	567,524	-	567,524
Total capital assets, not being depreciated	<u>16,101,834</u>	<u>567,524</u>	<u>-</u>	<u>16,669,358</u>
Capital assets, being depreciated:				
Land Improvements	105,198	-	-	105,198
Buildings	226,561,636	80,244	-	226,641,880
Equipment	8,839,933	231,755	-	9,071,688
Transportation	11,428,215	-	-	11,428,215
Total capital assets, being depreciated	<u>246,934,982</u>	<u>311,999</u>	<u>-</u>	<u>247,246,981</u>
Less accumulated depreciation for:				
Land Improvements	(10,520)	(5,260)	-	(15,780)
Buildings	(81,685,090)	(6,121,949)	-	(87,807,039)
Equipment	(6,130,376)	(700,766)	-	(6,831,142)
Transportation	(9,017,654)	(558,903)	-	(9,576,557)
Total accumulated depreciation	<u>(96,843,640)</u>	<u>(7,386,878)</u>	<u>-</u>	<u>(104,230,518)</u>
Total capital assets, being depreciated, net	<u>150,091,342</u>	<u>(7,074,879)</u>	<u>-</u>	<u>143,016,463</u>
Governmental Activities Capital Assets, Net	<u>\$ 166,193,176</u>	<u>\$ (6,507,355)</u>	<u>\$ -</u>	<u>\$ 159,685,821</u>
Business-Type Activities				
Furniture and Equipment	\$ 2,954,643	\$ 107,788	\$ -	\$ 3,062,431
Less Accumulated Depreciation	<u>(2,652,530)</u>	<u>(68,039)</u>	<u>-</u>	<u>(2,720,569)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 302,113</u>	<u>\$ 39,749</u>	<u>\$ -</u>	<u>\$ 341,862</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

Depreciation expense for the year ended June 30, 2013 was charged to the following governmental functions:

Instruction	\$ 6,417,187
Support Services	
Maintenance/Operations	195,518
Pupil Transportation	603,627
Central Supporting Services	169,374
Community Services	<u>1,172</u>
Total	<u>\$ 7,386,878</u>

NOTE (6) 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, 2013, are estimated to be \$12,436,357. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE (7) General Obligation Bonds Payable

On July 29, 2003, the District issued \$25,660,000 General Obligation Bonds to refund the Series 1996 General Obligation Bonds, originally issued for capital improvements. Interest payments are due semi-annually on June 15, and December 15. Principal payments are due annually on December 15, through 2016.

On December 20, 2005, the District issued \$89,215,000 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 2015.

On 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. Proceeds were deposited with an escrow agent to provide for all future debt service for \$84,725,000 of the General Obligation Bonds, Series 2005. Accordingly, the liability for the defeased debt has been removed from the District's financial statements. The total outstanding balance of the defeased debt at June 30, 2013, was \$84,725,000.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

Table 1

Series 2003A Refunding Bonds

Interest Rate 2.75% to 5.25%

Principal December 15 – Interest June 15, December 15

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,315,000	\$ 779,269	\$ 5,094,269
2015	4,550,000	591,238	5,141,238
2016	4,760,000	383,862	5,143,862
2017	<u>5,045,000</u>	<u>132,431</u>	<u>5,177,431</u>
Total	<u>\$ 18,670,000</u>	<u>\$ 1,886,800</u>	<u>\$ 20,556,800</u>

Table 2

Series 2005 Bonds

Interest Rate 4.00% to 5.00%

Principal December 15 – Interest June 15, December 15

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,205,000	\$ 149,650	\$ 1,354,650
2015	1,300,000	98,900	1,398,900
2016	<u>1,445,000</u>	<u>36,125</u>	<u>1,481,125</u>
Total	<u>\$ 3,950,000</u>	<u>\$ 284,675</u>	<u>\$ 4,234,675</u>

Table 3

Series 2012 Bonds

Interest Rate 2.00% to 5.00%

Principal December 15 – Interest June 15, December 15

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,000	\$ 3,707,000	\$ 3,807,000
2015	100,000	3,705,000	3,805,000
2016	100,000	3,703,000	3,803,000
2017	1,700,000	3,689,250	5,389,250
2018	7,135,000	3,506,300	10,641,300
2019-2023	43,240,000	11,773,094	55,013,094
2024-2026	<u>31,965,000</u>	<u>2,277,081</u>	<u>34,242,081</u>
Total	<u>\$ 84,340,000</u>	<u>\$ 32,360,725</u>	<u>\$ 116,700,725</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

NOTE (8) 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 April 22, 2004, the Thompson School Facilities Corporation issued \$4,485,000 of COPs. The 2004 COPs were issued to purchase the Thompson Learning Community, which houses the District's central administrative offices and a Community Learning Center. The COPs carry interest rates ranging from 1.85% to 4.50%. Annual lease payments will be made from the Capital Projects Fund. Principal payments are due annually on December 1, through 2023. Interest payments are due semi-annually on June 1, and December 1.

The table below identifies the remaining principal and interest due on the 2004 COP issue as of June 30, 2013.

Table 1
Series 2004 Certificates of Participation
Interest Rate 1.85% to 4.50%
Principal December 1 – Interest June 1, December 1

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 210,000	\$ 118,329	\$ 328,329
2015	220,000	109,906	329,906
2016	230,000	100,769	330,769
2017	235,000	91,351	326,351
2018	245,000	81,174	326,174
2019-2023	1,400,000	233,007	1,633,007
2024	<u>320,000</u>	<u>7,200</u>	<u>327,200</u>
Total	<u>\$ 2,860,000</u>	<u>\$ 741,736</u>	<u>\$ 3,601,736</u>

NOTE (9) Capital Leases

<u>Year ended June 30,</u>	
2014	245,259
2015	245,259
Amount Representing Interest	<u>(32,406)</u>
Present Value of Minimum Lease Payments	<u>\$ 458,112</u>

The district has a lease with Sun Trust Leasing Corporation, which was entered into on September 15, 2002 for the original amount of \$2,233,253. Twelve annual payments of \$245,259

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

began on July 1, 2003 through July 1, 2014. This lease is an energy performance contract. The payments are guaranteed from annual energy savings by replacing equipment with more energy efficient units. This contract is guaranteed by Siemen Building Technologies. Payments are made from the Capital Projects Fund, based on a transfer from the General Fund energy budget. No assets were capitalized as items did not meet District's capitalization policy.

NOTE (10) 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, 2013:

	June 30, 2012	Additions	Deletions	June 30, 2013	Amount Due in One Year
Governmental activities:					
Bonds Payable (principal)	\$ 110,402,114	\$ -	\$ 3,442,114	\$ 106,960,000	\$ 5,620,000
Premium Bond Refinancing '12	14,477,347	-	1,135,478	13,341,869	-
Premium Bond Issuance '05	150,051	-	37,513	112,538	-
Premium Bond Issuance '03	728,850	-	145,769	583,081	-
Bond Reissuance Loss '12	(12,298,654)	-	(964,600)	(11,334,054)	-
Bond Reissuance Loss '03	(1,010,713)	-	(202,143)	(808,570)	-
Accrued Interest 1996	3,877,728	125,158	4,002,886	-	-
Certificates of Participation	3,060,000	-	200,000	2,860,000	210,000
Capital Lease Obligations Payable	671,925	-	213,813	458,112	223,819
Compensated Absences*	507,880	647,731	692,878	462,733	280,000
Severance-Incentive Payable*	6,753,340	913,625	2,185,496	5,481,469	1,896,314
Total	\$ 127,319,868	\$ 1,686,514	\$ 10,889,204	\$ 118,117,178	\$ 8,230,133
Business-type activities:					
Compensated Absences	\$ 25,982	\$ 16,675	\$ 17,784	\$ 24,873	\$ 4,500

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

(B) Annual Requirements

Listed below are the annual requirements to amortize Severance Incentive at June 30, 2013:

Year Ending June 30, 2013	Severance Incentive Stipends
2014	\$ 1,896,314
2015	1,407,930
2016	1,077,830
2017	800,347
2018	226,443
2019-2023	72,605
Total	\$ 5,481,469

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

NOTE (11) Defined Benefit Pension Plan

(A) Plan Description

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

(B) Funding Policy

The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salaries. The District's contribution rate for calendar years 2013, 2012, and 2011 was 16.55%, 15.65%, and 14.75% of covered salaries, respectively. A portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 12). The District's contributions to SDTF for the years ending June 30, 2013, 2012, and 2011 were \$11,669,509, \$11,307,259 and \$10,953,425, respectively, equal to the required contributions for each year.

NOTE (12) Postemployment Healthcare Benefits

(A) Plan Description

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

That report may be obtained by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

(B) Funding Policy

The District is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to HCTF for the years ending June 30, 2013, 2012, 2011 was \$738,914, \$758,615, and \$780,937, respectively, equal to the required amounts for each year.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

NOTE (13) 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 statements for CSDSIP can be obtained from CSDSIP, 6857 South Spruce Street, Centennial, Colorado 80112.

Other Risks

The General fund is used to cover 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.).

NOTE (14) 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, 2013.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2013

(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, 2013, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as a restricted fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

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.



CAFR 2013

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes				
Local Property- School Finance Act	\$ 28,380,585	\$ 28,818,457	\$ 29,268,775	\$ 450,318
Local Property- Mill Levy Override	12,803,752	12,848,509	13,019,306	170,797
Specific Ownership	3,683,364	3,593,190	4,000,549	407,359
Intergovernmental				
Equalization Entitlements	60,041,478	60,456,717	60,659,979	203,262
Special Education	2,839,850	2,839,850	2,814,051	(25,799)
Vocational Education	400,000	400,000	381,172	(18,828)
Transportation	873,803	988,354	1,022,447	34,093
Other Federal Grants	40,000	40,000	68,142	28,142
Charter School Chargebacks	914,428	924,540	887,200	(37,340)
Other	731,092	731,092	758,453	27,361
Investment Earnings	15,000	15,000	103,387	88,387
TOTAL REVENUE	<u>110,723,352</u>	<u>111,655,709</u>	<u>112,983,461</u>	<u>1,327,752</u>
TOTAL EXPENDITURES	<u>111,771,403</u>	<u>112,087,759</u>	<u>109,742,524</u>	<u>2,345,235</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,048,051)</u>	<u>(432,050)</u>	<u>3,240,937</u>	<u>3,672,987</u>
Other Financing Sources (Uses)				
Transfers Out:				
Governmental Designated-Purpose				
Grants Fund	(677,634)	(677,634)	(602,834)	74,800
Fee Supported Programs Fund	(262,506)	(153,850)	(153,850)	-
Capital Reserve Fund	(1,284,078)	(1,284,078)	(1,284,078)	-
Total Other Financing Sources (Uses)	<u>(2,224,218)</u>	<u>(2,115,562)</u>	<u>(2,040,762)</u>	<u>74,800</u>
Net Change in Fund Balance	(3,272,269)	(2,547,612)	1,200,175	3,747,787
Fund Balance - Beginning of Year	<u>23,797,082</u>	<u>23,797,082</u>	<u>28,618,762</u>	<u>4,821,680</u>
Fund Balance - End of Year	<u>\$ 20,524,813</u>	<u>\$ 21,249,470</u>	<u>\$ 29,818,937</u>	<u>\$ 8,569,467</u>

See independent auditors' report

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instruction:				
Salaries and Benefits	\$ 59,673,947	\$ 58,505,025	\$ 57,098,770	\$ 1,406,255
Purchased Services	1,891,978	2,029,595	1,501,398	528,197
Supplies and Materials	2,152,460	2,547,496	2,142,865	404,631
Other	49,796	49,796	98,163	(48,367)
Total Instruction	63,768,181	63,131,912	60,841,196	2,290,716
Supporting Services				
Pupil Services	5,378,488	6,547,411	7,245,226	(697,815)
Instructional Staff	7,540,795	7,557,795	7,644,824	(87,029)
General Administration	821,292	821,292	696,806	124,486
School Administration	7,411,592	7,411,592	7,284,722	126,870
Business Services	1,935,047	1,935,047	1,890,438	44,609
Maintenance/Operations	10,856,138	10,856,138	10,205,842	650,296
Pupil Transportation	3,622,188	3,622,188	3,652,732	(30,544)
Central Supporting Services	3,416,126	3,430,778	3,100,460	330,318
Total Supporting Services	40,981,666	42,182,241	41,721,050	461,191
Capital Outlay	290,066	290,066	682,404	(392,338)
Charter School Allocation	6,731,490	6,483,540	6,497,874	(14,334)
TOTAL EXPENDITURES	<u>\$ 111,771,403</u>	<u>\$ 112,087,759</u>	<u>\$ 109,742,524</u>	<u>\$ 2,345,235</u>

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GOVERNMENT DESIGNATED PURPOSE GRANTS FUND

The Government Designated-Purpose Grants 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.

Thompson School District
Government Designated Purpose Grants Fund - 22 & 28
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Budget		
Revenue				
Intergovernmental				
Federal Sources	\$ 6,446,465	\$ 6,479,465	\$ 6,600,558	\$ 121,093
State/Local Sources	769,945	1,486,945	1,928,010	441,065
Investment Earnings	-	-	653	653
TOTAL REVENUE	<u>7,216,410</u>	<u>7,966,410</u>	<u>8,529,221</u>	<u>562,811</u>
Expenditures				
Instruction				
Salaries and Benefits	4,563,350	5,035,609	4,572,443	463,166
Purchased Services	183,963	189,901	60,034	129,867
Supplies and Materials	160,653	161,925	143,453	18,472
Equipment	12,351	257,376	267,828	(10,452)
Other Expenditures	1,000	1,000	10,712	(9,712)
Total Instruction	<u>4,921,317</u>	<u>5,645,811</u>	<u>5,054,470</u>	<u>591,341</u>
Supporting Services				
Pupil Services	1,477,090	1,501,276	1,375,699	125,577
Instructional Staff	1,020,815	1,020,815	1,605,949	(585,134)
School Administration	400,333	401,653	329,830	71,823
Maintenance/Operations	12,084	12,084	163,792	(151,708)
Community Services	62,405	62,405	472,128	(409,723)
Total Support Services	<u>2,972,727</u>	<u>2,998,233</u>	<u>3,947,398</u>	<u>(949,165)</u>
Total Expenditures	<u>7,894,044</u>	<u>8,644,044</u>	<u>9,001,868</u>	<u>(357,824)</u>
Excess of Revenues Over (Under)				
Expenditures	(677,634)	(677,634)	(472,647)	204,987
Other Financing Sources				
Transfer In	<u>677,634</u>	<u>677,634</u>	<u>602,834</u>	<u>(74,800)</u>
Net Change in Fund Balance	-	-	130,187	130,187
Fund Balances - Beginning of Year	<u>1,041,603</u>	<u>1,041,603</u>	<u>833,169</u>	<u>(208,434)</u>
Fund Balances - End of Year	<u>\$ 1,041,603</u>	<u>\$ 1,041,603</u>	<u>\$ 963,356</u>	<u>\$ (78,247)</u>

See independent auditors' report

Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2013

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 with the exception of the Nutritional Services Fund. The Nutritional Services Fund budgets for capital outlay and not for depreciation expense.
- 6) Appropriations lapse at year-end.

Legal Compliance

For the year end June 30, 2013, the Government Designated Purpose Grants Fund and the Nutrition Services Fund expenditures exceeded the amounts budgeted by \$357,824 and \$96,930 respectively. This may be a violation of State statutes.

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.

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Local Property Taxes	\$ 10,380,675	\$ 10,380,675	\$ 10,430,951	\$ 50,276
Investment Earnings	4,500	4,500	16,331	11,831
TOTAL REVENUE	<u>10,385,175</u>	<u>10,385,175</u>	<u>10,447,282</u>	<u>62,107</u>
Expenditures				
Debt Service:				
Principal retirement	3,442,114	3,442,114	3,442,114	-
Interest and Fiscal Charges	8,775,162	8,775,162	8,770,162	5,000
TOTAL EXPENDITURES	<u>12,217,276</u>	<u>12,217,276</u>	<u>12,212,276</u>	<u>5,000</u>
Net Change in Fund Balance	(1,832,101)	(1,832,101)	(1,764,994)	67,107
Fund Balance - Beginning of Year	<u>13,779,950</u>	<u>13,779,950</u>	<u>14,116,172</u>	<u>336,222</u>
Fund Balance - End of Year	<u>\$ 11,947,849</u>	<u>\$ 11,947,849</u>	<u>\$ 12,351,178</u>	<u>\$ 403,329</u>

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CAPITAL PROJECTS 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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Investment Earnings	\$ 500	\$ 500	\$ 336	\$ (164)
TOTAL REVENUES	<u>500</u>	<u>500</u>	<u>336</u>	<u>(164)</u>
Expenditures				
Project Administration	107,016	107,016	99,737	7,279
Maintenance Projects	782,484	782,484	625,080	157,404
TOTAL EXPENDITURES	<u>889,500</u>	<u>889,500</u>	<u>724,817</u>	<u>164,683</u>
Net Change in Fund Balance	(889,000)	(889,000)	(724,481)	164,519
Fund Balance - Beginning of the Year	<u>889,000</u>	<u>889,000</u>	<u>824,312</u>	<u>(64,688)</u>
Fund Balance - End of the Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 99,831</u></u>	<u><u>\$ 99,831</u></u>

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NON-MAJOR FUNDS

The District has the following Non-major Funds:

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. This revenue is to provide facilities for learning due to the increased amount of student population.

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.



**Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Land Reserve	Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 2,123,646	\$ 1,616,833	\$ 2,433,105	\$ 6,173,584
Accounts Receivable	45,791	-	-	45,791
Total Assets	\$ 2,169,437	\$ 1,616,833	\$ 2,433,105	\$ 6,219,375
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ 26,589	\$ 55,174	\$ 81,763
Accrued Salaries and Benefits	-	195,227	-	195,227
Total Liabilities	-	221,816	55,174	276,990
Fund Balances				
Restricted for TABOR	27,218	-	-	27,218
Restricted for Debt Service	-	-	336,136	336,136
Restricted for Land & Land Improvements	2,142,219	-	-	2,142,219
Committed to Student Specific Programs	-	1,395,017	-	1,395,017
Assigned to Capital Projects	-	-	2,041,795	2,041,795
Total Fund Balances	2,169,437	1,395,017	2,377,931	5,942,385
Total Liabilities and Fund Balances	\$ 2,169,437	\$ 1,616,833	\$ 2,433,105	\$ 6,219,375

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Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Land Reserve</u>	<u>Fee Supported Programs</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenue				
Investment earnings	\$ 1,634	\$ 820	\$ 15,817	\$ 18,271
Other	905,621	1,769,098	22,381	2,697,100
TOTAL REVENUES	<u>907,255</u>	<u>1,769,918</u>	<u>38,198</u>	<u>2,715,371</u>
Expenditures				
Instruction				
Salaries and Benefits	-	729,134	-	729,134
Purchased Services	-	4,597	-	4,597
Supplies and Materials	-	154,355	-	154,355
Equipment	-	2,200	17,442	19,642
Other Expenditures	-	32,552	-	32,552
Total Instruction	-	922,838	17,442	940,280
Supporting Services				
Pupil Services	-	20,748	-	20,748
Instructional Staff	-	41,981	172,139	214,120
School Administration	-	57,449	-	57,449
Maintenance/Operations	-	-	452,618	452,618
Central Supporting Services	-	-	58,816	58,816
Community Services	-	845,001	-	845,001
Debt Service - Principal	-	-	413,813	413,813
Debt Service - Interest	-	-	157,160	157,160
Total Support Services	-	965,179	1,254,546	2,219,725
TOTAL EXPENDITURES	<u>-</u>	<u>1,888,017</u>	<u>1,271,988</u>	<u>3,160,005</u>
Excess of Revenues				
Over (Under) Expenditures	907,255	(118,099)	(1,233,790)	(444,634)
Other Financing Sources				
Transfers in	-	153,850	1,284,078	1,437,928
Net Change in Fund Balances	907,255	35,751	50,288	993,294
Fund Balances - Beginning of the Year	<u>1,262,182</u>	<u>1,359,266</u>	<u>2,327,643</u>	<u>4,949,091</u>
Fund Balances - End of the Year	<u>\$ 2,169,437</u>	<u>\$ 1,395,017</u>	<u>\$ 2,377,931</u>	<u>\$ 5,942,385</u>

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**Thompson School District R2-J
Land Reserve Fund - 27
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 1,634	\$ 634
Payments in lieu of Land Dedication	<u>300,000</u>	<u>300,000</u>	<u>905,621</u>	<u>605,621</u>
TOTAL REVENUE	<u>301,000</u>	<u>301,000</u>	<u>907,255</u>	<u>606,255</u>
Expenditures				
Supporting Services				
Central Supporting Services	<u>1,391,700</u>	<u>1,391,700</u>	<u>-</u>	<u>1,391,700</u>
TOTAL EXPENDITURES	<u>1,391,700</u>	<u>1,391,700</u>	<u>-</u>	<u>1,391,700</u>
Net Change in Fund Balance	(1,090,700)	(1,090,700)	907,255	1,997,955
Fund Balance - Beginning of Year	<u>1,115,700</u>	<u>1,115,700</u>	<u>1,262,182</u>	<u>146,482</u>
Fund Balance - End of Year	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 2,169,437</u>	<u>\$ 2,144,437</u>

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**Thompson School District R2-J
Fee Supported Programs Fund - 29
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Charges for Services	\$ 1,421,020	\$ 1,694,426	\$ 1,769,098	\$ 74,672
Investment Earnings	-	-	820	820
TOTAL REVENUE	<u>1,421,020</u>	<u>1,694,426</u>	<u>1,769,918</u>	<u>75,492</u>
Expenditures				
Instruction				
Salaries and Benefits	618,146	714,614	729,134	(14,520)
Purchased Services	195,700	197,341	4,597	192,744
Supplies and Materials	11,650	13,291	154,355	(141,064)
Equipment	8,900	10,213	2,200	8,013
Other Expenditures	-	-	32,552	(32,552)
Total Instruction	<u>834,396</u>	<u>935,459</u>	<u>922,838</u>	<u>12,621</u>
Supporting Services				
Pupil Services	-	-	20,748	(20,748)
Instructional Staff	-	-	41,981	(41,981)
School Administration	79,050	79,050	57,449	21,601
Community Services	<u>766,336</u>	<u>996,327</u>	<u>845,001</u>	<u>151,326</u>
Total Support Services	<u>845,386</u>	<u>1,075,377</u>	<u>965,179</u>	<u>110,198</u>
TOTAL EXPENDITURES	<u>1,679,782</u>	<u>2,010,836</u>	<u>1,888,017</u>	<u>122,819</u>
Excess of Revenues Over (Under) Expenditures	(258,762)	(316,410)	(118,099)	198,311
Other Financing Sources				
Transfers In	<u>262,506</u>	<u>153,850</u>	<u>153,850</u>	-
Net Change in Fund Balance	3,744	(162,560)	35,751	198,311
Fund Balance - Beginning of the Year	<u>1,226,628</u>	<u>1,226,628</u>	<u>1,359,266</u>	<u>132,638</u>
Fund Balance - End of the Year	<u>\$ 1,230,372</u>	<u>\$ 1,064,068</u>	<u>\$ 1,395,017</u>	<u>\$ 330,949</u>

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**Thompson School District R2-J
Capital Projects Fund - 43
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Investment Earnings	\$ -	\$ -	\$ 15,817	\$ 15,817
Other	-	-	22,381	22,381
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>38,198</u>	<u>38,198</u>
Expenditures				
Instruction				
Equipment	-	-	17,442	(17,442)
Total Instruction	-	-	17,442	(17,442)
Supporting Services				
Instructional Staff	249,685	249,685	172,139	77,546
Maintenance/Operations	1,525,342	1,525,342	452,618	1,072,724
Central Supporting Services	-	-	58,816	(58,816)
Principal Payments	423,813	423,813	413,813	10,000
Interest Payments	157,582	157,582	157,160	422
Total Support Services	<u>2,356,422</u>	<u>2,356,422</u>	<u>1,254,546</u>	<u>1,101,876</u>
TOTAL EXPENDITURES	<u>2,356,422</u>	<u>2,356,422</u>	<u>1,271,988</u>	<u>1,084,434</u>
Excess of Revenues Over (Under) Expenditures	(2,356,422)	(2,356,422)	(1,233,790)	1,122,632
Other Financing Sources				
Transfer In	1,284,078	1,284,078	1,284,078	-
Net Change in Fund Balance	(1,072,344)	(1,072,344)	50,288	1,122,632
Fund Balance - Beginning of Year	<u>1,408,480</u>	<u>1,408,480</u>	<u>2,327,643</u>	<u>919,163</u>
Fund Balance - End of Year	<u>\$ 336,136</u>	<u>\$ 336,136</u>	<u>\$ 2,377,931</u>	<u>\$ 2,041,795</u>

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**THOMPSON
SCHOOL DISTRICT**



CAFR 2013

ENTERPRISE FUND

Proprietary funds are used to account for activities that generate net income or maintain capital. While US GAAP used to prepare the financial statements at year-end are comparable to those found in private business, these funds are budgeted like governmental fund types. The main difference between financial reporting and budgeting is that the depreciation of assets is recorded for financial reporting purposes but is not budgeted. Capital asset acquisitions are budgeted as an expense, but are classified as an asset for financial reporting purposes. One type of proprietary fund is an enterprise fund.

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

The District has one enterprise fund, the 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.

**Thompson School District R2-J
Nutrition Services Fund - 51
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenue				
Food Sales and Catering Sales	\$ 1,835,653	\$ 1,735,653	\$ 1,520,919	\$ (214,734)
TOTAL OPERATING REVENUE	1,835,653	1,735,653	1,520,919	(214,734)
Operating Expenses				
Salaries and Benefits	2,143,829	2,143,829	2,143,255	574
Purchased Services	84,948	84,948	47,878	37,070
Supplies and Materials	2,101,166	2,101,166	2,223,066	(121,900)
Equipment	20,000	20,000	31,886	(11,886)
Capital Outlay	107,000	107,000	107,788	(788)
TOTAL OPERATING EXPENSES	4,456,943	4,456,943	4,553,873	(96,930)
Operating Income (Loss)	(2,621,290)	(2,721,290)	(3,032,954)	(311,664)
Non-Operating Revenue				
Federal Aid:				
USDA Reimbursements	2,423,393	2,423,393	2,639,809	216,416
Commodities	271,000	271,000	286,328	15,328
State Categorical Reimbursement	44,000	44,000	71,828	27,828
Interest Earnings	-	-	173	173
TOTAL NON-OPERATING REVENUE	2,738,393	2,738,393	2,998,138	259,745
Change in Net Position, Budgetary Basis	\$ 117,103	\$ 17,103	(34,816)	\$ (51,919)
Less: Depreciation Expense			(68,039)	
Add: Capital Outlay			107,788	
Change in Net Position, GAAP Basis			4,933	
Net Position - Beginning of the Year			1,142,761	
Net Position - End of the Year			\$ 1,147,694	

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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 Net Position
June 30, 2013

	Education Memorial	Interscholastic Athletic and Activity	Totals
ASSETS			
Cash and Investments	\$ 80,867	\$ 1,145,484	\$ 1,226,351
TOTAL ASSETS	\$ 80,867	\$ 1,145,484	\$ 1,226,351
LIABILITIES			
Accounts Payable	\$ -	\$ 42,846	\$ 42,846
Accrued Salaries and Benefits	-	4,391	4,391
Undistributed Monies	80,867	1,098,247	1,179,114
TOTAL LIABILITES	\$ 80,867	\$ 1,145,484	\$ 1,226,351

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Thompson School District R2-J
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Education Memorial</u>				
Assets				
Cash and Investments	\$ 78,568	\$ 66,549	\$ 64,250	\$ 80,867
Liabilities				
Undistributed Monies	\$ 78,568	\$ 66,549	\$ 64,250	\$ 80,867
Total Liabilities	\$ 78,568	\$ 66,549	\$ 64,250	\$ 80,867
<u>Interscholastic Athletic and Activity</u>				
Assets				
Cash and Investments	\$ 1,189,115	\$ 2,544,634	\$ 2,588,265	\$ 1,145,484
Accounts Receivable	77	-	77	-
Total Assets	\$ 1,189,192	\$ 2,544,634	\$ 2,588,342	\$ 1,145,484
Liabilities				
Accounts Payable	\$ 26,470	\$ 16,376	\$ -	\$ 42,846
Accrued Salaries and Benefits	7,225	-	2,834	4,391
Undistributed Monies	1,155,497	2,528,258	2,585,508	1,098,247
Total Liabilities	\$ 1,189,192	\$ 2,544,634	\$ 2,588,342	\$ 1,145,484
<u>Combined</u>				
Assets				
Cash and Investments	\$ 1,267,683	\$ 2,611,183	\$ 2,652,515	\$ 1,226,351
Accounts Receivable	77	-	77	-
Total Assets	\$ 1,267,760	\$ 2,611,183	\$ 2,652,592	\$ 1,226,351
Liabilities				
Accounts Payable	\$ 26,470	\$ 16,376	\$ -	\$ 42,846
Accrued Salaries and Benefits	7,225	-	2,834	4,391
Undistributed Monies	1,234,065	2,594,807	2,649,758	1,179,114
Total Liabilities	\$ 1,267,760	\$ 2,611,183	\$ 2,652,592	\$ 1,226,351

See independent auditors' report

**Thompson School District R2-J
Education Memorial Fund - 72
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Additions				
Investment Earnings	\$ 100	\$ 100	\$ 123	\$ 23
Donations	<u>60,000</u>	<u>60,000</u>	<u>66,426</u>	<u>6,426</u>
Total Additions	<u>60,100</u>	<u>60,100</u>	<u>66,549</u>	<u>6,449</u>
Deductions				
Scholarships	<u>75,000</u>	<u>75,000</u>	<u>64,250</u>	<u>10,750</u>
Total Deductions	<u>75,000</u>	<u>75,000</u>	<u>64,250</u>	<u>10,750</u>
Change in Undistributed Monies	(14,900)	(14,900)	2,299	17,199
Undistributed Monies - Beginning of Year	<u>60,142</u>	<u>60,142</u>	<u>78,568</u>	<u>18,426</u>
Undistributed Monies - End of Year	<u>\$ 45,242</u>	<u>\$ 45,242</u>	<u>\$ 80,867</u>	<u>\$ 35,625</u>

See independent auditors' report

**Thompson School District R2-J
Interscholastic Athletic and Activity Fund - 74
Budgetary Comparison Schedules
Year Ended June 30, 2013**

	<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	\$ 2,715,755	\$ 2,715,755	\$ 2,527,831	\$ (187,924)
Investment Earnings	270	270	427	157
Total Additions	<u>2,716,025</u>	<u>2,716,025</u>	<u>2,528,258</u>	<u>(187,767)</u>
Deductions				
Athletic Expenditures	906,643	906,643	903,336	3,307
Pupil Activity Expenditures	<u>1,839,660</u>	<u>1,839,660</u>	<u>1,682,172</u>	<u>157,488</u>
Total Deductions	<u>2,746,303</u>	<u>2,746,303</u>	<u>2,585,508</u>	<u>160,795</u>
Change in Undistributed Monies	(30,278)	(30,278)	(57,250)	(26,972)
Undistributed Monies, Beginning of Year	<u>874,876</u>	<u>874,876</u>	<u>1,155,497</u>	<u>280,621</u>
Undistributed Monies, End of Year	<u>\$ 844,598</u>	<u>\$ 844,598</u>	<u>\$ 1,098,247</u>	<u>\$ 253,649</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, 2013

	New Vision Charter School	Loveland Classical Schools	Thompson Education Foundation	Total Component Units
ASSETS				
Cash and Investments	\$ 867,619	\$ 689,827	\$ 1,165,869	\$ 2,723,315
Restricted Cash and Investments	591,257	-	-	591,257
Accounts Receivable	37,342	25,438	-	62,780
Grants Receivable	-	56,068	-	56,068
Prepaid Expense	8,283	51,570	-	59,853
Facility Advance Payment	525,000	-	-	525,000
Debt Issuance Costs, Net of Accumulated Amortization	143,086	-	-	143,086
Capital Assets, Not Being Depreciated: Land	400,000	-	-	400,000
Capital Assets, Net of Accumulated Depreciation	2,933,279	76,005	-	3,009,284
Total Assets	\$ 5,505,866	\$ 898,908	\$ 1,165,869	\$ 7,570,643
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 17,815	\$ 19,273	\$ 21,325	\$ 58,413
Accrued Salaries and Benefits	106,552	209,571	-	316,123
Accrued Interest Payable	79,766	2,399	-	82,165
Unearned Revenue	-	3,335	-	3,335
Total Current Liabilities	204,133	234,578	21,325	460,036
Noncurrent Liabilities				
Due Within One Year	65,000	80,439	-	145,439
Due in More Than One Year	4,610,000	20,807	-	4,630,807
Total Noncurrent Liabilities	4,675,000	101,246	-	4,776,246
Total Liabilities	4,879,133	335,824	21,325	5,236,282
NET POSITION				
Net Investment in Capital Assets	(1,341,721)	23,146	-	(1,318,575)
Restricted for Debt Service	409,734	-	-	409,734
Restricted for Emergencies	89,198	123,000	-	212,198
Restricted for Facility Advance Payment	525,000	-	-	525,000
Restricted for Repairs and Replacement	101,757	-	-	101,757
Unrestricted	842,765	416,938	1,144,544	2,404,247
Total Net Position	626,733	563,084	1,144,544	2,334,361
Total Liabilities and Net Position	\$ 5,505,866	\$ 898,908	\$ 1,165,869	\$ 7,570,643

See independent auditors' report

**Thompson School District R2-J
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2013**

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
Expenses				
Total Instruction	\$ 1,782,003	\$ 2,354,224	\$ -	\$ 4,136,227
Total Support Services	863,448	1,728,959	325,156	2,917,563
Interest Expense	327,144	16,367	-	343,511
Total Expenses	<u>2,972,595</u>	<u>4,099,550</u>	<u>325,156</u>	<u>7,397,301</u>
Program Revenues				
Charges for Services	114,176	162,766	3,900	280,842
Operating Grants and Contributions	40,275	108,771	412,290	561,336
Total Program Revenues	<u>154,451</u>	<u>271,537</u>	<u>416,190</u>	<u>842,178</u>
General Revenues				
Per Pupil Revenues	2,771,902	3,725,972	-	6,497,874
Investment Income	970	-	57,580	58,550
Grants and Contributions not Restricted to Specific Programs	68,598	256,551	-	325,149
Miscellaneous	-	2,042	-	2,042
Total General Revenues	<u>2,841,470</u>	<u>3,984,565</u>	<u>57,580</u>	<u>6,883,615</u>
Changes in Net Position	23,326	156,552	148,614	328,492
Net Position - Beginning	603,407	406,532	995,930	2,005,869
Net Position - Ending	<u>\$ 626,733</u>	<u>\$ 563,084</u>	<u>\$ 1,144,544</u>	<u>\$ 2,334,361</u>

See independent auditor's 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, not 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.	74-83
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources.	84-88
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.	89-92
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.	93-94
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.	95-99



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2013

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 21,077,951	\$ 28,158,995	\$ 34,936,956	\$ 43,686,008
Restricted	20,577,871	20,147,743	21,873,077	19,230,832
Unrestricted	3,680,860	2,624,964	4,190,887	13,201,584
Total Governmental Activities Net Position	\$ <u>45,336,682</u>	\$ <u>50,931,702</u>	\$ <u>61,000,920</u>	\$ <u>76,118,424</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 558,228	\$ 469,579	\$ 378,465	\$ 286,573
Restricted	69,964	67,967	69,313	65,516
Unrestricted	208,535	300,456	501,246	610,980
Total Business-type Activities Net Position	\$ <u>836,727</u>	\$ <u>838,002</u>	\$ <u>949,024</u>	\$ <u>963,069</u>
Primary Government				
Net Investment in Capital Assets	\$ 21,636,179	\$ 28,628,574	\$ 35,315,421	\$ 43,972,581
Restricted	20,647,835	20,215,711	21,942,390	19,296,348
Unrestricted	3,889,395	2,925,420	4,692,133	13,812,564
Total Primary Government Net Position	\$ <u>46,173,409</u>	\$ <u>51,769,705</u>	\$ <u>61,949,944</u>	\$ <u>77,081,493</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	47,022,288	\$ 50,272,273	\$ 52,399,048	\$ 54,766,501	\$ 50,836,568	\$ 47,612,676
	19,710,398	20,344,714	20,717,458	21,066,584	21,090,133	19,828,646
	15,333,817	17,297,596	17,421,337	17,065,795	18,622,959	25,265,817
\$	<u>82,066,503</u>	<u>87,914,582</u>	<u>90,537,843</u>	<u>92,898,880</u>	<u>90,549,660</u>	<u>92,707,139</u>
\$	192,657	\$ 400,578	\$ 387,092	\$ 374,404	\$ 302,113	\$ 341,862
	65,286	69,152	62,547	59,057	54,384	47,788
	396,484	403,158	552,736	757,372	786,264	758,044
\$	<u>654,427</u>	<u>872,888</u>	<u>1,002,375</u>	<u>1,190,833</u>	<u>1,142,761</u>	<u>1,147,694</u>
\$	47,214,945	\$ 50,672,851	\$ 52,786,140	\$ 55,140,905	\$ 51,138,681	\$ 47,954,538
	19,775,684	20,413,865	20,780,005	21,125,641	21,144,517	19,876,434
	15,730,301	17,700,754	17,974,073	17,823,167	19,409,223	26,023,861
\$	<u>82,720,929</u>	<u>88,787,470</u>	<u>91,540,218</u>	<u>94,089,713</u>	<u>91,692,421</u>	<u>93,854,833</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental Activities:				
Total Instruction	\$ 63,177,736	\$ 63,012,325	\$ 62,223,449	\$ 66,529,238
Supporting Services				
Pupil Services	6,612,481	6,948,277	7,227,057	7,570,257
Instructional Staff	7,828,193	7,540,045	7,749,997	7,944,486
General Administration	750,238	919,514	925,276	1,113,179
School Administration	6,641,734	6,863,529	7,026,788	6,999,468
Business Services	1,632,314	1,641,331	1,693,037	1,706,322
Maintenance/Operations	10,901,991	9,942,999	12,039,281	6,188,899
Pupil Transportation	3,032,800	2,916,150	2,718,558	3,220,776
Central Supporting Services	5,066,225	3,928,544	2,778,997	8,767,469
Community Services	1,325,831	1,152,881	1,210,399	694,139
Total Support Services	<u>43,791,807</u>	<u>41,853,270</u>	<u>43,369,390</u>	<u>44,204,995</u>
Charter School Allocation	-	-	-	-
Interest on Long-term Debt	8,632,902	3,393,072	4,521,000	6,088,520
Total Governmental Activities Expenses	<u>115,602,445</u>	<u>108,258,667</u>	<u>110,113,839</u>	<u>116,822,753</u>
Business-type Activities:				
Nutritional Services	3,503,514	3,582,130	3,630,472	3,681,340
Total Primary Government Expenses	<u>\$ 119,105,959</u>	<u>\$ 111,840,797</u>	<u>\$ 113,744,311</u>	<u>\$ 120,504,093</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 815,357	\$ 888,085	\$ 927,887	\$ 945,121
Supporting Services				
Pupil Services	1,211	1,372	2,420	1,188
Instructional Staff	-	-	30,216	17,647
General Administration	51,517	58,367	-	-
School Administration	25,596	28,999	41,068	51,298
Business Services	901	1,024	37,191	28,190
Maintenance Operations	-	-	352	454
Central Supporting Services	531,279	601,923	460,476	487,370
Community Services	-	-	-	-
Operating Grants and Contributions	9,376,242	9,543,859	9,824,094	11,584,333
Capital Grants and Contributions	28,970	94,556	6,731	427,774
Total Governmental Activities Program Revenues	<u>10,831,073</u>	<u>11,218,185</u>	<u>11,330,435</u>	<u>13,543,375</u>
Business-type Activities:				
Nutritional Services	3,573,607	3,581,938	3,738,322	3,690,798
Total Primary Government Program Revenues	<u>\$ 14,404,680</u>	<u>\$ 14,800,123</u>	<u>\$ 15,068,757</u>	<u>\$ 17,234,173</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (104,771,372)	\$ (97,040,482)	\$ (98,783,404)	\$ (103,279,378)
Business-type Activities	70,093	(192)	107,850	9,458
Total Primary Government Net Expense	<u>\$ (104,701,279)</u>	<u>\$ (97,040,674)</u>	<u>\$ (98,675,554)</u>	<u>\$ (103,269,920)</u>

Continued on next page

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	<u>67,834,944</u>	<u>\$ 69,893,811</u>	<u>\$ 72,938,988</u>	<u>\$ 72,447,458</u>	<u>\$ 74,816,653</u>	<u>\$ 71,738,996</u>
	8,717,227	8,823,141	10,866,456	9,614,206	8,248,122	8,641,673
	10,425,291	10,651,345	11,821,157	10,981,248	10,462,675	9,464,893
	1,213,567	1,097,462	1,123,991	1,097,871	1,282,987	796,543
	8,046,845	8,196,106	8,790,952	8,478,267	7,718,718	7,672,001
	1,785,422	2,286,161	3,587,229	2,233,389	1,915,333	1,890,438
	11,122,270	13,799,484	12,242,873	13,854,509	10,971,086	11,642,850
	4,012,223	4,153,388	5,882,278	5,292,524	4,369,625	4,256,359
	7,592,656	3,979,589	4,045,434	3,934,697	4,471,462	3,392,922
	785,524	831,718	925,487	1,443,698	819,985	1,318,301
	<u>53,701,025</u>	<u>53,818,393</u>	<u>59,285,857</u>	<u>56,930,409</u>	<u>50,259,993</u>	<u>49,075,980</u>
	-	-	-	2,747,307	5,827,930	6,497,874
	6,759,440	6,679,897	6,188,909	5,977,903	4,406,590	4,886,533
	<u>128,295,409</u>	<u>130,392,101</u>	<u>138,413,754</u>	<u>138,103,077</u>	<u>135,311,166</u>	<u>132,199,383</u>
	4,170,018	4,011,436	4,348,417	4,320,056	4,406,054	4,514,124
\$	<u>132,465,428</u>	<u>\$ 134,403,537</u>	<u>\$ 142,762,171</u>	<u>\$ 139,675,826</u>	<u>\$ 139,717,220</u>	<u>\$ 136,713,507</u>
\$	715,218	\$ 827,452	\$ 716,533	\$ 1,655,641	\$ 1,905,524	\$ 1,859,361
	-	-	-	-	-	-
	39,678	45,904	39,125	90,403	104,048	101,527
	-	-	-	-	-	-
	54,747	63,338	-	-	-	-
	21,366	24,719	6,288	14,529	16,722	16,317
	-	-	-	-	-	-
	482,762	558,519	562,606	1,299,973	1,496,176	1,459,928
	-	-	-	-	-	-
	10,766,875	12,656,371	14,717,024	14,227,794	11,690,893	12,814,379
	-	-	-	-	-	-
	<u>12,080,646</u>	<u>14,176,303</u>	<u>16,041,576</u>	<u>17,288,340</u>	<u>15,213,363</u>	<u>16,251,512</u>
	3,857,119	3,925,487	4,419,110	4,436,524	4,357,355	4,518,884
\$	<u>15,937,765</u>	<u>\$ 18,101,790</u>	<u>\$ 20,460,686</u>	<u>\$ 21,724,864</u>	<u>\$ 19,570,718</u>	<u>\$ 20,770,396</u>
\$	(116,214,763)	\$ (116,215,798)	\$ (122,372,178)	\$ (118,067,431)	\$ (120,097,803)	\$ (115,947,871)
	(312,900)	(85,949)	70,693	116,468	(48,699)	4,760
\$	<u>(116,527,663)</u>	<u>\$ (116,301,747)</u>	<u>\$ (122,301,485)</u>	<u>\$ (117,950,963)</u>	<u>\$ (120,146,502)</u>	<u>\$ (115,943,111)</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues				
Governmental Activities:				
Property Taxes Levied For:				
General Purpose	\$ 26,556,635	\$ 24,432,966	\$ 25,704,275	\$ 26,228,693
Mill Levy Override	7,454,021	7,463,272	7,480,274	12,058,082
Debt Services	12,509,394	10,195,101	11,607,605	11,811,769
Specific Ownership Taxes Levied For:				
General Purpose	4,008,797	3,866,971	3,608,215	3,873,082
Mill Levy Override	803,842	784,202	843,186	705,116
Intergovernmental				
Equalization	53,208,893	53,573,154	54,738,055	57,847,052
Payments in Lieu of Land Dedication	876,004	831,031	927,293	733,693
Interest and Investment Earnings	372,367	758,603	3,264,484	5,249,371
Grants and Contributions not Restricted to Specific Programs	-	-	-	-
Gain on Sale of Capital Asset	-	415,401	-	-
Miscellaneous	264,545	314,801	679,235	914,492
Transfer	-	-	-	-
Total Governmental Activities	<u>106,054,498</u>	<u>102,635,502</u>	<u>108,852,622</u>	<u>119,421,350</u>
Business-type Activities:				
Interest and Investment Earnings	696	1,468	3,171	4,587
Miscellaneous	-	-	-	-
Transfer	-	-	-	-
Total Business-type Activities	<u>696</u>	<u>1,468</u>	<u>3,171</u>	<u>4,587</u>
Total Primary Government	<u>\$ 106,055,194</u>	<u>\$ 102,636,970</u>	<u>\$ 108,855,793</u>	<u>\$ 119,425,937</u>
Change in Net Position				
Governmental Activities	\$ 1,283,126	\$ 5,595,020	\$ 10,069,218	\$ 16,141,972
Business-type Activities	70,789	1,276	111,021	14,045
Total Primary Government	<u>\$ 1,353,915</u>	<u>\$ 5,596,296</u>	<u>\$ 10,180,239</u>	<u>\$ 16,156,017</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	28,363,669	\$ 30,242,965	\$ 30,378,658	\$ 29,728,007	\$ 28,679,943	\$ 29,221,467
	12,456,986	12,774,017	13,209,662	12,857,383	12,884,073	12,866,612
	11,119,912	11,265,715	12,053,521	12,532,757	12,335,606	10,312,144
	4,271,504	4,339,660	4,058,837	3,853,468	3,887,262	4,000,549
	687,375	-	-	-	-	-
	59,874,117	62,255,043	64,803,052	57,404,922	59,316,022	60,659,979
	499,858	313,552	232,579	242,816	387,558	905,621
	4,071,983	1,175,751	317,332	107,407	72,712	138,978
	-	-	-	3,773,100	89,399	-
	-	-	-	-	-	-
	817,438	-	-	-	96,008	-
	-	-	(58,202)	(71,392)	-	-
	<u>122,162,842</u>	<u>122,366,703</u>	<u>124,995,439</u>	<u>120,428,468</u>	<u>117,748,583</u>	<u>118,105,350</u>
	4,258	1,584	592	598	627	173
	-	-	-	-	-	-
	-	-	58,202	71,392	-	-
	<u>4,258</u>	<u>1,584</u>	<u>58,794</u>	<u>71,990</u>	<u>627</u>	<u>173</u>
\$	<u>122,167,099</u>	<u>122,368,287</u>	<u>125,054,233</u>	<u>120,500,458</u>	<u>117,749,210</u>	<u>118,105,523</u>
\$	5,948,079	\$ 5,848,079	\$ 2,623,261	\$ 2,361,037	\$ (2,349,220)	\$ 2,157,479
	(308,642)	218,461	129,487	188,458	(48,072)	4,933
\$	<u>5,639,436</u>	<u>6,066,540</u>	<u>2,752,748</u>	<u>2,549,495</u>	<u>(2,397,292)</u>	<u>2,162,412</u>

Thompson School District R2-J
 Schedule of Fund Balances, Governmental Funds
 Last Ten Years
 (Modified accrual accounting)
 (Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Restricted	\$ 3,899,450	\$ 4,230,904	\$ 3,644,088	\$ 3,599,242
Unassigned	<u>8,930,981</u>	<u>8,375,509</u>	<u>10,311,178</u>	<u>17,783,886</u>
Total General Fund	<u>12,830,431</u>	<u>12,606,413</u>	<u>13,955,266</u>	<u>21,383,128</u>
All Other Governmental Funds				
Restricted	16,645,409	15,881,936	106,197,107	79,919,801
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,456,610</u>	<u>1,719,568</u>	<u>1,899,136</u>	<u>2,710,309</u>
Total All Other Governmental Funds	<u>18,102,019</u>	<u>17,601,504</u>	<u>108,096,243</u>	<u>82,630,110</u>
Total Governmental Funds	<u>\$ 30,932,450</u>	<u>\$ 30,207,917</u>	<u>\$ 122,051,509</u>	<u>\$ 104,013,238</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	4,517,882	\$ 4,821,889	\$ 4,727,990	\$ 4,757,546	\$ 4,341,296	\$ 3,915,124
	<u>18,808,539</u>	<u>19,294,606</u>	<u>20,530,456</u>	<u>24,969,474</u>	<u>24,277,466</u>	<u>25,903,813</u>
	<u>23,326,421</u>	<u>24,116,495</u>	<u>25,258,446</u>	<u>29,727,020</u>	<u>28,618,762</u>	<u>29,818,937</u>
	52,872,901	33,834,519	20,842,333	18,416,837	17,371,971	15,919,938
	-	-	-	-	1,359,266	1,395,017
	-	-	-	3,015,162	1,991,507	2,041,795
	<u>2,975,899</u>	<u>3,255,332</u>	<u>3,600,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>55,848,800</u>	<u>37,089,851</u>	<u>24,442,987</u>	<u>21,431,999</u>	<u>20,722,744</u>	<u>19,356,750</u>
\$	<u><u>79,175,221</u></u>	<u><u>61,206,346</u></u>	<u><u>49,701,433</u></u>	<u><u>51,159,019</u></u>	<u><u>49,341,506</u></u>	<u><u>49,175,687</u></u>

Thompson School District R2-J

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes	\$ 49,314,672	\$ 47,881,408	\$ 49,085,270	\$ 54,301,144
Intergovernmental	62,003,232	62,832,803	64,307,404	69,298,311
Investment Earnings	371,980	757,768	3,262,834	5,249,371
Other	3,206,253	3,041,789	3,608,178	2,910,865
Total Revenues	<u>114,896,137</u>	<u>114,513,768</u>	<u>120,263,686</u>	<u>131,759,691</u>
Expenditures				
Current:				
Instruction				
Salaries and Benefits	54,271,472	55,316,035	54,622,983	55,096,973
Purchased Services	2,076,288	2,221,777	2,182,801	2,230,932
Supplies and Materials	3,210,706	3,122,051	2,746,923	3,161,315
Other Expenditures	231,676	122,580	132,878	126,311
Supporting Services				
Pupil Services	6,321,785	6,761,203	7,021,698	7,349,203
Instructional Staff	7,516,507	7,444,139	7,564,297	7,712,504
General Administration	5,821,374	896,903	925,216	1,081,439
School Administration	6,349,752	6,680,383	6,827,099	6,795,081
Business Services	2,660,555	2,709,954	2,244,847	1,674,017
Maintenance/Operations	10,434,325	10,080,023	11,697,226	23,696,567
Pupil Transportation	3,323,739	3,041,299	3,437,655	3,149,984
Central Supporting Services	3,565,282	2,542,102	2,824,053	3,637,045
Community Services	1,283,364	1,112,527	1,175,910	650,149
Capital Projects	879,514	882,134	8,064,632	18,386,234
Charter School Allocation	-	-	-	1,868,346
Debt Service:				
Principal	14,685,732	10,225,047	5,668,988	5,787,500
Interest	6,023,451	2,495,545	4,539,810	6,519,762
Bond Issuance Costs	-	258,618	982,798	-
Total Expenditures	<u>128,655,522</u>	<u>115,912,320</u>	<u>122,659,814</u>	<u>148,923,362</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,759,385)</u>	<u>(1,398,552)</u>	<u>(2,396,128)</u>	<u>(17,163,671)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	4,485,000	-	-	-
Proceeds from Bond Issuance	25,660,000	22,215,000	89,215,000	-
Premium on Bond Issuance	2,040,771	1,320,212	5,024,720	-
Payment to Escrow Agent	(27,407,353)	(23,276,594)	-	-
Proceeds from Sale of Capital Assets	-	415,401	-	-
Transfers In	10,311,254	9,332,428	10,177,062	10,044,571
Transfers Out	(10,311,254)	(9,332,428)	(10,177,062)	(10,044,571)
Total Other Financing Sources (Uses)	<u>4,778,418</u>	<u>674,019</u>	<u>94,239,720</u>	<u>-</u>
Net Change to Fund Balance	<u>\$ (8,980,967)</u>	<u>\$ (724,533)</u>	<u>\$ 91,843,592</u>	<u>\$ (17,163,671)</u>
Debt Service as a Percentage of				
Non-Capital Expenditures	16.21%	11.06%	8.91%	9.43%

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	56,727,661	\$ 57,546,346	\$ 58,780,951	\$ 60,845,170	\$ 58,666,107	\$ 56,719,581
	70,640,991	73,912,330	78,751,910	76,473,714	73,941,932	75,120,012
	4,071,983	1,175,751	317,332	107,407	72,712	138,978
	2,631,068	2,832,568	1,574,546	1,779,721	2,034,322	2,697,100
	<u>134,071,703</u>	<u>135,466,995</u>	<u>139,424,739</u>	<u>139,206,012</u>	<u>134,715,073</u>	<u>134,675,671</u>
	59,207,799	61,456,412	63,192,919	63,024,849	62,616,552	62,400,347
	2,062,371	1,830,410	2,264,059	1,761,663	1,876,173	1,566,029
	3,312,954	3,295,393	3,194,067	2,523,932	1,995,802	2,440,673
	133,708	128,767	125,206	141,885	92,869	141,427
	8,477,310	8,532,676	10,469,008	9,135,938	8,267,519	8,641,673
	10,230,511	10,426,810	11,516,102	10,568,331	10,512,500	9,464,893
	1,179,122	1,055,759	1,057,750	1,040,479	1,282,987	796,543
	7,825,018	7,927,542	8,459,745	8,095,652	7,718,718	7,672,001
	1,750,356	2,243,707	3,520,988	2,156,866	1,915,333	1,890,438
	20,064,310	17,325,065	10,809,066	12,368,434	11,759,472	11,447,332
	3,935,390	4,060,367	4,557,453	4,331,921	3,737,798	3,652,732
	3,874,845	3,754,589	3,485,465	3,102,498	3,521,225	3,159,276
	737,782	773,917	859,246	1,348,044	820,684	1,317,129
	21,550,163	16,014,388	13,015,598	2,544,904	1,864,946	969,874
	2,257,196	2,722,161	2,764,792	2,747,307	5,827,930	6,497,874
	6,115,104	5,933,065	6,231,399	3,761,316	3,610,684	3,855,927
	6,195,782	5,954,842	5,406,789	9,094,407	8,053,027	8,927,322
	-	-	-	-	740,029	-
	<u>158,909,721</u>	<u>153,435,869</u>	<u>150,929,652</u>	<u>137,748,426</u>	<u>136,214,248</u>	<u>134,841,490</u>
	<u>(24,838,018)</u>	<u>(17,968,874)</u>	<u>(11,504,913)</u>	<u>1,457,586</u>	<u>(1,499,175)</u>	<u>(165,819)</u>
	-	-	-	-	-	-
	-	-	-	-	84,740,000	-
	-	-	-	-	14,761,217	-
	-	-	-	-	(99,819,555)	-
	-	-	-	-	-	-
	10,256,580	9,386,336	9,024,938	4,234,946	2,643,417	2,040,762
	<u>(10,256,580)</u>	<u>(9,386,336)</u>	<u>(9,024,938)</u>	<u>(4,234,946)</u>	<u>(2,643,417)</u>	<u>(2,040,762)</u>
	-	-	-	-	(318,338)	-
\$	<u><u>(24,838,018)</u></u>	<u><u>(17,968,874)</u></u>	<u><u>(11,504,913)</u></u>	<u><u>1,457,586</u></u>	<u><u>(1,817,513)</u></u>	<u><u>(165,819)</u></u>
	8.96%	8.65%	8.44%	9.55%	8.65%	9.48%

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property in Larimer County

(Unaudited)

<u>Year Ended December 31</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural</u>	<u>Natural Resources Oil & Gas, & Utilities</u>
2003	1,627,889,490	826,707,590	109,967,760	19,856,750	94,106,880
2004	1,702,909,960	915,101,040	111,710,270	15,291,010	88,390,920
2005	1,765,704,970	935,712,490	113,792,070	15,556,060	81,237,808
2006	1,913,606,420	1,042,005,600	111,003,590	16,403,560	86,809,902
2007	1,998,127,240	1,087,444,240	111,954,530	17,243,500	87,703,917
2008	2,113,390,350	1,310,626,770	119,666,640	18,747,970	101,024,495
2009	2,160,609,780	1,384,794,970	121,315,930	18,988,750	102,501,701
2010	2,203,793,580	1,477,270,670	124,621,590	18,228,540	108,573,195
2011	2,221,615,320	1,454,920,090	123,671,010	17,961,360	106,991,638
2012	2,182,662,250	1,369,493,520	116,168,180	18,632,650	116,825,839

From 2003 to 2012, 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>
2003	9.15%	2001 appraised value
2004	7.96%	2003 appraised value
2005	7.96%	2003 appraised value
2006	7.96%	2005 appraised value
2007	7.96%	2005 appraised value
2008	7.96%	2007 appraised value
2009	7.96%	2007 appraised value
2010	7.96%	2009 appraised value
2011	7.96%	2009 appraised value
2012	7.96%	2011 appraised value

Source: Larimer County Assessor's Office - Larimer County December 31, 2012 Comprehensive Annual Financial Report

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

Personal Property	Total Taxable Assessed Value	Tax Exempt Property	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
280,954,090	2,959,482,560	883,309,680	22.563	22,382,842,209	13.22%
274,798,890	3,108,202,090	965,980,430	22.565	26,239,176,137	11.85%
273,690,849	3,185,694,247	509,850,250	22.659	27,078,737,989	11.76%
283,537,320	3,453,366,392	1,056,157,790	22.683	29,349,798,804	11.77%
282,913,948	3,585,387,375	1,177,190,260	22.552	30,575,411,815	11.73%
322,040,632	3,985,496,857	1,204,106,620	22.556	33,005,669,705	12.08%
333,629,268	4,121,840,399	1,179,516,220	22.537	33,906,203,149	12.16%
331,309,312	4,263,796,887	1,185,391,810	22.577	34,789,308,674	12.26%
310,757,045	4,235,916,463	1,194,372,080	22.666	34,855,606,211	12.15%
307,805,944	4,111,588,383	1,195,734,440	22.614	34,071,849,450	12.07%

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

Last Year Collection Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School District										
General Fund	25.858	25.304	22.985	22.523	22.558	22.472	22.456	22.767	22.637	22.861
Mill Levy Override	7.687	7.383	6.755	10.636	10.078	9.834	9.719	9.72	10.018	9.969
Debt Services	13.126	10.000	10.510	10.298	9.021	8.668	9.120	9.156	9.655	8.054
School District Total	46.671	42.687	40.250	43.457	41.657	40.974	41.295	41.643	42.310	40.884
Larimer County	22.565	22.659	22.683	22.552	22.556	22.537	22.577	22.666	22.614	22.662
Town of Berthoud	6.673	6.409	6.664	10.735	11.551	9.162	9.630	9.737	9.720	9.717
City of Fort Collins	-	-	9.797	9.797	9.797	9.797	9.797	9.797	9.797	9.797
City of Loveland	9.564	9.564	9.564	9.564	9.564	9.564	9.564	9.564	9.564	9.564
Town of Windsor	-	-	12.030	12.030	12.030	12.030	12.030	12.030	12.030	12.030
Town of Johnstown	-	-	23.937	23.947	23.947	23.947	23.947	23.947	23.947	23.947
Johnstown Fire Protection District	-	-	-	8.796	9.478	9.524	9.464	9.517	9.486	9.468
Berthoud Fire Protection District	8.128	15.274	15.274	15.274	15.274	15.274	15.274	15.274	15.274	15.274
Loveland Fire District	6.674	5.808	5.808	5.808	5.808	5.808	5.808	5.939	5.808	8.781
Poudre Valley Fire District	-	-	9.301	9.301	9.301	9.301	9.301	10.595	10.595	10.595
Windsor-Severance Fire District	-	-	4.944	4.944	4.944	6.119	6.684	7.894	7.904	7.964
Lyons Fire District	-	-	7.148	7.193	7.196	5.531	6.325	8.325	7.435	7.680
Pinewood Lake Fire District	-	-	6.446	5.944	6.373	6.373	6.271	6.271	6.271	6.271
Health District of Northern Larimer Co.	-	-	2.167	2.167	2.167	2.167	2.167	2.167	2.167	2.167
Thompson Valley Health Services District	1.564	1.519	1.509	1.492	1.471	1.716	2.093	1.899	1.716	1.757
Larimer County P.I.D. No. 27	-	-	-	56.695	55.946	55.946	56.844	56.844	6.379	6.379
Larimer County P.I.D. No. 35	-	-	-	104.222	29.208	29.208	7.082	7.044	6.439	6.462
Larimer County P.I.D. No. 36	-	-	-	13.485	13.580	13.580	13.580	13.580	13.580	13.580
Larimer Pest Control	0.124	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142
Larimer County G.I.D. No. 8 Namaqua F	-	-	-	8.145	8.382	8.382	8.382	8.382	8.382	8.382
Loveland General Improvement District	-	2.684	2.684	2.684	2.684	2.676	2.684	2.684	2.684	2.684
Estes Valley Recreation and Park	-	-	1.331	1.472	1.404	2.393	2.311	2.339	2.425	2.438
West Loveland Recreation District	5.557	-	-	-	-	-	-	-	-	-
South Fort Collins Sanitation District	-	-	-	0.500	0.500	0.487	0.500	0.500	0.500	0.500
Fort Collins - Loveland Water District	-	-	-	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Poudre River Public Library District	-	-	-	3.000	3.000	3.000	3.000	3.000	3.000	3.000
North Carter Lake Water District	-	-	-	10.756	10.225	10.750	8.783	9.400	10.000	10.200
No. Colorado Water Conservancy District	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Spring Canyon Water and Sanitation	-	-	2.966	3.118	3.000	3.050	2.811	2.853	3.229	3.341
West Loveland Water and Sanitation	12.382	-	-	-	-	-	-	-	-	-
Thompson Crossing Metropolitan No. 2	-	-	-	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Van De Water Metropolitan District No.	-	-	45.980	45.980	45.980	45.980	45.980	45.980	45.980	45.980
Van De Water Metropolitan District No.	-	-	-	45.980	40.000	40.000	40.000	40.000	40.000	40.000
Windsor Highlands Metropolitan No. 3	-	-	30.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Windsor Highlands Metropolitan No. 4	-	-	-	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Centerra Metropolitan District No. 2	-	-	35.000	35.000	52.600	42.600	42.600	42.600	42.600	42.600
Waterfront Metropolitan District	-	-	45.979	45.979	45.979	45.979	45.979	45.979	45.979	45.979
Lincoln Place Metropolitan District	-	55.000	55.000	50.000	-	-	-	-	-	-
Loveland Midtown Metropolitan No. 1	-	-	-	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Larimer County P.I.D. No. 31	-	-	-	137.932	121.967	31.384	24.314	24.192	12.128	12.118
Thompson Crossing Metropolitan No. 4	-	-	-	76.000	60.000	60.000	60.000	60.000	72.475	72.475
Highpointe Vista Metropolitan No. 2	-	-	-	26.000	32.000	35.000	35.000	35.000	35.000	35.000
Deer Meadows Metropolitan District	-	-	-	40.000	45.000	45.000	60.000	60.000	60.000	60.000
Thompson Rivers Park & Rec. District	-	-	-	3.594	3.594	3.594	3.594	3.594	3.594	3.594
Thompson Crossing Metropolitan No. 3	-	-	-	-	60.000	60.000	60.000	60.000	72.475	72.475
Thompson Crossing Metropolitan No. 5	-	-	-	-	60.000	60.000	60.000	60.000	72.475	72.475
Thompson Crossing Metropolitan No. 6	-	-	-	-	60.000	60.000	60.000	60.000	72.475	72.475
Johnstown North Metropolitan No. 1	-	-	-	-	20.000	25.000	25.000	25.000	25.000	-
Johnstown North Metropolitan No. 2	-	-	-	-	20.000	25.000	25.000	25.000	25.000	25.000
Johnstown North Metropolitan No. 3	-	-	-	-	20.000	25.000	25.000	25.000	25.000	25.000
Centerra Metropolitan District No. 2 Bor	-	-	-	-	-	6.655	6.655	6.655	6.550	6.655
Centerra Metropolitan District No. 3	-	-	-	-	-	5.000	5.000	5.000	5.000	5.000
Windsor Highlands Metropolitan No. 1	-	-	-	-	-	30.000	30.000	30.000	30.000	30.000
Windsor Highlands Metropolitan No. 2	-	-	-	-	-	35.000	35.000	35.000	35.000	35.000
Windsor Highlands Metropolitan No. 5	-	-	-	-	-	35.000	35.000	35.000	35.000	35.000
Berthoud Community Library	-	-	-	-	-	2.400	2.400	2.400	2.400	2.400
Larimer County P.I.D. No. 39	-	-	-	-	-	-	-	9.988	9.988	9.988
Larimer County P.I.D. No. 49	-	-	-	-	-	-	-	16.762	16.762	16.762
Centerra Metropolitan District No. Res C	-	-	-	-	-	-	-	35.000	35.000	35.000
Centerra Metropolitan District No. 5	-	-	-	-	-	-	-	15.000	15.000	15.000
Lakewiew Metropolitan District	-	-	-	-	-	-	-	50.000	60.000	60.000
Waterfall Metropolitan District No. 1	-	-	-	-	-	-	-	22.500	45.000	45.000
Windsor Highlands Metropolitan No. 6	-	-	-	-	-	-	-	35.000	35.000	35.000
Larimer County P.I.D. No. 44	-	-	-	-	-	-	-	-	-	79.537
Larimer County P.I.D. No. 53	-	-	-	-	-	-	-	-	-	35.058

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
G and I VI Promenade LLC	\$ 20,662,500	1	1.60%	\$ -		-
Wal-Mart Stores East, LP	17,233,630	2	1.34%	13,069,000	2	1.34%
Public Service Company of Colorado	11,628,110	3	0.90%	2,843,600	8	0.29%
Centerra	10,440,000	4	0.81%			-
Qwest Corporation	10,174,890	5	0.79%	8,523,500	3	0.87%
MCR-MOB LLC	7,696,600	6	0.60%			-
John Q. Hammons Hotels	6,940,570	7	0.54%			-
Craig Realty Group-Loveland, LLC	5,605,270	8	0.43%			-
Crop Production Services, Incorporated	5,235,910	9	0.41%			-
Praxair Incorporated	4,790,280	10	0.37%			-
Agilent Technologies, Incorporated	-		-	17,318,600	1	1.77%
TGS Realty Inc.	-		-	8,018,500	4	0.82%
Teledyne Industries	-		-	5,329,100	5	0.55%
Orchard Shopping Center Partnership	-		-	3,231,000	6	0.33%
Taft Carlise, LLC	-		-	2,983,300	7	0.31%
Hach Company	-		-	2,636,600	9	0.27%
Woodward Governor Company	-		-	2,581,700	10	0.26%
	<u>\$ 100,407,760</u>		<u>7.79%</u>	<u>\$ 66,534,900</u>		<u>6.82%</u>
Total assessed valuation	<u>\$ 1,288,846,309</u>			<u>\$ 975,725,363</u>		

Source: Larimer 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
2003	2004	45,538,078	41,697,349	91.6%	2,804,684	44,502,033	97.7%
2004	2005	43,364,000	40,824,746	94.1%	2,405,489	43,230,235	99.7%
2005	2006	44,687,055	42,349,495	94.8%	2,284,374	44,633,869	99.9%
2006	2007	50,247,390	45,011,862	89.6%	4,711,084	49,722,946	99.0%
2007	2008	52,699,335	49,269,711	93.5%	2,499,071	51,768,782	98.2%
2008	2009	54,064,757	49,664,648	91.9%	3,542,038	53,206,686	98.4%
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%

Source: Larimer County Assessor's Office

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

Year	General Obligation Bonds	Certificate of Participation Bonds	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2004	70,461,009	4,485,000	2,667,404	77,613,413	4.30%	1,300
2005	61,802,167	4,325,000	2,162,357	68,289,524	3.62%	1,136
2006	151,323,193	4,160,000	1,768,368	157,251,561	7.99%	2,540
2007	146,254,499	3,990,000	1,605,869	151,850,368	7.20%	2,369
2008	140,947,293	3,815,000	1,435,765	146,198,058	6.48%	2,222
2009	135,763,598	3,635,000	1,257,700	140,656,298	5.87%	2,171
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	108,854,864	2,860,000	458,112	112,172,976	4.10%	1,629

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.

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
2004	70,461,009	11,431,587	59,029,422	7.22%	1,180
2005	61,802,167	9,885,779	51,916,388	6.08%	1,028
2006	151,323,193	12,481,416	138,841,777	13.63%	2,445
2007	146,254,499	12,939,805	133,314,694	12.65%	2,282
2008	140,947,293	12,481,784	128,465,509	11.14%	2,142
2009	135,763,598	12,465,223	123,298,375	10.29%	2,095
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	108,854,864	12,351,178	96,503,686	8.45%	1,582

Source: Larimer County Assessor's Office

(1) Assessed Value is \$1,288,846,309 for 2012.

Thompson School District R2-J
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 June 30, 2013
 (Unaudited)

	<u>General Obligation 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	\$ <u>108,854,864</u>	100.00%	\$ <u>108,854,864</u>
Overlapping Debt:			
Town of Berthoud	11,242,500	100.00%	11,242,500
Berthoud Fire District	<u>855,000</u>	31.43%	<u>268,727</u>
Total Overlapping Debt	12,097,500		11,511,227
Total	\$ <u><u>120,952,364</u></u>		\$ <u><u>120,366,091</u></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, 2013
 Last Ten Years
 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed value	\$ 975,725,363	\$ 1,015,859,622	\$ 1,110,237,368	\$ 1,156,255,387	\$ 1,265,077,530	\$ 1,319,489,370	\$ 1,346,729,792	\$ 1,346,498,784	\$ 1,278,012,549	\$ 1,288,846,309
Debt limit (20% of assessed valuation)	\$ 195,145,073	\$ 203,171,924	\$ 222,047,474	\$ 231,251,077	\$ 253,015,506	\$ 263,897,874	\$ 269,345,958	\$ 269,299,757	\$ 255,602,510	\$ 257,769,262
Total net debt applicable to limit	70,461,009	61,802,167	151,323,193	146,254,499	140,947,293	135,763,598	130,637,310	124,096,273	116,326,723	108,854,864
Legal debt margin	\$ 124,684,064	\$ 141,369,757	\$ 70,724,281	\$ 84,996,578	\$ 112,068,213	\$ 128,134,276	\$ 138,708,648	\$ 145,203,484	\$ 139,275,787	\$ 148,914,398
Total net debt applicable to the limit as a percentage of debt limit	36.11%	30.42%	68.15%	63.24%	55.71%	51.45%	48.50%	46.08%	45.51%	42.23%

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

Source: Larimer County Assessor's Office
 District Financial Records

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Thompson School District R2-J	2,234	1	6.11%	2,010	1	6.88%
Wal-Mart Distribution Center	950	2	2.60%	1,000	3	3.42%
McKee Medical Center	804	3	2.20%	900	4	3.08%
Hach Company	800	4	2.19%	640	7	2.19%
City of Loveland	692	5	1.89%	661	6	2.26%
Crop Production Services	350	6	0.96%			-
Kroll Factual Data	325	7	0.89%			-
Agilent Technologies	297	8	0.81%	1,450	2	4.97%
Columbine Health Systems	294	9	0.80%			
Banner Health-Big Thompson Medical Gr	270	10	0.74%			
Wal-Mart Super Center			0.00%	500	8	1.71%
Hewlett-Packard	-		0.00%	730	5	2.50%
Group Publishing	-		-	270	10	0.92%
Teledyne Water Pik	-		-	400	9	1.37%
Total	7,016		19.20%	8,561		29.32%
Total City Employment	36,544			29,199		

Sources: City of Loveland December 31, 2012 Comprehensive Annual Financial Report
District Financial Records

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)
2003	59.7	1,802.90	30.2	34.0	5.1
2004	60.1	1,887.10	31.4	34.4	4.7
2005	61.9	1,968.40	31.8	36.0	4.5
2006	64.1	2,108.90	32.9	33.9	3.9
2007	65.8	2,256.90	34.3	33.2	3.4
2008	64.8	2,394.75	37.0	35.9	4.2
2009	65.8	2,466.25	37.5	36.9	7.1
2010	66.6	2,487.66	37.4	36.9	7.4
2011	67.6	2,557.54	37.8	35.3	6.9
2012	68.8	2,736.96	39.8	38.7	6.4

Note: The Unemployment Percentage for 2008 was unavailable at the time of 2008 CAFR publication, so the most recent figure at the time (2007; 3.4%) was used. This data has now been updated to the subsequently documented 2008 figure of 4.2%.

(a) Metropolitan Statistical Area of Fort Collins/Loveland, separate City statistics not available

(b) Larimer County, separate City statistics not available

Source: City of Loveland December 31, 2012 Comprehensive Annual Financial Report

Thompson School District R2-J
Number of Employees by Function
June 30, 2013
(Unaudited)

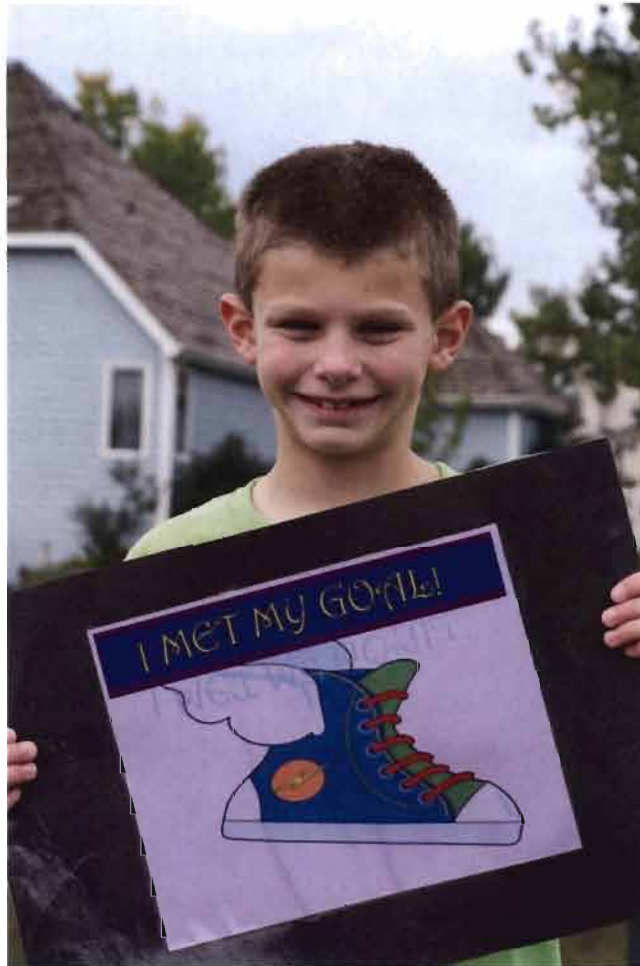
<u>Employees: (Full and Part Time Positions)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administration										
Instructional Central Office Administrators	10	10	10	12	12	12	9	11	10	8
Principals & Asst. Principals	35	45	45	42	46	47	49	47	45	45
Support Central Office Administrators	5	10	10	11	11	11	12	11	10	9
Teaching Staff										
Teachers	850	1,015	985	995	1024	1031	1037	972	906	895
Substitute Teachers	255	380	350	304	375	254	408	438	391	484
Guidance Counselors	25	45	40	45	43	44	43	39	37	36
Media Specialist	10	10	10	9	9	9	9	9	9	9
Teacher Aides	175	170	180	198	187	195	212	166	172	175
Support Services										
Nurses, Psychologists, and Social Workers	20	30	30	35	31	35	32	30	29	31
Pupil Transportation	100	115	125	112	118	125	128	114	99	99
Personnel Services	10	10	10	9	12	12	11	9	9	9
Operations and Maintenance	165	150	155	153	160	173	164	162	156	145
Fiscal Services and Data Processing	5	10	10	9	15	14	16	16	16	14
School Building Clerical	120	140	140	130	141	147	148	137	125	119
Other Professional Support Staff	45	145	130	122	152	152	156	134	124	121
Other Clerical Support	30	35	30	31	31	30	31	26	22	19
Food Services	150	115	115	105	112	117	115	86	74	72
Total	2,010	2,435	2,375	2,322	2,479	2,408	2,580	2,407	2,234	2,290

Source: Thompson School District Human Resources Department

Thompson School District R2-J
 Operating Indicators
 June 30, 2013
 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2,011	2,012	2,013
Funding per Student	\$ 5,595	\$ 5,721	\$ 5,798	\$ 5,988	\$ 6,279	\$ 6,530	\$ 6,714	\$ 6,461	\$ 6,140	\$ 6,145
Funded Pupil Count	14,445.5	14,352.5	14,304.6	14,402.0	14,419.5	14,486.4	14,491.7	14,469.9	14,672.9	14,903.3
Total Funding per School Finance Act	\$ 80,822,573	\$ 82,110,653	\$ 82,938,071	\$ 86,239,176	\$ 90,540,041	\$ 94,596,192	\$ 97,297,274	\$ 93,490,024	\$ 90,091,606	\$ 91,580,779

Source: Thompson School District Finance Department



CAFR 2013

Thompson School District R2-J
School Building Information
June 30, 2013
(Unaudited)

<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>					
			<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Elementary Schools								
Berthoud	50,050	480	380	378	432	419	453	424
BF Kitchen	33,800	280	223	217	250	215	207	194
Big Thompson	29,100	255	171	185	206	183	178	192
Carrie Martin	33,350	280	270	281	304	317	343	322
Centennial	57,750	530	403	399	417	418	409	343
Cottonwood Plains	57,400	530	413	416	426	433	458	555
Coyote Ridge	58,300	375	374	341	347	295	270	-
Garfield	34,900	300	275	276	258	294	280	261
Ivy Stockwell	36,050	355	307	317	334	334	314	342
Laurene Edmondson	32,650	280	246	211	227	246	248	289
Lincoln	40,500	355	220	223	249	366	353	393
Mary Blair	49,150	480	405	435	423	487	472	496
Monroe	51,050	505	333	330	305	352	394	393
Namaqua	51,550	505	380	372	396	480	471	509
Ponderosa	71,500	550	457	431	370	-	-	-
Sarah Milner	36,700	405	338	307	312	328	344	336
Stansberry	31,800	280	213	223	243	253	245	241
Truscott	45,700	330	261	281	302	284	273	282
Van Buren	32,800	300	202	199	212	274	241	269
Winona	65,500	550	433	418	440	435	424	407
Middle Schools								
Bill Reed	146,500	900	701	660	650	618	622	604
Conrad Ball	96,100	810	660	642	646	621	640	703
Lucile Erwin	115,500	900	888	850	874	854	881	836
Turner	72,750	770	449	465	407	421	413	426
Walt Clark	96,850	900	508	530	574	586	643	683
High Schools								
Berthoud	143,100	990	609	609	615	615	630	656
Ferguson	43,000	185	112	122	124	122	104	99
Loveland	211,250	1,500	1,490	1,438	1,479	1,595	1,604	1,596
Mountain View	252,300	1,475	1,127	1,072	1,047	1,065	1,090	1,141
Thompson Valley	218,000	1,475	1,278	1,252	1,272	1,318	1,418	1,406
Totals	2,294,950	17,830	14,126	13,880	14,141	14,228	14,422	14,398

Source: Thompson School District Master Plans

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
404	404	415	406
185	233	244	260
200	212	211	224
299	307	285	281
319	343	409	362
517	529	485	463
-	-	-	-
271	246	253	247
363	376	359	365
302	310	304	315
391	431	327	306
471	461	445	433
420	409	430	411
516	603	580	591
-	-	-	-
366	345	353	381
216	235	246	273
285	267	207	209
266	272	271	286
364	382	411	396
612	645	697	693
783	794	784	809
736	800	801	801
434	437	467	495
708	770	789	753
675	673	681	704
102	97	105	94
1,578	1,536	1,493	1,477
1,126	1,179	1,195	1,221
1,413	1,477	1,435	1,425
<u>14,322</u>	<u>14,773</u>	<u>14,682</u>	<u>14,681</u>

COMPLIANCE SECTION



CAFR 2013



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

**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***

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, the business-type 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, 2013, 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 November 25, 2013. 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 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.



November 25, 2013



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

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) *Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type 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, 2013, 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 November 25, 2013, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School, which represent 37 percent and 23 percent, respectively, of the assets and revenues of the aggregate discretely presented component units and remaining fund information. 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 on 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 OMB Circular A-133 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.

Signature of Auditor

November 18, 2013

THOMPSON SCHOOL DISTRICT R2-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

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 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 programs: unmodified

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

yes no

Identification of major programs:

- 84.010 Title I
- 84.367 Improving Teacher Quality
- 84.282 Charter Schools
- 93.600 Head Start

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

Auditee qualified as low-risk auditee? yes no

Financial Statement Findings

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.



CAFR 2013

Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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	\$ 1,544,036
Special Education	4027	84.027	2,688,159
Special Education Preschool	4173	84.173	64,646
Improving Teacher Quality	4367	84.367	393,161
English Language Acquisition	4365	84.365	39,373
Race to the Top	4413	84.413	53,400
Special Education State Personnel Development	5323, 6323	84.323	7,461
Twenty-First Century Community Learning Centers	5287	84.287	86,899
Charter Schools	5282	84.282	196,600
Advanced Placement Program	5330	84.330	1,128
Passed Through State Department of Human Services			
Vocational Rehabilitation		84.126	131,081
Passed Through State Community Colleges System			
Career and Technical Education		84.048	92,380
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,298,324</u>
U.S. Department of Agriculture			
Passed through State Department of Human Services			
Food Donation		10.555	286,328
Passed Through State Department of Education			
School Breakfast Program	4553	10.553	623,661
National School Lunch Program	4555	10.555	1,889,783
Summer Food Service Program for Children	4559	10.559	100,903
Team Nutrition	4574	10.574	50
Passed Through State Department of Public Health & Environment			
Child and Adult Care Food Program		10.558	25,462
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,926,187</u>
U.S. Department of Health and Human Services			
Direct Program			
Head Start		93.600	1,040,234
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 9,264,745</u>

See independent auditors' report

Thompson School District R2-J
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2013

Note (1) Basic Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the Thompson School District R2-J and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Colorado Department of Education
Auditors Integrity Report
 District: 1560 - THOMPSON R2-J
 Fiscal Year 2012-13
 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	28,172,244		102,627,027	101,470,193		29,329,078
18 Risk Mgmt Sub-Fund of General Fund	266,342		1,258,929	1,213,974		311,297
19 Colorado Preschool Program Fund	180,177		558,868	560,482		178,562
Sub-Totals	28,618,762		104,444,824	103,244,649		29,818,937
11 Charter School Fund	1,050,932		7,757,613	7,591,089		1,217,456
20.26-29 Special Revenue Fund	3,377,144		5,306,886	4,233,692		4,450,338
21 Capital Reserve Spec Revenue Fund	0		0	0		0
22 Govt Designated-Purpose Grants Fund	77,473		6,656,193	6,656,193		77,473
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	14,116,172		10,447,281	12,212,275		12,351,179
39 Non-Voter Approved Debt Service Fund	0		0	0		0
41 Building Fund	824,312		336	724,817		99,831
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	2,327,643		1,322,276	1,271,988		2,377,930
Totals	50,392,438		135,935,410	135,934,704		50,393,144
Proprietary						
51 Food Service Fund	1,142,762		4,519,057	4,514,125		1,147,694
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	1,142,762		4,519,057	4,514,125		1,147,694
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	78,568		66,549	64,250		80,867
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	1,155,497		2,528,258	2,585,508		1,098,247
79 GASB 34-Permanent Fund	995,930		473,770	325,156		1,144,545
85 Foundations	2,229,595		3,068,577	2,974,914		2,323,659
Totals	2,229,595		3,068,577	2,974,914		2,323,659

FINAL

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