

Comprehensive
Annual
Financial Report
Year Ended June 30, 2015



Thompson School District R2-J
Loveland/Berthoud/Ft. Collins, Colorado
www.thompsonschoools.org

THOMPSON SCHOOL DISTRICT R2-J

Loveland, Berthoud, & Fort Collins Colorado

Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2015**

Prepared by the
Financial Services Department

Chief Financial Officer
Gordon L. Jones

Manager of Accounting and Reporting
Luke Gonzales

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	vi
ASBO Certificate of Excellence.....	vii
Organizational Chart	viii
Board of Education and Superintendent’s Executive Staff	ix

Financial Section

Independent Auditors’ Report	1-2
Management’s Discussion and Analysis	3-14

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position.....	15
Statement of Activities	16-17
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities	21
Statement of Fiduciary Assets and Liabilities	22
Notes to Financial Statements	24-43

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees’ Retirement Association of Colorado School Division Trust Fund		46
General Fund		47
Budgetary Comparison Schedule	48-49	
Notes to Required Supplementary Information.....	50	
Combining and Individual Fund Financial Statements and Schedules	51	
Debt Service	52	
Bond Redemption Fund Budgetary Comparison Schedule	53	

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

TABLE OF CONTENTS

Capital Projects	54
Building Fund Budgetary Comparison Schedule	55
Non-Major Governmental Funds	57
Combining Balance Sheet	58-59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60-61
Nutrition Services Fund Budgetary Comparison Schedule	62
Government Designated-Purpose Grants Fund Budgetary Comparison Schedule	63
Land Reserve Fund Budgetary Comparison Schedule	64
Fee Supported Programs Fund Budgetary Comparison Schedule	65
Capital Projects Fund Budgetary Comparison Schedule	66
Fiduciary Fund Type	68
Combining Statement of Fiduciary Assets and Liabilities	69
Combining Statement of Changes in Assets and Liabilities	70
Education Memorial Fund Budgetary Comparison Schedule	71
Interscholastic Athletic and Activity Budgetary Comparison Schedule	72
Component Units	73
Combining Statement of Net Position	74
Combining Statement of Activities	75
Statement of Cash Flows, Thompson Education Foundation	76
Statistical Section	
Financial Trends	
Schedule of Net Position	78-79
Schedule of Changes in Net Position	80-83
Schedule of Fund Balances, Governmental Funds	84-85
Schedule of Changes in Fund Balances, Governmental Funds	86-87
Revenue Capacity Information	
Assessed Value and Estimated Value of Taxable Property	88-89
Property Tax Rates – Direct and Overlapping Governments	90
Principal Taxpayers	91
Property Tax Levies and Collections	92
Debt Capacity Information	
Ratios of Outstanding Debt by Type	93
Ratio of Gross General Bonded Debt to Assessed Value and Gross Bonded Debt per Capita	94
Computation of Direct and Overlapping Bonded Debt	95
Computation of Legal Debt Margin	96-97

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

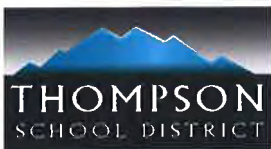
TABLE OF CONTENTS

Demographic and Economic Information	
Principal Employers	98
Demographic and Economic Statistics.....	99
Operating Information	
Number of Employees by Function.....	100
Operating Indicators	101
School Building Information.....	102-103
Compliance Section	
Independent Auditors' Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	106-107
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.....	108-109
Schedule of Findings and Questioned Costs	110
Schedule of Expenditures of Federal Awards	112
Notes to Schedule of Expenditures of Federal Awards.....	113
Colorado Department of Education Auditors Integrity Report	114

INTRODUCTORY SECTION

Contents:

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



December 1, 2015

**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, 2015.

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, 2015.

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, 2015, 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, 2015, 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 17th 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 13 early childhood centers, 20 elementary schools, five middle schools, five high schools and two charter schools. The facilities range in age from 6 to 100 years old, with the average facility age being 36 years. Funded Pupil Count for the 2014-15 school year was 15,122 students with essentially flat projections budgeted for 2015-16 at 15,146.

District schools offer a number of educational options including: International Baccalaureate (IB) and pre-IB programs; a Science, Technology, Engineering & Mathematics (STEM) focus; 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 state assessment scores are consistently at or 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 may be re-appropriated as part of the following year's budget. Unspent discretionary budgets at year-end may also be reappropriated for each school or department in the following budget year, thereby fostering responsible spending and allowing site management to develop longer range spending plans. Schools' discretionary budgets also include a share of revenues generated from building 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 is optimism for new growth including the potential of bringing new business to the community through the Rocky Mountain Center for Innovation & Technology Manufacturing Park and the increase in residential construction, especially in the north, south and east parts of the District. 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. Assessed valuations of real property in the District also are showing signs of improving.

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 2008-2009, however, a significant state and national economic downturn negatively impacted state budget revenues and local property values, both of which fund the School Finance Act. As a result the state legislature introduced the "negative factor" into the school finance formula which has underfunded the SFA formula for six years through 2014-15. For the District, the negative factor or related rescissions, suppressed District SFA revenues by \$1.9 M in 2009-2010, \$10.4 M in 2010-2011, \$13.4 M in 2011-2012, \$17.6 M in 2012-2013, \$17.4 M in 2013-2014 and \$15.0 M in 2014-2015.

Fiscal 2015-16 projects an increase to PPR (from \$6,667 to \$6,920) while still withholding \$14.5 M from the District via the negative factor. Though economic conditions and assessed valuations have clearly improved in recent years, school finance in Colorado is still searching for its long term sustainable footing while at the same time continuing to shift more of the financial burden to the local district level.

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. One such request in 2013 did not receive voter approval. 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

Over the last several years school finance funding first declined, and then rebounded in part. For 2015-16, preliminary total program dollars still fall \$855 million (or 12%) below statutory targets for all districts in the state without regard to the negative factor. For TSD that shortfall is nearly \$14.5 M annually while PPR is expected to finally rise above the level seen in 2009-10.

Through this uncertainty and resource shortage District leadership has taken a balanced approach in responding to these fluctuations. The District has balanced expenditure control and reduction measures with student and organization needs and appropriate General Fund reserve levels.

Staff count is still below levels of 6 years ago even while the District serves more students. Reductions of all expenditure types have been analyzed and implemented where doing so was prudent. On some occasions resources were redirected toward areas of greater need. Where there have been needs requiring more resources those needs have been met. Use of 1-time monies has been done thoughtfully and carefully. Since fiscal year 2009-2010 when implementation of the negative factor began and statutory funding levels were reduced by an average greater than 12%, total General Fund reserves are approximately only 4% less than six years ago. The District continues to maintain one of the higher reserve balances in the state based on General Fund balance as a percentage of revenue.

The State Auditor's office reports annually to the legislature on the financial condition of all Colorado school districts using ratio analysis. In recent years the report has highlighted an increasing number of districts with one or more ratio concerns. The conservative financial management of TSD has kept the District's ratios sound and absent from any cautionary lists but ongoing use of General Fund reserves makes this more and more difficult to maintain.

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 M 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 can still provide 1-time support for some underfunded student programming needs. However, reserve balances may reach a level in future years where they can no 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 "AAAm" rated investment pool.

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 31% 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.

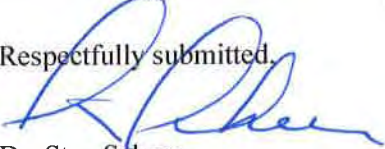
Awards and Acknowledgements

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, 2014. This was the twenty-seventh time the District had received this prestigious award and the nineteenth consecutive year. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the eighteenth 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.

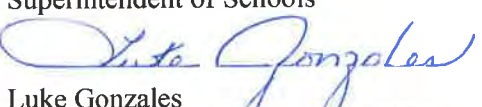
We would also like to thank the Board of Education for their role in the management of the District's finances.

Respectfully submitted,


Dr. Stan Scheer
Superintendent of Schools



Gordon L. Jones
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, 2014

Executive Director/CEO

Association of School Business Officials International



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

Thompson School District R2-J

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



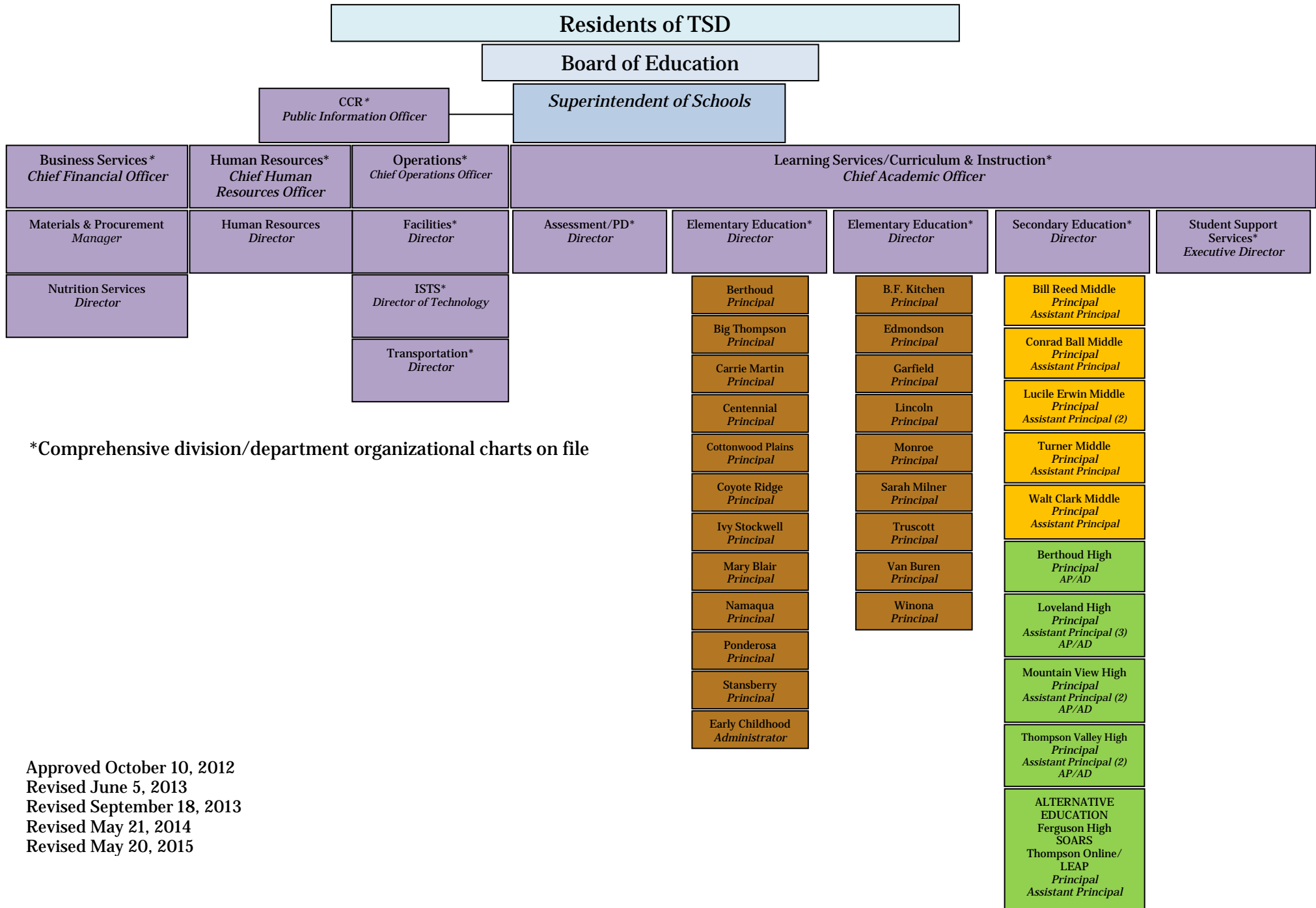
A handwritten signature in black ink, appearing to read "M. Pepera", written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

THOMPSON SCHOOL DISTRICT (TSD) ORGANIZATIONAL CHART



*Comprehensive division/department organizational charts on file

Approved October 10, 2012
 Revised June 5, 2013
 Revised September 18, 2013
 Revised May 21, 2014
 Revised May 20, 2015

Board of Education

Bob Kerrigan, President	Term Expires 2015
Bryce Carlson, Vice-President	Term Expires 2017
Denise Montagu, Treasurer	Term Expires 2015
Donna Rice, Secretary	Term Expires 2015
Pam Howard	Term Expires 2015
Lori Hvizda-Ward	Term Expires 2017
Carl Langner	Term Expires 2017

Superintendent's Executive Staff

Dr. Stan Scheer	Superintendent
Dr. Dan Maas	Chief Operations Officer
Dr. Bill Siebers	Chief Human Resources Officer
Dr. Margaret Crespo	Chief Academic Officer
Gordon Jones	Chief Financial Officer
Michael Hausmann	Public Information Officer
Tina Stroh	Executive Assistant to Superintendent/BOE

FINANCIAL SECTION

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

The levels of the pyramid are:

Financial Section

Independent Auditors’ Report:

This is the opinion of the Independent Certified Public Accountants, 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, 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, 2015, 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 67 percent and 39 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School, is based solely upon the report of the other auditors. 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 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, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in the year ended June 30, 2015, the Thompson School District R2-J adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

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

Other 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, 2015, 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.



November 25, 2015

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

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, 2015. 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 2015 are as follows:

- The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer cost-sharing, defined benefit pension plan as of June 30, 2015. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution decisions made by PERA. The beginning net position of governmental activities has been restated to account for this new reporting requirement because GASB 68 is retroactive. The negative net position is due primarily to the adoption of GASB Statement No. 68, resulting in a net pension liability of \$253.1 million, representing the District's proportionate share of the plan's net pension liability. Fiscal year 2014 financial information has not been restated in the tables in the Management Discussion & Analysis on pages 8 & 9 because comparable information is not available.
- As of July 1, 2014, the District reclassified its proprietary fund (business-type activities), the Nutrition Services Fund, to governmental activities as a special revenue fund. The beginning net position of governmental activities has been restated to account for this change as well as the beginning fund balance in the Nutritional Services Fund.
- The District's government-wide net position decreased \$10.7 million during the fiscal year ended June 30, 2015. Total revenue growth of \$7.4 million, combined with expense increases of \$14.9 million yielded a \$7.5 million change versus the prior year's decrease in net position of \$3.2 million. The intentional decrease in net position is part of the District's near term plan to utilize excess 1-time resources for important program enhancements. The District is closely monitoring its financial position to ensure its use of 1-time resources remains appropriately targeted and balanced.
- Government-wide revenue improvements of \$7.4 million versus the prior year came predominantly from increased state revenues through the School Finance Act of \$4.8

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

million, Loveland URA distribution revenues of \$0.7 million, increased operating grants and contributions of \$0.5 million, and remaining revenues of \$0.5 million.

- Government-wide expenses increased by \$14.9 million versus the prior year as the District made significant investments in the following areas: the construction of High Plains School, curriculum materials update, personal learning devices pilot, literacy support, and compensation in response to market pressures and no cost of living increase the previous year. Inflationary increases included PERA (Public Employees' Retirement Association) and health insurance.

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 statements 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 plus deferred outflows of resources less the District's liabilities plus deferred inflows of resources – is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health one needs

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

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.

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

Fund Financial Statements

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

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

1. **Governmental Funds:** Most of the District's basic services are included in governmental funds which generally focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year end are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciling schedule follows the governmental funds statements to help explain the relationship (or differences) between them.

2. **Fiduciary Funds:** The District is an agent, or fiduciary, for assets that belong to others such as the education memorial and student activities funds. The District is responsible for ensuring that those to whom the assets belong use them only for their intended purposes. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Analysis of Government-wide Financial Statements

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

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015**

Chart 1
Revenues by Source
2014-15 Governmental Activities

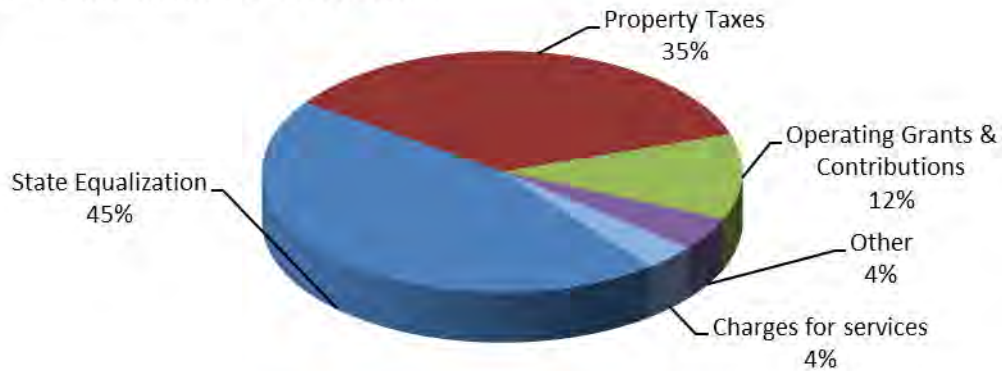
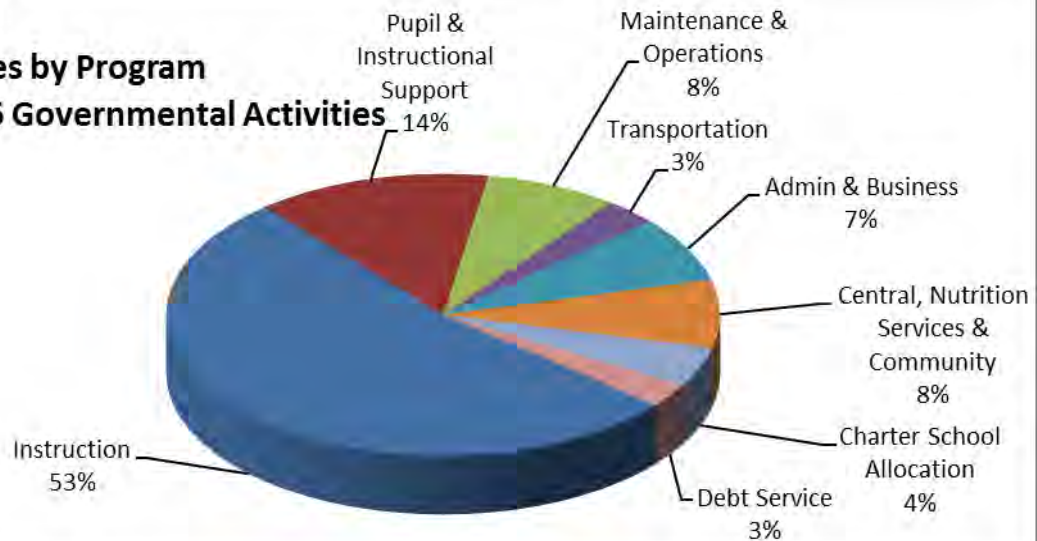


Chart 2 below presents the District's expenditures by major categories with direct instruction, and pupil and instructional support type expenditures receiving the greatest emphasis, as expected.

Chart 2
Expenses by Program
2014-15 Governmental Activities



Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

Chart 1 – Revenues by Source: 2014-15 Governmental Activities

- In fiscal 2014-15 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 and specific ownership taxes comprise about a third of the District's School Finance Act. In addition, the District collects property taxes through two different voter approved mill levy overrides to support specified General Fund services and an additional mill levy is used to fund the annual principal and interest payments of the District's bonded debt. Collectively property taxes are 35% of total governmental activities revenues.
- 12% of District revenues came from operating grants in 2014-15. Most significant among them are the Federal IDEA, Title and Head Start grants.
- The District collects 4% of total revenues via fees for supplemental services or programs such as full-day kindergarten, certain elective classes, and rental of district facilities.

Chart 2 – Expenses by Program: 2014-15 Governmental Activities

- Classroom teacher salaries & benefits, curriculum, textbooks and instructional supplies and materials are the foundation of student instruction. At 53% of the total, these costs comprise the largest category of expenditures for the organization.
- The District spends another 14% of its expenditures in direct 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 8% of District expenditures. Utility costs, maintenance and repairs are included in this category.
- 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 is categorized as expenditures of the District. Those monies flow to the charters for their expenditures on a monthly basis at the same time the funds are received.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015**

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

	Governmental Activities		Total Percentage Change
	2015	2014	2014-2015
Assets			
Current & Other Assets	\$ 71.941	\$ 63.113	14.0%
Capital Assets	149.363	153.726	-2.8%
Total Assets	221.304	216.839	2.1%
Deferred Outflows of Resources			
Pensions, Net of Accumulated Amortization	17.289	-	0.0%
Loss on Refunding, Net of Accumulated Amortization	9.862	10.976	-10.1%
Total Deferred Outflows of Resources	27.151	10.976	147.4%
Liabilities			
Other Liabilities	16.349	23.046	-29.1%
Long-Term Liabilities	126.124	114.813	9.9%
Net Pension Liability	253.083	-	100.0%
Total Liabilities	395.556	137.859	186.9%
Deferred Inflows of Resources			
Pensions, Net of Accumulated Amortization	0.019	-	100.0%
Net Position			
Net Investment in			
Capital Assets	48.575	47.759	1.7%
Restricted	22.474	20.831	7.9%
Unrestricted	(218.169)	21.366	-1121.1%
Total Net Position	\$ (147.120)	\$ 89.956	-263.5%

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

- The increase in total current & other assets shown above is mainly explained by the sale of \$10.2 million of Certificates of Participation for the construction of the High Plains School.
- Total capital assets, shown net of depreciation, decreased by approximately \$4.4 million reflecting excess annual depreciation (\$7.3 million) and new investment over deletions for the year (\$2.9 million).
- The increase in total liabilities (\$257.7 million) is primarily a result of the inclusion of the District's proportionate share of PERA's unfunded pension liability (\$253.1 million)

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015**

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

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Charges for services	\$ 5.355	\$ 5.154
Operating Grants & Contributions	17.390	16.892
General revenues		
Property taxes	53.376	52.899
State revenue	68.614	63.794
Other	6.763	5.386
Total Revenues	<u>151.498</u>	<u>144.125</u>
Expenses		
Instruction	85.587	78.425
Pupil & Instructional Support	22.277	19.871
Administration & Business	12.284	10.864
Maintenance & Operations	12.589	12.772
Transportation	4.932	4.474
Central Support	6.417	3.719
Nutrition Service	5.181	4.662
Community Services	1.068	1.136
Interest on Long Term Debt	4.500	4.624
Charter School Allocation	7.388	6.786
Total Expenses	<u>162.223</u>	<u>147.333</u>
Increase (decrease) in Net Position	<u>(10.725)</u>	<u>(3.208)</u>
Net Position - July 1	(136.395)	93.164
Net Position - June 30	<u>\$ (147.120)</u>	<u>\$ 89.956</u>

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

- Governmental activities revenues increased by approximately \$7.4 million. This increase is primarily from state revenues via increased school finance act funding (\$4.8 million), more property and specific ownership taxes than the prior year (\$1.0 million), higher Loveland Urban Renewal Authority distribution revenues (\$0.7 million) and an increase in Operating Grants and Contributions (\$0.5 million). Smaller increases in Charges for Services and Other Revenues comprise the remaining \$0.4 million of increase.
- Expenses in total increased \$14.9 million versus the prior year as the District made significant investments in the following areas: beginning construction of High Plains School, curriculum materials update, personal learning devices pilot, literacy support and

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

compensation in response to market pressures and no cost of living increase the previous year. Inflationary increases included PERA (state mandate) and health insurance.

- Increased District charter school enrollments and a higher per pupil revenue allocation from the state resulted in increased charter school allocations of \$0.6 million over the previous year.

Analysis of Fund Financial Statements

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. These funds are accounted for using the modified accrual basis of accounting.

Governmental Funds

FY 2015 financial results show governmental fund balances in total having increased \$7.3 million, from \$47.6 million to \$54.9 million at the fiscal year-end. The beginning of year amount includes the reclassification of the Nutrition Services Fund to governmental funds as a special revenue fund.

- The General Fund used \$2.0 million in reserves for strategic investments in the following areas: beginning of construction of High Plains School, curriculum materials update, personal learning devices pilot, literacy support, and compensation in response to market pressures and no cost of living increase the previous year. Inflationary increases included PERA and health insurance. Charter allocations increased by \$0.6 million versus the prior year.
- Grants Fund reserves grew \$0.8 million to \$2.1 million. The largest remaining balances are Medicaid reimbursement (\$0.9 million), READ Act (\$0.2 million), Colorado Legacy (\$0.2 million) and Early Childhood SPED (\$0.1 million) monies.
- The Bond Redemption Fund increased reserves \$0.3 million simply as a function of normal adherence to the debt service schedules and collections for the next year.
- The Building Fund had no beginning of year balance as all prior amounts had been expended in prior years. In 2015 this fund was the recipient of Certificates of Participation (COP) sale proceeds and Loveland Urban Renewal Authority distribution related to construction of the High Plains School. Available fund balance at the end of the year is \$8.9 million.
- All other governmental funds reserves decreased by \$0.7 million in total.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

General Fund Budgetary Highlights

The District began the year with a General Fund budget that included expenditures in excess of revenues by \$5.1 million. In setting budget the Board was cautious to balance reserves use with strategic expenditure reductions in response to uncertain School Finance Act revenues of recent years. A strong reserves position and conservative fiscal planning were keys to this strategy.

Mid-year, several budget changes were approved by the Board and are listed below. The combined impact of these changes was an improvement of \$0.755 million over the adopted budget.

Improvement of budgeted revenues by \$0.927 million is detailed below.

- School Finance revenue growth via enrollment (+\$1.143 million)
- Specific Ownership tax decline (-\$0.157 million)
- Mill Levy Override Property Tax & other decreases (-\$0.059 million)

Increased expenditures budget including transfers of \$0.172 million is detailed below.

- Increase in Charter School Allocations due to actual enrollment (\$0.144 million)
- Increased allocations to Preschool programs due to actual enrollment (\$0.028 million).

Final actual performance against budget was improved as well. Revenues exceeded the adjusted targets by \$1.243 million. Key aspects of this improvement are shown below.

- Improved Specific Ownership tax collections (\$0.625 million)
- Improved property tax collections (\$0.329 million)
- All other net revenue improvements (\$0.289 million)

Final actual expenditures, including transfers, were less than budget by \$1.450 million. Savings in non-FTE categories of operating budgets were \$1.998 million with the favorable variances reflected across a variety of accounts. Partially offsetting the favorable non-FTE variance were FTE costs (salaries and benefits) that were \$0.548 million (0.6%) greater than budget.

Total net improvement of actual performance versus final budget was \$2.693 million.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015**

Capital Assets

By the end of 2015, the District had invested \$149.4 million in land, buildings, equipment and transportation vehicles. Figures shown below for both years reflect the reclassification of the Nutrition Services Fund to governmental activities as a special revenue fund. Table 3 provides a comparison of fiscal years 2015 and 2014.

**Table 3
Capital Assets at June 30, 2015
(Net of Depreciation, in Millions)**

	Governmental Activities		Total Percentage Change
	2015	2014	2014-2015
Land	\$ 14.811	\$ 14.811	0.0%
Land Improvements	0.666	0.687	-3.0%
Water Rights	1.291	1.291	0.0%
Construction in Progress	2.666	0.268	894.8%
Buildings	126.630	132.752	-4.6%
Equipment	1.935	2.274	-14.9%
Transportation	1.363	1.643	-17.0%
Totals	\$ 149.362	\$ 153.726	-2.8%

Depreciation of \$7.321 million on governmental activities assets was greater than the new investments, net of disposals for the year, of \$2.957 million. This yields an overall decrease in net value of \$4.364 million. The amounts reflected here have been restated to include capital assets of the Nutrition Services Fund which was reclassified to governmental activities as a special revenue fund effective for the 2015 fiscal year. For more details see Note 3 of this report.

Debt Administration

At year-end the District had \$119.6 million in bonds, certificates of participation, and capital leases payable. Of this total, \$7.0 million is due within one year.

**Table 4
Outstanding Debt at June 30, 2015
(in Millions)**

	Governmental Activities 2015	Governmental Activities 2014
General Obligation Bonds	\$ 106.790	\$ 114.059
Certificates of Participation	12.778	2.650
Capital Lease Obligation Payable	-	0.234
Total	\$ 119.568	\$ 116.943

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

Additional information on the District's long-term debt can be found in Notes 4 through 6 of this report.

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 2015-16 is expected to grow by inflation of 2.8% over 2014-15 levels. In addition, the negative factor is anticipated to be "bought down" by \$25.0 million statewide as compared to the prior year. The governor's initial budget proposal for 2015-16 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 is part of the Colorado Employer Benefit Trust (CEBT) for health insurance coverage. The purpose of the trust is to spread the risk of adverse claims over a large base of members (approximately 260 participating groups covering 25,000 members) and reduce administration costs. Since

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2015

the pool is self-insured, the participating groups are able to benefit from positive overall claims experience and low administrative costs. The District's Joint Insurance Committee will continue to analyze, discuss and recommend all appropriate means of controlling this significant District cost.

- The District's General Fund Budget for fiscal 2016 includes expenditures in excess of revenues by \$4.5 million. The District continues to balance prudent use of available reserves against further cost reductions in response to School Finance Act per pupil revenue uncertainties of recent years.

- As of June, 2014 the District had expended all of the 2005 bond issue proceeds, as accounted for in the Building Fund. The proceeds from this 2005 bond issuance successfully provided for significant capital projects and maintenance across the District for the last ten years but the funds have been exhausted. In fiscal year 2014-15 the District also issued Certificates of Participation (COPs) to construct High Plains School (K-8). With increased General Fund pressures impacting its support for capital projects the District continues to analyze 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, 2015

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets		
Cash and Investments	\$ 67,488,337	\$ 3,608,858
Restricted Cash and Cash Equivalents	-	595,081
Accounts Receivable	281,696	23,814
Property Tax Receivable	2,372,907	-
Grants Receivable	1,505,355	9,524
Prepaid Expense	-	495,000
Inventory	272,782	-
Deposits	20,100	-
Noncurrent Assets		
Capital Assets, Not Being Depreciated	18,767,956	400,000
Capital Assets, Net of Accumulated Depreciation	130,594,540	2,813,974
Total Assets	221,303,673	7,946,251
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	17,288,951	644,357
Loss on Refundings, Net of Accumulated Amortization	9,862,121	-
Total Deferred Outflows of Resources	27,151,072	644,357
LIABILITIES		
Current Liabilities		
Accounts Payable	2,330,946	126,068
Retainage Payable	156,761	-
Accrued Salaries and Benefits	13,539,021	320,101
Unearned Revenue	101,238	30,038
Accrued Interest Payable	220,727	77,794
Noncurrent Liabilities		
Due within One Year	9,192,473	75,000
Due in More Than One Year	116,931,250	4,465,000
Pension Liability	253,083,096	10,775,073
Total Liabilities	395,555,512	15,869,074
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	18,897	11,607
Net Position		
Net Investment in Capital Assets	48,575,109	(730,945)
Restricted for:		
Debt Service	12,834,988	595,081
TABOR	4,168,149	246,000
Land and Land Improvements	3,524,619	-
Grant Programs	1,946,427	-
School Project Expansion	-	50,000
Unrestricted	(218,168,956)	(7,450,209)
Total Net Position	\$ (147,119,664)	\$ (7,290,073)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2015

		Program Revenues	
	Expenses	Charges for Service	Operating Grants and Contributions
Primary Government			
Government Activities			
Instruction	\$ 85,586,978	\$ 2,896,832	\$ 11,162,463
Supporting Services			
Pupil Services	9,856,217	-	1,265,262
Instructional Staff	12,420,701	158,176	514,725
General Administration	703,710	-	-
School Administration	9,442,354	-	173,087
Business Services	2,138,095	25,421	-
Maintenance/Operations	12,588,683	-	52,026
Pupil Transportation	4,932,017	-	903,307
Central Supporting Services	6,417,280	727,864	-
Nutrition Services	5,181,013	1,546,665	3,250,443
Community Services	1,068,006	-	68,569
Total Support Services	64,748,076	2,458,126	6,227,419
Charter School Allocation	7,388,163	-	-
Interest on Long-term Debt	4,499,733	-	-
Total Governmental Activities	162,222,950	5,354,958	17,389,882
Component Units			
New Vision Charter School	3,344,920	128,125	187,556
Loveland Classical Schools	4,740,862	164,561	100,787
Thompson Education Foundation	544,807	4,565	478,967
	\$ 8,630,589	\$ 297,251	\$ 767,310

General Revenues

Property taxes levied for:

 General Purposes

 Mill Levy Override

 Debt Services

Specific Ownership Taxes levied for:

 General Purposes

Equalization Entitlement

Loveland URA Distribution

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, As Restated

Net Position - Ending

The accompanying notes are an integral part of this statement

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

Governmental Activities	Component Units
(71,527,683)	-
(8,590,955)	-
(11,747,800)	-
(703,710)	-
(9,269,267)	-
(2,112,674)	-
(12,536,657)	-
(4,028,710)	-
(5,689,416)	-
(383,905)	-
(999,437)	-
<u>(56,062,531)</u>	<u>-</u>
(7,388,163)	-
(4,499,733)	-
<u>(139,478,110)</u>	<u>-</u>
-	(3,029,239)
-	(4,475,514)
<u>-</u>	<u>(61,275)</u>
-	(7,566,028)
29,765,495	-
13,050,343	-
10,560,487	-
4,893,796	-
68,613,637	-
952,587	-
774,163	-
129,381	43,175
-	7,388,163
-	406,081
13,232	28,754
<u>128,753,121</u>	<u>7,866,173</u>
(10,724,989)	300,145
<u>(136,394,675)</u>	<u>(7,590,218)</u>
<u>\$ (147,119,664)</u>	<u>\$ (7,290,073)</u>

**Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2015**

	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Other Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 35,758,664	\$ 12,670,640	\$ 10,195,789	\$ 8,863,244
Accounts Receivable	247,124	-	-	34,572
Property Tax Receivable	1,987,832	385,075	-	-
Grants Receivable	-	-	-	1,505,355
Inventory	-	-	-	272,782
Deposits	-	-	-	20,100
Total Assets	<u>\$ 37,993,620</u>	<u>\$ 13,055,715</u>	<u>\$ 10,195,789</u>	<u>\$ 10,696,053</u>
LIABILITIES				
Accounts Payable	\$ 948,879	\$ -	\$ 1,120,102	\$ 261,965
Retainage Payable	-	-	156,761	-
Accrued Salaries and Benefits	12,016,968	-	-	1,522,053
Unearned Revenue	-	-	-	101,238
Total Liabilities	<u>12,965,847</u>	<u>-</u>	<u>1,276,863</u>	<u>1,885,256</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	<u>749,228</u>	<u>186,715</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Inventory	-	-	-	272,782
Nonspendable Deposits	-	-	-	20,100
Restricted for:				
TABOR	4,009,925	-	-	158,224
Debt Services	-	12,869,000	-	-
Capital Projects	-	-	8,918,926	-
Land & Land Improvements	-	-	-	3,504,519
Grant Programs	-	-	-	1,946,427
Committed to Student Specific Programs	-	-	-	1,418,262
Assigned to Early Childhood Program	-	-	-	110,691
Assigned to Capital Projects	-	-	-	940,555
Assigned to Nutrition Services	-	-	-	439,237
Unassigned	20,268,620	-	-	-
Total Fund Balances	<u>24,278,545</u>	<u>12,869,000</u>	<u>8,918,926</u>	<u>8,810,797</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,993,620</u>	<u>\$ 13,055,715</u>	<u>\$ 10,195,789</u>	<u>\$ 10,696,053</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, 2015**

Total Governmental Funds		
	Amounts reported for governmental activities in the statement of net position are different because:	
\$ 67,488,337		
281,696	Total Fund Balances - Governmental Funds	\$ 54,877,268
2,372,907		
1,505,355	Capital assets used in governmental activities are not financial resources & therefore are not reported as assets in governmental funds.	
272,782	The cost of capital assets is	270,236,618
20,100	Accumulated depreciation is	<u>(120,874,122)</u>
\$ 71,941,177		149,362,496
	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.	935,943
\$ 2,330,946		
156,761		
13,539,021		
101,238		
16,127,966	Long-term liabilities and related items are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:	
935,943	Accrued Interest Payable	(220,727)
	Bonds Payable	(95,390,000)
	Deferred Outflows of Resources, Loss on Debt Refundings	9,862,121
272,782	Premium on Bond Financing	(11,399,968)
20,100	Certificates of Participation	(11,265,000)
	Premium on Certificates of Participation	(1,513,466)
4,168,149	Compensated Absences	(460,388)
12,869,000	Early Retirement Stipends	(6,094,901)
8,918,926	Net Pension Liability	(253,083,096)
3,504,519	Deferred Outflows of Resources, Pensions	17,288,951
1,946,427		
1,418,262		
110,691		<u>(352,295,371)</u>
940,555		
439,237		
20,268,620	Total Net Position - Governmental Activities	\$ <u>(147,119,664)</u>
54,877,268		
\$ 71,941,177		

Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Other Governmental Funds</u>
Revenues				
Taxes	\$ 47,863,703	\$ 10,597,656	\$ -	\$ -
Intergovernmental	75,300,861	-	-	12,590,786
Loveland URA Distribution	-	-	714,121	238,466
Charges for Services	-	-	-	3,440,545
Payments in Lieu	-	-	-	774,163
Investment earnings	54,989	5,425	53,187	15,780
Other	-	-	-	39,517
TOTAL REVENUE	<u>123,219,553</u>	<u>10,603,081</u>	<u>767,308</u>	<u>17,099,257</u>
Expenditures				
Current				
Instruction				
Salaries and Benefits	64,027,669	-	-	5,303,001
Purchased Services	1,658,828	-	-	214,366
Supplies and Materials	2,679,666	-	-	483,762
Equipment	1,062,017	-	-	426,810
Other	136,368	-	-	38,239
Total Instruction	<u>69,564,548</u>	<u>-</u>	<u>-</u>	<u>6,466,178</u>
Supporting Services				
Pupil Services	7,535,044	-	-	1,596,920
Instructional Staff	8,797,789	-	-	2,837,044
General Administration	672,401	-	-	-
School Administration	8,184,244	-	-	532,984
Business Services	2,006,765	-	-	-
Maintenance/Operations	11,029,476	-	-	834,769
Pupil Transportation	3,927,044	-	-	301,684
Central Supporting Services	3,365,440	-	-	73,651
Nutrition Services	-	-	-	4,916,808
Community Services	-	-	-	1,026,652
Total Support Services	<u>45,518,203</u>	<u>-</u>	<u>-</u>	<u>12,120,512</u>
Capital Projects	-	-	2,398,500	-
Charter School Allocation	7,388,163	-	-	-
Debt Service - Principal	-	5,950,000	-	484,293
Debt Service - Interest	-	4,395,137	-	309,821
Debt Issuance Costs	-	-	-	204,197
TOTAL EXPENDITURES	<u>122,470,914</u>	<u>10,345,137</u>	<u>2,398,500</u>	<u>19,585,001</u>
Excess of Revenues				
Over (Under) Expenditures	<u>748,639</u>	<u>257,944</u>	<u>(1,631,192)</u>	<u>(2,485,744)</u>
Other Financing Sources (Uses)				
Debt Issued	-	-	-	11,515,000
Debt Premiums	-	-	-	1,594,138
Payments to Escrow Agent	-	-	-	(2,707,222)
Transfers In	-	-	10,550,118	2,785,518
Transfers Out	(2,785,518)	-	-	(10,550,118)
Total Other Financing Sources (Uses)	<u>(2,785,518)</u>	<u>-</u>	<u>10,550,118</u>	<u>2,637,316</u>
Net Change in Fund Balances	(2,036,879)	257,944	8,918,926	151,572
Fund Balances - Beginning of the Year	<u>26,315,424</u>	<u>12,611,056</u>	<u>-</u>	<u>8,659,225</u>
Fund Balances - End of the Year	<u>\$ 24,278,545</u>	<u>\$ 12,869,000</u>	<u>\$ 8,918,926</u>	<u>\$ 8,810,797</u>

The accompanying notes are an integral part of this statement

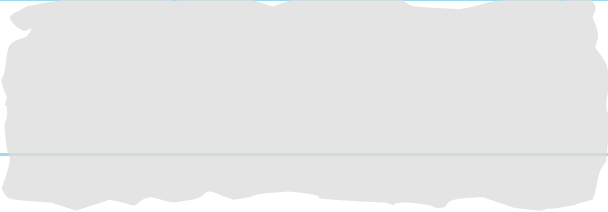
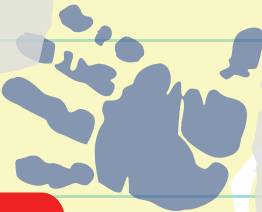
Thompson School District R2-J
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Statement of Activities
For The Year Ended June 30, 2015

<u>Total Governmental Funds</u>			
	Amounts reported for governmental activities in the statement of activities are different because:		
\$ 58,461,359			
87,891,647	Net change in fund balances - governmental funds	\$ 7,291,563	
952,587			
3,440,545	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as an annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current year.		
774,163	Depreciation expense	(7,320,576)	
129,381	Loss on Disposal	(6,192)	
39,517	Capital Outlay	2,963,017	
<u>151,689,199</u>			(4,363,751)
69,330,670			
1,873,194	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the changes in property taxes not available at year-end.		(191,238)
3,163,428			
1,488,827	In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (severance incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid \$1,772,481 were less than the amounts earned (\$1,984,104) by (\$211,623). Vacation used \$725,522 was less than the amounts earned (\$750,820) by (\$25,298).		(236,921)
174,607			
<u>76,030,726</u>	Repayments of bonds, certificates of participation and capital leases 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.		
9,131,964	Principal Payment on Bonds	5,950,000	
11,634,833	Principal Payment of COPs	250,000	
672,401	Principal Payment of Capital Lease	234,293	
8,717,228			6,434,293
2,006,765			
11,864,245	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:		
4,228,728	Debt Issued COPs	(11,515,000)	
3,439,091	Debt Premiums COPs	(1,594,138)	
4,916,808	Payment to Escrow Agent	2,707,222	
1,026,652	Amortization of Loss on Refunding	(1,170,982)	
<u>57,638,715</u>	Amortization of Premiums	1,399,432	
2,398,500			(10,173,466)
7,388,163			
6,434,293	Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. This amount represents the change in the net pension liability (\$18,654,223), pension-related deferred outflows of resources \$9,210,876, pension-related deferred inflows of resources (\$18,897) and the change in accrued interest payable (\$23,225)		(9,485,469)
4,704,958			
204,197			
<u>154,799,552</u>	Change in net position of governmental activities	\$ (10,724,989)	
(3,110,353)			
11,515,000			
1,594,138			
(2,707,222)			
13,335,636			
<u>(13,335,636)</u>			
<u>10,401,916</u>			
7,291,563			
<u>47,585,705</u>			
\$ <u>54,877,268</u>			

Thompson School District R2-J
Statement of Fiduciary Assets and Liabilities
As of June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 1,450,013
Accounts Receivable	<u>179</u>
TOTAL ASSETS	<u>\$ 1,450,192</u>
LIABILITIES	
Accounts Payable	\$ 169,213
Accrued Salaries and Benefits	6,643
Undistributed Monies	<u>1,274,336</u>
TOTAL LIABILITIES	<u>\$ 1,450,192</u>

The accompanying notes are an integral part of this statement



Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

NOTE (1) Summary of Significant Accounting Policies

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

(A) Reporting Entity

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

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

Blended Component Unit:

Thompson School Facilities Corporation

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

Discrete Component Units:

The District includes the New Vision Charter School, Loveland Classical Schools and Thompson Education Foundation, which is a nonprofit entity, (the "Entities") within its reporting entity because the District is financially accountable for the Entities. The charter schools are authorized by the District and the District is legally obligated to provide the majority of their revenues. The resources of the Foundation exclusively benefit the District. In addition, management has determined that their exclusion would render the District's financial statements incomplete. Since the Entities have separately elected boards, the balances and transactions of the Entities are discretely presented in the financial statements. New Vision Charter School issues separate financial statements, which can be obtained at the District, 2366 E. 1st Street, Loveland, CO

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

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

(B) Fund Accounting

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

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

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of restricted or committed funds (special revenue funds), 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 District Finance Act of 1994, as amended.

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

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

Building Fund – This fund accounts for the debt proceeds to be used to construct, renovate and equip capital facilities. In addition, the City of Loveland is distributing revenues from its Urban Renewal Authority to construct a new school.

In addition, the District reports the following fund type:

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

(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 government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 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 function is self-financing or draws from the general revenues of the District.

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

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

(D) Basis of Accounting

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

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. 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.

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

Deferred Outflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. A loss on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

(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

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

(G) Capital Assets

General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 20 Years

(H) Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, at June 30, 2015, are reflected as a liability in the accompanying financial statements.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

(I) Compensated Absences and Severance Incentive Benefit Amounts

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and the District will compensate the employees for the benefits through paid time off or payment at separation of employment. The District records a liability for accumulated unused vacation time when earned for all employees 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 2021. The District budgets the subsequent year's available resources for severance, severance incentive and eligible accumulated leave benefits. Therefore, the entire unpaid liability for early retirement and sick leave paid upon retirement for governmental funds is reported on the government-wide financial statements. Amounts for sick leave to be paid with the severance and early retirement bonus are included in severance incentive stipends payable. The compensated absences balance is the accrual for active employees. The amounts recorded as liabilities for all compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

The entire compensated absence and severance incentive liability is reported on the government-wide financial statements.

(J) Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with available resources. However, claims and judgments, 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.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

(K) Pensions

The District participates in the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

(L) Fund Balance

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

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

(M) Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are liabilities imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

(N) Interfund Transactions

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

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, 2015, the District had deposits of \$5,034,967 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, unless the Board of Education authorizes a maturity in excess of five years.

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

Local government investment pools – At June 30, 2015, the District had \$55,435,693 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	S&P / Morningstar Rating	Investment Maturities (In Years)			Thompson Education Foundation	All		Fair Value
		Less than 1	1 - 3	3 - 9		Other Funds		
Money Market Funds	AAAm	\$ 10,181,457	\$ -	-	\$ 32,909	\$ 10,148,548	\$ 10,181,457	
Mutual Funds	5	444,022	-	-	444,022	-	444,022	
Mutual Funds	4	158,682	-	-	158,682	-	158,682	
Mutual Funds	2	50,923	-	-	50,923	-	50,923	
Mutual Funds	N/A	16,706	-	-	16,706	-	16,706	
Local Government Investment Pool	AAAm	55,435,693	-	-	-	55,435,693	55,435,693	
Corporate Securities	AA-	-	25,000	-	25,000	-	25,000	
Corporate Securities	A	-	-	78,618	78,618	-	78,618	
Corporate Securities	A-	-	-	27,657	27,657	-	27,657	
Corporate Securities	BBB	50,764	-	55,929	106,693	-	106,693	
U.S. Agency Securities	AA+	-	-	27,156	27,156	-	27,156	
		<u>\$ 66,338,247</u>	<u>\$ 25,000</u>	<u>\$ 189,360</u>	<u>\$ 968,366</u>	<u>\$ 65,584,241</u>	<u>\$ 66,552,607</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 reported in the financial statements.

Cash on Hand	\$ 1,246
Cash and Deposits	3,695,965
Investments	<u>66,552,607</u>
Total	<u>\$ 70,249,818</u>

Financial Statements:

Primary Government Cash and Investments	\$ 67,488,337
Thompson Education Foundation Cash and Investments	1,311,468
Fiduciary Funds Cash and Investments	<u>1,450,013</u>
Total	<u>\$ 70,249,818</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

NOTE (3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows. Beginning balances have been reclassified for capital assets previously reported in the enterprise fund.

	Capital Assets <u>July 1, 2014</u>	<u>Additions</u>	Deletions / Transfers	Capital Assets <u>June 30, 2015</u>
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	<u>267,623</u>	<u>2,398,499</u>	-	<u>2,666,122</u>
Total capital assets, not being depreciated	<u>16,369,457</u>	<u>2,398,499</u>	-	<u>18,767,956</u>
Capital assets, being depreciated:				
Land Improvements	775,495	55,210	-	830,705
Buildings	226,683,840	-	-	226,683,840
Equipment	12,542,387	289,180	(320,051)	12,511,516
Transportation	<u>11,295,555</u>	<u>220,128</u>	<u>(73,082)</u>	<u>11,442,601</u>
Total capital assets, being depreciated	<u>251,297,277</u>	<u>564,518</u>	<u>(393,133)</u>	<u>251,468,662</u>
Less accumulated depreciation for:				
Land Improvements	(88,069)	(76,543)	-	(164,612)
Buildings	(93,931,785)	(6,122,040)	-	(100,053,825)
Equipment	(10,268,501)	(627,611)	320,051	(10,576,061)
Transportation	<u>(9,652,132)</u>	<u>(494,382)</u>	<u>66,890</u>	<u>(10,079,624)</u>
Total accumulated depreciation	<u>(113,940,487)</u>	<u>(7,320,576)</u>	<u>386,941</u>	<u>(120,874,122)</u>
Total capital assets, being depreciated, net	<u>137,356,790</u>	<u>(6,756,058)</u>	<u>(6,192)</u>	<u>130,594,540</u>
Governmental Activities Capital Assets, Net	<u>\$ 153,726,247</u>	<u>\$ (4,357,559)</u>	<u>\$ (6,192)</u>	<u>\$ 149,362,496</u>

Depreciation expense for the year ended June 30, 2015 was charged to the following governmental functions:

Instructional	\$ 6,235,824
Support Services	
Maintenance / Operations	154,407
Pupil Transportation	617,640
Central Supporting Services	238,120
Nutrition Services	73,929
Community Services	656
Total	<u>\$ 7,320,576</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

NOTE (4) 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, 2015, was \$84,725,000.

The table below identifies the remaining principal and interest due on all General Obligation Bonds as of June 30, 2015.

Series 2003, 2005, and 2012 Bonds
Interest Rate 2.00% to 5.25%

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,305,000	\$ 4,122,987	\$ 10,427,987
2017	6,745,000	3,821,681	10,566,681
2018	7,135,000	3,506,300	10,641,300
2019	7,605,000	3,145,975	10,750,975
2020	8,105,000	2,759,975	10,864,975
2021-2025	48,345,000	7,865,475	56,210,475
2026	<u>11,150,000</u>	<u>278,750</u>	<u>11,428,750</u>
Total	<u>\$ 95,390,000</u>	<u>\$ 25,501,143</u>	<u>\$ 120,891,143</u>

NOTE (5) 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 carried interest rates ranging from 1.85% to 4.50%. Annual lease payments were made from the Capital

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

Projects Fund. Principal payments were due annually on December 1, through 2023. Interest payments were due semi-annually on June 1, and December 1.

On October 30, 2014, the Thompson School Facilities Corporation issued \$11,515,000 Certificates of Participation. Proceeds of \$2,420,000 were used to refund the 2004 COPs. Proceeds of \$9,095,000 will be used to construct High Plains Elementary School. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at the rates ranging from 1.85% to 4.5% per annum. Principal payments are due annually on December 1, through 2029. Debt service is expected to be paid with distributions from the Loveland Urban Renewal Authority.

Proceeds of the 2014 COPs in the amount of \$2,707,222 were deposited in an irrevocable trust with an escrow agent to refund \$2,650,000 of the 2014 COPs. The refunding resulted in the recognition of an accounting loss of \$57,222. The District refunded the 2004 COPs to consolidate its outstanding obligation. The defeased COP's were called and paid in full on December 1, 2014.

The table below identifies the remaining principal and interest due on all COPs issued as of June 30, 2015.

Series 2014 Certificates of Participation

Interest Rate 1.85% to 4.50%

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 725,000	\$ 498,287	\$ 1,223,287
2017	750,000	472,412	1,222,412
2018	780,000	437,912	1,217,912
2019	825,000	397,788	1,222,788
2020	870,000	355,412	1,225,412
2021-2025	✔ 4,820,000	✔ 1,062,815	5,882,815
2026-2030	✔ 2,495,000	✔ 173,831	2,668,831
Total	<u>\$ 11,265,000</u>	<u>\$ 3,398,457</u>	<u>\$ 14,663,457</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

NOTE (6) 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, 2015. Beginning balances have been reclassified for compensated absences previously reported in the enterprise fund.

	June 30, 2014	Additions	Deletions	June 30, 2015	Amount Due in One Year
Governmental activities:					
Bonds Payable (principal)	\$ 101,340,000	\$ -	\$ 5,950,000	\$ 95,390,000	\$ 6,305,000
Premium Bond Refinancing '12	12,206,391	-	1,135,478	11,070,913	-
Premium Bond Issuance '05	75,025	-	37,513	37,512	-
Premium Bond Issuance '03	437,312	-	145,769	291,543	-
Certificates of Participation '04	2,650,000	-	2,650,000	-	-
Certificates of Participation '14	-	11,515,000	250,000	11,265,000	725,000
Premium Certificate of Participation	-	1,594,138	80,672	1,513,466	-
Capital Lease Obligations Payable	234,293	-	234,293	-	-
Compensated Absences*	435,090	750,820	725,522	460,388	280,000
Severance-Incentive Payable*	5,883,278	1,984,104	1,772,481	6,094,901	1,882,473
Total	<u>\$ 123,261,389</u>	<u>\$ 15,844,062</u>	<u>\$ 12,981,728</u>	<u>\$ 126,123,723</u>	<u>\$ 9,192,473</u>

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

(B) Annual Requirements

Listed below are the annual requirements to amortize the Severance Incentive at June 30, 2015:

Year Ended June 30,	Severance Incentive Stipends
2016	\$ 1,882,473
2017	1,696,649
2018	1,042,971
2019	863,387
2020	501,794
2021-2022	107,627
Total	<u>\$ 6,094,901</u>

NOTE (7) Interfund Transfers

Interfund transfers at June 30, 2015, were composed of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Government Designated-Purpose Grants	General	\$ 655,570
Fee Supported Programs	General	334,948
Capital Projects	General	1,795,000
Building	Capital Projects	10,550,118
	Total	<u>\$13,335,636</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

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. The Capital Projects Fund transferred debt proceeds to the Building Fund for the construction of the High Plains School.

NOTE (8) 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). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

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

Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless the plan has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

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

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

Contributions - The District and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The District's contribution rate for calendar years 2014 and 2015 was 17.45% and 18.35%, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 9). The District's contributions to the SDFT for the year ended June 30, 2015, were \$14,179,195, equal to the required contributions.

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

At June 30, 2015, the District reported a net pension liability of \$253,083,096, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2014, relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was 1.8673090248%, which was an increase of 0.0293680694% from its proportion measured at December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$22,972,220. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,897
Net difference between projected and actual earnings on plan investments	5,820,085	-
Change in proportion	2,733,487	-
Contributions subsequent to the measurement date	8,735,379	-
Total	\$ 17,288,951	\$ 18,897

District contributions subsequent to the measurement date of \$8,735,379 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>			
2016		\$	2,460,425
2017			2,460,425
2018			2,158,816
2019			1,455,009
Total		\$	8,534,675

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

Actuarial Assumptions - The actuarial valuation at December 31, 2013, determined the total pension liability using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.8%
Real wage growth	1.1%
Wage inflation	3.9%-10.1%
Salary increases, including wage inflation	
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%
Future post-retirement benefit increases:	
Hired prior to 1/1/07	2.0%
Hired after 12/31/06	ad hoc

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years.

The actuarial assumptions used in the December 31, 2013, valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's governing board on November 13, 2012, and an economic assumption study, adopted by PERA's governing board on November 15, 2013 and January 17, 2014.

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

The most recent analysis of the long-term expected rate of return was presented to the PERA governing board on November 15, 2013, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Emerging	22.06%	5.29%
Core Fixed Income	6.24%	6.76%
High Yield	24.05%	0.98%
Long Duration Government / Credit	1.53%	2.64%
Emerging Market Bonds	0.53%	1.57%
Real Estate	0.43%	3.04%
Private Equity	7.00%	5.09%
	<u>7.00%</u>	<u>7.15%</u>
Total	<u><u>100.00%</u></u>	

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103 percent, the employer contribution rate will decrease 1% each year, to a minimum of 10.15%. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In addition, the discount rate did not change from the prior measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate, as follows:

	1% Decrease (6.50%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability	\$ 333,713,182	\$ 253,083,096	\$ 185,594,346

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

NOTE (9) 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 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 contacting PERA as described previously.

(B) Funding Policy

The District is required to contribute at a rate of 1.02% of covered salaries for all PERA participants. No employee 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 contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ending June 30, 2015, 2014, 2013 was \$807,524, \$782,466, and \$738,914, respectively, equal to the required amounts for each year.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

NOTE (10) 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 report the purchase of commercial insurance for workers' compensation coverage and other types of coverage not provided in the pool agreement; to partially fund salaries and other service costs for risk management and loss control (deductibles, security contracts, medical evaluation, controlled substance and alcohol testing, etc.).

NOTE (11) 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) Construction Commitments

The District is entered into a construction contract for constructing the High Plains School, which was not complete as of June 30, 2015. The contract amount is \$15,713,317, and the remaining amount at June 30, 2015 was \$14,302,470.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

(C) 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, 2015.

(D) 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, 2015, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.

NOTE (12) Reclassification of Food Service Fund

The District previously reported the activity of the Food Service Fund in a proprietary fund. Beginning in fiscal year 2014-2015, such activity has been more appropriately reported in a special revenue fund. Accordingly, the newly established special revenue fund reports a restated beginning balance of \$880,446, which is equal to the net current assets and current liabilities previously reported in the proprietary fund. All remaining assets and liabilities, including net position of \$1,194,926, previously reported in the proprietary fund are not recognized at the fund level under the modified accrual basis of accounting and have been reclassified as assets and liabilities of the governmental activities.

	Nutrition Services Fund	Governmental Activities	Business- Type Activities
	<u> </u>	<u> </u>	<u> </u>
Balances, June 30, 2014, as Originally Stated	\$ 1,194,926	\$ 88,761,197	\$ 1,194,926
Reclassification	<u>(314,480)</u>	<u>1,194,926</u>	<u>(1,194,926)</u>
Balances, June 30, 2014, as Restated	<u>\$ 880,446</u>	<u>\$ 89,956,123</u>	<u>\$ -</u>

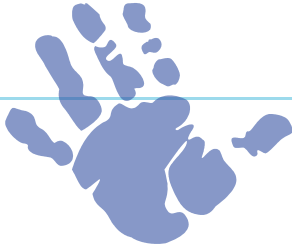
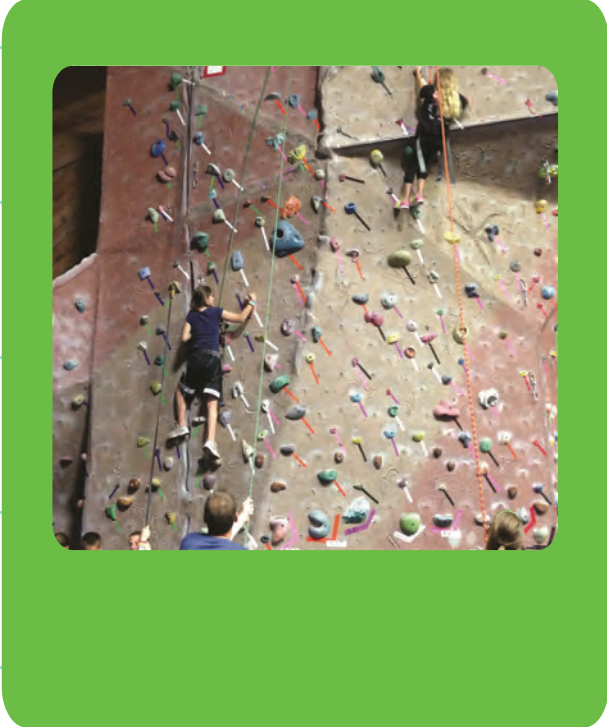
Thompson School District R2-J
Notes to Financial Statements
June 30, 2015

NOTE (13) Change in Accounting

For the year ended June 30, 2015, the District adopted the standards of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, net position of the governmental activities at June 30, 2014, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2014, were not available and have not been reported in the financial statements.

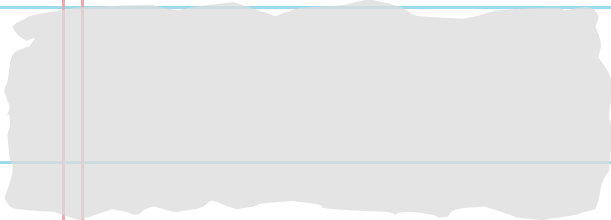
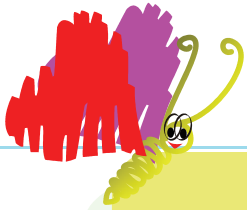
	Governmental Activities
Net Position, June 30, 2014, as Originally Stated	\$ 89,956,123
Deferred Outflows of Resources	8,078,075
Net Pension Liability	(234,428,873)
Net Position, June 30, 2014, as Restated	\$ (136,394,675)



REQUIRED SUPPLEMENTARY INFORMATION

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

Also we have presented the Schedule of Proportionate Share of the Net Pension Liability and Contributions for the Public Employees' Retirement Association of Colorado School Division Trust Fund as of June 30, 2015.



Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2015

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	<u>12/31/2014</u>	<u>12/31/2013</u>
District's Proportion of the Net Pension Liability	1.8673090248%	1.8379409554%
District's Proportionate Share of the Net Pension Liability	\$ 253,083,096	\$ 234,428,873
District's Covered-Employee Payroll	\$ 78,227,377	\$ 74,093,252
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63%	64%
DISTRICT CONTRIBUTIONS	<u>6/30/2015</u>	<u>6/30/2014</u>
Statutorily Required Contribution	\$ 13,371,671	\$ 12,266,682
Contributions in Relation to the Statutorily Required Contribution	<u>(13,371,671)</u>	<u>(12,266,682)</u>
District's Covered-Employee Payroll	\$ <u> -</u>	\$ <u> -</u>
District's Covered-Employee Payroll	\$ 79,169,029	\$ 76,712,390
Contributions as a Percentage of Covered-Employee Payroll	16.89%	15.99%

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

See independent auditors' report

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes				
Local Property- School Finance Act	\$ 29,740,393	\$ 29,700,652	\$ 29,896,023	\$ 195,371
Local Property- Mill Levy Override	13,019,796	12,940,685	13,073,884	133,199
Specific Ownership	4,268,638	4,268,638	4,893,796	625,158
Intergovernmental				
Equalization Entitlements	67,619,623	68,644,716	68,613,637	(31,079)
Special Education	3,349,801	3,349,801	3,343,434	(6,367)
Vocational Education	304,000	304,000	432,096	128,096
Transportation	1,015,945	1,015,945	1,036,797	20,852
Other Federal Grants	117,000	117,000	-	(117,000)
Charter School Chargebacks	935,059	955,093	1,035,075	79,982
Other	635,500	635,500	839,822	204,322
Investment Earnings	44,400	44,400	54,989	10,589
TOTAL REVENUE	<u>121,050,155</u>	<u>121,976,430</u>	<u>123,219,553</u>	<u>1,243,123</u>
TOTAL EXPENDITURES	<u>123,279,482</u>	<u>123,870,615</u>	<u>122,470,914</u>	<u>1,399,701</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,229,327)</u>	<u>(1,894,185)</u>	<u>748,639</u>	<u>2,642,824</u>
Other Financing Sources (Uses)				
Transfers Out:				
Governmental Designated-Purpose				
Grants Fund	(811,491)	(746,181)	(655,570)	90,611
Fee Supported Programs Fund	(294,656)	(294,656)	(334,948)	(40,292)
Capital Projects Fund	(1,795,000)	(1,795,000)	(1,795,000)	-
Total Other Financing Sources (Uses)	<u>(2,901,147)</u>	<u>(2,835,837)</u>	<u>(2,785,518)</u>	<u>50,319</u>
Net Change in Fund Balance	(5,130,474)	(4,730,022)	(2,036,879)	2,693,143
Fund Balance - Beginning of Year	<u>24,370,964</u>	<u>26,315,424</u>	<u>26,315,424</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 19,240,490</u>	<u>\$ 21,585,402</u>	<u>\$ 24,278,545</u>	<u>\$ 2,693,143</u>

See independent auditors' report

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2015**

	<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	\$ 64,181,196	\$ 64,502,086	\$ 64,027,669	\$ 474,417
Purchased Services	1,973,399	1,973,399	1,658,828	314,571
Supplies and Materials	3,408,278	3,408,278	2,679,666	728,612
Other	57,214	57,214	136,368	(79,154)
Total Instruction	<u>69,620,087</u>	<u>69,940,977</u>	<u>68,502,531</u>	<u>1,438,446</u>
Supporting Services				
Pupil Services	7,068,691	7,091,600	7,535,044	(443,444)
Instructional Staff	9,131,402	9,160,567	8,797,789	362,778
General Administration	669,715	670,265	672,401	(2,136)
School Administration	8,086,765	8,117,509	8,184,244	(66,735)
Business Services	2,027,192	2,033,068	2,006,765	26,303
Maintenance/Operations	11,426,867	11,444,432	11,029,476	414,956
Pupil Transportation	4,101,420	4,111,192	3,927,044	184,148
Central Supporting Services	3,488,725	3,498,145	3,365,440	132,705
Total Supporting Services	<u>46,000,777</u>	<u>46,126,778</u>	<u>45,518,203</u>	<u>608,575</u>
Capital Outlay	412,666	412,666	1,062,017	(649,351)
Charter School Allocation	7,245,952	7,390,194	7,388,163	2,031
TOTAL EXPENDITURES	<u>\$ 123,279,482</u>	<u>\$ 123,870,615</u>	<u>\$ 122,470,914</u>	<u>\$ 1,399,701</u>

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Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2015

Schedule of Proportionate Share of the Net Pension Liability and Contributions

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

Budgets and Budgetary Accounting

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Property Taxes	\$ 10,584,113	\$ 10,584,113	\$ 10,597,656	\$ 13,543
Investment Earnings	<u>10,150</u>	<u>10,150</u>	<u>5,425</u>	<u>(4,725)</u>
TOTAL REVENUE	<u>10,594,263</u>	<u>10,594,263</u>	<u>10,603,081</u>	<u>8,818</u>
Expenditures				
Debt Service:				
Principal retirement	5,950,000	5,950,000	5,950,000	-
Interest and Fiscal Charges	<u>4,403,637</u>	<u>4,403,637</u>	<u>4,395,137</u>	<u>8,500</u>
TOTAL EXPENDITURES	<u>10,353,637</u>	<u>10,353,637</u>	<u>10,345,137</u>	<u>8,500</u>
Net Change in Fund Balance	240,626	240,626	257,944	17,318
Fund Balance - Beginning of Year	<u>12,555,922</u>	<u>12,611,056</u>	<u>12,611,056</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 12,796,548</u>	<u>\$ 12,851,682</u>	<u>\$ 12,869,000</u>	<u>\$ 17,318</u>

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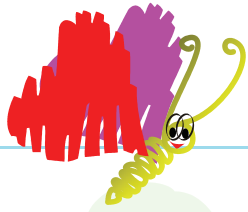
CAPITAL PROJECTS FUND

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Loveland URA Distribution	\$ -	\$ 1,005,246	\$ 714,121	\$ (291,125)
Investment Earnings	-	52,999	53,187	188
TOTAL REVENUES	-	1,058,245	767,308	(290,937)
Expenditures				
Capital Projects	-	5,423,419	2,398,500	3,024,919
TOTAL EXPENDITURES	-	5,423,419	2,398,500	3,024,919
Excess of Revenues Over (Under) Expenditures	-	(4,365,174)	(1,631,192)	2,733,982
Other Financing Sources				
Transfers In	-	10,550,118	10,550,118	-
Net Change in Fund Balance	-	6,184,944	8,918,926	2,733,982
Fund Balance - Beginning of the Year	-	-	-	-
Fund Balance - End of the Year	\$ -	\$ 6,184,944	\$ 8,918,926	\$ 2,733,982

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Grandparents Day Breakfast - September 5,



NON-MAJOR FUNDS

The District has the following Non-major Funds:

Nutrition Services Fund

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

Government Designated-Purpose Grants Fund

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

Land Reserve Fund

This fund is provided to maintain a separate accounting for cash in lieu of land dedication assessed on newly constructed homes that have an impact on the District's financial resources. 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, 2015**

	<u>Nutrition Services</u>	<u>Government Designated- Purpose Grants</u>	<u>Land Reserve</u>
ASSETS			
Cash and Investments	\$ 748,235	\$ 1,921,999	\$ 3,504,531
Accounts Receivable	-	1,521	28,328
Grants Receivable	56,335	1,449,020	-
Inventory	272,782	-	-
Deposit	-	-	20,100
Total Assets	<u>\$ 1,077,352</u>	<u>\$ 3,372,540</u>	<u>\$ 3,552,959</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 40,306	\$ 129,223	\$ 5,000
Accrued Salaries and Benefits	174,606	1,100,498	-
Unearned Revenue	101,238	-	-
Total Liabilities	<u>316,150</u>	<u>1,229,721</u>	<u>5,000</u>
Fund Balances			
Nonspendable Inventory	272,782	-	-
Nonspendable Deposits	-	-	20,100
Restricted for:			
TABOR	49,183	85,701	23,340
Land & Land Improvements	-	-	3,504,519
Grant Programs	-	1,946,427	-
Committed to Student Specific Programs	-	-	-
Assigned to Early Childhood Program	-	110,691	-
Assigned to Capital Projects	-	-	-
Assigned to Nutrition Services	439,237	-	-
Total Fund Balances	<u>761,202</u>	<u>2,142,819</u>	<u>3,547,959</u>
Total Liabilities and Fund Balances	<u>\$ 1,077,352</u>	<u>\$ 3,372,540</u>	<u>\$ 3,552,959</u>

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Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ 1,715,710	\$ 972,769	\$ 8,863,244
4,723	-	34,572
-	-	1,505,355
-	-	272,782
-	-	20,100
<u>1,720,433</u>	<u>972,769</u>	<u>10,696,053</u>
\$ 55,222	\$ 32,214	\$ 261,965
246,949	-	1,522,053
-	-	101,238
<u>302,171</u>	<u>32,214</u>	<u>1,885,256</u>
-	-	272,782
-	-	20,100
-	-	158,224
-	-	3,504,519
-	-	1,946,427
1,418,262	-	1,418,262
-	-	110,691
-	940,555	940,555
-	-	439,237
<u>1,418,262</u>	<u>940,555</u>	<u>8,810,797</u>
<u>\$ 1,720,433</u>	<u>\$ 972,769</u>	<u>\$ 10,696,053</u>

Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	<u>Nutrition Services</u>	<u>Government Designated- Purpose Grants</u>	<u>Land Reserve</u>
Revenues			
Intergovernmental	\$ 3,250,443	\$ 9,340,343	\$ -
Loveland URA Distribution	-	-	-
Charges for Services	1,546,665	-	-
Payments In Lieu	-	-	774,163
Investment Earnings	456	1,805	3,841
Other	-	-	-
TOTAL REVENUES	<u>4,797,564</u>	<u>9,342,148</u>	<u>778,004</u>
Expenditures			
Instruction			
Salaries and Benefits	-	4,373,490	-
Purchased Services	-	152,769	-
Supplies and Materials	-	304,243	-
Equipment	-	156,790	-
Other	-	8,164	-
Total Instruction	<u>-</u>	<u>4,995,456</u>	<u>-</u>
Supporting Services			
Pupil Services	-	1,573,026	-
Instructional Staff	-	1,952,250	-
School Administration	-	464,705	-
Maintenance/Operations	-	146,691	-
Pupil Transportation	-	-	-
Central Supporting Services	-	-	5,855
Nutrition Services	4,916,808	-	-
Community Services	-	70,361	-
Total Support Services	<u>4,916,808</u>	<u>4,207,033</u>	<u>5,855</u>
Debt Service - Principal			
Debt Service - Interest	-	-	-
Debt Issuance Costs	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,916,808</u>	<u>9,202,489</u>	<u>5,855</u>
Excess of Revenues			
Over (Under) Expenditures	<u>(119,244)</u>	<u>139,659</u>	<u>772,149</u>
Other Financing Sources (Uses)			
Debt Issued	-	-	-
Debt Premiums	-	-	-
Payments to Escrow Agent	-	-	-
Transfers in	-	655,570	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>655,570</u>	<u>-</u>
Net Change in Fund Balances	(119,244)	795,229	772,149
Fund Balances - Beginning of the Year	<u>880,446</u>	<u>1,347,590</u>	<u>2,775,810</u>
Fund Balances - End of the Year	<u>\$ 761,202</u>	<u>\$ 2,142,819</u>	<u>\$ 3,547,959</u>

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<u>Fee Supported Programs</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 12,590,786
-	238,466	238,466
1,893,880	-	3,440,545
-	-	774,163
1,857	7,821	15,780
<u>-</u>	<u>39,517</u>	<u>39,517</u>
<u>1,895,737</u>	<u>285,804</u>	<u>17,099,257</u>
929,511	-	5,303,001
38,881	22,716	214,366
170,232	9,287	483,762
4,652	265,368	426,810
30,075	-	38,239
<u>1,173,351</u>	<u>297,371</u>	<u>6,466,178</u>
23,894	-	1,596,920
24,253	860,541	2,837,044
68,279	-	532,984
-	688,078	834,769
-	301,684	301,684
-	67,796	73,651
-	-	4,916,808
956,291	-	1,026,652
<u>1,072,717</u>	<u>1,918,099</u>	<u>12,120,512</u>
-	484,293	484,293
-	309,821	309,821
<u>-</u>	<u>204,197</u>	<u>204,197</u>
<u>-</u>	<u>998,311</u>	<u>998,311</u>
<u>2,246,068</u>	<u>3,213,781</u>	<u>19,585,001</u>
<u>(350,331)</u>	<u>(2,927,977)</u>	<u>(2,485,744)</u>
-	11,515,000	11,515,000
-	1,594,138	1,594,138
-	(2,707,222)	(2,707,222)
334,948	1,795,000	2,785,518
<u>-</u>	<u>(10,550,118)</u>	<u>(10,550,118)</u>
<u>334,948</u>	<u>1,646,798</u>	<u>2,637,316</u>
(15,383)	(1,281,179)	151,572
<u>1,433,645</u>	<u>2,221,734</u>	<u>8,659,225</u>
<u>\$ 1,418,262</u>	<u>\$ 940,555</u>	<u>\$ 8,810,797</u>

**Thompson School District R2-J
Nutrition Services Fund - 21
Budgetary Comparison Schedule
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Federal Source, USDA Reimbursements	\$ 2,563,001	\$ 2,758,378	\$ 2,856,966	\$ 98,588
Federal Source, Commodities	276,287	276,287	301,178	24,891
State Categorical Reimbursement	100,441	117,706	92,299	(25,407)
Charges for Services	1,799,932	1,930,129	1,546,665	(383,464)
Investment Earnings	-	-	456	456
TOTAL REVENUE	<u>4,739,661</u>	<u>5,082,500</u>	<u>4,797,564</u>	<u>(284,936)</u>
Expenditures				
Supporting Services				
Nutrition Services	4,791,987	5,134,826	4,916,808	218,018
TOTAL EXPENDITURES	<u>4,791,987</u>	<u>5,134,826</u>	<u>4,916,808</u>	<u>218,018</u>
Net Change in Fund Balance	(52,326)	(52,326)	(119,244)	(66,918)
Fund Balances - Beginning of Year	<u>1,245,512</u>	<u>1,194,926</u>	<u>880,446</u>	<u>(314,480)</u>
Fund Balances - End of Year	<u>\$ 1,193,186</u>	<u>\$ 1,142,600</u>	<u>\$ 761,202</u>	<u>\$ (381,398)</u>

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Thompson School District
Government Designated Purpose Grants Fund - 22 & 28
Budgetary Comparison Schedule
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Budget</u>		
Revenues				
Intergovernmental				
Federal Sources	\$ 6,401,893	\$ 6,850,865	\$ 7,141,022	\$ 290,157
State/Local Sources	876,266	2,755,318	2,199,321	(555,997)
Investment Earnings	-	-	1,805	1,805
TOTAL REVENUE	<u>7,278,159</u>	<u>9,606,183</u>	<u>9,342,148</u>	<u>(264,035)</u>
Expenditures				
Instruction				
Salaries and Benefits	4,692,754	5,593,560	4,373,490	1,220,070
Purchased Services	224,873	291,048	152,769	138,279
Supplies and Materials	173,901	241,609	304,243	(62,634)
Equipment	14,754	14,754	156,790	(142,036)
Other	1,358	1,358	8,164	(6,806)
Total Instruction	<u>5,107,640</u>	<u>6,142,329</u>	<u>4,995,456</u>	<u>1,146,873</u>
Supporting Services				
Pupil Services	1,592,817	1,634,619	1,573,026	61,593
Instructional Staff	815,702	2,067,235	1,952,250	114,985
School Administration	494,284	494,284	464,705	29,579
Maintenance/Operations	12,963	12,963	146,691	(133,728)
Community Services	66,244	66,244	70,361	(4,117)
Total Support Services	<u>2,982,010</u>	<u>4,275,345</u>	<u>4,207,033</u>	<u>68,312</u>
TOTAL EXPENDITURES	<u>8,089,650</u>	<u>10,417,674</u>	<u>9,202,489</u>	<u>1,215,185</u>
Excess of Revenues Over (Under)				
Expenditures	(811,491)	(811,491)	139,659	951,150
Other Financing Sources				
Transfers In	811,491	811,491	655,570	(155,921)
Net Change in Fund Balance	-	-	795,229	795,229
Fund Balances - Beginning of Year	992,418	1,347,590	1,347,590	-
Fund Balances - End of Year	<u>\$ 992,418</u>	<u>\$ 1,347,590</u>	<u>\$ 2,142,819</u>	<u>\$ 795,229</u>

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**Thompson School District R2-J
Land Reserve Fund - 27
Budgetary Comparison Schedule
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Payments in Lieu of Land Dedication	\$ 721,171	\$ 735,509	\$ 774,163	\$ 38,654
Investment Earnings	<u>1,704</u>	<u>1,704</u>	<u>3,841</u>	<u>2,137</u>
TOTAL REVENUE	<u>722,875</u>	<u>737,213</u>	<u>778,004</u>	<u>40,791</u>
Expenditures				
Supporting Services				
Central Supporting Services	<u>5,000</u>	<u>55,000</u>	<u>5,855</u>	<u>49,145</u>
TOTAL EXPENDITURES	<u>5,000</u>	<u>55,000</u>	<u>5,855</u>	<u>49,145</u>
Net Change in Fund Balance	717,875	682,213	772,149	89,936
Fund Balance - Beginning of Year	<u>2,169,437</u>	<u>2,775,810</u>	<u>2,775,810</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,887,312</u>	<u>\$ 3,458,023</u>	<u>\$ 3,547,959</u>	<u>\$ 89,936</u>

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**Thompson School District R2-J
Fee Supported Programs Fund - 29
Budgetary Comparison Schedule
Year Ended June 30, 2015**

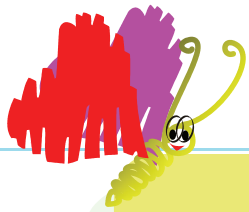
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 1,529,700	\$ 2,266,405	\$ 1,893,880	\$ (372,525)
Investment Earnings	-	-	1,857	1,857
TOTAL REVENUE	<u>1,529,700</u>	<u>2,266,405</u>	<u>1,895,737</u>	<u>(370,668)</u>
Expenditures				
Instruction				
Salaries and Benefits	861,873	1,260,586	929,511	331,075
Purchased Services	2,500	5,524	38,881	(33,357)
Supplies and Materials	8,900	14,498	170,232	(155,734)
Equipment	6,200	11,311	4,652	6,659
Other	-	-	30,075	(30,075)
Total Instruction	<u>879,473</u>	<u>1,291,919</u>	<u>1,173,351</u>	<u>118,568</u>
Supporting Services				
Pupil Services	-	-	23,894	(23,894)
Instructional Staff	-	-	24,253	(24,253)
School Administration	82,450	82,450	68,279	14,171
Community Services	872,705	1,196,964	956,291	240,673
Total Support Services	<u>955,155</u>	<u>1,279,414</u>	<u>1,072,717</u>	<u>206,697</u>
TOTAL EXPENDITURES	<u>1,834,628</u>	<u>2,571,333</u>	<u>2,246,068</u>	<u>325,265</u>
Excess of Revenues Over (Under) Expenditures	(304,928)	(304,928)	(350,331)	(45,403)
Other Financing Sources				
Transfers In	294,656	294,656	334,948	40,292
Net Change in Fund Balance	(10,272)	(10,272)	(15,383)	(5,111)
Fund Balance - Beginning of the Year	<u>1,294,409</u>	<u>1,433,645</u>	<u>1,433,645</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 1,284,137</u>	<u>\$ 1,423,373</u>	<u>\$ 1,418,262</u>	<u>\$ (5,111)</u>

See independent auditors' report

**Thompson School District R2-J
Capital Projects Fund - 43
Budgetary Comparison Schedule
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Loveland URA Distribution	-	238,466	238,466	-
Investment Earnings	\$ -	\$ 7,821	\$ 7,821	\$ -
Other	-	38,798	39,517	719
TOTAL REVENUE	<u>-</u>	<u>285,085</u>	<u>285,804</u>	<u>719</u>
Expenditures				
Instruction				
Purchased Services	-	-	22,716	(22,716)
Supplies and Materials	-	-	9,287	(9,287)
Equipment	60,000	60,000	265,368	(205,368)
Total Instruction	<u>60,000</u>	<u>60,000</u>	<u>297,371</u>	<u>(237,371)</u>
Supporting Services				
Instructional Staff	851,400	851,400	860,541	(9,141)
Maintenance/Operations	1,091,795	1,091,795	688,078	403,717
Pupil Transportation	250,000	470,000	301,684	168,316
Central Supporting Services	72,000	72,000	67,796	4,204
Total Support Services	<u>2,265,195</u>	<u>2,485,195</u>	<u>1,918,099</u>	<u>567,096</u>
Debt Service - Principal	523,614	523,614	484,293	39,321
Debt Service - Interest	84,386	322,852	309,821	13,031
Debt Issuance Costs	-	203,447	204,197	(750)
Total Debt Service	<u>608,000</u>	<u>1,049,913</u>	<u>998,311</u>	<u>51,602</u>
TOTAL EXPENDITURES	<u>2,933,195</u>	<u>3,595,108</u>	<u>3,213,781</u>	<u>381,327</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,933,195)</u>	<u>(3,310,023)</u>	<u>(2,927,977)</u>	<u>382,046</u>
Other Financing Sources (Uses)				
Debt Issued	-	11,515,000	11,515,000	-
Debt Premium	-	1,594,138	1,594,138	-
Payment to Escrow Agent	-	(2,707,222)	(2,707,222)	-
Transfer In	1,795,000	1,795,000	1,795,000	-
Transfer Out	-	(10,550,118)	(10,550,118)	-
Total Other Financing Sources (Uses)	<u>1,795,000</u>	<u>1,646,798</u>	<u>1,646,798</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,138,195)</u>	<u>(1,663,225)</u>	<u>(1,281,179)</u>	<u>382,046</u>
Fund Balance - Beginning of Year	<u>1,477,931</u>	<u>2,221,734</u>	<u>2,221,734</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 339,736</u>	<u>\$ 558,509</u>	<u>\$ 940,555</u>	<u>\$ 382,046</u>

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FIDUCIARY FUND TYPE

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

Thompson School District R2-J
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2015

	Education Memorial	Interscholastic Athletic and Activity	Totals
ASSETS			
Cash and Investments	\$ 86,736	\$ 1,363,277	\$ 1,450,013
Accounts Receivable	-	179	179
TOTAL ASSETS	\$ 86,736	\$ 1,363,456	\$ 1,450,192
LIABILITIES			
Accounts Payable	\$ 9,618	\$ 159,595	\$ 169,213
Accrued Salaries and Benefits	-	6,643	6,643
Undistributed Monies	77,118	1,197,218	1,274,336
TOTAL LIABILITES	\$ 86,736	\$ 1,363,456	\$ 1,450,192

See independent auditor's report

Thompson School District R2-J
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Education Memorial</u>				
Assets				
Cash and Investments	\$ 74,116	\$ 114,566	\$ 101,946	\$ 86,736
Liabilities				
Accounts Payable	\$ -	\$ 9,618	\$ -	\$ 9,618
Undistributed Monies	74,116	104,948	101,946	77,118
Total Liabilities	\$ 74,116	\$ 114,566	\$ 101,946	\$ 86,736
<u>Interscholastic Athletic and Activity</u>				
Assets				
Cash and Investments	\$ 1,248,487	\$ 2,752,428	\$ 2,637,638	\$ 1,363,277
Accounts Receivable	3,310	-	3,131	179
Total Assets	\$ 1,251,797	\$ 2,752,428	\$ 2,640,769	\$ 1,363,456
Liabilities				
Accounts Payable	\$ 51,704	\$ 107,891	\$ -	\$ 159,595
Accrued Salaries and Benefits	1,610	5,033	-	6,643
Undistributed Monies	1,198,483	2,639,504	2,640,769	1,197,218
Total Liabilities	\$ 1,251,797	\$ 2,752,428	\$ 2,640,769	\$ 1,363,456
<u>Combined</u>				
Assets				
Cash and Investments	\$ 1,322,603	\$ 2,866,994	\$ 2,739,584	\$ 1,450,013
Accounts Receivable	3,310	-	3,131	179
Total Assets	\$ 1,325,913	\$ 2,866,994	\$ 2,742,715	\$ 1,450,192
Liabilities				
Accounts Payable	\$ 51,704	\$ 117,509	\$ -	\$ 169,213
Accrued Salaries and Benefits	1,610	5,033	-	6,643
Undistributed Monies	1,272,599	2,744,452	2,742,715	1,274,336
Total Liabilities	\$ 1,325,913	\$ 2,866,994	\$ 2,742,715	\$ 1,450,192

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**Thompson School District R2-J
Education Memorial Fund - 72
Budgetary Comparison Schedule
Year Ended June 30, 2015**

	<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	\$ 98	\$ (2)
Donations	<u>60,000</u>	<u>104,822</u>	<u>104,850</u>	<u>28</u>
Total Additions	<u>60,100</u>	<u>104,922</u>	<u>104,948</u>	<u>26</u>
Deductions				
Scholarships	<u>70,000</u>	<u>114,822</u>	<u>101,946</u>	<u>12,876</u>
Total Deductions	<u>70,000</u>	<u>114,822</u>	<u>101,946</u>	<u>12,876</u>
Change in Undistributed Monies	(9,900)	(9,900)	3,002	12,902
Undistributed Monies - Beginning of Year	<u>70,967</u>	<u>74,116</u>	<u>74,116</u>	<u>-</u>
Undistributed Monies - End of Year	<u>\$ 61,067</u>	<u>\$ 64,216</u>	<u>\$ 77,118</u>	<u>\$ 12,902</u>

See independent auditors' report

**Thompson School District R2-J
Interscholastic Athletic and Activity Fund - 74
Budgetary Comparison Schedule
Year Ended June 30, 2015**

	<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	\$ 2,676,328	\$ 2,856,000	\$ 2,637,812	\$ (218,188)
Investment Earnings	<u>270</u>	<u>270</u>	<u>1,692</u>	<u>1,422</u>
Total Additions	<u>2,676,598</u>	<u>2,856,270</u>	<u>2,639,504</u>	<u>(216,766)</u>
Deductions				
Athletic Expenditures	876,724	1,108,738	1,010,523	98,215
Pupil Activity Expenditures	<u>1,799,604</u>	<u>1,874,787</u>	<u>1,630,246</u>	<u>244,541</u>
Total Deductions	<u>2,676,328</u>	<u>2,983,525</u>	<u>2,640,769</u>	<u>342,756</u>
Change in Undistributed Monies	270	(127,255)	(1,265)	125,990
Undistributed Monies, Beginning of Year	<u>1,112,677</u>	<u>1,198,483</u>	<u>1,198,483</u>	<u>-</u>
Undistributed Monies, End of Year	<u>\$ 1,112,947</u>	<u>\$ 1,071,228</u>	<u>\$ 1,197,218</u>	<u>\$ 125,990</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, 2015

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
ASSETS				
Cash and Investments	\$ 1,042,200	\$ 1,255,190	\$ 1,311,468	\$ 3,608,858
Restricted Cash and Investments	595,081	-	-	595,081
Accounts Receivable	1,180	4,634	18,000	23,814
Grants Receivable	-	9,524	-	9,524
Prepaid Expense	495,000	-	-	495,000
Capital Assets, Not Being Depreciated: Land	400,000	-	-	400,000
Capital Assets, Net of Accumulated Depreciation	2,802,023	11,951	-	2,813,974
Total Assets	<u>5,335,484</u>	<u>1,281,299</u>	<u>1,329,468</u>	<u>7,946,251</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization	<u>210,927</u>	<u>433,430</u>	<u>-</u>	<u>644,357</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 32,941	\$ 64,186	\$ 28,941	\$ 126,068
Accrued Salaries and Benefits	125,473	194,628	-	320,101
Accrued Interest Payable	77,794	-	-	77,794
Unearned Revenue	-	30,038	-	30,038
Total Current Liabilities	<u>236,208</u>	<u>288,852</u>	<u>28,941</u>	<u>554,001</u>
Noncurrent Liabilities				
Due Within One Year	75,000	-	-	75,000
Due in More Than One Year	4,465,000	-	-	4,465,000
Pension Liability	4,452,707	6,322,366	-	10,775,073
Total Noncurrent Liabilities	<u>8,992,707</u>	<u>6,322,366</u>	<u>-</u>	<u>15,315,073</u>
Total Liabilities	<u>9,228,915</u>	<u>6,611,218</u>	<u>28,941</u>	<u>15,869,074</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization	<u>11,135</u>	<u>472</u>	<u>-</u>	<u>11,607</u>
NET POSITION				
Net Investment in Capital Assets	(742,896)	11,951	-	(730,945)
Restricted for Debt Service	595,081	-	-	595,081
Restricted for Emergencies	102,000	144,000	-	246,000
Restricted for School Expansion Project	-	50,000	-	50,000
Unrestricted	(3,647,824)	(5,102,912)	1,300,527	(7,450,209)
Total Net Position	<u>\$ (3,693,639)</u>	<u>\$ (4,896,961)</u>	<u>\$ 1,300,527</u>	<u>\$ (7,290,073)</u>

See independent auditors' report

**Thompson School District R2-J
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2015**

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
Expenses				
Total Instruction	\$ 2,041,680	2,840,015	\$ -	\$ 4,881,695
Total Support Services	992,065	1,900,847	544,807	3,437,719
Interest & Fiscal Charges	311,175	-	-	311,175
Total Expenses	<u>3,344,920</u>	<u>4,740,862</u>	<u>544,807</u>	<u>8,630,589</u>
Program Revenues				
Charges for Services	128,125	164,561	4,565	297,251
Operating Grants and Contributions	187,556	100,787	478,967	767,310
Total Program Revenues	<u>315,681</u>	<u>265,348</u>	<u>483,532</u>	<u>1,064,561</u>
General Revenues				
Per Pupil Revenues	3,068,570	4,319,593	-	7,388,163
Capital Construction	77,942	109,719	-	187,661
Investment Income	805	-	42,370	43,175
Grants and Contributions not Restricted to Specific Programs	-	55,950	162,470	218,420
Miscellaneous	19,386	9,368	-	28,754
Total General Revenues	<u>3,166,703</u>	<u>4,494,630</u>	<u>204,840</u>	<u>7,866,173</u>
Changes in Net Position	137,464	19,116	143,565	300,145
Net Position - Beginning	<u>(3,831,103)</u>	<u>(4,916,077)</u>	<u>1,156,962</u>	<u>(7,590,218)</u>
Net Position - Ending	<u>\$ (3,693,639)</u>	<u>\$ (4,896,961)</u>	<u>\$ 1,300,527</u>	<u>\$ (7,290,073)</u>

See independent auditor's report

Thompson School District R2-J
Statement of Cash Flows
Thompson Education Foundation
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended June 30, 2015

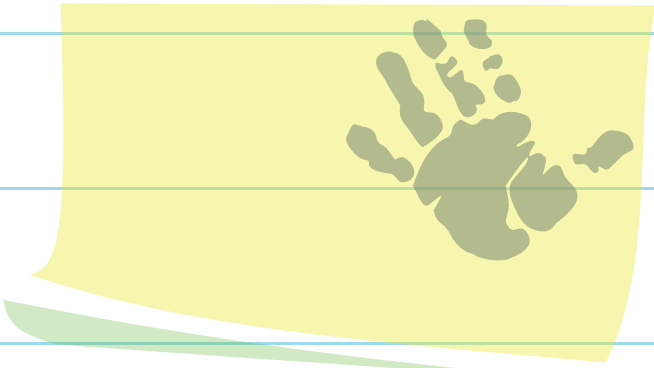
	<u>Thompson Education Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from	
Contributions and Fundraising Activities	\$ 626,125
Charges for Services	4,565
Payments to Suppliers and the District	<u>(548,380)</u>
Net Cash Provided by Operating Activities	<u>82,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchases) Sales of Investments, Net	161,699
Investment Income Received	<u>42,370</u>
Net Cash Provided by Investing Activities	<u>204,069</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	286,379
CASH AND CASH EQUIVALENTS, Beginning	<u>759,965</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 1,046,344</u></u>
RECONCILIATION OF CHANGE IN NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Operating Income	\$ 101,195
Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided by Operating Activities	
Changes in Assets and Liabilities	
Accounts Receivable	(15,312)
Accounts Payable	<u>(3,573)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 82,310</u></u>

See independent auditors' report

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	78-87
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources.	88-92
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.	93-97
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.	98-99
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.	100-103



Thompson School District R2-J

Schedule of Net Position

Last Ten Years

(Accrual basis of accounting)

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 34,936,956	\$ 43,686,008	\$ 47,022,288	\$ 50,272,273
Restricted	21,873,077	19,230,832	19,710,398	20,344,714
Unrestricted	<u>4,190,887</u>	<u>13,201,584</u>	<u>15,333,817</u>	<u>17,297,596</u>
Total Governmental Activities Net Position	<u>\$ 61,000,920</u>	<u>\$ 76,118,424</u>	<u>\$ 82,066,503</u>	<u>\$ 87,914,582</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 378,465	\$ 286,573	\$ 192,657	\$ 400,578
Restricted	69,313	65,516	65,286	69,152
Unrestricted	<u>501,246</u>	<u>610,980</u>	<u>396,484</u>	<u>403,158</u>
Total Business-type Activities Net Position	<u>\$ 949,024</u>	<u>\$ 963,069</u>	<u>\$ 654,427</u>	<u>\$ 872,888</u>
Primary Government				
Net Investment in Capital Assets	\$ 35,315,421	\$ 43,972,581	\$ 47,214,945	\$ 50,672,851
Restricted	21,942,390	19,296,348	19,775,684	20,413,865
Unrestricted	<u>4,692,133</u>	<u>13,812,564</u>	<u>15,730,301</u>	<u>17,700,754</u>
Total Primary Government Net Position	<u>\$ 61,949,944</u>	<u>\$ 77,081,493</u>	<u>\$ 82,720,929</u>	<u>\$ 88,787,470</u>

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

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	52,399,048	\$ 54,766,501	\$ 50,836,568	\$ 47,612,676	\$ 47,441,252	\$ 48,575,109
	20,717,458	21,066,584	21,090,133	19,828,646	20,782,304	22,474,183
	<u>17,421,337</u>	<u>17,065,795</u>	<u>18,622,959</u>	<u>24,574,905</u>	<u>20,537,641</u>	<u>(218,168,956)</u>
\$	<u><u>90,537,843</u></u>	<u><u>92,898,880</u></u>	<u><u>90,549,660</u></u>	<u><u>92,016,227</u></u>	<u><u>88,761,197</u></u>	<u><u>(147,119,664)</u></u>
\$	387,092	\$ 374,404	\$ 302,113	\$ 341,862	\$ 317,855	\$ -
	62,547	59,057	54,384	47,788	48,906	-
	<u>552,736</u>	<u>757,372</u>	<u>786,264</u>	<u>758,044</u>	<u>828,165</u>	<u>-</u>
\$	<u><u>1,002,375</u></u>	<u><u>1,190,833</u></u>	<u><u>1,142,761</u></u>	<u><u>1,147,694</u></u>	<u><u>1,194,926</u></u>	<u><u>-</u></u>
\$	52,786,140	\$ 55,140,905	\$ 51,138,681	\$ 47,954,538	\$ 47,759,107	\$ 48,575,109
	20,780,005	21,125,641	21,144,517	19,876,434	20,831,210	22,474,183
	<u>17,974,073</u>	<u>17,823,167</u>	<u>19,409,223</u>	<u>25,332,949</u>	<u>21,365,806</u>	<u>(218,168,956)</u>
\$	<u><u>91,540,218</u></u>	<u><u>94,089,713</u></u>	<u><u>91,692,421</u></u>	<u><u>93,163,921</u></u>	<u><u>89,956,123</u></u>	<u><u>(147,119,664)</u></u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental Activities:				
Total Instruction	\$ 62,223,449	\$ 66,529,238	\$ 67,834,944	\$ 69,893,811
Supporting Services				
Pupil Services	7,227,057	7,570,257	8,717,227	8,823,141
Instructional Staff	7,749,997	7,944,486	10,425,291	10,651,345
General Administration	925,276	1,113,179	1,213,567	1,097,462
School Administration	7,026,788	6,999,468	8,046,845	8,196,106
Business Services	1,693,037	1,706,322	1,785,422	2,286,161
Maintenance/Operations	12,039,281	6,188,899	11,122,270	13,799,484
Pupil Transportation	2,718,558	3,220,776	4,012,223	4,153,388
Central Supporting Services	2,778,997	8,767,469	7,592,656	3,979,589
Nutrition Services	-	-	-	-
Community Services	1,210,399	694,139	785,524	831,718
Total Support Services	<u>43,369,390</u>	<u>44,204,995</u>	<u>53,701,025</u>	<u>53,818,393</u>
Charter School Allocation	-	-	-	-
Interest on Long-term Debt	4,521,000	6,088,520	6,759,440	6,679,897
Total Governmental Activities Expenses	<u>110,113,839</u>	<u>116,822,753</u>	<u>128,295,409</u>	<u>130,392,101</u>
Business-type Activities:				
Nutritional Services	3,630,472	3,681,340	4,170,018	4,011,436
Total Primary Government Expenses	<u>\$ 113,744,311</u>	<u>\$ 120,504,093</u>	<u>\$ 132,465,428</u>	<u>\$ 134,403,537</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 927,887	\$ 945,121	\$ 715,218	\$ 827,452
Supporting Services				
Pupil Services	2,420	1,188	-	-
Instructional Staff	30,216	17,647	39,678	45,904
School Administration	41,068	51,298	54,747	63,338
Business Services	37,191	28,190	21,366	24,719
Maintenance Operations	352	454	-	-
Central Supporting Services	460,476	487,370	482,762	558,519
Nutrition Services	-	-	-	-
Operating Grants and Contributions	9,824,094	11,584,333	10,766,875	12,656,371
Capital Grants and Contributions	6,731	427,774	-	-
Total Governmental Activities Program Revenues	<u>11,330,435</u>	<u>13,543,375</u>	<u>12,080,646</u>	<u>14,176,303</u>
Business-type Activities:				
Nutritional Services	3,738,322	3,690,798	3,857,119	3,925,487
Total Primary Government Program Revenues	<u>\$ 15,068,757</u>	<u>\$ 17,234,173</u>	<u>\$ 15,937,765</u>	<u>\$ 18,101,790</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (98,783,404)	\$ (103,279,378)	\$ (116,214,763)	\$ (116,215,798)
Business-type Activities	107,850	9,458	(312,900)	(85,949)
Total Primary Government Net Expense	<u>\$ (98,675,554)</u>	<u>\$ (103,269,920)</u>	<u>\$ (116,527,663)</u>	<u>\$ (116,301,747)</u>

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

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

Continued on next page

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ <u>72,938,988</u>	\$ <u>72,447,458</u>	\$ <u>74,816,653</u>	\$ <u>71,738,996</u>	\$ <u>78,424,559</u>	\$ <u>85,586,978</u>
10,866,456	9,614,206	8,248,122	8,641,673	9,008,392	9,856,217
11,821,157	10,981,248	10,462,675	9,464,893	10,862,474	12,420,701
1,123,991	1,097,871	1,282,987	796,543	691,508	703,710
8,790,952	8,478,267	7,718,718	7,672,001	8,245,479	9,442,354
3,587,229	2,233,389	1,915,333	1,890,438	1,927,179	2,138,095
12,242,873	13,854,509	10,971,086	11,642,850	12,772,492	12,588,683
5,882,278	5,292,524	4,369,625	4,256,359	4,473,844	4,932,017
4,045,434	3,934,697	4,471,462	4,083,834	3,718,829	6,417,280
-	-	-	-	-	5,181,013
925,487	1,443,698	819,985	1,318,301	1,136,630	1,068,006
<u>59,285,857</u>	<u>56,930,409</u>	<u>50,259,993</u>	<u>49,766,892</u>	<u>52,836,827</u>	<u>64,748,076</u>
-	2,747,307	5,827,930	6,497,874	6,785,972	7,388,163
6,188,909	5,977,903	4,406,590	4,886,533	4,623,670	4,499,733
<u>138,413,754</u>	<u>138,103,077</u>	<u>135,311,166</u>	<u>132,890,295</u>	<u>142,671,028</u>	<u>162,222,950</u>
4,348,417	4,320,056	4,406,054	4,514,124	4,661,737	-
<u>\$ 142,762,171</u>	<u>\$ 139,675,826</u>	<u>\$ 139,717,220</u>	<u>\$ 137,404,419</u>	<u>\$ 147,332,765</u>	<u>\$ 162,222,950</u>
\$ 716,533	\$ 1,655,641	\$ 1,905,524	\$ 1,859,361	\$ 1,973,568	\$ 2,896,832
-	-	-	-	-	-
39,125	90,403	104,048	101,527	107,763	158,176
-	-	-	-	-	-
6,288	14,529	16,722	16,317	17,319	25,421
-	-	-	-	-	-
562,606	1,299,973	1,496,176	1,459,928	1,549,602	727,864
-	-	-	-	-	1,546,665
14,717,024	14,227,794	11,690,893	12,814,379	13,735,085	17,389,882
-	-	-	-	-	-
<u>16,041,576</u>	<u>17,288,340</u>	<u>15,213,363</u>	<u>16,251,512</u>	<u>17,383,337</u>	<u>22,744,840</u>
4,419,110	4,436,524	4,357,355	4,518,884	4,662,337	-
<u>\$ 20,460,686</u>	<u>\$ 21,724,864</u>	<u>\$ 19,570,718</u>	<u>\$ 20,770,396</u>	<u>\$ 22,045,674</u>	<u>\$ 22,744,840</u>
\$ (122,372,178)	\$ (118,067,431)	\$ (120,097,803)	\$ (116,638,783)	\$ (125,287,691)	\$ (139,478,110)
70,693	116,468	(48,699)	4,760	600	-
<u>\$ (122,301,485)</u>	<u>\$ (117,950,963)</u>	<u>\$ (120,146,502)</u>	<u>\$ (116,634,023)</u>	<u>\$ (125,287,091)</u>	<u>\$ (139,478,110)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues				
Governmental Activities:				
Property Taxes Levied For:				
General Purpose	\$ 25,704,275	\$ 26,228,693	\$ 28,363,669	\$ 30,242,965
Mill Levy Override	7,480,274	12,058,082	12,456,986	12,774,017
Debt Services	11,607,605	11,811,769	11,119,912	11,265,715
Specific Ownership Taxes Levied For:				
General Purpose	3,608,215	3,873,082	4,271,504	4,339,660
Mill Levy Override	843,186	705,116	687,375	-
Intergovernmental				
Equalization	54,738,055	57,847,052	59,874,117	62,255,043
Loveland URA Distribution	-	-	-	-
Payments in Lieu of Land Dedication	927,293	733,693	499,858	313,552
Interest and Investment Earnings	3,264,484	5,249,371	4,071,983	1,175,751
Grants and Contributions not Restricted to Specific Programs	-	-	-	-
Miscellaneous	679,235	914,492	817,438	-
Transfers	-	-	-	-
Total Governmental Activities	<u>108,852,622</u>	<u>119,421,350</u>	<u>122,162,842</u>	<u>122,366,703</u>
Business-type Activities:				
Interest and Investment Earnings	3,171	4,587	4,258	1,584
Transfers	-	-	-	-
Total Business-type Activities	<u>3,171</u>	<u>4,587</u>	<u>4,258</u>	<u>1,584</u>
Total Primary Government	<u>\$ 108,855,793</u>	<u>\$ 119,425,937</u>	<u>\$ 122,167,099</u>	<u>\$ 122,368,287</u>
Change in Net Position				
Governmental Activities	\$ 10,069,218	\$ 16,141,972	\$ 5,948,079	\$ 5,848,079
Business-type Activities	111,021	14,045	(308,642)	218,461
Total Primary Government	<u>\$ 10,180,239</u>	<u>\$ 16,156,017</u>	<u>\$ 5,639,436</u>	<u>\$ 6,066,540</u>

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	30,378,658	\$ 29,728,007	\$ 28,679,943	\$ 29,221,467	\$ 29,370,651	\$ 29,765,495
	13,209,662	12,857,383	12,884,073	12,866,612	13,100,533	13,050,343
	12,053,521	12,532,757	12,335,606	10,312,144	10,427,594	10,560,487
	4,058,837	3,853,468	3,887,262	4,000,549	4,428,291	4,893,796
	-	-	-	-	-	-
	64,803,052	57,404,922	59,316,022	60,659,979	63,794,200	68,613,637
	-	-	-	-	207,316	952,587
	232,579	242,816	387,558	905,621	605,155	774,163
	317,332	107,407	72,712	138,978	113,478	129,381
	-	3,773,100	89,399	-	-	-
	-	-	96,008	-	31,752	13,232
	(58,202)	(71,392)	-	-	(46,310)	-
	<u>124,995,439</u>	<u>120,428,468</u>	<u>117,748,583</u>	<u>118,105,350</u>	<u>122,032,660</u>	<u>128,753,121</u>
	592	598	627	173	322	-
	58,202	71,392	-	-	46,310	-
	<u>58,794</u>	<u>71,990</u>	<u>627</u>	<u>173</u>	<u>46,632</u>	<u>-</u>
\$	<u>125,054,233</u>	<u>120,500,458</u>	<u>117,749,210</u>	<u>118,105,523</u>	<u>122,079,292</u>	<u>128,753,121</u>
\$	2,623,261	\$ 2,361,037	\$ (2,349,220)	\$ 1,466,567	\$ (3,255,030)	\$ (10,724,989)
	129,487	188,458	(48,072)	4,933	47,232	-
\$	<u>2,752,748</u>	<u>2,549,495</u>	<u>(2,397,292)</u>	<u>1,471,500</u>	<u>(3,207,798)</u>	<u>(10,724,989)</u>

Thompson School District R2-J

Schedule of Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Restricted	\$ 3,644,088	\$ 3,599,242	\$ 4,517,882	\$ 4,821,889
Unassigned	<u>10,311,178</u>	<u>17,783,886</u>	<u>18,808,539</u>	<u>19,294,606</u>
Total General Fund	<u>13,955,266</u>	<u>21,383,128</u>	<u>23,326,421</u>	<u>24,116,495</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	106,197,107	79,919,801	52,872,901	33,834,519
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,899,136</u>	<u>2,710,309</u>	<u>2,975,899</u>	<u>3,255,332</u>
Total All Other Governmental Funds	<u>108,096,243</u>	<u>82,630,110</u>	<u>55,848,800</u>	<u>37,089,851</u>
Total Governmental Funds	<u>\$ 122,051,509</u>	<u>\$ 104,013,238</u>	<u>\$ 79,175,221</u>	<u>\$ 61,206,346</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	4,727,990	\$ 4,757,546	\$ 4,341,296	\$ 3,915,124	\$ 3,864,166	\$ 4,009,925
	<u>20,530,456</u>	<u>24,969,474</u>	<u>24,277,466</u>	<u>25,903,813</u>	<u>22,451,258</u>	<u>20,268,620</u>
	<u>25,258,446</u>	<u>29,727,020</u>	<u>28,618,762</u>	<u>29,818,937</u>	<u>26,315,424</u>	<u>24,278,545</u>
	-	-	-	-	-	292,882
	20,842,333	18,416,837	17,371,971	15,919,938	16,891,756	27,397,096
	-	-	1,359,266	1,395,017	1,433,645	1,418,262
	-	3,015,162	1,991,507	2,041,795	187,280	1,490,483
	<u>3,600,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,877,154</u>	<u>-</u>
	<u>24,442,987</u>	<u>21,431,999</u>	<u>20,722,744</u>	<u>19,356,750</u>	<u>20,389,835</u>	<u>30,598,723</u>
\$	<u>49,701,433</u>	<u>\$ 51,159,019</u>	<u>\$ 49,341,506</u>	<u>\$ 49,175,687</u>	<u>\$ 46,705,259</u>	<u>\$ 54,877,268</u>

Thompson School District R2-J

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Taxes	\$ 49,085,270	\$ 54,301,144	\$ 56,727,661	\$ 57,546,346
Intergovernmental	64,307,404	69,298,311	70,640,991	73,912,330
Incremental Taxes	-	-	-	-
Charges for Services	-	-	-	-
Payments in Lieu	-	-	-	-
Investment Earnings	3,262,834	5,249,371	4,071,983	1,175,751
Other	3,608,178	2,910,865	2,631,068	2,832,568
Total Revenues	<u>120,263,686</u>	<u>131,759,691</u>	<u>134,071,703</u>	<u>135,466,995</u>
Expenditures				
Current:				
Instruction				
Salaries and Benefits	54,622,983	55,096,973	59,207,799	61,456,412
Purchased Services	2,182,801	2,230,932	2,062,371	1,830,410
Supplies and Materials	2,746,923	3,161,315	3,312,954	3,295,393
Other	132,878	126,311	133,708	128,767
Supporting Services				
Pupil Services	7,021,698	7,349,203	8,477,310	8,532,676
Instructional Staff	7,564,297	7,712,504	10,230,511	10,426,810
General Administration	925,216	1,081,439	1,179,122	1,055,759
School Administration	6,827,099	6,795,081	7,825,018	7,927,542
Business Services	2,244,847	1,674,017	1,750,356	2,243,707
Maintenance/Operations	11,697,226	23,696,567	20,064,310	17,325,065
Pupil Transportation	3,437,655	3,149,984	3,935,390	4,060,367
Central Supporting Services	2,824,053	3,637,045	3,874,845	3,754,589
Nutrition Services	-	-	-	-
Community Services	1,175,910	650,149	737,782	773,917
Capital Projects	8,064,632	18,386,234	21,550,163	16,014,388
Charter School Allocation	-	1,868,346	2,257,196	2,722,161
Debt Service:				
Principal	5,668,988	5,787,500	6,115,104	5,933,065
Interest	4,539,810	6,519,762	6,195,782	5,954,842
Bond Issuance Costs	982,798	-	-	-
Total Expenditures	<u>122,659,814</u>	<u>148,923,362</u>	<u>158,909,721</u>	<u>153,435,869</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,396,128)</u>	<u>(17,163,671)</u>	<u>(24,838,018)</u>	<u>(17,968,874)</u>
Other Financing Sources (Uses)				
Debt Issued	89,215,000	-	-	-
Debt Premiums	5,024,720	-	-	-
Payments to Escrow Agent	-	-	-	-
Transfers In	10,177,062	10,044,571	10,256,580	9,386,336
Transfers Out	(10,177,062)	(10,044,571)	(10,256,580)	(9,386,336)
Total Other Financing Sources (Uses)	<u>94,239,720</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change to Fund Balance	<u>\$ 91,843,592</u>	<u>\$ (17,163,671)</u>	<u>\$ (24,838,018)</u>	<u>\$ (17,968,874)</u>
Debt Service as a Percentage of				
Non-Capital Expenditures	8.91%	9.43%	8.96%	8.65%

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	58,780,951	\$ 60,845,170	\$ 58,666,107	\$ 56,719,581	\$ 57,669,288	\$ 58,461,359
	78,751,910	76,473,714	73,941,932	75,120,012	79,274,256	87,891,647
	-	-	-	-	207,316	952,587
	-	-	-	-	-	3,440,545
	-	-	-	-	-	774,163
	317,332	107,407	72,712	138,978	113,478	129,381
	1,574,546	1,779,721	2,034,322	2,697,100	2,545,889	39,517
	<u>139,424,739</u>	<u>139,206,012</u>	<u>134,715,073</u>	<u>134,675,671</u>	<u>139,810,227</u>	<u>151,689,199</u>
	63,192,919	63,024,849	62,616,552	62,400,347	66,976,839	69,330,670
	2,264,059	1,761,663	1,876,173	1,566,029	1,726,524	1,873,194
	3,194,067	2,523,932	1,995,802	2,440,673	2,902,770	3,163,428
	125,206	141,885	92,869	141,427	80,687	174,607
	10,469,008	9,135,938	8,267,519	8,641,673	9,008,392	9,131,964
	11,516,102	10,568,331	10,512,500	9,464,893	10,862,474	11,634,833
	1,057,750	1,040,479	1,282,987	796,543	691,508	672,401
	8,459,745	8,095,652	7,718,718	7,672,001	8,245,479	8,717,228
	3,520,988	2,156,866	1,915,333	1,890,438	1,927,179	2,006,765
	10,809,066	12,368,434	11,759,472	11,447,332	11,929,777	11,864,245
	4,557,453	4,331,921	3,737,798	3,652,732	4,185,317	4,228,728
	3,485,465	3,102,498	3,521,225	3,159,276	3,174,618	3,439,091
	-	-	-	-	-	4,916,808
	859,246	1,348,044	820,684	1,317,129	1,135,716	1,026,652
	13,015,598	2,544,904	1,864,946	969,874	1,817,897	3,887,327
	2,764,792	2,747,307	5,827,930	6,497,874	6,785,972	7,388,163
	6,231,399	3,761,316	3,610,684	3,855,927	6,053,819	6,434,293
	5,406,789	9,094,407	8,053,027	8,927,322	4,775,687	4,704,958
	-	-	740,029	-	-	204,197
	<u>150,929,652</u>	<u>137,748,426</u>	<u>136,214,248</u>	<u>134,841,490</u>	<u>142,280,655</u>	<u>154,799,552</u>
	<u>(11,504,913)</u>	<u>1,457,586</u>	<u>(1,499,175)</u>	<u>(165,819)</u>	<u>(2,470,428)</u>	<u>(3,110,353)</u>
	-	-	84,740,000	-	-	11,515,000
	-	-	14,761,217	-	-	1,594,138
	-	-	(99,819,555)	-	-	(2,707,222)
	9,024,938	4,234,946	2,643,417	2,040,762	3,092,110	13,335,636
	<u>(9,024,938)</u>	<u>(4,234,946)</u>	<u>(2,643,417)</u>	<u>(2,040,762)</u>	<u>(3,092,110)</u>	<u>(13,335,636)</u>
	-	-	(318,338)	-	-	10,401,916
\$	<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>	<u><u>(2,470,428)</u></u>	<u><u>7,291,563</u></u>
	8.44%	9.55%	8.65%	9.54%	7.67%	7.34%

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property
(Unaudited)

<u>Year Ended December 31</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Vacant Land</u>	<u>Industrial Property</u>	<u>Utilities</u>	<u>Agricultural</u>
2005	652,786,230	277,978,620	98,697,430	53,125,900	26,528,210	6,546,190
2006	690,430,260	322,259,160	95,353,790	51,041,080	26,180,030	6,594,260
2007	717,213,100	406,573,380	123,795,910	48,864,810	30,160,658	7,197,560
2008	735,048,280	447,662,950	130,864,530	49,900,360	30,908,520	7,141,370
2009	730,081,200	484,216,470	127,303,730	52,167,820	31,828,070	7,285,250
2010	736,192,250	487,165,730	114,140,990	57,292,650	32,667,099	7,550,590
2011	714,094,295	474,059,605	81,454,515	53,399,467	34,906,273	8,034,497
2012	727,146,373	471,328,711	75,694,525	53,744,013	35,577,342	8,268,596
2013	752,165,439	470,234,566	68,000,485	56,548,570	39,505,346	8,968,739
2014	770,621,741	467,848,853	63,564,841	56,899,557	39,499,246	9,059,635

From 2005 to 2014, 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>
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
2013	7.96%	2011 appraised value
2014	7.96%	2013 appraised value

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

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

<u>Natural Resources</u>	<u>Oil and Gas</u>	<u>Total Taxable Assessed Value</u>	<u>Tax Exempt Property</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1,400,910	1,447,788	1,118,511,278	206,522,410	40.250	9,803,854,973	11.41%
1,323,400	1,712,537	1,194,894,517	229,780,950	43.457	10,409,841,936	11.48%
1,591,450	1,640,562	1,337,037,430	282,075,010	41.657	11,144,290,321	12.00%
1,579,880	2,786,440	1,405,892,330	290,974,250	40.974	11,465,943,746	12.26%
1,319,520	7,941,312	1,442,143,372	278,112,430	41.295	11,609,898,993	12.42%
1,192,810	5,070,260	1,441,272,379	283,483,550	41.643	11,669,308,699	12.35%
1,271,515	8,669,615	1,375,889,782	287,307,276	42.310	11,237,179,643	12.24%
1,252,765	14,066,512	1,387,078,837	288,372,057	40.884	11,380,383,646	12.19%
1,244,815	12,554,610	1,409,222,570	301,018,386	40.416	11,688,512,847	12.06%
960,855	16,343,389	1,424,798,117	308,034,787	40.268	11,904,760,584	11.97%

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
School District										
General Fund	22.985	22.523	22.558	22.472	22.456	22.767	22.637	22.861	22.567	22.504
Mill Levy Override	6.755	10.636	10.078	9.834	9.719	9.72	10.018	9.969	9.87	9.796
Debt Services	10.510	10.298	9.021	8.668	9.120	9.156	9.655	8.054	7.979	7.968
School District Total	40.250	43.457	41.657	40.974	41.295	41.643	42.310	40.884	40.416	40.268
Larimer County	22.683	22.552	22.556	22.537	22.577	22.666	22.614	22.662	22.566	22.601
Town of Berthoud	6.664	10.735	11.551	9.162	9.630	9.737	9.720	9.717	9.655	9.728
City of Fort Collins	9.797	9.797	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	12.030	12.030
Town of Johnstown	23.9347	23.947	23.947	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	9.470	9.472
Berthoud Fire Protection District	15.274	15.274	15.274	15.274	15.274	15.274	15.274	15.274	15.274	15.274
Loveland Fire District	5.808	5.808	5.808	5.808	5.808	5.939	5.808	8.781	8.727	8.730
Poudre Valley Fire District	9.301	9.301	9.301	9.301	9.301	10.595	10.595	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	7.923	7.855
Lyons Fire District	7.148	7.193	7.196	5.531	6.325	8.325	7.435	7.680	7.980	10.930
Pinewood Lake Fire District	6.446	5.944	6.373	6.373	6.271	6.271	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	2.167	2.167
Thompson Valley Health Services District	1.509	1.492	1.471	1.716	2.093	1.899	1.716	1.757	1.766	1.763
Larimer County P.I.D. No. 27	-	56.695	55.946	55.946	56.844	56.844	6.379	6.379	6.315	6.315
Larimer County P.I.D. No. 35	-	104.222	29.208	29.208	7.082	7.044	6.439	6.462	6.076	6.059
Larimer County P.I.D. No. 36	-	13.485	13.580	13.580	13.580	13.580	13.580	13.580	13.580	13.580
Larimer County G.I.D. No. 8 Namaqua Hills	-	8.145	8.382	8.382	8.382	8.382	8.382	8.382	8.382	8.382
Loveland General Improvement District	2.684	2.684	2.684	2.676	2.684	2.684	2.684	2.684	2.684	2.624
Estes Valley Recreation and Park	1.331	1.472	1.404	2.393	2.311	2.339	2.425	2.438	2.557	2.892
South Fort Collins Sanitation District	-	0.500	0.500	0.487	0.500	0.500	0.500	0.500	0.500	0.489
Fort Collins - Loveland Water District	-	1.500	1.500	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	3.013	3.024
North Carter Lake Water District	-	10.756	10.225	10.750	8.783	9.400	10.000	10.200	10.200	10.000
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	3.311	3.524
Thompson Crossing Metropolitan No. 2	-	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Van De Water Metropolitan District No. 2	45.980	45.980	45.980	45.980	45.980	45.980	45.980	45.980	45.980	45.980
Van De Water Metropolitan District No. 3	-	45.980	40.000	40.000	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	35.000	35.000
Windsor Highlands Metropolitan No. 4	-	35.000	35.000	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	42.600	42.600
Waterfront Metropolitan District	45.979	45.979	45.979	45.979	45.979	45.979	45.979	45.979	46.000	46.000
Lincoln Place Metropolitan District	55.000	50.000	-	-	-	-	-	-	-	-
Loveland Midtown Metropolitan No. 1	-	40.000	40.000	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	11.920	11.926
Thompson Crossing Metropolitan No. 4	-	76.000	60.000	60.000	60.000	60.000	72.475	72.475	72.475	73.475
Highpointe Vista Metropolitan No. 2	-	26.000	32.000	35.000	35.000	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	60.000	60.000
Thompson Rivers Park & Rec. District	-	3.594	3.594	3.594	3.594	3.594	3.594	3.594	3.594	3.594
Thompson Crossing Metropolitan No. 3,5,6	-	-	60.000	60.000	60.000	60.000	72.475	72.475	72.475	73.475
Johnstown North Metropolitan No. 1	-	-	20.000	25.000	25.000	25.000	25.000	-	-	-
Johnstown North Metropolitan No. 2, 3	-	-	20.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Centerra Metropolitan District No. 2 Bond	-	-	-	6.655	6.655	6.655	6.550	6.655	6.655	6.655
Centerra Metropolitan District No. 3	-	-	-	5.000	5.000	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	30.000	30.000
Windsor Highlands Metropolitan No. 2, 5	-	-	-	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Berthoud Community Library	-	-	-	2.400	2.400	2.400	2.400	2.400	2.400	2.400
Larimer County P.I.D. No. 39	-	-	-	-	-	9.988	9.988	9.988	9.988	9.988
Larimer County P.I.D. No. 49	-	-	-	-	-	16.762	16.762	16.762	16.762	16.762
Centerra Metropolitan District No. Res Debt	-	-	-	-	-	35.000	35.000	35.000	35.000	35.000
Centerra Metropolitan District No. 5	-	-	-	-	-	15.000	15.000	15.000	15.000	15.000
Lakewood Metropolitan District	-	-	-	-	-	50.000	60.000	60.000	60.000	60.000
Waterfall Metropolitan District No. 1	-	-	-	-	-	22.500	45.000	45.000	45.000	45.000
Windsor Highlands Metropolitan No. 6	-	-	-	-	-	35.000	35.000	35.000	35.000	35.000
Larimer County P.I.D. No. 44	-	-	-	-	-	-	-	79.537	79.537	79.537
Larimer County P.I.D. No. 53	-	-	-	-	-	-	-	35.058	35.058	35.058
Larimer County P.I.D. No. 45	-	-	-	-	-	-	-	-	44.017	44.017
Larimer County P.I.D. No. 55	-	-	-	-	-	-	-	-	20.000	20.000
Larimer County P.I.D. No. 56	-	-	-	-	-	-	-	-	112.215	112.215
PrairieStar Metropolitan District No. 1, 2	-	-	-	-	-	-	-	-	45.000	45.000
The Lakes at Centerra Metropolitan No. 2, 3	-	-	-	-	-	-	-	-	50.000	60.000
Larimer County P.I.D. No. 57	-	-	-	-	-	-	-	-	-	25.564
Larimer County P.I.D. No. 59	-	-	-	-	-	-	-	-	-	34.310
Lyons Regional Library District	-	-	-	-	-	-	-	-	-	5.850
Berthoud-Heritage Metropolitan No. 2-9	-	-	-	-	-	-	-	-	-	50.000

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
G and I VI Promenade LLC	\$ 20,735,000	1	1.56%	\$ -		-
Wal-Mart Stores East, LP	17,507,050	2	1.32%	15,067,700	1	1.36%
Public Service Company of Colorado	14,487,500	3	1.09%	3,419,600	7	0.31%
Centerra Retail Shops	10,869,670	4	0.82%			-
Qwest Corporation	9,744,000	5	0.73%	6,585,800	4	0.59%
HR Assets LLC	7,696,170	6	0.58%			-
John Q. Hammons Hotels	6,960,000	7	0.52%			-
Kerr McGee Oil and Gas Onshore LP	5,800,383	8	0			-
Crop Production Services, Incorporated	5,009,380	9	0.36%			-
Craig Realty Group-Loveland, LLC	4,785,150	10	0.38%	8,018,500	3	0.72%
Water Pik, Inc.				4,181,000	5	0.38%
Agilent Technologies	-		-	12,485,600	2	1.12%
Woodward Governor Company	-		-	2,875,400	9	0.26%
Orchard Shopping Center Partnership	-		-	3,238,500	8	0.29%
Taft Carlise, LLC	-		-	3,739,600	6	0.34%
Comcast Cablevision	-		-	2,801,700	10	0.25%
	<u>\$ 103,594,303</u>		<u>7.80%</u>	<u>\$ 62,413,400</u>		<u>5.62%</u>
Total assessed valuation	<u>\$ 1,328,293,932</u>			<u>\$ 1,110,237,368</u>		

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

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

Assessment Year	Year Ended June 30	Taxes Levied for the Year	Collected within the Year of the Levy		Delinquent Tax Collections	Total Collection to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2013	2014	52,985,717	51,118,305	96.5%	2,122,692	53,240,997	100.5%
2014	2015	53,487,740	51,542,396	96.4%	2,025,167	53,567,563	100.1%

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

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

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

Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
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	120,997,488	2,860,000	458,112	124,315,600	4.54%	1,807
2014	114,058,728	2,650,000	234,293	116,943,021	3.89%	1,606
2015	106,789,968	12,778,466	-	119,568,434	3.87%	1,661

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

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

The District adopted GASB 65 in 2014.

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

Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Gross Bonded Due to Assessed Value (1)	Gross Bonded Debt per Capita
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	120,997,488	12,351,178	108,646,310	9.39%	1,759
2014	114,058,728	12,611,056	101,447,672	8.70%	1,567
2015	106,789,968	12,869,000	93,920,968	8.04%	1,483

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

(1) Assessed Value is \$1,328,293,932 for 2014.

Thompson School District R2-J
 Computation of Direct and Overlapping Debt
 June 30, 2015
 (Unaudited)

	<u>Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
Direct Debt:			
Thompson School District R2-J	\$ 119,568,434	100.00%	\$ 119,568,434
Overlapping Debt:			
Town of Berthoud	14,560,000	100.00%	14,560,000
Berthoud Fire District	<u>626,638</u>	31.43%	<u>196,952</u>
Total Overlapping Debt	15,186,638		14,756,952
Total	<u>\$ 134,755,072</u>		<u>\$ 134,325,386</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, 2015
 Last Ten Years
 (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed value	\$ <u>1,110,237,368</u>	\$ <u>1,156,255,387</u>	\$ <u>1,265,077,530</u>	\$ <u>1,319,489,370</u>	\$ <u>1,346,729,792</u>
Debt limit (20% of assessed valuation)	\$ 222,047,474	\$ 231,251,077	\$ 253,015,506	\$ 263,897,874	\$ 269,345,958
Total net debt applicable to limit	<u>151,323,193</u>	<u>146,254,499</u>	<u>140,947,293</u>	<u>135,763,598</u>	<u>130,637,310</u>
Legal debt margin	\$ <u>70,724,281</u>	\$ <u>84,996,578</u>	\$ <u>112,068,213</u>	\$ <u>128,134,276</u>	\$ <u>138,708,648</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>68.15%</u>	<u>63.24%</u>	<u>55.71%</u>	<u>51.45%</u>	<u>48.50%</u>

Note:

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

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ <u>1,346,498,784</u>	\$ <u>1,278,012,549</u>	\$ <u>1,288,846,309</u>	\$ <u>1,311,008,455</u>	\$ <u>1,328,293,932</u>
\$ 269,299,757	\$ 255,602,510	\$ 257,769,262	\$ 262,201,691	\$ 265,658,786
<u>124,096,273</u>	<u>116,326,723</u>	<u>120,997,488</u>	<u>114,058,728</u>	<u>106,789,968</u>
\$ <u>145,203,484</u>	\$ <u>139,275,787</u>	\$ <u>136,771,774</u>	\$ <u>148,142,963</u>	\$ <u>158,868,818</u>
<u>46.08%</u>	<u>45.51%</u>	<u>46.94%</u>	<u>43.50%</u>	<u>40.20%</u>

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Thompson School District R2-J	2,375	1	5.38%	2,435	2	7.96%
Medical Center of the Rockies	1,447	2	3.28%			
Hach Company	980	3	2.22%	550	9	1.80%
City of Loveland	969	4	2.19%	685	6	2.24%
Wal-Mart Distribution Center	895	5	2.03%	909	4	2.97%
McKee Medical Center	708	6	1.60%	950	3	3.10%
Woodward Governor	500	7	1.13%	650	7	2.12%
Agrium/Crop Production Services	478	8	1.08%			-
Kroll Factual Data	350	9	0.79%			-
Agilent Technologies	300	10	0.68%	2,454	1	8.02%
Wal-Mart Super Center				500	10	1.63%
Hewlett-Packard				730	5	2.39%
Teledyne Water Pik				585	8	1.91%
Total	9,002		20.39%	10,448		34.14%
Total City Employment	44,157			30,600		

Sources: City of Loveland December 31, 2014 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)
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
2013	72.8	3,009.34	41.3	38.1	5.5
2014	72.0	3,085.71	42.9	37.7	4.0

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, 2014 Comprehensive Annual Financial Report

Thompson School District R2-J
Number of Employees by Function
June 30, 2015
(Unaudited)

<u>Employees: (Full and Part Time Positions)</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>	<u>2014</u>	<u>2015</u>
Administration										
Instructional Central Office Administrators	10	12	12	12	9	11	10	8	8	9
Principals & Asst. Principals	45	42	46	47	49	47	45	45	47	48
Support Central Office Administrators	10	11	11	11	12	11	10	9	9	6
Teaching Staff										
Teachers										
Substitute Teachers	350	304	375	254	408	438	391	484	491	568
Guidance Counselors	40	45	43	44	43	39	37	36	35	37
Media Specialist	10	9	9	9	9	9	9	9	7	7
Teacher Aides	180	198	187	195	212	166	172	175	193	197
Support Services										
Nurses, Psychologists, and Social Workers	30	35	31	35	32	30	29	31	32	32
Pupil Transportation	125	112	118	125	128	114	99	99	99	98
Personnel Services	10	9	12	12	11	9	9	9	9	9
Operations and Maintenance	155	153	160	173	164	162	156	145	149	144
Fiscal Services and Data Processing	10	9	15	14	16	16	16	14	14	14
School Building Clerical	140	130	141	147	148	137	125	119	123	124
Other Professional Support Staff	130	122	152	152	156	134	124	121	128	132
Other Clerical Support	30	31	31	30	31	26	22	19	19	22
Food Services	115	105	112	117	115	86	74	72	73	69
Total	2,375	2,322	2,479	2,408	2,580	2,407	2,234	2,290	2,375	2,453

Source: Thompson School District Human Resources Department

Thompson School District R2-J
 Operating Indicators
 June 30, 2015
 (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Funding per Student	\$ 5,798	\$ 5,988	\$ 6,279	\$ 6,530	\$ 6,714	\$ 6,461	\$ 6,140	\$ 6,145	\$ 6,308	\$ 6,665
Funded Pupil Count	14,304.6	14,402.0	14,419.5	14,486.4	14,491.7	14,469.9	14,672.9	14,903.3	15,115.6	15,122.3
Total Funding per School Finance Act	\$ <u>82,938,071</u>	\$ <u>86,239,176</u>	\$ <u>90,540,041</u>	\$ <u>94,596,192</u>	\$ <u>97,297,274</u>	\$ <u>93,490,024</u>	\$ <u>90,091,606</u>	\$ <u>91,580,779</u>	\$ <u>95,349,205</u>	\$ <u>100,790,130</u>

Source: Thompson School District Finance Department

Thompson School District R2-J
School Building Information
June 30, 2015
(Unaudited)

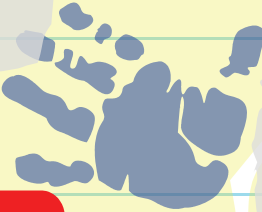
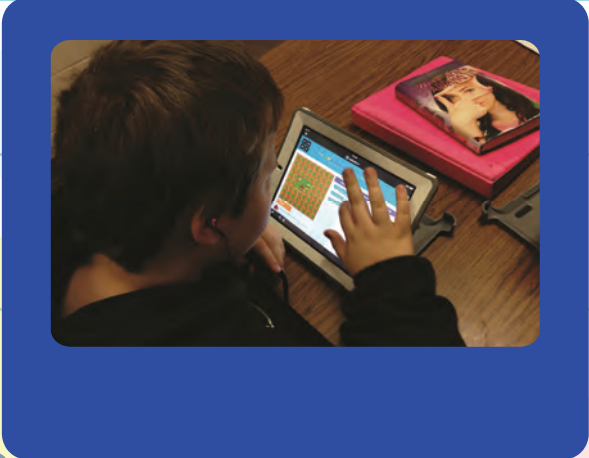
<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>					
			<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Elementary Schools								
Berthoud	50,050	480	433	397	380	378	432	419
BF Kitchen	33,800	280	227	214	223	217	250	215
Big Thompson	29,100	255	207	184	171	185	206	183
Carrie Martin	33,350	280	232	245	270	281	304	317
Centennial	57,750	530	466	462	403	399	417	417
Cottonwood Plains	57,400	530	424	408	413	416	426	433
Coyote Ridge	58,300	375	360	361	374	341	347	295
Garfield	34,900	300	252	267	275	276	258	294
Ivy Stockwell	36,050	355	318	323	307	317	334	334
Laurene Edmondson	32,650	280	235	250	246	211	227	246
Lincoln	40,500	355	222	220	220	223	249	366
Mary Blair	49,150	480	387	389	405	435	423	487
Monroe	51,050	505	292	305	333	330	305	352
Namaqua	51,550	505	329	367	380	372	396	481
Ponderosa	71,500	550	449	462	457	431	370	-
Sarah Milner	36,700	405	314	336	338	307	312	328
Stansberry	31,800	280	212	207	213	223	243	253
Truscott	45,700	330	240	265	261	281	302	284
Van Buren	32,800	300	189	197	202	199	212	274
Winona	65,500	550	443	466	433	418	440	435
Middle Schools								
Bill Reed	146,500	900	709	695	701	660	650	618
Conrad Ball	96,100	810	667	659	660	642	646	621
Lucile Erwin	115,500	900	903	888	888	850	874	854
Turner	72,750	770	425	460	449	465	407	421
Walt Clark	96,850	900	481	477	508	530	574	586
High Schools								
Berthoud	143,100	990	693	678	646	623	626	623
Ferguson	43,000	185	124	120	112	131	138	125
Loveland	211,250	1,500	1,535	1,521	1,490	1,517	1,553	1,641
Mountain View	252,300	1,475	1,253	1,208	1,127	1,118	1,103	1,081
Thompson Valley	218,000	1,475	1,246	1,238	1,278	1,328	1,330	1,364
Totals	<u>2,294,950</u>	<u>17,830</u>	<u>14,267</u>	<u>14,269</u>	<u>14,163</u>	<u>14,104</u>	<u>14,354</u>	<u>14,347</u>

Source: Thompson School District Planning Department

2009	2008	2007	2006
441	424	404	404
206	195	185	233
176	192	200	212
341	322	299	307
396	342	319	343
448	555	517	529
274	-	-	-
286	261	271	246
325	342	363	376
244	289	302	310
366	394	391	431
484	496	471	461
385	392	420	409
484	509	516	603
-	-	-	-
334	336	366	346
244	241	216	235
272	282	285	267
258	269	266	272
413	407	364	382
621	604	612	645
640	703	783	794
882	836	836	800
413	426	434	437
643	683	708	770
641	677	692	673
105	99	105	97
1,689	1,678	1,636	1,536
1,107	1,201	1,187	1,179
1,436	1,475	1,492	1,477
14,554	14,630	14,640	14,774



COMPLIANCE SECTION





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, 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, 2015, 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, 2015. 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.

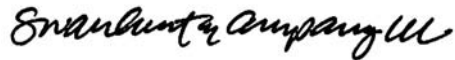
Our consideration of the Thompson School District R2-J's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses 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, 2015



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, 2015. 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, 2015.

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, 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, 2015, 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, 2015, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School, which represent 67 percent and 39 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School, is based solely upon the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.



November 25, 2015

THOMPSON SCHOOL DISTRICT R2-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

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

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

_____ yes x no

Identification of major federal programs:

- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.559 Summer Food Service Program for Children

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

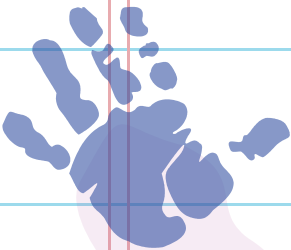
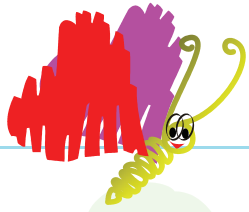
Auditee qualified as low-risk auditee? x yes _____ no

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.



Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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	84.010	\$ 1,868,561
Special Education	4027	84.027	2,519,890
Special Education Preschool	4173	84.173	81,142
Improving Teacher Quality	4367	84.367	228,959
English Language Acquisition	4365	84.365	31,366
Race to the Top	4413	84.413	5,627
Special Education State Personnel Development	5323	84.323	551
Twenty-First Century Community Learning Centers	5287	84.287	94,010
Passed Through State Department of Human Services			
Vocational Rehabilitation		84.126	114,321
Passed Through State Community Colleges System			
Career and Technical Education		84.048	83,514
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,027,941</u>
U.S. Department of Agriculture			
Passed through State Department of Human Services			
Food Donation		10.555	301,178
Passed Through State Department of Education			
School Breakfast Program	4553	10.553	732,896
National School Lunch Program	4555	10.555	1,985,404
Summer Food Service Program for Children	4559	10.559	114,847
Passed Through State Department of Public Health & Environment			
Child and Adult Care Food Program		10.558	23,819
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,158,144</u>
U.S. Department of Health and Human Services			
Direct Program			
Head Start		93.600	983,540
Passed Through State Department of Education			
Substance Abuse and Mental Health Services	7243	93.243	112,511
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,096,051</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 9,282,136</u>

See independent auditors' report

Thompson School District R2-J
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2015

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 2014-15

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	26,181,673	110,922,803	112,897,930	24,206,545
18 Risk Mgmt Sub-Fund of General Fund	60,000	1,434,431	1,422,431	72,000
19 Colorado Preschool Program Fund	73,752	688,638	762,390	0
Sub- Total	26,315,424	113,045,872	115,082,751	24,278,545
11 Charter School Fund	1,230,323	8,242,361	7,932,912	1,539,772
20,26-29 Special Revenue Fund	4,209,454	3,008,689	2,251,922	4,966,222
21 Food Service Spec Revenue Fund	880,446	4,797,564	4,916,808	761,202
22 Govt Designated-Purpose Grants Fund	1,347,590	9,997,718	9,202,490	2,142,819
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	12,611,056	10,603,082	10,345,138	12,869,000
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	11,317,426	2,398,500	8,918,926
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	2,221,734	4,639,824	5,921,003	940,555
Totals	48,816,027	165,652,535	158,051,522	56,417,040
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	74,116	104,949	101,946	77,118
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,198,483	2,639,504	2,640,769	1,197,218
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,156,963	688,372	544,807	1,300,528
Totals	2,429,562	3,432,824	3,287,522	2,574,864

FINAL

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