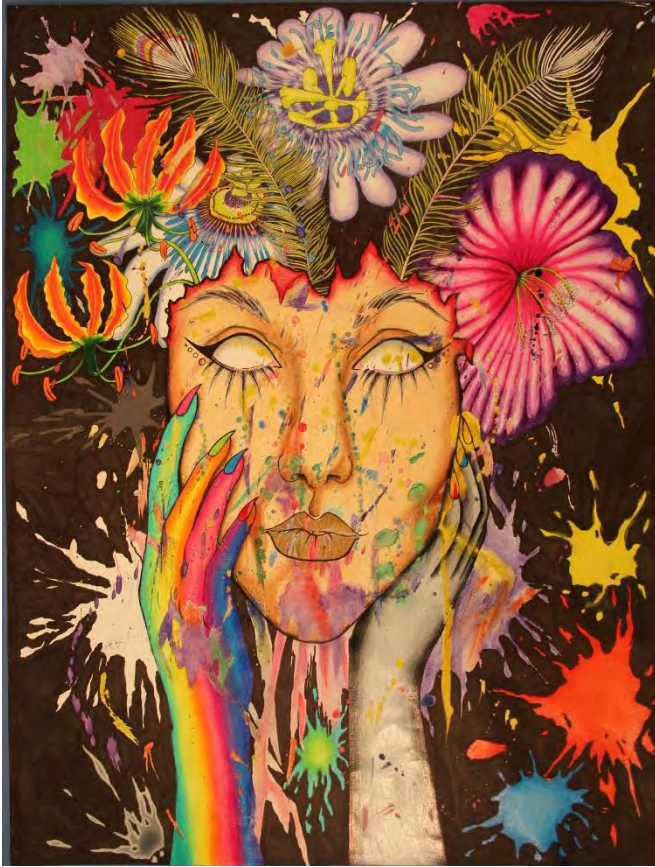


# THOMPSON SCHOOL DISTRICT R2-J

[www.thompsonschoools.org](http://www.thompsonschoools.org)

Loveland/Berthoud/Fort Collins, Colorado



## Comprehensive Annual

## Financial Report

Fiscal Year Ending June 30, 2016



# **THOMPSON SCHOOL DISTRICT R2-J**

Loveland, Berthoud, & Fort Collins Colorado

## **Comprehensive Annual Financial Report**

For the Year Ended  
**June 30, 2016**

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, 2016**

TABLE OF CONTENTS

**Introductory Section**

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

**Financial Section**

|  |      |
|--|------|
| Independent Auditors’ Report .....         | 1-2  |
| Management’s Discussion and Analysis ..... | 3-15 |

**Basic Financial Statements**

|  |       |
|--|-------|
| Government-wide Financial Statements   |       |
| Statement of Net Position.....   | 17    |
| Statement of Activities .....  | 18-19 |
| Fund Financial Statements  |       |
| Balance Sheet – Governmental Funds.....  | 20-21 |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Governmental Funds..... | 22-23 |
| Statement of Fiduciary Assets and Liabilities .....  | 24    |
| Notes to Financial Statements .....  | 26-45 |

**Required Supplementary Information**

|  |       |    |
|--|-------|----|
| Schedule of Proportionate Share of the Net Pension Liability and Contributions<br>Public Employees’ Retirement Association of Colorado School Division<br>Trust Fund ..... |       | 48 |
| General Fund   |       | 49 |
| Budgetary Comparison Schedule .....  | 50-51 |    |
| Notes to Required Supplementary Information.....   | 52    |    |

**Combining and Individual Fund Financial Statements and Schedules** 53

|  |       |    |
|--|-------|----|
| Debt Service   |       | 54 |
| Bond Redemption Fund Budgetary Comparison Schedule.....                              | 55    |    |
| Capital Projects   |       | 56 |
| Building Fund Budgetary Comparison Schedule.....                                     | 57    |    |
| Non-Major Governmental Funds   |       | 59 |
| Combining Balance Sheet .....  | 60-61 |    |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances ..... | 62-63 |    |
| Nutrition Services Fund Budgetary Comparison Schedule.....                           | 64    |    |
| Government Designated-Purpose Grants Fund  |       |    |
| Budgetary Comparison Schedule .....  | 65    |    |
| Land Reserve Fund Budgetary Comparison Schedule.....                                 | 66    |    |
| Fee Supported Programs Fund Budgetary Comparison Schedule.....                       | 67    |    |

**Thompson School District R2-J  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

TABLE OF CONTENTS

|   |    |
|---|----|
| Capital Projects Fund Budgetary Comparison Schedule.....                          | 68 |
| Fiduciary Fund Type   | 70 |
| Combining Statement of Fiduciary Assets and Liabilities .....                     | 71 |
| Combining Statement of Changes in Assets and Liabilities .....                    | 72 |
| Education Memorial Fund Budgetary Comparison Schedule .....                       | 73 |
| Interscholastic Athletic and Activity Fund<br>Budgetary Comparison Schedule ..... | 74 |
| Component Units   | 75 |
| Combining Statement of Net Position.....  | 76 |
| Combining Statement of Activities .....   | 77 |
| Statement of Cash Flows, Thompson Education Foundation .....                      | 78 |

**Statistical Section**

|   |         |
|---|---------|
| Financial Trends  |         |
| Schedule of Net Position .....  | 80-81   |
| Schedule of Changes in Net Position .....   | 82-85   |
| Schedule of Fund Balances, Governmental Funds.....  | 86-87   |
| Schedule of Changes in Fund Balances, Governmental Funds .....                                | 88-89   |
| Revenue Capacity Information  |         |
| Assessed Value and Estimated Value of Taxable Property.....                                   | 90-91   |
| Property Tax Rates – Direct and Overlapping Governments .....                                 | 92      |
| Principal Taxpayers .....   | 93      |
| Property Tax Levies and Collections .....   | 94      |
| Debt Capacity Information   |         |
| Ratios of Outstanding Debt by Type (Governmental Only) .....                                  | 95      |
| Ratio of Gross General Bonded Debt to Assessed Value and<br>Gross Bonded Debt per Capita..... | 96      |
| Computation of Direct and Overlapping Debt .....  | 97      |
| Computation of Legal Debt Margin .....  | 98-99   |
| Demographic and Economic Information  |         |
| Principal Employers .....   | 100     |
| Demographic and Economic Statistics .....   | 101     |
| Operating Information   |         |
| Number of Employees by Function.....  | 102     |
| Operating Indicators .....  | 103     |
| School Building Information.....  | 104-105 |

**Thompson School District R2-J  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

TABLE OF CONTENTS

**Compliance Section**

|   |         |
|---|---------|
| Independent Auditors' Report on Internal Control over Financial Reporting<br>And on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with Government Auditing<br>Standards ..... | 108-109 |
| Independent Auditors' Report on Compliance for Each Major Federal Program,<br>Internal Control Over Compliance, and the Schedule of Expenditures of<br>Federal Awards Required by the Uniform Guidance .....                      | 110-111 |
| Schedule of Findings and Questioned Costs .....   | 112     |
| Schedule of Expenditures of Federal Awards .....  | 114     |
| Notes to Schedule of Expenditures of Federal Awards .....   | 115     |
| Colorado Department of Education Auditors Integrity Report .....  | 116     |

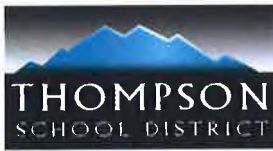
**EMMA, Continuing Disclosure Section**

|   |         |
|---|---------|
| District Enrollment, Historical Enrollment as of October Student Counts ..... | 117     |
| History of District's Mill Levy .....   | 118     |
| History of District's Assessed Valuation .....                                | 119     |
| History of District's Property Tax Collections .....                          | 120     |
| History of General Fund Revenues, Expenditures and Fund Balances .....        | 122-123 |
| General Fund Budget Summary and Comparison .....                              | 124     |
| General Obligation Debt Ratios, Historical Debt Ratios (as of June 30) .....  | 125     |

## **INTRODUCTORY SECTION**

Contents:

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



*Business Services Department*

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

November 29, 2016

**Board of Education and Citizens  
Thompson School District R2-J,  
Loveland/Berthoud, Colorado:**

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Thompson School District R2-J (District) for the year ended June 30, 2016.

State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Thompson School District R2-J for the fiscal year ended June 30, 2016.

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, 2016, 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, 2016, 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 based on Funded Pupil Count (FPC), 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 District owned facilities range in age from 6 to 100 years old, with the average facility age being 42 years. Funded Pupil Count for the 2015-16 school year was 15,065 students with slightly higher projections budgeted for 2016-17 at 15,107.

District schools offer a number of educational options including: International Baccalaureate (IB) and pre-IB programs; Science, Technology, Engineering, Art & Mathematics (STEAM) focus; Core Knowledge programs; Loveland area Integrated School of the Arts (LISA); Gifted and Talented; dual language immersion; Thompson2Life to ensure college, career and community readiness; and Advanced Placement programs. Also available is the Loveland/Berthoud Enrichment Access Program (LEAP) to support parents who choose to school their children at home or outside a public setting.

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, sets policy regarding operations, and is primarily accountable for fiscal matters. The District’s Board is also empowered to levy a property tax on both real and personal properties located within its statutory boundaries.

The annual budget serves as the foundation of the District’s financial planning and control. The District maintains extensive budgetary controls, to ensure compliance with legal requirements, Board of Education policies and District administration guidelines. The legal level of budgetary control is the fund level. The District’s budget must be adopted by June 30 prior to the budget year, but may be revised for any reason no later than January 31 of the 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.** Economic conditions in Northern Colorado continue to be among the strongest in the state as business leaders remain more positive about the state economy than the national economy. The unemployment rate in the area continues to remain below the historical average as year-over-year gains in employment reflect the continuing recovery process from The Great Recession. The District remains the largest employer in Loveland and Berthoud.

There is optimism for continued growth in employment, construction activity and retail sales within the District boundaries. In contrast, similar growth in Weld County is less certain as the decline in the price of oil has led to a decrease in property assessed valuations, oil-related employment and the resulting economic impact. Due to continued population growth in the area and the availability of housing, residential construction continues to be active, 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, which is located within the District, continues to be an area of recent significant growth and considerable future promise for the region. Assessed valuations of real property in the District, from both existing and new construction, have steadily increased over the previous four years.

**State Funding.** Because the General Fund revenues for public schools in Colorado are predominantly determined by the School Finance Act of 1994 (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 (SFA). As a result the state legislature introduced the "negative factor" into the school finance formula which has underfunded the called for Amendment 23 SFA formula for seven years through 2015-16. For the District, the negative factor or related rescissions, suppressed District SFA revenues by \$1.9 M in 2009-10, \$10.4 M in 2010-11, \$13.4 M in 2011-12, \$17.6 M in 2012-13, \$17.4 M in 2013-14, \$15.0 M in 2014-15 and \$14.0 M in 2015-16 (cumulative impact of \$89.7 M through 2015-16).

Fiscal 2016-17 projects an increase to Per Pupil Revenue (PPR) (from \$6,940 to \$7,051) while still withholding \$13.8 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.

The Governor's office has presented the State Budget which will be used to begin budget discussions with legislators for the 2017 Legislative Session. This preliminary budget anticipates an inflation rate of 2.7% and would increase District PPR funding from \$7,051 to \$7,225. However, the negative factor would increase \$45.4 M statewide, with the District's negative factor for the 2017-18 year estimated to be \$14.5 M less than the SFA formula calls for. It is expected that the annual gap in funding will remain, absent any structural change to the State's budget and how PK-12 education is funded. 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 2016-17, preliminary total program dollars still fall \$831 million (or 11.5%) below statutory formula levels for all districts in the state without regard to the negative factor. For the District that shortfall is nearly \$13.8 M for 2016-17, while PPR is expected to be only approximately 2.6% greater than the level seen seven years ago in 2009-10 (0.4% annualized).

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

Staff count is still below levels of 2009-10 even while the District serves more students. Reductions of all expenditure types have been analyzed and implemented where doing so was prudent. On some occasions resources were redirected toward areas of greater need or as mandated. Where there have been needs requiring more resources those needs have been met. Use of 1-time monies has been done thoughtfully and carefully. 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 reflect less than a 12% decrease over the same time period. 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 mill levy override (MLO) 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 Local Government Liquid Asset Trust (ColoTrust), a "AAAm" rated investment pool.

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 31% of its School Finance Act revenues. Those property tax revenues are collected primarily during the latter half 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, 2015. This was the twenty-eighth time the District had received this prestigious award and the twentieth consecutive year. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the nineteenth 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 provided during the year.

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

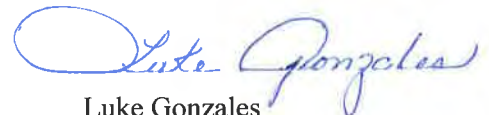
Respectfully submitted,



Dr. Stan Scheer  
Superintendent of Schools



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, 2015**

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, 2015**

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



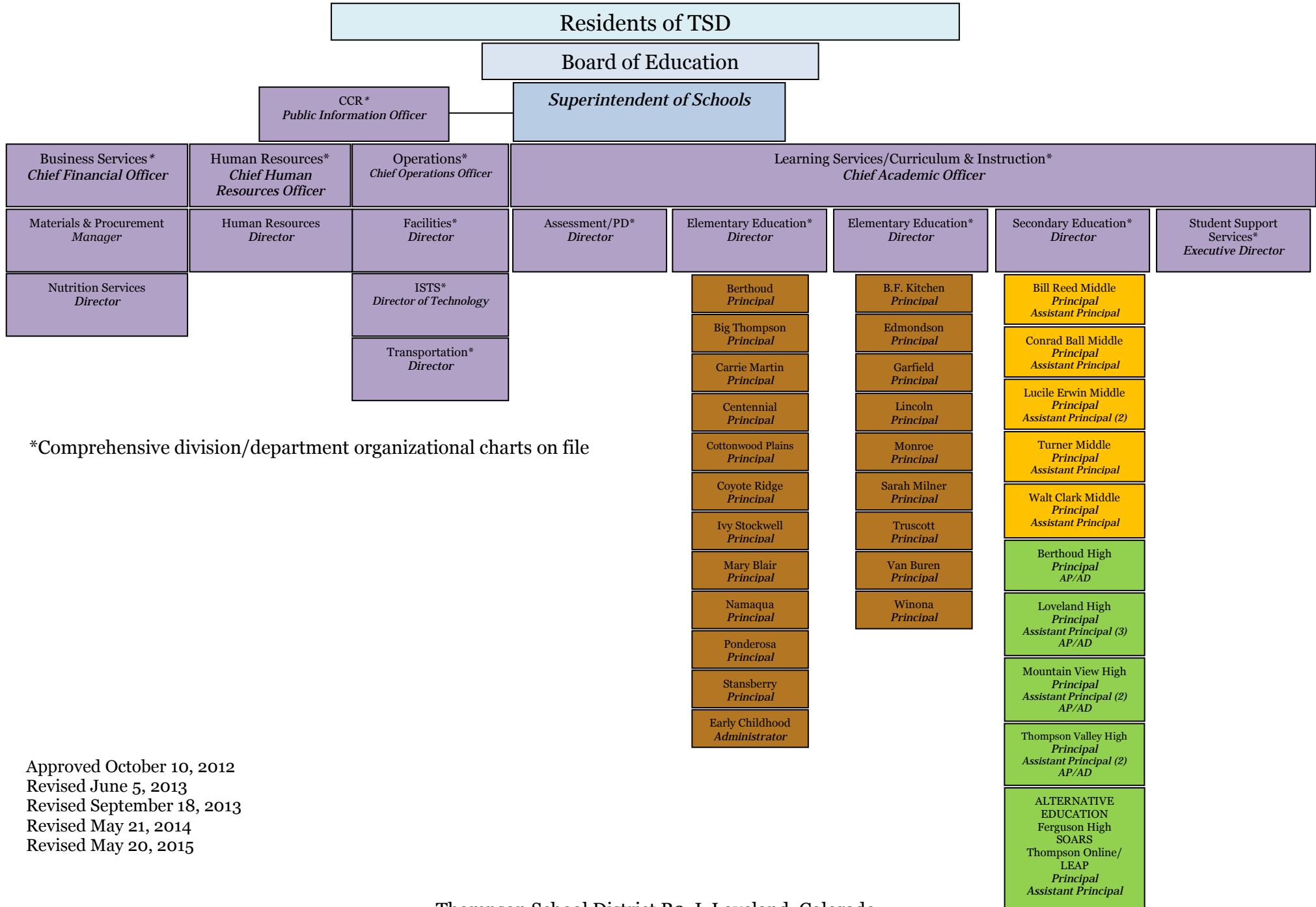
*Brenda Burkett*

**Brenda R. Burkett, CPA, CSBA, SFO**  
President

*John D. Musso*

**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

|                             |                   |
|-----------------------------|-------------------|
| Lori Hvizda Ward, President | Term Expires 2017 |
| Pam Howard, Vice President  | Term Expires 2019 |
| Jeff Swanty, Secretary      | Term Expires 2019 |
| Denise Montagu, Treasurer   | Term Expires 2019 |
| Bryce Carlson               | Term Expires 2017 |
| Carl Langner                | Term Expires 2017 |
| Dave Levy                   | Term Expires 2019 |

## 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 and other required information for the District’s pension plan.

#### **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, 2016, 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 63 percent and 38 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, 2016, 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.

### ***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, auditors integrity report, and continuing disclosure section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, 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 29, 2016

# **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

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, 2016. 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 2016 are as follows:

- The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer cost-sharing, defined benefit pension plan as of June 30, 2015. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution decisions made by PERA. This new reporting requirement became effective in the prior fiscal year (2014-15). The beginning net position of governmental activities reflects this new reporting requirement. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, resulting in a net pension liability of \$279.1 million, representing the District's proportionate share of the plan's net pension liability.
- The District's government-wide net position decreased \$5.3 million during the fiscal year ended June 30, 2016, to a deficit of \$152.5 million, which represents a decrease of 3.6% from the prior year. Total revenue growth of \$9.3 million (6.1%), combined with expense increases of \$3.9 million (2.4%) yielded the \$5.3 million change versus the prior year's decrease in net position of \$10.7 million. The District remains mindful of and continues to monitor its financial position to ensure its use of resources remains appropriately targeted and balanced.
- Government-wide revenue improvements of \$9.3 million versus the prior year came predominantly from School Finance Act funding from local property taxes and state equalization (\$4.4 million), Loveland URA distribution revenues related to building of High Plains School (\$4.0 million), increased operating grants and contributions (\$0.4 million) and other remaining revenue sources (\$0.5 million).
- Government-wide expenses increased by \$3.9 million versus the prior year as the District made significant investments in the following areas: continued construction of High

# **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

Plains School and early childhood center, instructional materials, literacy support, and compensation in response to market pressures and no cost of living increase the previous year. Inflationary increases included Public Employees' Retirement Association (PERA), as mandated by the state legislature and health insurance premiums.

- Net assets of the District increased by \$8.7 million as compared to the prior year. The change is primarily related to an increase in Construction in Progress for High Plains School, net of annual depreciation on previously existing assets. The school was completed after the close of the 2015-16 fiscal year and opened in August 2016.

## **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 and recent trends.
3. Basic Financial Statements - including government-wide and fund financial statements with associated Notes to the Financial Statements.
4. Supplementary Information - including Budget to Actual comparisons.
5. Statistical - providing broader relevant contextual information.
6. Electronic Municipal Market Access (EMMA) – continuing disclosure statements regarding District tax exempt bonds.

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*.

# **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health one needs to consider additional non-financial factors such as enrollment trends, changes in the District's property tax base, age of curriculum and the condition of school buildings and other facilities.

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

## **Fund 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. These three categories comprise 90% of the revenues received by the District.

## Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016

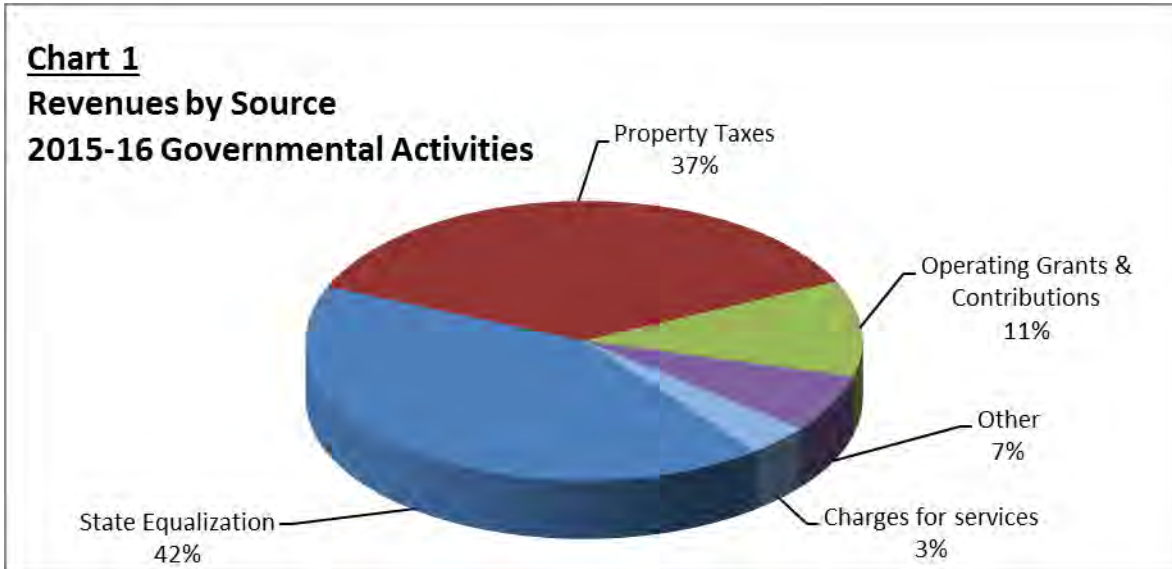
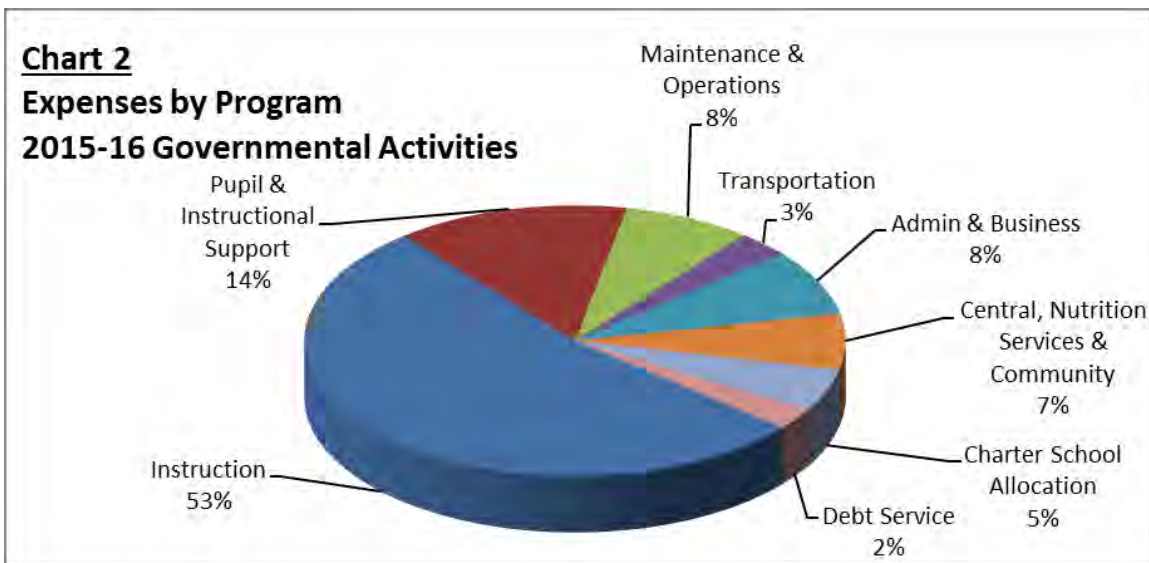


Chart 2 below presents the District's expenditures by major categories with direct instruction, and pupil and instructional support type expenditures receiving the greatest emphasis, as expected.



### Chart 1 – Revenues by Source: 2015-16 Governmental Activities

- In fiscal 2015-16 the state supplied 63.1% of School Finance Act (SFA) funding for the District through equalization. Local property and specific ownership (SO) taxes comprised the remaining 36.9% of SFA revenue. State equalization monies are 41.9% of the District's Governmental Activities revenues. Beginning in 2009-10, state revenues

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

were impacted by the recession. This resulted in creation of the Negative Factor (budget balancing mechanism) which decreases the constitutional formula funding from the state.

- 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 (local, mill levy override and debt service) are 36.7% of total governmental activities revenues.
- 11.1% of District revenues came from operating grants and contributions in 2015-16. Most significant among them are the Federal IDEA, Title and Head Start grants.
- The District collects 3.6% of total revenues via fees for supplemental services or programs such as full-day kindergarten, certain elective classes, and rental of district facilities. An additional 6.7% of other revenues are from SO taxes, Loveland URA funds related to construction of High Plains School and other miscellaneous receipts.

### **Chart 2 – Expenses by Program: 2015-16 Governmental Activities**

- Classroom teacher salaries & benefits, curriculum, textbooks and instructional supplies and materials are the foundation of student instruction. At 53.0% of the total, these costs comprise the largest category of expenditures for the organization.
- The District spends another 14.0% for expenditures in direct support of students and the staff that instruct them. Examples include counselors and instructional coaches.
- Maintenance and operation costs for all school sites and other district properties are 7.7% of expenditures. Utility costs, maintenance and repairs are included in this category.
- Administration and business expenditures (7.9% of total) are primarily the school building principals, assistant principals, school secretaries and their related expenditures. It also includes the superintendent, Board of Education and staff and related expenditures to manage and oversee financial operations of the organization.
- 100% of per pupil revenues derived from students enrolled in District charter schools is categorized as expenditures and flow to the charters on a monthly basis at the same time the funds are received. Also included is incremental funding provided to the charters.



**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2016**

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

|  | <b>Governmental<br/>Activities</b> |                     | <b>Total Percentage<br/>Change</b> |
|--|------------------------------------|---------------------|------------------------------------|
|  | <b>2016</b>                        | <b>2015</b>         | <b>2015-2016</b>                   |
| <b>Assets</b>                                      |                                    |                     |                                    |
| Current & Other Assets                             | \$ 63.911                          | \$ 71.941           | -11.2%                             |
| Capital Assets                                     | 158.094                            | 149.363             | 5.8%                               |
| <b>Total Assets</b>                                | <b>222.005</b>                     | <b>221.304</b>      | <b>0.3%</b>                        |
| <b>Deferred Outflows of Resources</b>              |                                    |                     |                                    |
| Pensions, Net of Accumulated Amortization          | 38.309                             | 17.289              | 121.6%                             |
| Loss on Refunding, Net of Accumulated Amortization | 8.689                              | 9.862               | -11.9%                             |
| <b>Total Deferred Outflows of Resources</b>        | <b>46.998</b>                      | <b>27.151</b>       | <b>73.1%</b>                       |
| <b>Liabilities</b>                                 |                                    |                     |                                    |
| Other Liabilities                                  | 17.145                             | 16.349              | 4.9%                               |
| Long-Term Liabilities                              | 117.090                            | 126.124             | -7.2%                              |
| Net Pension Liability                              | 279.079                            | 253.083             | 10.3%                              |
| <b>Total Liabilities</b>                           | <b>413.314</b>                     | <b>395.556</b>      | <b>4.5%</b>                        |
| <b>Deferred Inflows of Resources</b>               |                                    |                     |                                    |
| Pensions, Net of Accumulated Amortization          | 8.142                              | 0.019               | 42752.6%                           |
| <b>Net Position</b>                                |                                    |                     |                                    |
| Net Investment in                                  |                                    |                     |                                    |
| Capital Assets                                     | 55.684                             | 48.575              | 14.6%                              |
| Restricted   | 23.442                             | 22.474              | 4.3%                               |
| Unrestricted                                       | (231.580)                          | (218.169)           | 6.1%                               |
| <b>Total Net Position</b>                          | <b>\$ (152.454)</b>                | <b>\$ (147.120)</b> | <b>3.6%</b>                        |

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

- The decrease in total current & other assets shown above is primarily due to the use of proceeds from previously sold Certificates of Participation (COP) for costs associated with construction expenditures at High Plains School over the course of 2015-16.
- Total capital assets, shown net of depreciation, increased by \$8.7 million reflecting annual depreciation (\$7.2 million) and new investment over deletions for the year (\$15.9 million) primarily associated with construction in progress on High Plains School.
- The increase in total liabilities (\$17.8 million) is primarily due to a change in the District's proportionate share of PERA's unfunded pension liability (\$26.0 million),

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2016**

offset somewhat by annual debt service on the District's long-term general obligation and certificates of participation debt (\$8.5 million).

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

|                                     | <b>Governmental<br/>Activities</b> |                     |
|-------------------------------------|------------------------------------|---------------------|
|                                     | <b>2016</b>                        | <b>2015</b>         |
| <b>Revenues</b>                     |                                    |                     |
| Program revenues                    |                                    |                     |
| Charges for services                | \$ 5.808                           | \$ 5.355            |
| Operating Grants & Contributions    | 17.811                             | 17.390              |
| General revenues                    |                                    |                     |
| Property taxes                      | 59.033                             | 53.376              |
| State revenue                       | 67.344                             | 68.614              |
| Other                               | 10.786                             | 6.763               |
| <b>Total Revenues</b>               | <b>160.782</b>                     | <b>151.498</b>      |
| <b>Expenses</b>                     |                                    |                     |
| Instruction                         | 88.010                             | 85.587              |
| Pupil & Instructional Support       | 23.241                             | 22.277              |
| Administration & Business           | 13.174                             | 12.284              |
| Maintenance & Operations            | 12.779                             | 12.589              |
| Transportation                      | 5.095                              | 4.932               |
| Central Support                     | 4.638                              | 6.417               |
| Nutrition Service                   | 5.351                              | 5.181               |
| Community Services                  | 1.098                              | 1.068               |
| Interest on Long Term Debt          | 4.352                              | 4.500               |
| Charter School Allocation           | 8.378                              | 7.388               |
| <b>Total Expenses</b>               | <b>166.116</b>                     | <b>162.223</b>      |
| Increase (decrease) in Net Position | (5.334)                            | (10.725)            |
| Net Position - July 1               | (147.120)                          | (136.395)           |
| Net Position - June 30              | <b>\$ (152.454)</b>                | <b>\$ (147.120)</b> |

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

- Governmental activities revenues increased by approximately \$9.3 million. This increase is primarily from higher School Finance Act property taxes (\$4.7 million) and mill levy

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

override collections (\$0.8 million) associated with increases in assessed valuation, higher Loveland Urban Renewal Authority distribution revenues associated with construction of High Plains School (\$4.0 million), an increase in Operating Grants and Contributions (\$0.4 million), and increases in Charges for Services (\$0.5 million), offset somewhat by lower state equalization revenues (-\$1.3 million).

- Expenses in total increased by \$3.9 million versus the prior year as the District made significant investments in the following areas: continued construction of High Plains School and early childhood center, instructional materials, literacy support, and compensation in response to market pressures and no cost of living increase the previous year. Inflationary increases included Public Employees' Retirement Association (PERA), as mandated by the state legislature and health insurance premiums.
- Increased District charter school enrollments, a higher per pupil revenue allocation from the state and incremental funding from the Thompson School District General Fund resulted in increased charter school allocations of \$1.0 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 2016 financial results show governmental fund balances in total having decreased approximately \$9.0 million, from \$54.9 million to \$45.9 million at the fiscal year-end. FY 2015 included the reclassification of the Nutrition Services Fund to governmental funds as a special revenue fund but no such additions or deletions took place in FY 2016.

- The General Fund used \$1.9 million in reserves for strategic investments in the following areas: provisioning of High Plains School and early childhood center, instructional materials, literacy support, and compensation in response to market pressures to attract and retain quality employees. Inflationary increases included legislatively mandated PERA contributions and increased health insurance premiums. Charter allocations increased by \$1.0 million versus the prior year due to a combination of more enrollment, higher per pupil revenue allocation from the state and incremental funding from the Thompson School District General Fund.
- Grants Fund reserves grew \$0.6 million to \$2.7 million. The largest remaining balances are Medicaid reimbursement (\$1.9 million), READ Act (\$0.1 million), Colorado

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

Education Initiative (\$0.1 million), ELPA Professional Development (\$0.1 million) and School Health Professional (\$0.1 million) monies.

- The Bond Redemption Fund balance increased \$0.3 million simply as a function of normal adherence to the debt service schedules and property tax collections for the next year.
- The Building Fund balance decreased \$8.8 million in 2015-16 as construction continued on High Plains School and the related early childhood education center. In 2016 this fund received specifically designated distributions of \$4.2 million from the Loveland Urban Renewal Authority (LURA). The building was essentially completed in 2015-16, leaving an available fund balance at the end of the year of \$0.2 million.
- The Capital Projects Fund balance increased \$0.9 million for the year, primarily associated with carryover of funds for the provisioning of High Plains School (furniture, curriculum, start-up costs) that were not yet expended by June 30, 2016. This fund is also where LURA proceeds and annual debt servicing of the COP is recorded.
- All other governmental funds reserves showed minimal movements for the year.

### **General Fund Budgetary Highlights**

The District began the year with a General Fund budget that included expenditures in excess of revenues by \$4.5 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 reasonable 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 \$0.501 million over the adopted budget.

Improvement of budgeted revenues by \$0.564 million is detailed below.

- School Finance revenue decline due to lower enrollment than budgeted, offset partially by an increase in per pupil revenue (-\$0.142 million)
- Mill Levy Override Property Tax due to increase in assessed valuation (+\$0.702 million)
- All other combined adjustments (+\$0.004 million)

Increased expenditures budget, including transfers, of \$0.063 million is detailed below.

- Increase in Charter School Allocations due to actual enrollment (\$0.102 million)
- Decreased allocations to preschool programs due to higher per pupil revenue (\$0.039 million)

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

Prior to the end of the fiscal year, supplemental budget changes were approved by the Board and are listed here. The combined impact of these changes was an increase in expenditures of \$2.281 million over the adopted budget.

Increased expenditures budget, including transfers, of \$2.281 million is shown below.

- High Plains startup costs of \$1.393 million for curriculum (\$0.880 million), IT (\$0.364 million), FTE (\$0.112 million), athletics (\$0.021 million) and all other (\$0.016 million)
- High Plains School and Early Childhood Center construction contingency costs of \$0.430 million)
- Addition of programs for Career Center, elementary Active Transition Leading to Authentic Success (ATLAS), and middle school Thrive of \$0.458 million

Final actual performance against budget (adopted, resolution, supplemental) was improved for the 2015-16 year. Revenues exceeded the adjusted targets by \$1.117 million. Key aspects of this improvement are shown below.

- Higher than budgeted categorical funding (Special Education, Vocational Education, Transportation) from the State (\$0.277 million)
- Improved Specific Ownership tax collections (\$0.173 million)
- Greater receipts for services provided to charter schools (\$0.209 million)
- Greater than anticipated receipts from Other revenue sources (e-rate rebates, insurance claims, crossing guards funding, field trip reimbursements, etc.) (\$0.413 million)
- All other combined net revenue improvements (\$0.045 million)

Final actual expenditures, including transfers, were favorable to budget by \$3.255 million. Highlighted variances include the following:

- The Student Instruction program code comprises approximately 55% of total expenditures of the General Fund. This same program code represented \$2.124 million (65%) of the favorable budget variance.
- All Supporting Services program codes make up approximately 38% of General Fund budgeted expenditures. These combined program codes contributed \$1.193 million (37%) in savings versus the final expenditures budget. Included in this variance was better than budget performance in Instructional Staff (\$0.589 million), Maintenance/Operations (\$0.491 million) and Pupil Transportation (\$0.373 million), offset somewhat by greater than budget expenditures in Pupil Services (\$0.367 million) and School Administration (\$0.123 million).

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2016**

- Capital Outlay and Charter School Allocation program codes represent approximately 7% of General Fund budgeted expenditures and were essentially on budget for the year.

Total net improvement of actual performance versus final budget was \$4.372 million.

**Capital Assets**

By the end of 2016, the District had invested \$158.1 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 that was effective in 2015-16. Table 3 provides a comparison of fiscal years 2016 and 2015.

**Table 3  
Capital Assets at June 30, 2016  
(Net of Depreciation, in Millions)**

|                          | <b>Governmental<br/>Activities</b> |                   | <b>Total Percentage<br/>Change</b> |
|--------------------------|------------------------------------|-------------------|------------------------------------|
|                          | <b>2016</b>                        | <b>2015</b>       | <b>2015-2016</b>                   |
| Land                     | \$ 15.525                          | \$ 14.811         | 4.8%                               |
| Land Improvements        | 0.601                              | 0.666             | -9.8%                              |
| Water Rights             | 1.291                              | 1.291             | 0.0%                               |
| Construction in Progress | 16.794                             | 2.666             | 529.9%                             |
| Buildings                | 120.508                            | 126.630           | -4.8%                              |
| Equipment                | 1.953                              | 1.935             | 0.9%                               |
| Transportation           | 1.421                              | 1.363             | 4.2%                               |
| <b>Totals</b>            | <b>\$ 158.094</b>                  | <b>\$ 149.362</b> | <b>5.8%</b>                        |

New investments in capital assets, net of disposals for the year, are \$15.890 million. The majority of this increase (\$14.128 million) is associated with Construction in Progress of High Plains School. Depreciation of \$7.158 million on governmental activities assets yields an overall net increase in capital assets for the year of \$8.731 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 \$111.1 million in bonds and certificates of participation. Of this total, \$7.5 million of principal is due within one year.

**Thompson School District R2-J  
Management’s Discussion & Analysis  
For the Fiscal Year Ended June 30, 2016**

**Table 4  
Outstanding Debt at June 30, 2016  
(in Millions)**

|                               | <b>Governmental<br/>Activities<br/>2016</b> | <b>Governmental<br/>Activities<br/>2015</b> |
|-------------------------------|---|---|
| General Obligation Bonds      | \$ 99.166                                   | \$ 106.790                                  |
| Certificates of Participation | 11.932                                      | 12.778                                      |
| <b>Total</b>                  | <b>\$ 111.098</b>                           | <b>\$ 119.568</b>                           |

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 is not aware of any new charter schools being planned at this time.
- 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 37% of the State’s General Fund budget (but declining) and as a result state-level budget struggles can impact school districts as evidenced by the continued use of the negative factor in calculating school funding. Base funding for 2016-17 is expected to grow by inflation of 1.8% over 2015-16 levels. The negative factor is anticipated to remain static for the current year unless there is an economic downturn. The governor’s initial budget proposal for 2017-18 includes base per pupil revenues adjusted upward for inflation estimates of 2.7% and an increase in the statewide negative

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2016**

factor of \$45.4 million statewide to a total of \$876.1 million. The District share of the negative factor results in an estimated decrease in funding of \$14.5 million in FY 2017-18 from what the School Finance Act funding formula calls for.

- The Public Employees' Retirement Association (PERA) of Colorado, the pension plan that covers all District employees, will increase employer contribution rates by 0.5% 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 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 2017 includes expenditures in excess of revenues by \$5.3 million. Although the final results each year continue to outperform the adopted budget, the use of reserves on an annual basis continues to decrease the available fund balance. 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 most recently approved 2005 bond issuance successfully provided for significant capital projects and maintenance across the District for that ten year period but the funds have been exhausted. With an average building age exceeding 42 years and increased General Fund pressures impacting its support for deferred maintenance 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.





*Pumpkins with Dad*



*Sculpture Park Visit*

**BASIC  
FINANCIAL STATEMENTS**

**Thompson School District R2-J**  
**Statement of Net Position**  
**As of June 30, 2016**

|   | <b>Primary<br/>Government</b>      | <b>Component</b> |
|---|------------------------------------|------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Units</b>     |
| <b>ASSETS</b>                                       |                                    |                  |
| Cash and Investments                                | \$ 58,207,421                      | \$ 4,149,474     |
| Restricted Cash and Cash Equivalents                | -                                  | 595,108          |
| Accounts Receivable                                 | 1,007,776                          | 133,034          |
| Property Tax Receivable                             | 2,784,555                          | -                |
| Grants Receivable                                   | 1,651,677                          | 10,446           |
| Prepaid Expenses                                    | 37,500                             | 501,005          |
| Inventory   | 222,235                            | -                |
| Capital Assets, Not Being Depreciated               | 33,611,017                         | 400,000          |
| Capital Assets, Net of Accumulated Depreciation     | 124,482,657                        | 2,762,708        |
| <b>Total Assets</b>                                 | 222,004,838                        | 8,551,775        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                    |                  |
| Pensions, Net of Accumulated Amortization           | 38,308,513                         | 2,160,306        |
| Loss on Refundings, Net of Accumulated Amortization | 8,689,020                          | -                |
| <b>Total Deferred Outflows of Resources</b>         | 46,997,533                         | 2,160,306        |
| <b>LIABILITIES</b>                                  |                                    |                  |
| Accounts Payable                                    | 2,140,114                          | 149,491          |
| Retainage Payable                                   | 1,112,871                          | -                |
| Accrued Salaries and Benefits                       | 13,576,335                         | 264,049          |
| Unearned Revenue                                    | 110,192                            | 15,388           |
| Accrued Interest Payable                            | 205,905                            | 75,347           |
| Noncurrent Liabilities                              |                                    |                  |
| Due within One Year                                 | 9,693,168                          | 80,000           |
| Due in More Than One Year                           | 107,396,820                        | 4,385,000        |
| Pension Liability                                   | 279,079,146                        | 12,907,323       |
| <b>Total Liabilities</b>                            | 413,314,551                        | 17,876,598       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                                    |                  |
| Pensions, Net of Accumulated Amortization           | 8,141,525                          | 182,916          |
| <b>Net Position</b>                                 |                                    |                  |
| Net Investment in Capital Assets                    | 55,684,027                         | (707,184)        |
| Restricted for:                                     |                                    |                  |
| Debt Service  | 13,110,551                         | 595,108          |
| TABOR   | 4,232,870                          | 282,500          |
| Land and Land Improvements                          | 3,487,497                          | -                |
| Grant Programs                                      | 2,610,843                          | -                |
| Unrestricted  | (231,579,493)                      | (7,517,857)      |
| <b>Total Net Position</b>                           | \$ (152,453,705)                   | \$ (7,347,433)   |

The accompanying notes are an integral part of this statement

**Thompson School District R2-J  
Statement of Activities  
For the Year Ended June 30, 2016**

|                                      | <b>Program Revenues</b> |                            |   |   |
|--------------------------------------|-------------------------|----------------------------|---|---|
|                                      | <b>Expenses</b>         | <b>Charges for Service</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Primary Government</b>            |                         |                            |   |   |
| <b>Government Activities</b>         |                         |                            |   |   |
| Instruction                          |                         |                            |   |   |
| Instruction                          | \$ 88,009,660           | \$ 3,142,010               | \$ 10,962,622                             | \$ -                                    |
| Supporting Services                  |                         |                            |   |   |
| Pupil Services                       | 10,993,338              | -                          | 1,496,517                                 | -                                       |
| Instructional Staff                  | 12,245,025              | 171,564                    | 608,802                                   | -                                       |
| General Administration               | 929,728                 | -                          | -   | -                                       |
| School Administration                | 10,050,222              | -                          | 204,723                                   | -                                       |
| Business Services                    | 2,194,203               | 27,573                     | -   | -                                       |
| Maintenance/Operations               | 12,778,550              | -                          | 61,535                                    | -                                       |
| Pupil Transportation                 | 5,094,970               | -                          | 1,068,407                                 | -                                       |
| Central Supporting Services          | 4,638,394               | 841,379                    | -   | -                                       |
| Nutrition Services                   | 5,351,449               | 1,625,659                  | 3,327,066                                 | -                                       |
| Community Services                   | 1,097,471               | -                          | 81,102                                    | -                                       |
| Total Support Services               | <u>65,373,350</u>       | <u>2,666,175</u>           | <u>6,848,152</u>                          | <u>-</u>                                |
| Charter School Allocation            | 8,381,383               | -                          | -   | -                                       |
| Interest on Long-term Debt           | <u>4,351,692</u>        | <u>-</u>                   | <u>-</u>                                  | <u>-</u>                                |
| <b>Total Governmental Activities</b> | <u>166,116,085</u>      | <u>5,808,185</u>           | <u>17,810,774</u>                         | <u>-</u>                                |
| <b>Component Units</b>               |                         |                            |   |   |
| New Vision Charter School            | 3,833,935               | 143,070                    | 56,373                                    | 116,528                                 |
| Loveland Classical Schools           | 5,663,137               | 168,215                    | 103,461                                   | -                                       |
| Thompson Education Foundation        | <u>625,072</u>          | <u>4,028</u>               | <u>514,828</u>                            | <u>-</u>                                |
|                                      | <u>\$ 10,122,144</u>    | <u>\$ 315,313</u>          | <u>\$ 674,662</u>                         | <u>\$ 116,528</u>                       |

**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

Net Position - Ending

The accompanying notes are an integral part of this statement

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

| <b>Primary Government<br/>Governmental<br/>Activities</b> | <b>Component<br/>Units</b> |
|---|----------------------------|
| (73,905,028)  | -                          |
| (9,496,821)   | -                          |
| (11,464,659)  | -                          |
| (929,728)   | -                          |
| (9,845,499)   | -                          |
| (2,166,630)   | -                          |
| (12,717,015)  | -                          |
| (4,026,563)   | -                          |
| (3,797,015)   | -                          |
| (398,724)   | -                          |
| (1,016,369)   | -                          |
| (55,859,023)  | -                          |
| (8,381,383)   | -                          |
| (4,351,692)   | -                          |
| (142,497,126)   | -                          |
| -   | (3,517,964)                |
| -   | (5,391,461)                |
| -   | (106,216)                  |
| -   | (9,015,641)                |
| 34,473,827  | -                          |
| 13,895,680  | -                          |
| 10,663,828  | -                          |
| 4,958,453   | -                          |
| 67,344,018  | -                          |
| 4,965,571   | -                          |
| 714,098   | -                          |
| 147,610   | (87)                       |
| -   | 8,381,383                  |
| -   | 437,532                    |
| -   | 139,453                    |
| 137,163,085   | 8,958,281                  |
| (5,334,041)   | (57,360)                   |
| (147,119,664)   | (7,290,073)                |
| \$ (152,453,705)  | \$ (7,347,433)             |

**Thompson School District R2-J  
Balance Sheet  
Governmental Funds  
June 30, 2016**

|   | <u>General</u>       | <u>Bond<br/>Redemption</u> | <u>Building</u>     | <u>Other<br/>Governmental<br/>Funds</u> |
|---|----------------------|----------------------------|---------------------|---|
| <b>ASSETS</b>   |                      |                            |                     |   |
| Cash and Investments  | \$ 33,604,833        | \$ 12,876,737              | \$ 1,243,072        | \$ 10,482,779                           |
| Accounts Receivable   | 193,323              | -                          | 783,612             | 30,841                                  |
| Property Tax Receivable   | 2,344,836            | 439,719                    | -                   | -                                       |
| Grants Receivable   | -                    | -                          | -                   | 1,651,677                               |
| Prepaid Expenditures  | -                    | -                          | -                   | 37,500                                  |
| Inventory   | -                    | -                          | -                   | 222,235                                 |
| <b>Total Assets</b>   | <u>\$ 36,142,992</u> | <u>\$ 13,316,456</u>       | <u>\$ 2,026,684</u> | <u>\$ 12,425,032</u>                    |
| <b>LIABILITIES</b>  |                      |                            |                     |   |
| Accounts Payable  | \$ 829,909           | \$ -                       | \$ 783,612          | \$ 526,593                              |
| Retainage Payable   | -                    | -                          | 1,081,899           | 30,972                                  |
| Accrued Salaries and Benefits   | 12,096,807           | -                          | -                   | 1,479,528                               |
| Unearned Revenue  | -                    | -                          | -                   | 110,192                                 |
| <b>Total Liabilities</b>  | <u>12,926,716</u>    | <u>-</u>                   | <u>1,865,511</u>    | <u>2,147,285</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                            |                     |   |
| Property Taxes  | <u>847,875</u>       | <u>187,044</u>             | <u>-</u>            | <u>-</u>                                |
| <b>FUND BALANCES</b>  |                      |                            |                     |   |
| Nonspendable Prepaid Expenditures   | -                    | -                          | -                   | 37,500                                  |
| Nonspendable Inventory  | -                    | -                          | -                   | 222,235                                 |
| Restricted for:   |                      |                            |                     |   |
| TABOR   | 4,080,528            | -                          | -                   | 152,342                                 |
| Debt Services   | -                    | 13,129,412                 | -                   | -                                       |
| Land & Land Improvements  | -                    | -                          | -                   | 3,487,497                               |
| Grant Programs  | -                    | -                          | -                   | 2,610,843                               |
| Committed to Student Specific Programs  | -                    | -                          | -                   | 1,539,972                               |
| Assigned to Early Childhood Program   | -                    | -                          | -                   | 3,073                                   |
| Assigned to Capital Projects  | -                    | -                          | 161,173             | 1,851,059                               |
| Assigned to Nutrition Services  | -                    | -                          | -                   | 373,226                                 |
| Unassigned  | <u>18,287,873</u>    | <u>-</u>                   | <u>-</u>            | <u>-</u>                                |
| <b>Total Fund Balances</b>  | <u>22,368,401</u>    | <u>13,129,412</u>          | <u>161,173</u>      | <u>10,277,747</u>                       |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 36,142,992</u> | <u>\$ 13,316,456</u>       | <u>\$ 2,026,684</u> | <u>\$ 12,425,032</u>                    |

The accompanying notes are an integral part of this statement

| <b>Total<br/>Governmental<br/>Funds</b> |  |                      |                      |
|---|--|----------------------|----------------------|
|   | Amounts reported for governmental activities in the<br>statement of net position are different because:  |                      |                      |
| \$ 58,207,421                           |  |                      |                      |
| 1,007,776                               | Total Fund Balances - Governmental Funds   | \$                   | 45,936,733           |
| 2,784,555                               |  |                      |                      |
| 1,651,677                               |  |                      |                      |
| 37,500                                  | Capital assets used in governmental activities are not financial<br>resources & therefore are not reported as assets in governmental funds.  |                      |                      |
| <u>222,235</u>                          |  |                      |                      |
| \$ <u>63,911,164</u>                    | The cost of capital assets is  | 285,899,552          |                      |
|   | Accumulated depreciation is  | <u>(127,805,878)</u> |                      |
|   |  |                      | 158,093,674          |
| \$ 2,140,114                            | Revenues that do not provide current financial resources are deferred<br>in the governmental funds but are recognized in the government-wide<br>financial statements. This amount represents property tax receivable<br>not available at year-end. |                      |                      |
| 1,112,871                               |  |                      |                      |
| 13,576,335                              |  |                      |                      |
| <u>110,192</u>                          |  |                      |                      |
| <u>16,939,512</u>                       |  |                      | 1,034,919            |
|   | Long-term liabilities and related items are not due and payable in the<br>current period and therefore are not reported as liabilities in the<br>governmental funds. Long-term liabilities at year end consist of:                                 |                      |                      |
| <u>1,034,919</u>                        |  |                      |                      |
| 37,500                                  | Accrued Interest Payable   | (205,905)            |                      |
| 222,235                                 | Bonds Payable  | (89,085,000)         |                      |
| 4,232,870                               | Deferred Outflows of Resources, Loss on Debt Refundings  | 8,689,020            |                      |
| 13,129,412                              | Premium on Bond Financing  | (10,081,209)         |                      |
| 3,487,497                               | Certificates of Participation  | (10,540,000)         |                      |
| 2,610,843                               | Premium on Certificates of Participation   | (1,392,458)          |                      |
| 1,539,972                               | Compensated Absences   | (445,064)            |                      |
| 3,073                                   | Early Retirement Stipends  | (5,546,257)          |                      |
| 2,012,232                               | Net Pension Liability  | (279,079,146)        |                      |
| 373,226                                 | Deferred Outflows of Resources, Pensions   | 38,308,513           |                      |
| <u>18,287,873</u>                       | Deferred Inflows of Resources, Pensions  | <u>(8,141,525)</u>   |                      |
| <u>45,936,733</u>                       |  |                      | <u>(357,519,031)</u> |
| \$ <u>63,911,164</u>                    | Total Net Position - Governmental Activities   | \$                   | <u>(152,453,705)</u> |

**Thompson School District R2-J**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

|   | <u>General</u>       | <u>Bond<br/>Redemption</u> | <u>Building</u>     | <u>Other<br/>Governmental<br/>Funds</u> |
|---|----------------------|----------------------------|---------------------|---|
| <b>Revenues</b>   |                      |                            |                     |   |
| Taxes   | \$ 53,229,313        | \$ 10,663,499              | \$ -                | \$ -                                    |
| Intergovernmental                                       | 74,737,456           | -                          | -                   | 12,695,273                              |
| Loveland URA Distribution                               | -                    | -                          | 4,242,140           | 723,431                                 |
| Charges for Services                                    | -                    | -                          | -                   | 3,507,030                               |
| Payments in Lieu of Land Dedication                     | -                    | -                          | -                   | 714,098                                 |
| Investment earnings                                     | 106,464              | 34,305                     | 796                 | 6,045                                   |
| Other   | -                    | -                          | -                   | 23,218                                  |
| <b>TOTAL REVENUE</b>                                    | <u>128,073,233</u>   | <u>10,697,804</u>          | <u>4,242,936</u>    | <u>17,669,095</u>                       |
| <b>Expenditures</b>                                     |                      |                            |                     |   |
| <b>Current</b>  |                      |                            |                     |   |
| <b>Instruction</b>                                      |                      |                            |                     |   |
| Salaries and Benefits                                   | 64,367,398           | -                          | -                   | 5,297,335                               |
| Purchased Services                                      | 1,984,015            | -                          | -                   | 238,592                                 |
| Supplies and Materials                                  | 1,902,300            | -                          | -                   | 458,900                                 |
| Equipment   | 631,741              | -                          | -                   | 489,560                                 |
| Other   | 36,963               | -                          | -                   | 29,200                                  |
| Total Instruction                                       | <u>68,922,417</u>    | <u>-</u>                   | <u>-</u>            | <u>6,513,587</u>                        |
| <b>Supporting Services</b>                              |                      |                            |                     |   |
| Pupil Services  | 7,862,381            | -                          | -                   | 2,128,333                               |
| Instructional Staff                                     | 9,094,539            | -                          | -                   | 2,062,563                               |
| General Administration                                  | 736,384              | -                          | -                   | 150,000                                 |
| School Administration                                   | 8,555,729            | -                          | -                   | 490,661                                 |
| Business Services                                       | 2,012,396            | -                          | -                   | -                                       |
| Maintenance/Operations                                  | 11,246,887           | -                          | -                   | 651,219                                 |
| Pupil Transportation                                    | 3,997,024            | -                          | -                   | 593,640                                 |
| Central Supporting Services                             | 3,431,198            | -                          | -                   | 778,902                                 |
| Nutrition Services                                      | -                    | -                          | -                   | 5,067,055                               |
| Community Services                                      | -                    | -                          | -                   | 1,040,474                               |
| Total Support Services                                  | <u>46,936,538</u>    | <u>-</u>                   | <u>-</u>            | <u>12,962,847</u>                       |
| Capital Projects  | -                    | -                          | 14,243,651          | -                                       |
| Charter School Allocation                               | 8,381,383            | -                          | -                   | -                                       |
| Debt Service - Principal                                | -                    | 6,305,000                  | -                   | 725,000                                 |
| Debt Service - Interest                                 | -                    | 4,132,392                  | -                   | 500,788                                 |
| <b>TOTAL EXPENDITURES</b>                               | <u>124,240,338</u>   | <u>10,437,392</u>          | <u>14,243,651</u>   | <u>20,702,222</u>                       |
| <b>Excess of Revenues<br/>Over (Under) Expenditures</b> | <u>3,832,895</u>     | <u>260,412</u>             | <u>(10,000,715)</u> | <u>(3,033,127)</u>                      |
| <b>Other Financing Sources (Uses)</b>                   |                      |                            |                     |   |
| Transfers In  | -                    | -                          | 1,242,962           | 4,500,077                               |
| Transfers Out   | (5,743,039)          | -                          | -                   | -                                       |
| <b>Total Other Financing Sources (Uses)</b>             | <u>(5,743,039)</u>   | <u>-</u>                   | <u>1,242,962</u>    | <u>4,500,077</u>                        |
| <b>Net Change in Fund Balances</b>                      | (1,910,144)          | 260,412                    | (8,757,753)         | 1,466,950                               |
| <b>Fund Balances - Beginning of the Year</b>            | <u>24,278,545</u>    | <u>12,869,000</u>          | <u>8,918,926</u>    | <u>8,810,797</u>                        |
| <b>Fund Balances - End of the Year</b>                  | <u>\$ 22,368,401</u> | <u>\$ 13,129,412</u>       | <u>\$ 161,173</u>   | <u>\$ 10,277,747</u>                    |

The accompanying notes are an integral part of this statement

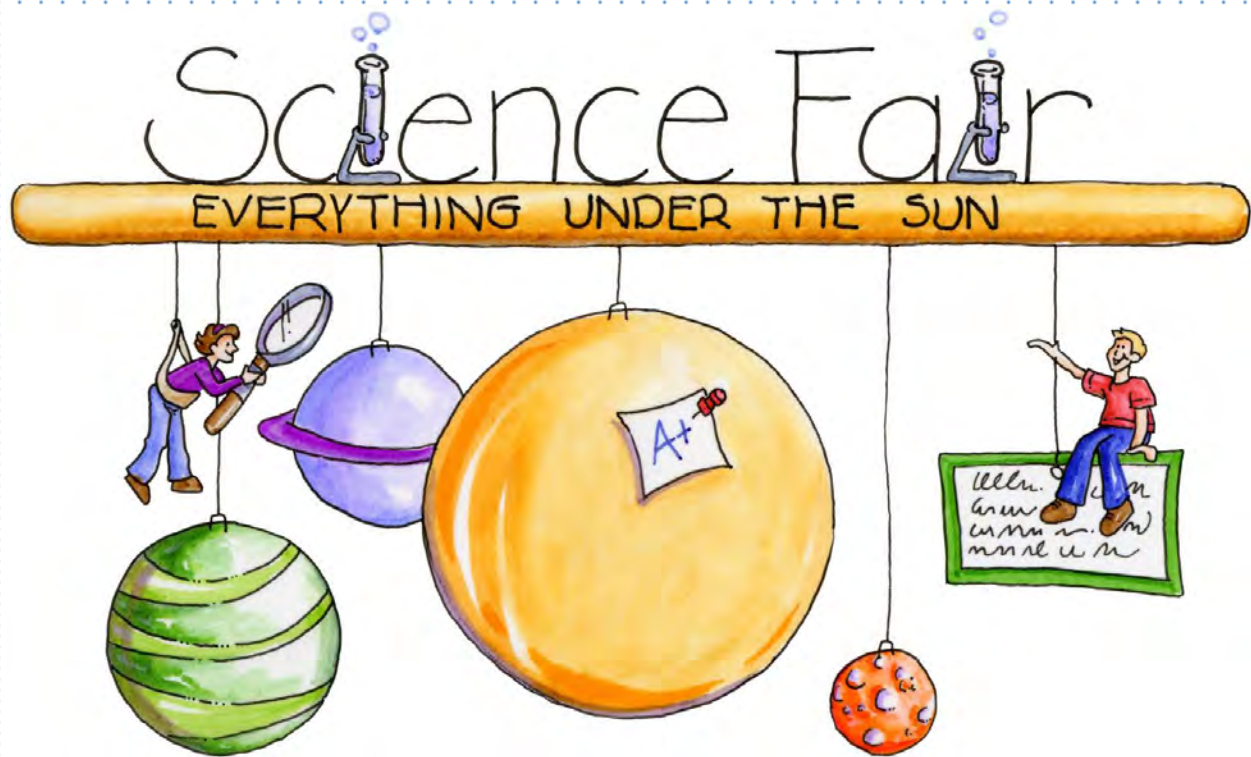


| <b>Total<br/>Governmental<br/>Funds</b> |   |                                   |                    |
|---|---|-----------------------------------|--------------------|
|   | Amounts reported for governmental activities in the statement of activities are different because:  |                                   |                    |
| \$ 63,892,812                           |   |                                   |                    |
| 87,432,729                              | Net change in fund balances - governmental funds  | \$                                | (8,940,535)        |
| 4,965,571                               |   |                                   |                    |
| 3,507,030                               | 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.  |                                   |                    |
| 714,098                                 |   |                                   |                    |
| 147,610                                 |   |                                   |                    |
| <u>23,218</u>                           |   |                                   |                    |
| <u>160,683,068</u>                      |   |                                   |                    |
|   |   | Depreciation expense              | (7,158,102)        |
|   |   | Loss on Disposal                  | (8,035)            |
|   |   | Capital Outlay                    | <u>15,897,315</u>  |
|   |   |                                   | 8,731,178          |
| 69,664,733                              | 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.  |                                   | 98,976             |
| 2,222,607                               |   |                                   |                    |
| 2,361,200                               |   |                                   |                    |
| 1,121,301                               | 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 \$1,882,474 were more than the amounts earned (\$1,333,830) by \$548,644. Vacation used \$789,338 was more than the amounts earned (\$774,014) by \$15,324. |                                   | 563,968            |
| <u>66,163</u>                           |   |                                   |                    |
| <u>75,436,004</u>                       |   |                                   |                    |
| 9,990,714                               | Repayments of bonds, and certificates of participation are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.  |                                   |                    |
| 11,157,102                              |   | Principal Payment on Bonds        | 6,305,000          |
| 886,384                                 |   | Principal Payment of COPs         | <u>725,000</u>     |
| 9,046,390                               |   |                                   | 7,030,000          |
| 2,012,396                               |   |                                   |                    |
| 11,898,106                              |   |                                   |                    |
| 4,590,664                               |   |                                   |                    |
| 4,210,100                               |   |                                   |                    |
| 5,067,055                               |   |                                   |                    |
| <u>1,040,474</u>                        |   |                                   |                    |
| 59,899,385                              |   |                                   |                    |
| 14,243,651                              | 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:  |                                   |                    |
| 8,381,383                               |   | Amortization of Loss on Refunding | (1,173,101)        |
| 7,030,000                               |   | Amortization of Premiums          | <u>1,439,767</u>   |
| <u>4,633,180</u>                        |   |                                   | 266,666            |
| <u>169,623,603</u>                      |   |                                   |                    |
| (8,940,535)                             | 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 (25,996,050), pension-related deferred outflows of resources \$21,019,562, pension-related deferred inflows of resources (8,122,628) and the change in accrued interest payable \$14,822   |                                   | (13,084,294)       |
| 5,743,039                               |   |                                   |                    |
| <u>(5,743,039)</u>                      |   |                                   |                    |
| -                                       |   |                                   |                    |
| (8,940,535)                             |   |                                   |                    |
| <u>54,877,268</u>                       |   |                                   |                    |
| \$ <u>45,936,733</u>                    | Change in net position of governmental activities   | \$                                | <u>(5,334,041)</u> |

**Thompson School District R2-J**  
**Statement of Fiduciary Assets and Liabilities**  
**As of June 30, 2016**

|                               | <u>Agency<br/>Funds</u>    |
|-------------------------------|----------------------------|
| <b>ASSETS</b>                 |                            |
| Cash and Investments          | \$ <u>1,420,588</u>        |
| <b>TOTAL ASSETS</b>           | \$ <u><u>1,420,588</u></u> |
| <b>LIABILITIES</b>            |                            |
| Accounts Payable              | \$ 60,669                  |
| Accrued Salaries and Benefits | 4,054                      |
| Undistributed Monies          | <u>1,355,865</u>           |
| <b>TOTAL LIABILITIES</b>      | \$ <u><u>1,420,588</u></u> |

The accompanying notes are an integral part of this statement



**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**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 2366 E. 1<sup>st</sup> Street, Loveland, CO 80537.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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

**(B) Fund Accounting**

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

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

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

General Fund – The General Fund is the District’s general operating fund and is used to account for all financial transactions except those accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the 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, 2016**

**(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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, special ownership taxes collected within 30 days after year-end, interest, tuition, grants and student fees.

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

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

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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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

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

**(E) Cash, Cash Equivalents and Temporary Investments**

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

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

**(F) Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

**(G) 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.

**(H) 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 the acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.



**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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           |

**(I) 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, 2016, are reflected as a liability in the accompanying financial statements.

**(J) 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 2022. 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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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

**(K) 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.

**(L) 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, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**(M) 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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**(N) 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.

**(O) Property Taxes**

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

**(P) Interfund Transactions**

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

**NOTE (2) Cash and Investments**

**(A) Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2016, the District had deposits of \$7,500,866 collateralized with securities held by the financial institutions' agents, but not in the District's name.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**(B) Investments**

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

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

*Fair Value Measurement* – The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2016, the Foundation's investments in U.S. Agency securities, corporate securities and mutual funds were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). Investments in money market funds and external investment pools are reported at the net asset value per share, which is measured using amortized cost.

*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, 2016**

*Local government investment pools* – At June 30, 2016, the District had \$54,966,083 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). The pool is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pool. ColoTrust operates in conformity with the Securities and Exchange Commission’s Rule 2a-7 with each share equal to \$1. The pool is rated AAAM by Standard and Poor’s. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

The District’s investments at June 30, 2016 were as follows:

| Investment Type                  | S&P /<br>Morningstar<br>Rating | Investment Maturities (In Years) |                   |                  | Thompson                | All                  |                      | Fair Value |
|----------------------------------|--------------------------------|----------------------------------|-------------------|------------------|-------------------------|----------------------|----------------------|------------|
|                                  |                                | Less than 1                      | 1 - 3             | 3 - 9            | Education<br>Foundation | Other Funds          |                      |            |
| Money Market Funds               | AAAm                           | \$ 30,325                        | \$ -              | -                | \$ 30,325               | \$ -                 | \$ 30,325            |            |
| Mutual Funds                     | 5                              | 180,528                          | -                 | -                | 180,528                 | -                    | 180,528              |            |
| Mutual Funds                     | 4                              | 382,361                          | -                 | -                | 382,361                 | -                    | 382,361              |            |
| Mutual Funds                     | 3                              | 154,723                          | -                 | -                | 154,723                 | -                    | 154,723              |            |
| Local Government Investment Pool | AAAm                           | 54,966,083                       | -                 | -                | -                       | 54,966,083           | 54,966,083           |            |
| Corporate Securities             | AA+                            | -                                | -                 | -                | -                       | -                    | -                    |            |
| Corporate Securities             | AA-                            | -                                | 25,089            | -                | 25,089                  | -                    | 25,089               |            |
| Corporate Securities             | A+                             | -                                | -                 | -                | -                       | -                    | -                    |            |
| Corporate Securities             | A                              | -                                | 23,151            | -                | 23,151                  | -                    | 23,151               |            |
| Corporate Securities             | A-                             | -                                | 27,155            | 55,639           | 82,794                  | -                    | 82,794               |            |
| Corporate Securities             | BBB                            | -                                | 29,052            | -                | 29,052                  | -                    | 29,052               |            |
| U.S. Agency Securities           | AA+                            | -                                | 26,842            | -                | 26,842                  | -                    | 26,842               |            |
|                                  |                                | <u>\$ 55,714,020</u>             | <u>\$ 131,289</u> | <u>\$ 55,639</u> | <u>\$ 934,865</u>       | <u>\$ 54,966,083</u> | <u>\$ 55,900,948</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      | \$ 725               |
| Cash and Deposits | 5,024,188            |
| Investments       | 55,900,948           |
| Total             | <u>\$ 60,925,861</u> |

Financial Statements:

|  |                      |
|--|----------------------|
| Primary Government Cash and Investments            | \$ 58,207,421        |
| Thompson Education Foundation Cash and Investments | 1,297,852            |
| Fiduciary Funds Cash and Investments               | 1,420,588            |
| Total  | <u>\$ 60,925,861</u> |

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**NOTE (3) Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows.

|   | Capital<br>Assets<br>July 1, 2015 | Additions           | Deletions /<br>Transfers | Capital<br>Assets<br>June 30, 2016 |
|---|-----------------------------------|---------------------|--------------------------|------------------------------------|
| <b>Governmental Activities</b>                  |                                   |                     |                          |                                    |
| Capital assets, not being depreciated:          |                                   |                     |                          |                                    |
| Land  | \$ 14,810,666                     | \$ 714,705          | \$ -                     | \$ 15,525,371                      |
| Water Rights                                    | 1,291,168                         | -                   | -                        | 1,291,168                          |
| Construction in Progress                        | 2,666,122                         | 14,128,356          | -                        | 16,794,478                         |
| Total capital assets, not<br>being depreciated  | <u>18,767,956</u>                 | <u>14,843,061</u>   | <u>-</u>                 | <u>33,611,017</u>                  |
| Capital assets, being depreciated:              |                                   |                     |                          |                                    |
| Land Improvements                               | 830,705                           | 12,754              | -                        | 843,459                            |
| Buildings                                       | 226,683,840                       | -                   | -                        | 226,683,840                        |
| Equipment                                       | 12,511,516                        | 504,861             | (159,258)                | 12,857,119                         |
| Transportation                                  | 11,442,601                        | 536,639             | (75,123)                 | 11,904,117                         |
| Total capital assets, being depreciated         | <u>251,468,662</u>                | <u>1,054,254</u>    | <u>(234,381)</u>         | <u>252,288,535</u>                 |
| Less accumulated depreciation for:              |                                   |                     |                          |                                    |
| Land Improvements                               | (164,612)                         | (77,818)            | -                        | (242,430)                          |
| Buildings                                       | (100,053,825)                     | (6,122,040)         | -                        | (106,175,865)                      |
| Equipment                                       | (10,576,061)                      | (486,604)           | 158,409                  | (10,904,256)                       |
| Transportation                                  | (10,079,624)                      | (471,640)           | 67,937                   | (10,483,327)                       |
| Total accumulated depreciation                  | <u>(120,874,122)</u>              | <u>(7,158,102)</u>  | <u>226,346</u>           | <u>(127,805,878)</u>               |
| Total capital assets, being<br>depreciated, net | <u>130,594,540</u>                | <u>(6,103,848)</u>  | <u>(8,035)</u>           | <u>124,482,657</u>                 |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 149,362,496</u>             | <u>\$ 8,739,213</u> | <u>\$ (8,035)</u>        | <u>\$ 158,093,674</u>              |

Depreciation expense for the year ended June 30, 2016 was charged to the following governmental functions:

|                             |                     |
|-----------------------------|---------------------|
| Instructional               | \$ 6,083,587        |
| Support Services            |                     |
| Maintenance / Operations    | 129,230             |
| Pupil Transportation        | 628,257             |
| Central Supporting Services | 239,396             |
| Nutrition Services          | 75,908              |
| Community Services          | 1,724               |
| Total                       | <u>\$ 7,158,102</u> |

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**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 were due semi-annually on June 15, and December 15. Principal payments were 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.

The table below identifies the remaining principal and interest due on all General Obligation Bonds as of June 30, 2016.

**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>          |
|----------------------------|----------------------|----------------------|-----------------------|
| 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                       | 8,625,000            | 2,353,975            | 10,978,975            |
| 2022-2026                  | <u>50,870,000</u>    | <u>5,790,250</u>     | <u>56,660,250</u>     |
| Total                      | <u>\$ 89,085,000</u> | <u>\$ 21,378,156</u> | <u>\$ 110,463,156</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 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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

The table below identifies the remaining principal and interest due on all COPs issued as of June 30, 2016.

**Series 2014 Certificates of Participation**

Interest Rate 1.85% to 4.50%

| Year Ended June 30, | Principal            | Interest            | Total                |
|---------------------|----------------------|---------------------|----------------------|
| 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                | 920,000              | 310,665             | 1,230,665            |
| 2022-2026           | 4,770,000            | 825,238             | 5,595,238            |
| 2027-2030           | 1,625,000            | 100,743             | 1,725,743            |
| <b>Total</b>        | <b>\$ 10,540,000</b> | <b>\$ 2,900,170</b> | <b>\$ 13,440,170</b> |

**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, 2016.

|  | June 30, 2015         | Additions           | Deletions            | June 30, 2016         | Amount Due<br>in One Year |
|--|-----------------------|---------------------|----------------------|-----------------------|---------------------------|
| <b>Governmental activities:</b>          |                       |                     |                      |                       |                           |
| Bonds Payable (principal)                | \$ 95,390,000         | \$ -                | \$ 6,305,000         | \$ 89,085,000         | \$ 6,745,000              |
| Premium Bond Refinancing '12             | 11,070,913            | -                   | 1,135,478            | 9,935,435             | -                         |
| Premium Bond Issuance '05                | 37,512                | -                   | 37,512               | -                     | -                         |
| Premium Bond Issuance '03                | 291,543               | -                   | 145,769              | 145,774               | -                         |
| Certificates of Participation '14        | 11,265,000            | -                   | 725,000              | 10,540,000            | 750,000                   |
| Premium Certificate of Participation '14 | 1,513,466             | -                   | 121,008              | 1,392,458             | -                         |
| Compensated Absences*                    | 460,388               | 774,014             | 789,338              | 445,064               | 280,000                   |
| Severance-Incentive Payable*             | 6,094,901             | 1,333,830           | 1,882,474            | 5,546,257             | 1,918,168                 |
| <b>Total</b>                             | <b>\$ 126,123,723</b> | <b>\$ 2,107,844</b> | <b>\$ 11,141,579</b> | <b>\$ 117,089,988</b> | <b>\$ 9,693,168</b>       |

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



**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**(B) Annual Requirements**

Listed below are the annual requirements to amortize the Severance Incentive at June 30, 2016:

| Year Ended<br>June 30, | Severance<br>Incentive<br>Stipends |
|------------------------|------------------------------------|
| 2017                   | \$ 1,918,168                       |
| 2018                   | 1,350,766                          |
| 2019                   | 1,121,528                          |
| 2020                   | 724,875                            |
| 2021                   | 342,389                            |
| 2022                   | 88,531                             |
| Total                  | <u>\$ 5,546,257</u>                |

**NOTE (7) Interfund Transfers**

Interfund transfers at June 30, 2016, were composed of the following:

| <u>Transfer In</u>                   | <u>Transfer Out</u> | <u>Amount</u>       |
|--------------------------------------|---------------------|---------------------|
| Government Designated-Purpose Grants | General             | \$ 687,168          |
| Fee Supported Programs               | General             | 337,650             |
| Capital Projects                     | General             | 3,475,259           |
| Building                             | General             | <u>1,242,962</u>    |
|                                      | Total               | <u>\$ 5,743,039</u> |

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

**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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

report that includes information on the SDTF. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://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 PERA 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 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 2015 and 2016 was 18.35% and 19.15% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 9). The District's contributions to the SDTF for the year ended June 30, 2016, were \$14,948,098, 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, 2016, the District reported a net pension liability of \$279,079,146, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at December 31, 2014. Changes in assumptions and other inputs since the prior measurement date did not significantly affect the total pension liability. Standard update procedures were used to roll forward the total pension liability to December 31, 2015.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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, 2015, relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was 1.8247272213%, which was a decrease of 0.0425818035% from its proportion measured at December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$27,217,820. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 3,685,274                         | \$ 11,898                           |
| Changes of assumptions and other inputs                                  | -                                    | 3,943,874                           |
| Net difference between projected and actual earnings on plan investments | 23,829,094                           | -                                   |
| Changes in proportion  | 1,721,085                            | 4,185,753                           |
| Contributions subsequent to the measurement date                         | 9,073,060                            | -                                   |
| <br>Total  | <br>\$ 38,308,513                    | <br>\$ 8,141,525                    |

District contributions subsequent to the measurement date of \$9,073,060 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

|           |                   |
|-----------|-------------------|
| 2017      | \$ 5,642,965      |
| 2018      | 5,341,346         |
| 2019      | 5,243,608         |
| 2020      | 4,866,009         |
| <br>Total | <br>\$ 21,093,928 |

Actuarial Assumptions - The actuarial valuation as of December 31, 2014, determined the total pension liability using the following actuarial assumptions and other inputs applied to all periods included in the measurement:

|   |            |
|---|------------|
| Price inflation   | 2.8%       |
| Real wage growth  | 1.1%       |
| Wage inflation  | 3.9%       |
| Salary increases, including wage inflation  | 3.9%-10.1% |
| 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     |

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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<br/>Allocation</u> | <u>10 Year Expected<br/>Geometric Real<br/>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>100.00%</u>               |   |

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%, the employer contribution rate will decrease .5% 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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

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<br>▼ (6.50%) | Current<br>Discount<br>Rate (7.5%) | 1% Increase<br>▼ (8.5%) |
|--|--------------------------|------------------------------------|-------------------------|
| Proportionate share of net pension liability | \$ 361,768,138           | \$ 279,079,146                     | \$ 210,297,331          |

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](http://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, 2016, 2015, 2014 was \$812,833, \$807,524, and \$782,466, respectively, equal to the required amounts for each year.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**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, 2016. The contract amount is \$15,713,317, and the remaining amount at June 30, 2016 was \$1,757,578.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2016**

**(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, 2016.

**(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, 2016, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.



*Amazing Student Art*



## **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.

# Community Service



**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, 2016**

| PROPORTIONATE SHARE OF THE NET PENSION LIABILITY   | <u>12/31/2015</u>    | <u>12/31/2014</u>    | <u>12/31/2013</u>    |
|--|----------------------|----------------------|----------------------|
| District's Proportion of the Net Pension Liability   | 1.8247272213%        | 1.8673090248%        | 1.8379409554%        |
| District's Proportionate Share of the Net Pension Liability  | \$ 279,079,146       | \$ 253,083,096       | \$ 234,428,873       |
| District's Covered-Employee Payroll  | \$ 79,521,895        | \$ 78,227,377        | \$ 74,093,252        |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of Covered-Employee Payroll | 351%                 | 324%                 | 316%                 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 59%                  | 63%                  | 64%                  |
| <br>DISTRICT CONTRIBUTIONS   | <br><u>6/30/2016</u> | <br><u>6/30/2015</u> | <br><u>6/30/2014</u> |
| Statutorily Required Contribution  | \$ 14,135,265        | \$ 13,371,671        | \$ 12,266,682        |
| Contributions in Relation to the Statutorily Required Contribution   | <u>(14,135,265)</u>  | <u>(13,371,671)</u>  | <u>(12,266,682)</u>  |
| Contribution Deficiency (Excess)   | \$ <u><u>-</u></u>   | \$ <u><u>-</u></u>   | \$ <u><u>-</u></u>   |
| District's Covered-Employee Payroll  | \$ 79,689,504        | \$ 79,169,029        | \$ 76,712,390        |
| Contributions as a Percentage of Covered-Employee Payroll  | 17.74%               | 16.89%               | 15.99%               |

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

See independent auditors' report

## **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, 2016**

|   | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|----------------------|----------------------|---|
|   | <u>Original</u>         | <u>Final</u>         |                      | <u>Actual</u>   |
| <b>Revenues</b>                                     |                         |                      |                      |   |
| Taxes   |                         |                      |                      |   |
| Local Property- School Finance Act                  | \$ 32,161,971           | \$ 31,990,765        | \$ 34,410,569        | \$ 2,419,804  |
| Local Property- Mill Levy Override                  | 13,203,242              | 13,905,685           | 13,860,291           | (45,394)  |
| Specific Ownership                                  | 4,785,264               | 4,785,264            | 4,958,453            | 173,189   |
| Intergovernmental                                   |                         |                      |                      |   |
| Equalization Entitlements                           | 69,679,434              | 69,722,273           | 67,344,018           | (2,378,255)   |
| Special Education                                   | 3,359,791               | 3,359,791            | 3,295,248            | (64,543)  |
| Vocational Education                                | 333,352                 | 333,352              | 617,848              | 284,496   |
| Transportation                                      | 1,044,135               | 1,024,421            | 1,081,771            | 57,350  |
| Other Federal Grants                                | 124,200                 | 124,200              | 120,634              | (3,566)   |
| Charter School Chargebacks                          | 1,027,540               | 1,036,703            | 1,245,964            | 209,261   |
| Other   | 619,111                 | 619,111              | 1,031,973            | 412,862   |
| Investment Earnings                                 | 55,000                  | 55,000               | 106,464              | 51,464  |
| <b>TOTAL REVENUE</b>                                | <u>126,393,040</u>      | <u>126,956,565</u>   | <u>128,073,233</u>   | <u>1,116,668</u>  |
| <b>TOTAL EXPENDITURES</b>                           | <u>126,763,230</u>      | <u>127,495,741</u>   | <u>124,240,338</u>   | <u>3,255,403</u>  |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <u>(370,190)</u>        | <u>(539,176)</u>     | <u>3,832,895</u>     | <u>4,372,071</u>  |
| <b>Other Financing Sources (Uses)</b>               |                         |                      |                      |   |
| Transfers Out:                                      |                         |                      |                      |   |
| Governmental Designated-Purpose                     |                         |                      |                      |   |
| Grants Fund   | (786,677)               | (687,168)            | (687,168)            | -   |
| Fee Supported Programs Fund                         | (337,650)               | (337,650)            | (337,650)            | -   |
| Building Fund                                       | (812,962)               | (1,242,962)          | (1,242,962)          | -   |
| Capital Projects Fund                               | (2,194,231)             | (3,475,259)          | (3,475,259)          | -   |
| <b>Total Other Financing Sources (Uses)</b>         | <u>(4,131,520)</u>      | <u>(5,743,039)</u>   | <u>(5,743,039)</u>   | <u>-</u>  |
| <b>Net Change in Fund Balance</b>                   | <u>(4,501,710)</u>      | <u>(6,282,215)</u>   | <u>(1,910,144)</u>   | <u>4,372,071</u>  |
| <b>Fund Balance - Beginning of Year</b>             | <u>21,184,950</u>       | <u>24,278,545</u>    | <u>24,278,545</u>    | <u>-</u>  |
| <b>Fund Balance - End of Year</b>                   | <u>\$ 16,683,240</u>    | <u>\$ 17,996,330</u> | <u>\$ 22,368,401</u> | <u>\$ 4,372,071</u>   |

See independent auditors' report

**Thompson School District R2-J  
General Fund - 10  
Budgetary Comparison Schedule  
Year Ended June 30, 2016**

|                                  | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------|-------------------------|-----------------------|-----------------------|---|
|                                  | <u>Original</u>         | <u>Final</u>          |                       |   |
| <b>Expenditures</b>              |                         |                       |                       |   |
| Instruction:                     |                         |                       |                       |   |
| Salaries and Benefits            | \$ 65,489,539           | \$ 65,853,356         | \$ 64,367,398         | \$ 1,485,958  |
| Purchased Services               | 2,005,729               | 2,005,729             | 1,984,015             | 21,714  |
| Supplies and Materials           | 2,498,415               | 2,498,415             | 1,902,300             | 596,115   |
| Other                            | 57,582                  | 57,582                | 36,963                | 20,619  |
| <b>Total Instruction</b>         | <u>70,051,265</u>       | <u>70,415,082</u>     | <u>68,290,676</u>     | <u>2,124,406</u>  |
| Supporting Services              |                         |                       |                       |   |
| Pupil Services                   | 7,269,009               | 7,498,108             | 7,862,381             | (364,273)   |
| Instructional Staff              | 9,683,972               | 9,683,972             | 9,094,539             | 589,433   |
| General Administration           | 696,554                 | 696,554               | 736,384               | (39,830)  |
| School Administration            | 8,428,015               | 8,432,580             | 8,555,729             | (123,149)   |
| Business Services                | 2,063,896               | 2,063,896             | 2,012,396             | 51,500  |
| Maintenance/Operations           | 11,738,259              | 11,738,259            | 11,246,887            | 491,372   |
| Pupil Transportation             | 4,369,763               | 4,369,763             | 3,997,024             | 372,739   |
| Central Supporting Services      | 3,650,684               | 3,649,064             | 3,431,198             | 217,866   |
| <b>Total Supporting Services</b> | <u>47,900,152</u>       | <u>48,132,196</u>     | <u>46,936,538</u>     | <u>1,195,658</u>  |
| Capital Outlay                   | 555,818                 | 590,818               | 631,741               | (40,923)  |
| Charter School Allocation        | 8,255,995               | 8,357,645             | 8,381,383             | (23,738)  |
| <b>TOTAL EXPENDITURES</b>        | <u>\$ 126,763,230</u>   | <u>\$ 127,495,741</u> | <u>\$ 124,240,338</u> | <u>\$ 3,255,403</u>   |

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**Thompson School District R2-J**  
**Notes to Required Supplementary Information**  
**June 30, 2016**

**NOTE (1) 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.

**Changes in Assumptions and Other Inputs**

For the year ended June 30, 2016, the total pension liability was determined by an actuarial valuation as of December 31, 2014. The following programming and methodology changes were made since the prior actuarial valuation as of December 31, 2013.

- 1) Valuation of the full survivor benefit without any reduction for possible remarriage.
- 2) Reflection of the employer match on separation benefits for all eligible years.
- 3) Reflection of one year of service eligibility for survivor annuity benefit.
- 4) Refinement of the 18 month annual increase timing.
- 5) Refinements of directly value certain and life, modified cash refund and pop-up benefit forms.
- 6) Recognition of merit salary increases in the first projection year.
- 7) Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- 8) Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- 9) Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

**NOTE (2) Budgets and Budgetary Accounting**

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

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

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

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



## **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, 2016**

|   | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------------|----------------------|---|
|   | <u>Original</u>         | <u>Final</u>         |                      |   |
| <b>Revenues</b>                         |                         |                      |                      |   |
| Local Property Taxes                    | \$ 10,711,862           | \$ 10,711,862        | \$ 10,663,499        | \$ (48,363)   |
| Investment Earnings                     | <u>17,055</u>           | <u>17,055</u>        | <u>34,305</u>        | <u>17,250</u>   |
| <b>TOTAL REVENUE</b>                    | <u>10,728,917</u>       | <u>10,728,917</u>    | <u>10,697,804</u>    | <u>(31,113)</u>   |
| <b>Expenditures</b>                     |                         |                      |                      |   |
| Debt Service:                           |                         |                      |                      |   |
| Principal retirement                    | 6,305,000               | 6,305,000            | 6,305,000            | -   |
| Interest and Fiscal Charges             | <u>4,122,987</u>        | <u>4,135,487</u>     | <u>4,132,392</u>     | <u>3,095</u>  |
| <b>TOTAL EXPENDITURES</b>               | <u>10,427,987</u>       | <u>10,440,487</u>    | <u>10,437,392</u>    | <u>3,095</u>  |
| <b>Net Change in Fund Balance</b>       | 300,930                 | 288,430              | 260,412              | (28,018)  |
| <b>Fund Balance - Beginning of Year</b> | <u>12,851,682</u>       | <u>12,869,000</u>    | <u>12,869,000</u>    | <u>-</u>  |
| <b>Fund Balance - End of Year</b>       | <u>\$ 13,152,612</u>    | <u>\$ 13,157,430</u> | <u>\$ 13,129,412</u> | <u>\$ (28,018)</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, 2016**

|   | <u>Budgeted Amounts</u> |                          | <u>Actual</u>            | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------------|--------------------------|---|
|   | <u>Original</u>         | <u>Final</u>             |                          |   |
| <b>Revenues</b>   |                         |                          |                          |   |
| Loveland URA Distribution                               | \$ 4,191,430            | \$ 5,062,625             | \$ 4,242,140             | \$ (820,485)  |
| Investment Earnings                                     | <u>15,281</u>           | <u>15,281</u>            | <u>796</u>               | <u>(14,485)</u>   |
| <b>TOTAL REVENUES</b>                                   | <u>4,206,711</u>        | <u>5,077,906</u>         | <u>4,242,936</u>         | <u>(834,970)</u>  |
| <b>Expenditures</b>                                     |                         |                          |                          |   |
| Capital Projects  | <u>13,067,404</u>       | <u>14,368,599</u>        | <u>14,243,651</u>        | <u>124,948</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <u>13,067,404</u>       | <u>14,368,599</u>        | <u>14,243,651</u>        | <u>124,948</u>  |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | (8,860,693)             | (9,290,693)              | (10,000,715)             | (710,022)   |
| <b>Other Financing Sources</b>                          |                         |                          |                          |   |
| Transfers In  | <u>812,962</u>          | <u>1,242,962</u>         | <u>1,242,962</u>         | <u>-</u>  |
| <b>Net Change in Fund Balance</b>                       | (8,047,731)             | (8,047,731)              | (8,757,753)              | (710,022)   |
| <b>Fund Balance - Beginning of the Year</b>             | <u>8,047,731</u>        | <u>8,918,926</u>         | <u>8,918,926</u>         | <u>-</u>  |
| <b>Fund Balance - End of the Year</b>                   | <u><u>\$ -</u></u>      | <u><u>\$ 871,195</u></u> | <u><u>\$ 161,173</u></u> | <u><u>\$ (710,022)</u></u>  |

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# *Grandparent's Day Celebration*



## **NON-MAJOR GOVERNMENTAL 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 along with monies distributed by the Loveland Urban Renewal Authority.

**Thompson School District R2-J  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

|  | <b>Nutrition<br/>Services</b> | <b>Government<br/>Designated-<br/>Purpose Grants</b> | <b>Land<br/>Reserve</b> |
|--|-------------------------------|--|-------------------------|
| <b>ASSETS</b>                              |                               |  |                         |
| Cash and Investments                       | \$ 660,330                    | \$ 2,333,482   | \$ 3,487,693            |
| Accounts Receivable                        | 4,002                         | 1,454  | 21,337                  |
| Grants Receivable                          | 69,092                        | 1,582,585  | -                       |
| Prepaid Expenditures                       | -                             | -  | 37,500                  |
| Inventory                                  | 222,235                       | -  | -                       |
|  | <u>955,659</u>                | <u>3,917,521</u>                                     | <u>3,546,530</u>        |
| <b>Total Assets</b>                        | <b>\$ 955,659</b>             | <b>\$ 3,917,521</b>                                  | <b>\$ 3,546,530</b>     |
| <b>LIABILITIES AND FUND BALANCES</b>       |                               |  |                         |
| <b>Liabilities</b>                         |                               |  |                         |
| Accounts Payable                           | \$ 20,234                     | \$ 107,691   | \$ -                    |
| Retainage Payable                          | -                             | 8,362  | -                       |
| Accrued Salaries and Benefits              | 178,172                       | 1,108,343  | -                       |
| Unearned Revenue                           | 110,192                       | -  | -                       |
|  | <u>308,598</u>                | <u>1,224,396</u>                                     | <u>-</u>                |
| <b>Total Liabilities</b>                   | <b>308,598</b>                | <b>1,224,396</b>                                     | <b>-</b>                |
| <b>Fund Balances</b>                       |                               |  |                         |
| Nonspendable Prepaid Expenditures          | -                             | -  | 37,500                  |
| Nonspendable Inventory                     | 222,235                       | -  | -                       |
| Restricted for:                            |                               |  |                         |
| TABOR                                      | 51,600                        | 79,209   | 21,533                  |
| Land & Land Improvements                   | -                             | -  | 3,487,497               |
| Grant Programs                             | -                             | 2,610,843  | -                       |
| Committed to Student Specific Programs     | -                             | -  | -                       |
| Assigned to Early Childhood Program        | -                             | 3,073  | -                       |
| Assigned to Capital Projects               | -                             | -  | -                       |
| Assigned to Nutrition Services             | 373,226                       | -  | -                       |
|  | <u>647,061</u>                | <u>2,693,125</u>                                     | <u>3,546,530</u>        |
| <b>Total Fund Balances</b>                 | <b>647,061</b>                | <b>2,693,125</b>                                     | <b>3,546,530</b>        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 955,659</b>             | <b>\$ 3,917,521</b>                                  | <b>\$ 3,546,530</b>     |

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| <u>Fee<br/>Supported<br/>Programs</u> | <u>Capital<br/>Projects</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|---------------------------------------|-----------------------------|--|
| \$ 1,760,723                          | \$ 2,240,551                | \$ 10,482,779                                    |
| 4,048                                 | -                           | 30,841   |
| -                                     | -                           | 1,651,677  |
| -                                     | -                           | 37,500   |
| -                                     | -                           | 222,235  |
| <u>1,764,771</u>                      | <u>2,240,551</u>            | <u>12,425,032</u>                                |
| <br>                                  |                             |  |
| \$ 31,786                             | \$ 366,882                  | \$ 526,593                                       |
| -                                     | 22,610                      | 30,972   |
| 193,013                               | -                           | 1,479,528  |
| -                                     | -                           | 110,192  |
| <u>224,799</u>                        | <u>389,492</u>              | <u>2,147,285</u>                                 |
| <br>                                  |                             |  |
| -                                     | -                           | 37,500   |
| -                                     | -                           | 222,235  |
| -                                     | -                           | 152,342  |
| -                                     | -                           | 3,487,497  |
| -                                     | -                           | 2,610,843  |
| 1,539,972                             | -                           | 1,539,972  |
| -                                     | -                           | 3,073  |
| -                                     | 1,851,059                   | 1,851,059  |
| -                                     | -                           | 373,226  |
| <u>1,539,972</u>                      | <u>1,851,059</u>            | <u>10,277,747</u>                                |
| <br>                                  |                             |  |
| \$ <u>1,764,771</u>                   | \$ <u>2,240,551</u>         | \$ <u>12,425,032</u>                             |



**Thompson School District R2-J**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

|  | <u>Nutrition<br/>Services</u> | <u>Government<br/>Designated-<br/>Purpose Grants</u> | <u>Land<br/>Reserve</u> |
|--|-------------------------------|--|-------------------------|
| <b>Revenues</b>                              |                               |  |                         |
| Intergovernmental                            | \$ 3,327,066                  | \$ 9,368,207   | \$ -                    |
| Loveland URA Distribution                    | -                             | -  | -                       |
| Charges for Services                         | 1,625,659                     | -  | -                       |
| Payments In Lieu of Land Dedication          | -                             | -  | 714,098                 |
| Investment Earnings                          | 189                           | 1,070  | 3,676                   |
| Other  | -                             | -  | -                       |
| <b>TOTAL REVENUES</b>                        | <u>4,952,914</u>              | <u>9,369,277</u>                                     | <u>717,774</u>          |
| <b>Expenditures</b>                          |                               |  |                         |
| Instruction                                  |                               |  |                         |
| Salaries and Benefits                        | -                             | 4,488,302  | -                       |
| Purchased Services                           | -                             | 193,299  | -                       |
| Supplies and Materials                       | -                             | 225,077  | -                       |
| Equipment                                    | -                             | 159,051  | -                       |
| Other  | -                             | 2,910  | -                       |
| Total Instruction                            | <u>-</u>                      | <u>5,068,639</u>                                     | <u>-</u>                |
| Supporting Services                          |                               |  |                         |
| Pupil Services                               | -                             | 2,106,618  | -                       |
| Instructional Staff                          | -                             | 1,534,593  | -                       |
| General Administration                       | -                             | 150,000  | -                       |
| School Administration                        | -                             | 415,593  | -                       |
| Maintenance/Operations                       | -                             | 111,071  | -                       |
| Pupil Transportation                         | -                             | -  | -                       |
| Central Supporting Services                  | -                             | 8,672  | 719,203                 |
| Nutrition Services                           | 5,067,055                     | -  | -                       |
| Community Services                           | -                             | 110,953  | -                       |
| Total Support Services                       | <u>5,067,055</u>              | <u>4,437,500</u>                                     | <u>719,203</u>          |
| Debt Service - Principal                     | -                             | -  | -                       |
| Debt Service - Interest                      | -                             | -  | -                       |
| Total Debt Service                           | <u>-</u>                      | <u>-</u>   | <u>-</u>                |
| <b>TOTAL EXPENDITURES</b>                    | <u>5,067,055</u>              | <u>9,506,139</u>                                     | <u>719,203</u>          |
| <b>Excess of Revenues</b>                    |                               |  |                         |
| <b>Over (Under) Expenditures</b>             | (114,141)                     | (136,862)  | (1,429)                 |
| <b>Other Financing Sources</b>               |                               |  |                         |
| Transfers in                                 | -                             | 687,168  | -                       |
| <b>Net Change in Fund Balances</b>           | (114,141)                     | 550,306  | (1,429)                 |
| <b>Fund Balances - Beginning of the Year</b> | <u>761,202</u>                | <u>2,142,819</u>                                     | <u>3,547,959</u>        |
| <b>Fund Balances - End of the Year</b>       | <u>\$ 647,061</u>             | <u>\$ 2,693,125</u>                                  | <u>\$ 3,546,530</u>     |

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| <u>Fee<br/>Supported<br/>Programs</u> | <u>Capital<br/>Projects</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|---------------------------------------|-----------------------------|--|
| \$ -                                  | \$ -                        | \$ 12,695,273                                    |
| -                                     | 723,431                     | 723,431  |
| 1,881,371                             | -                           | 3,507,030  |
| -                                     | -                           | 714,098  |
| 1,106                                 | 4                           | 6,045  |
| -                                     | 23,218                      | 23,218   |
| <u>1,882,477</u>                      | <u>746,653</u>              | <u>17,669,095</u>                                |
| 809,033                               | -                           | 5,297,335  |
| 42,533                                | 2,760                       | 238,592  |
| 174,392                               | 59,431                      | 458,900  |
| 3,956                                 | 326,553                     | 489,560  |
| 26,290                                | -                           | 29,200   |
| <u>1,056,204</u>                      | <u>388,744</u>              | <u>6,513,587</u>                                 |
| 21,715                                | -                           | 2,128,333  |
| 16,986                                | 510,984                     | 2,062,563  |
| -                                     | -                           | 150,000  |
| 75,068                                | -                           | 490,661  |
| -                                     | 540,148                     | 651,219  |
| -                                     | 593,640                     | 593,640  |
| -                                     | 51,027                      | 778,902  |
| -                                     | -                           | 5,067,055  |
| 928,444                               | 1,077                       | 1,040,474  |
| <u>1,042,213</u>                      | <u>1,696,876</u>            | <u>12,962,847</u>                                |
| -                                     | 725,000                     | 725,000  |
| -                                     | 500,788                     | 500,788  |
| -                                     | 1,225,788                   | 1,225,788  |
| <u>2,098,417</u>                      | <u>3,311,408</u>            | <u>20,702,222</u>                                |
| (215,940)                             | (2,564,755)                 | (3,033,127)                                      |
| <u>337,650</u>                        | <u>3,475,259</u>            | <u>4,500,077</u>                                 |
| 121,710                               | 910,504                     | 1,466,950  |
| <u>1,418,262</u>                      | <u>940,555</u>              | <u>8,810,797</u>                                 |
| <u>\$ 1,539,972</u>                   | <u>\$ 1,851,059</u>         | <u>\$ 10,277,747</u>                             |

**Thompson School District R2-J  
Nutrition Services Fund - 21  
Budgetary Comparison Schedule  
June 30, 2016**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues</b>                          |                         |                   |                   |   |
| Intergovernmental                        |                         |                   |                   |   |
| Federal Source, USDA Reimbursements      | \$ 2,800,526            | \$ 2,800,526      | \$ 2,920,353      | \$ 119,827  |
| Federal Source, Commodities              | 293,385                 | 293,385           | 312,557           | 19,172  |
| State Categorical Reimbursement          | 102,268                 | 102,268           | 94,156            | (8,112)   |
| Charges for Services                     | 1,854,755               | 1,854,755         | 1,625,659         | (229,096)   |
| Investment Earnings                      | -                       | -                 | 189               | 189   |
| <b>TOTAL REVENUE</b>                     | <u>5,050,934</u>        | <u>5,050,934</u>  | <u>4,952,914</u>  | <u>(98,020)</u>   |
| <b>Expenditures</b>                      |                         |                   |                   |   |
| Supporting Services                      |                         |                   |                   |   |
| Nutrition Services                       | <u>5,050,821</u>        | <u>5,241,621</u>  | <u>5,067,055</u>  | <u>174,566</u>  |
| <b>TOTAL EXPENDITURES</b>                | <u>5,050,821</u>        | <u>5,241,621</u>  | <u>5,067,055</u>  | <u>174,566</u>  |
| <b>Net Change in Fund Balance</b>        | 113                     | (190,687)         | (114,141)         | 76,546  |
| <b>Fund Balances - Beginning of Year</b> | <u>824,745</u>          | <u>761,202</u>    | <u>761,202</u>    | <u>-</u>  |
| <b>Fund Balances - End of Year</b>       | <u>\$ 824,858</u>       | <u>\$ 570,515</u> | <u>\$ 647,061</u> | <u>\$ 76,546</u>  |

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**Thompson School District**  
**Government Designated-Purpose Grants Fund - 22 & 28**  
**Budgetary Comparison Schedule**  
**June 30, 2016**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|---------------------|---------------------|---|
|   | <u>Original</u>         | <u>Budget</u>       |                     | <u>Actual</u>   |
| <b>Revenues</b>   |                         |                     |                     |   |
| Intergovernmental                                       |                         |                     |                     |   |
| Federal Sources   | \$ 7,894,180            | \$ 8,559,410        | \$ 7,416,146        | \$ (1,143,264)  |
| State/Local Sources                                     | 1,423,755               | 2,147,908           | 1,952,061           | (195,847)   |
| Investment Earnings                                     | -                       | -                   | 1,070               | 1,070   |
| <b>TOTAL REVENUE</b>                                    | <u>9,317,935</u>        | <u>10,707,318</u>   | <u>9,369,277</u>    | <u>(1,338,041)</u>  |
| <b>Expenditures</b>                                     |                         |                     |                     |   |
| Instruction   |                         |                     |                     |   |
| Salaries and Benefits                                   | 6,579,261               | 6,858,021           | 4,488,302           | 2,369,719   |
| Purchased Services                                      | 424,268                 | 629,143             | 193,299             | 435,844   |
| Supplies and Materials                                  | 346,647                 | 540,981             | 225,077             | 315,904   |
| Equipment   | 20,162                  | 20,162              | 159,051             | (138,889)   |
| Other   | 500                     | 500                 | 2,910               | (2,410)   |
| Total Instruction                                       | <u>7,370,838</u>        | <u>8,048,807</u>    | <u>5,068,639</u>    | <u>2,980,168</u>  |
| Supporting Services                                     |                         |                     |                     |   |
| Pupil Services  | 2,114,350               | 2,529,672           | 2,106,618           | 423,054   |
| Instructional Staff                                     | 1,102,958               | 1,304,700           | 1,534,593           | (229,893)   |
| General Administration                                  | -                       | -                   | 150,000             | (150,000)   |
| School Administration                                   | 492,875                 | 495,490             | 415,593             | 79,897  |
| Maintenance/Operations                                  | 10,910                  | 10,910              | 111,071             | (100,161)   |
| Central Supporting Services                             | -                       | -                   | 8,672               | (8,672)   |
| Community Services                                      | 66,842                  | 66,842              | 110,953             | (44,111)  |
| Total Support Services                                  | <u>3,787,935</u>        | <u>4,407,614</u>    | <u>4,437,500</u>    | <u>(29,886)</u>   |
| <b>TOTAL EXPENDITURES</b>                               | <u>11,158,773</u>       | <u>12,456,421</u>   | <u>9,506,139</u>    | <u>2,950,282</u>  |
| <b>Excess of Revenues Over (Under)<br/>Expenditures</b> | (1,840,838)             | (1,749,103)         | (136,862)           | 1,612,241   |
| <b>Other Financing Sources</b>                          |                         |                     |                     |   |
| Transfers In  | 786,677                 | 687,168             | 687,168             | -   |
| <b>Net Change in Fund Balance</b>                       | (1,054,161)             | (1,061,935)         | 550,306             | 1,612,241   |
| <b>Fund Balances - Beginning of Year</b>                | <u>1,054,161</u>        | <u>2,142,819</u>    | <u>2,142,819</u>    | <u>-</u>  |
| <b>Fund Balances - End of Year</b>                      | <u>\$ -</u>             | <u>\$ 1,080,884</u> | <u>\$ 2,693,125</u> | <u>\$ 1,612,241</u>   |

See independent auditors' report

**Thompson School District R2-J  
Land Reserve Fund - 27  
Budgetary Comparison Schedule  
June 30, 2016**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                     |   |
| <b>Revenues</b>                         |                         |                   |                     |   |
| Payments in Lieu of Land Dedication     | \$ 746,044              | \$ 760,382        | \$ 714,098          | \$ (46,284)   |
| Investment Earnings                     | <u>2,348</u>            | <u>2,348</u>      | <u>3,676</u>        | <u>1,328</u>  |
| <b>TOTAL REVENUE</b>                    | <u>748,392</u>          | <u>762,730</u>    | <u>717,774</u>      | <u>(44,956)</u>   |
| <b>Expenditures</b>                     |                         |                   |                     |   |
| Supporting Services                     |                         |                   |                     |   |
| Central Supporting Services             | <u>3,992,077</u>        | <u>3,992,077</u>  | <u>719,203</u>      | <u>3,272,874</u>  |
| <b>TOTAL EXPENDITURES</b>               | <u>3,992,077</u>        | <u>3,992,077</u>  | <u>719,203</u>      | <u>3,272,874</u>  |
| <b>Net Change in Fund Balance</b>       | (3,243,685)             | (3,229,347)       | (1,429)             | 3,227,918   |
| <b>Fund Balance - Beginning of Year</b> | <u>3,493,685</u>        | <u>3,547,959</u>  | <u>3,547,959</u>    | <u>-</u>  |
| <b>Fund Balance - End of Year</b>       | <u>\$ 250,000</u>       | <u>\$ 318,612</u> | <u>\$ 3,546,530</u> | <u>\$ 3,227,918</u>   |

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**Thompson School District R2-J  
Fee Supported Programs Fund - 29  
Budgetary Comparison Schedule  
June 30, 2016**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>Revenues</b>   |                         |                     |                     |   |
| Charges for Services                                    | \$ 1,906,200            | \$ 2,068,710        | \$ 1,881,371        | \$ (187,339)  |
| Investment Earnings                                     | -                       | -                   | 1,106               | 1,106   |
| <b>TOTAL REVENUE</b>                                    | <u>1,906,200</u>        | <u>2,068,710</u>    | <u>1,882,477</u>    | <u>(186,233)</u>  |
| <b>Expenditures</b>                                     |                         |                     |                     |   |
| Instruction   |                         |                     |                     |   |
| Salaries and Benefits                                   | 1,111,904               | 1,270,684           | 809,033             | 461,651   |
| Purchased Services                                      | 4,778                   | 6,012               | 42,533              | (36,521)  |
| Supplies and Materials                                  | 8,525                   | 10,508              | 174,392             | (163,884)   |
| Equipment   | 8,043                   | 8,556               | 3,956               | 4,600   |
| Other   | -                       | -                   | 26,290              | (26,290)  |
| Total Instruction                                       | <u>1,133,250</u>        | <u>1,295,760</u>    | <u>1,056,204</u>    | <u>239,556</u>  |
| Supporting Services                                     |                         |                     |                     |   |
| Pupil Services  | -                       | -                   | 21,715              | (21,715)  |
| Instructional Staff                                     | -                       | -                   | 16,986              | (16,986)  |
| School Administration                                   | 106,620                 | 106,620             | 75,068              | 31,552  |
| Community Services                                      | 1,071,663               | 1,071,663           | 928,444             | 143,219   |
| Total Support Services                                  | <u>1,178,283</u>        | <u>1,178,283</u>    | <u>1,042,213</u>    | <u>136,070</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <u>2,311,533</u>        | <u>2,474,043</u>    | <u>2,098,417</u>    | <u>375,626</u>  |
| <b>Excess of Revenues Over (Under)<br/>Expenditures</b> | (405,333)               | (405,333)           | (215,940)           | 189,393   |
| <b>Other Financing Sources</b>                          |                         |                     |                     |   |
| Transfers In  | <u>337,650</u>          | <u>337,650</u>      | <u>337,650</u>      | -   |
| <b>Net Change in Fund Balance</b>                       | (67,683)                | (67,683)            | 121,710             | 189,393   |
| <b>Fund Balance - Beginning of the Year</b>             | <u>1,471,374</u>        | <u>1,418,262</u>    | <u>1,418,262</u>    | -   |
| <b>Fund Balance - End of the Year</b>                   | <u>\$ 1,403,691</u>     | <u>\$ 1,350,579</u> | <u>\$ 1,539,972</u> | <u>\$ 189,393</u>   |

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**Thompson School District R2-J  
Capital Projects Fund - 43  
Budgetary Comparison Schedule  
June 30, 2016**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                     |   |
| <b>Revenues</b>                                     |                         |                   |                     |   |
| Loveland URA Distribution                           | 919,063                 | 919,063           | 723,431             | (195,632)   |
| Investment Earnings                                 | \$ -                    | \$ -              | \$ 4                | \$ 4  |
| Other   | -                       | -                 | 23,218              | 23,218  |
| <b>TOTAL REVENUE</b>                                | <u>919,063</u>          | <u>919,063</u>    | <u>746,653</u>      | <u>(172,410)</u>  |
| <b>Expenditures</b>                                 |                         |                   |                     |   |
| <b>Instruction</b>                                  |                         |                   |                     |   |
| Purchased Services                                  | -                       | 5,000             | 2,760               | 2,240   |
| Supplies and Materials                              | -                       | 874,928           | 59,431              | 815,497   |
| Equipment   | 121,000                 | 141,887           | 326,553             | (184,666)   |
| Total Instruction                                   | <u>121,000</u>          | <u>1,021,815</u>  | <u>388,744</u>      | <u>633,071</u>  |
| <b>Supporting Services</b>                          |                         |                   |                     |   |
| Instructional Staff                                 | 457,000                 | 822,400           | 510,984             | 311,416   |
| Maintenance/Operations                              | 1,542,534               | 1,557,347         | 540,148             | 1,017,199   |
| Pupil Transportation                                | 383,500                 | 383,500           | 593,640             | (210,140)   |
| Central Supporting Services                         | 72,000                  | 72,000            | 51,027              | 20,973  |
| Community Services                                  | -                       | -                 | 1,077               | (1,077)   |
| Total Support Services                              | <u>2,455,034</u>        | <u>2,835,247</u>  | <u>1,696,876</u>    | <u>1,138,371</u>  |
| Debt Service - Principal                            | 725,000                 | 725,000           | 725,000             | -   |
| Debt Service - Interest                             | 556,063                 | 556,063           | 500,788             | 55,275  |
| Total Debt Service                                  | <u>1,281,063</u>        | <u>1,281,063</u>  | <u>1,225,788</u>    | <u>55,275</u>   |
| <b>TOTAL EXPENDITURES</b>                           | <u>3,857,097</u>        | <u>5,138,125</u>  | <u>3,311,408</u>    | <u>1,826,717</u>  |
| <b>Excess of Revenues Over (Under) Expenditures</b> | (2,938,034)             | (4,219,062)       | (2,564,755)         | 1,654,307   |
| <b>Other Financing Sources</b>                      |                         |                   |                     |   |
| Transfer In   | 2,194,231               | 3,475,259         | 3,475,259           | -   |
| <b>Net Change in Fund Balance</b>                   | (743,803)               | (743,803)         | 910,504             | 1,654,307   |
| <b>Fund Balance - Beginning of Year</b>             | <u>743,803</u>          | <u>940,555</u>    | <u>940,555</u>      | <u>-</u>  |
| <b>Fund Balance - End of Year</b>                   | <u>\$ -</u>             | <u>\$ 196,752</u> | <u>\$ 1,851,059</u> | <u>\$ 1,654,307</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, 2016**

|                               | <b>Education<br/>Memorial</b> | <b>Interscholastic<br/>Athletic and Activity</b> | <b>Totals</b> |
|-------------------------------|-------------------------------|--|---------------|
| <b>ASSETS</b>                 |                               |  |               |
| Cash and Investments          | \$ 83,322                     | \$ 1,337,266                                     | \$ 1,420,588  |
| <b>TOTAL ASSETS</b>           | \$ 83,322                     | \$ 1,337,266                                     | \$ 1,420,588  |
| <b>LIABILITIES</b>            |                               |  |               |
| Accounts Payable              | \$ -                          | \$ 60,669  | \$ 60,669     |
| Accrued Salaries and Benefits | -                             | 4,054  | 4,054         |
| Undistributed Monies          | 83,322                        | 1,272,543  | 1,355,865     |
| <b>TOTAL LIABILITES</b>       | \$ 83,322                     | \$ 1,337,266                                     | \$ 1,420,588  |

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**Thompson School District R2-J**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2016**

|   | <u>Balance</u><br><u>June 30, 2015</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2016</u> |
|---|--|---------------------|---------------------|--|
| <b><u>Education Memorial</u></b>                    |  |                     |                     |  |
| <b>Assets</b>                                       |  |                     |                     |  |
| Cash and Investments                                | \$ 86,736                              | \$ 85,692           | \$ 89,106           | \$ 83,322                              |
| <b>Liabilities</b>                                  |  |                     |                     |  |
| Accounts Payable                                    | \$ 9,618                               | \$ -                | \$ 9,618            | \$ -                                   |
| Undistributed Monies                                | 77,118                                 | 85,692              | 79,488              | 83,322                                 |
| <b>Total Liabilities</b>                            | <b>\$ 86,736</b>                       | <b>\$ 85,692</b>    | <b>\$ 89,106</b>    | <b>\$ 83,322</b>                       |
| <b><u>Interscholastic Athletic and Activity</u></b> |  |                     |                     |  |
| <b>Assets</b>                                       |  |                     |                     |  |
| Cash and Investments                                | \$ 1,363,277                           | \$ 2,747,970        | \$ 2,773,981        | \$ 1,337,266                           |
| Accounts Receivable                                 | 179                                    | -                   | 179                 | -                                      |
| <b>Total Assets</b>                                 | <b>\$ 1,363,456</b>                    | <b>\$ 2,747,970</b> | <b>\$ 2,774,160</b> | <b>\$ 1,337,266</b>                    |
| <b>Liabilities</b>                                  |  |                     |                     |  |
| Accounts Payable                                    | \$ 159,595                             | \$ -                | \$ 98,926           | \$ 60,669                              |
| Accrued Salaries and Benefits                       | 6,643                                  | -                   | 2,589               | 4,054                                  |
| Undistributed Monies                                | 1,197,218                              | 2,747,970           | 2,672,645           | 1,272,543                              |
| <b>Total Liabilities</b>                            | <b>\$ 1,363,456</b>                    | <b>\$ 2,747,970</b> | <b>\$ 2,774,160</b> | <b>\$ 1,337,266</b>                    |
| <b><u>Combined</u></b>                              |  |                     |                     |  |
| <b>Assets</b>                                       |  |                     |                     |  |
| Cash and Investments                                | \$ 1,450,013                           | \$ 2,833,662        | \$ 2,863,087        | \$ 1,420,588                           |
| Accounts Receivable                                 | 179                                    | -                   | 179                 | -                                      |
| <b>Total Assets</b>                                 | <b>\$ 1,450,192</b>                    | <b>\$ 2,833,662</b> | <b>\$ 2,863,266</b> | <b>\$ 1,420,588</b>                    |
| <b>Liabilities</b>                                  |  |                     |                     |  |
| Accounts Payable                                    | \$ 169,213                             | \$ -                | \$ 108,544          | \$ 60,669                              |
| Accrued Salaries and Benefits                       | 6,643                                  | -                   | 2,589               | 4,054                                  |
| Undistributed Monies                                | 1,274,336                              | 2,833,662           | 2,752,133           | 1,355,865                              |
| <b>Total Liabilities</b>                            | <b>\$ 1,450,192</b>                    | <b>\$ 2,833,662</b> | <b>\$ 2,863,266</b> | <b>\$ 1,420,588</b>                    |

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**Thompson School District R2-J  
Education Memorial Fund - 72  
Budgetary Comparison Schedule  
Year Ended June 30, 2016**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Additions</b>                                |                         |                  |                  |   |
| Investment Earnings                             | \$ 100                  | \$ 100           | \$ 239           | \$ 139  |
| Donations                                       | 60,000                  | 95,234           | 85,453           | (9,781)   |
| <b>Total Additions</b>                          | <u>60,100</u>           | <u>95,334</u>    | <u>85,692</u>    | <u>(9,642)</u>  |
| <b>Deductions</b>                               |                         |                  |                  |   |
| Scholarships                                    | 70,000                  | 105,234          | 79,488           | 25,746  |
| <b>Total Deductions</b>                         | <u>70,000</u>           | <u>105,234</u>   | <u>79,488</u>    | <u>25,746</u>   |
| Change in Undistributed Monies                  | (9,900)                 | (9,900)          | 6,204            | 16,104  |
| <b>Undistributed Monies - Beginning of Year</b> | <u>64,216</u>           | <u>77,118</u>    | <u>77,118</u>    | <u>-</u>  |
| <b>Undistributed Monies - End of Year</b>       | <u>\$ 54,316</u>        | <u>\$ 67,218</u> | <u>\$ 83,322</u> | <u>\$ 16,104</u>  |

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**Thompson School District R2-J  
Interscholastic Athletic and Activity Fund - 74  
Budgetary Comparison Schedule  
Year Ended June 30, 2016**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>Additions</b>                               |                         |                     |                     |   |
| Fund Raising and Events                        | \$ 2,834,140            | \$ 2,834,140        | \$ 2,744,812        | \$ (89,328)   |
| Investment Earnings                            | 480                     | 480                 | 3,158               | 2,678   |
| <b>Total Additions</b>                         | <u>2,834,620</u>        | <u>2,834,620</u>    | <u>2,747,970</u>    | <u>(86,650)</u>   |
| <b>Deductions</b>                              |                         |                     |                     |   |
| Athletic Expenditures                          | 1,027,739               | 1,027,739           | 1,038,563           | (10,824)  |
| Pupil Activity Expenditures                    | 1,807,778               | 1,807,778           | 1,634,082           | 173,696   |
| <b>Total Deductions</b>                        | <u>2,835,517</u>        | <u>2,835,517</u>    | <u>2,672,645</u>    | <u>162,872</u>  |
| Change in Undistributed Monies                 | (897)                   | (897)               | 75,325              | 76,222  |
| <b>Undistributed Monies, Beginning of Year</b> | <u>1,198,753</u>        | <u>1,197,218</u>    | <u>1,197,218</u>    | <u>-</u>  |
| <b>Undistributed Monies, End of Year</b>       | <u>\$ 1,197,856</u>     | <u>\$ 1,196,321</u> | <u>\$ 1,272,543</u> | <u>\$ 76,222</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, 2016**

|   | <b>New Vision<br/>Charter<br/>School</b> | <b>Loveland<br/>Classical<br/>Schools</b> | <b>Thompson<br/>Education<br/>Foundation</b> | <b>Total<br/>Component<br/>Units</b> |
|---|--|---|--|--------------------------------------|
| <b>ASSETS</b>                                   |  |   |  |                                      |
| Cash and Investments                            | \$ 1,202,050                             | \$ 1,649,572                              | \$ 1,297,852                                 | \$ 4,149,474                         |
| Restricted Cash and Investments                 | 595,108                                  | -   | -  | 595,108                              |
| Accounts Receivable                             | 1,797                                    | 47,338                                    | 83,899                                       | 133,034                              |
| Grants Receivable                               | -  | 10,446                                    | -  | 10,446                               |
| Prepaid Expense                                 | 480,000                                  | 21,005                                    | -  | 501,005                              |
| Capital Assets, Not Being Depreciated: Land     | 400,000                                  | -   | -  | 400,000                              |
| Capital Assets, Net of Accumulated Depreciation | 2,736,395                                | 26,313                                    | -  | 2,762,708                            |
| <b>Total Assets</b>                             | 5,415,350                                | 1,754,674                                 | 1,381,751                                    | 8,551,775                            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |  |   |  |                                      |
| Pensions, Net of Accumulated Amortization       | 752,838                                  | 1,407,468                                 | -  | 2,160,306                            |
| <b>LIABILITIES</b>                              |  |   |  |                                      |
| Accounts Payable                                | 9,041                                    | 113,410                                   | 27,040                                       | 149,491                              |
| Accrued Salaries and Benefits                   | 106,242                                  | 157,807                                   | -  | 264,049                              |
| Unearned Revenue                                | -  | 15,388                                    | -  | 15,388                               |
| Accrued Interest Payable                        | 75,347                                   | -   | -  | 75,347                               |
| Noncurrent Liabilities                          |  |   |  |                                      |
| Due Within One Year                             | 80,000                                   | -   | -  | 80,000                               |
| Due in More Than One Year                       | 4,385,000                                | -   | -  | 4,385,000                            |
| Pension Liability                               | 5,190,748                                | 7,716,575                                 | -  | 12,907,323                           |
| <b>Total Liabilities</b>                        | 9,846,378                                | 8,003,180                                 | 27,040                                       | 17,876,598                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |  |   |  |                                      |
| Pensions, Net of Accumulated Amortization       | 73,570                                   | 109,346                                   | -  | 182,916                              |
| <b>NET POSITION</b>                             |  |   |  |                                      |
| Net Investment in Capital Assets                | (733,497)                                | 26,313                                    | -  | (707,184)                            |
| Restricted for Debt Service                     | 595,108                                  | -   | -  | 595,108                              |
| Restricted for Emergencies                      | 113,500                                  | 169,000                                   | -  | 282,500                              |
| Unrestricted                                    | (3,726,871)                              | (5,145,697)                               | 1,354,711                                    | (7,517,857)                          |
| <b>Total Net Position</b>                       | \$ (3,751,760)                           | \$ (4,950,384)                            | \$ 1,354,711                                 | \$ (7,347,433)                       |

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**Thompson School District R2-J**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2016**

|  | <u>New Vision<br/>Charter<br/>School</u> | <u>Loveland<br/>Classical<br/>Schools</u> | <u>Thompson<br/>Education<br/>Foundation</u> | <u>Total<br/>Component<br/>Units</u> |
|--|--|---|--|--------------------------------------|
| <b>Expenses</b>  |  |   |  |                                      |
| Total Instruction  | \$ 2,949,823                             | \$ 3,255,976                              | \$ -   | \$ 6,205,799                         |
| Total Supporting Services                                    | 580,109                                  | 2,407,161                                 | 625,072                                      | 3,612,342                            |
| Interest & Fiscal Charges                                    | 304,003                                  | -   | -  | 304,003                              |
| <b>Total Expenses</b>  | <u>3,833,935</u>                         | <u>5,663,137</u>                          | <u>625,072</u>                               | <u>10,122,144</u>                    |
| <b>Program Revenues</b>                                      |  |   |  |                                      |
| Charges for Services   | 143,070                                  | 168,215                                   | 4,028  | 315,313                              |
| Operating Grants and Contributions                           | 56,373                                   | 103,461                                   | 514,828                                      | 674,662                              |
| Capital Grants and Contributions                             | 116,528                                  | -   | -  | 116,528                              |
| <b>Total Program Revenues</b>                                | <u>315,971</u>                           | <u>271,676</u>                            | <u>518,856</u>                               | <u>1,106,503</u>                     |
| <b>General Revenues</b>                                      |  |   |  |                                      |
| Per Pupil Revenues   | 3,319,638                                | 5,061,745                                 | -  | 8,381,383                            |
| Investment Income  | 1,127                                    | 2,033                                     | (3,247)                                      | (87)                                 |
| Grants and Contributions not Restricted to Specific Programs | -  | 273,885                                   | 163,647                                      | 437,532                              |
| Miscellaneous  | 139,078                                  | 375                                       | -  | 139,453                              |
| <b>Total General Revenues</b>                                | <u>3,459,843</u>                         | <u>5,338,038</u>                          | <u>160,400</u>                               | <u>8,958,281</u>                     |
| <b>Total Revenues</b>  | <u>3,775,814</u>                         | <u>5,609,714</u>                          | <u>679,256</u>                               | <u>10,064,784</u>                    |
| <b>Changes in Net Position</b>                               | (58,121)                                 | (53,423)                                  | 54,184                                       | (57,360)                             |
| Net Position - Beginning                                     | <u>(3,693,639)</u>                       | <u>(4,896,961)</u>                        | <u>1,300,527</u>                             | <u>(7,290,073)</u>                   |
| Net Position - Ending  | <u>\$ (3,751,760)</u>                    | <u>\$ (4,950,384)</u>                     | <u>\$ 1,354,711</u>                          | <u>\$ (7,347,433)</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, 2016**

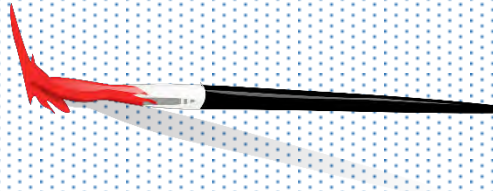
|   | <u>Thompson<br/>Education<br/>Foundation</u> |
|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |
| Cash Received from  |  |
| Contributions and Fundraising Activities  | \$ 612,576                                   |
| Charges for Services  | 4,028  |
| Payments to Suppliers and the District  | <u>(626,473)</u>                             |
| Net Cash Provided (Used) by Operating Activities  | <u>(9,869)</u>                               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |
| (Purchases) Sales of Investments, Net   | 77,696                                       |
| Investment Income Received  | <u>(3,247)</u>                               |
| Net Cash Provided by Investing Activities   | <u>74,449</u>                                |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | 64,580                                       |
| <b>CASH AND CASH EQUIVALENTS, Beginning</b>   | <u>1,046,344</u>                             |
| <b>CASH AND CASH EQUIVALENTS, Ending</b>  | <u>\$ 1,110,924</u>                          |
| <b>RECONCILIATION OF NET OPERATING INCOME TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |  |
| Change in Net Operating Income  | \$ 57,431                                    |
| Adjustments to Reconcile Net Operating Income<br>to Net Cash Provided (Used) by Operating Activities  |  |
| Changes in Assets and Liabilities   |  |
| Accounts Receivable   | (65,899)                                     |
| Accounts Payable  | <u>(1,401)</u>                               |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ (9,869)</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.

| <b><u>Contents</u></b>   | <b><u>Pages</u></b> |
|--|---------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.   | 80-89               |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the District's most significant local revenue sources.  | 90-94               |
| <b>Debt Capacity</b><br>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.                              | 95-99               |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.  | 100-101             |
| <b>Operating Information</b><br>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. | 102-105             |



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

|  | <u>2007</u>                 | <u>2008</u>                 | <u>2009</u>                 | <u>2010</u>                 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Governmental Activities</b>                     |                             |                             |                             |                             |
| Net Investment in Capital Assets                   | \$ 43,686,008               | \$ 47,022,288               | \$ 50,272,273               | \$ 52,399,048               |
| Restricted   | 19,230,832                  | 19,710,398                  | 20,344,714                  | 20,717,458                  |
| Unrestricted                                       | 13,201,584                  | 15,333,817                  | 17,297,596                  | 17,421,337                  |
| <b>Total Governmental Activities Net Position</b>  | <b>\$ <u>76,118,424</u></b> | <b>\$ <u>82,066,503</u></b> | <b>\$ <u>87,914,582</u></b> | <b>\$ <u>90,537,843</u></b> |
| <b>Business-type Activities</b>                    |                             |                             |                             |                             |
| Net Investment in Capital Assets                   | \$ 286,573                  | \$ 192,657                  | \$ 400,578                  | \$ 387,092                  |
| Restricted   | 65,516                      | 65,286                      | 69,152                      | 62,547                      |
| Unrestricted                                       | 610,980                     | 396,484                     | 403,158                     | 552,736                     |
| <b>Total Business-type Activities Net Position</b> | <b>\$ <u>963,069</u></b>    | <b>\$ <u>654,427</u></b>    | <b>\$ <u>872,888</u></b>    | <b>\$ <u>1,002,375</u></b>  |
| <b>Primary Government</b>                          |                             |                             |                             |                             |
| Net Investment in Capital Assets                   | \$ 43,972,581               | \$ 47,214,945               | \$ 50,672,851               | \$ 52,786,140               |
| Restricted   | 19,296,348                  | 19,775,684                  | 20,413,865                  | 20,780,005                  |
| Unrestricted                                       | 13,812,564                  | 15,730,301                  | 17,700,754                  | 17,974,073                  |
| <b>Total Primary Government Net Position</b>       | <b>\$ <u>77,081,493</u></b> | <b>\$ <u>82,720,929</u></b> | <b>\$ <u>88,787,470</u></b> | <b>\$ <u>91,540,218</u></b> |

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>2011</u>              | <u>2012</u>              | <u>2013</u>              | <u>2014</u>              | <u>2015</u>                 | <u>2016</u>                 |
|------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| \$   | 54,766,501               | \$ 50,836,568            | \$ 47,612,676            | \$ 47,441,252            | \$ 48,575,109               | \$ 55,684,027               |
|      | 21,066,584               | 21,090,133               | 19,828,646               | 20,782,304               | 22,474,183                  | 23,441,761                  |
|      | <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>(231,579,493)</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> | <u><u>(152,453,705)</u></u> |
| <br> |                          |                          |                          |                          |                             |                             |
| \$   | 374,404                  | \$ 302,113               | \$ 341,862               | \$ 317,855               | \$ -                        | \$ -                        |
|      | 59,057                   | 54,384                   | 47,788                   | 48,906                   | -                           | -                           |
|      | <u>757,372</u>           | <u>786,264</u>           | <u>758,044</u>           | <u>828,165</u>           | <u>-</u>                    | <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>             | <u><u>-</u></u>             |
| <br> |                          |                          |                          |                          |                             |                             |
| \$   | 55,140,905               | \$ 51,138,681            | \$ 47,954,538            | \$ 47,759,107            | \$ 48,575,109               | \$ 55,684,027               |
|      | 21,125,641               | 21,144,517               | 19,876,434               | 20,831,210               | 22,474,183                  | 23,441,761                  |
|      | <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>(231,579,493)</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> | <u><u>(152,453,705)</u></u> |

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

|  | <u>2007</u>             | <u>2008</u>             | <u>2009</u>             | <u>2010</u>             |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses                                       |                         |                         |                         |                         |
| Governmental Activities:                       |                         |                         |                         |                         |
| Total Instruction                              | \$ 66,529,238           | \$ 67,834,944           | \$ 69,893,811           | \$ 72,938,988           |
| Supporting Services                            |                         |                         |                         |                         |
| Pupil Services                                 | 7,570,257               | 8,717,227               | 8,823,141               | 10,866,456              |
| Instructional Staff                            | 7,944,486               | 10,425,291              | 10,651,345              | 11,821,157              |
| General Administration                         | 1,113,179               | 1,213,567               | 1,097,462               | 1,123,991               |
| School Administration                          | 6,999,468               | 8,046,845               | 8,196,106               | 8,790,952               |
| Business Services                              | 1,706,322               | 1,785,422               | 2,286,161               | 3,587,229               |
| Maintenance/Operations                         | 6,188,899               | 11,122,270              | 13,799,484              | 12,242,873              |
| Pupil Transportation                           | 3,220,776               | 4,012,223               | 4,153,388               | 5,882,278               |
| Central Supporting Services                    | 8,767,469               | 7,592,656               | 3,979,589               | 4,045,434               |
| Nutrition Services                             | -                       | -                       | -                       | -                       |
| Community Services                             | 694,139                 | 785,524                 | 831,718                 | 925,487                 |
| Total Support Services                         | <u>44,204,995</u>       | <u>53,701,025</u>       | <u>53,818,393</u>       | <u>59,285,857</u>       |
| Charter School Allocation                      | -                       | -                       | -                       | -                       |
| Interest on Long-term Debt                     | 6,088,520               | 6,759,440               | 6,679,897               | 6,188,909               |
| Total Governmental Activities Expenses         | <u>116,822,753</u>      | <u>128,295,409</u>      | <u>130,392,101</u>      | <u>138,413,754</u>      |
| Business-type Activities:                      |                         |                         |                         |                         |
| Nutritional Services                           | 3,681,340               | 4,170,018               | 4,011,436               | 4,348,417               |
| Total Primary Government Expenses              | <u>\$ 120,504,093</u>   | <u>\$ 132,465,428</u>   | <u>\$ 134,403,537</u>   | <u>\$ 142,762,171</u>   |
| Program Revenues                               |                         |                         |                         |                         |
| Governmental Activities:                       |                         |                         |                         |                         |
| Charges for Services                           |                         |                         |                         |                         |
| Instruction                                    | \$ 945,121              | \$ 715,218              | \$ 827,452              | \$ 716,533              |
| Supporting Services                            |                         |                         |                         |                         |
| Pupil Services                                 | 1,188                   | -                       | -                       | -                       |
| Instructional Staff                            | 17,647                  | 39,678                  | 45,904                  | 39,125                  |
| School Administration                          | 51,298                  | 54,747                  | 63,338                  | -                       |
| Business Services                              | 28,190                  | 21,366                  | 24,719                  | 6,288                   |
| Maintenance Operations                         | 454                     | -                       | -                       | -                       |
| Central Supporting Services                    | 487,370                 | 482,762                 | 558,519                 | 562,606                 |
| Nutrition Services                             | -                       | -                       | -                       | -                       |
| Operating Grants and Contributions             | 11,584,333              | 10,766,875              | 12,656,371              | 14,717,024              |
| Capital Grants and Contributions               | 427,774                 | -                       | -                       | -                       |
| Total Governmental Activities Program Revenues | <u>13,543,375</u>       | <u>12,080,646</u>       | <u>14,176,303</u>       | <u>16,041,576</u>       |
| Business-type Activities:                      |                         |                         |                         |                         |
| Nutritional Services                           | 3,690,798               | 3,857,119               | 3,925,487               | 4,419,110               |
| Total Primary Government Program Revenues      | <u>\$ 17,234,173</u>    | <u>\$ 15,937,765</u>    | <u>\$ 18,101,790</u>    | <u>\$ 20,460,686</u>    |
| Net (Expense)/Revenue                          |                         |                         |                         |                         |
| Governmental Activities                        | \$ (103,279,378)        | \$ (116,214,763)        | \$ (116,215,798)        | \$ (122,372,178)        |
| Business-type Activities                       | 9,458                   | (312,900)               | (85,949)                | 70,693                  |
| Total Primary Government Net Expense           | <u>\$ (103,269,920)</u> | <u>\$ (116,527,663)</u> | <u>\$ (116,301,747)</u> | <u>\$ (122,301,485)</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>2011</u>          | <u>2012</u>             | <u>2013</u>             | <u>2014</u>             | <u>2015</u>             | <u>2016</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>    | <u>\$ 88,009,660</u>    |
|    | 9,614,206            | 8,248,122               | 8,641,673               | 9,008,392               | 9,856,217               | 10,993,338              |
|    | 10,981,248           | 10,462,675              | 9,464,893               | 10,862,474              | 12,420,701              | 12,245,025              |
|    | 1,097,871            | 1,282,987               | 796,543                 | 691,508                 | 703,710                 | 929,728                 |
|    | 8,478,267            | 7,718,718               | 7,672,001               | 8,245,479               | 9,442,354               | 10,050,222              |
|    | 2,233,389            | 1,915,333               | 1,890,438               | 1,927,179               | 2,138,095               | 2,194,203               |
|    | 13,854,509           | 10,971,086              | 11,642,850              | 12,772,492              | 12,588,683              | 12,778,550              |
|    | 5,292,524            | 4,369,625               | 4,256,359               | 4,473,844               | 4,932,017               | 5,094,970               |
|    | 3,934,697            | 4,471,462               | 4,083,834               | 3,718,829               | 6,417,280               | 4,638,394               |
|    | -                    | -                       | -                       | -                       | 5,181,013               | 5,351,449               |
|    | <u>1,443,698</u>     | <u>819,985</u>          | <u>1,318,301</u>        | <u>1,136,630</u>        | <u>1,068,006</u>        | <u>1,097,471</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>       | <u>65,373,350</u>       |
|    | 2,747,307            | 5,827,930               | 6,497,874               | 6,785,972               | 7,388,163               | 8,381,383               |
|    | 5,977,903            | 4,406,590               | 4,886,533               | 4,623,670               | 4,499,733               | 4,351,692               |
|    | <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>      | <u>166,116,085</u>      |
|    | 4,320,056            | 4,406,054               | 4,514,124               | 4,661,737               | -                       | -                       |
| \$ | <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>   | <u>\$ 166,116,085</u>   |
| \$ | 1,655,641            | \$ 1,905,524            | \$ 1,859,361            | \$ 1,973,568            | \$ 2,896,832            | \$ 3,142,010            |
|    | -                    | -                       | -                       | -                       | -                       | -                       |
|    | 90,403               | 104,048                 | 101,527                 | 107,763                 | 158,176                 | 171,564                 |
|    | -                    | -                       | -                       | -                       | -                       | -                       |
|    | 14,529               | 16,722                  | 16,317                  | 17,319                  | 25,421                  | 27,573                  |
|    | -                    | -                       | -                       | -                       | -                       | -                       |
|    | 1,299,973            | 1,496,176               | 1,459,928               | 1,549,602               | 727,864                 | 841,379                 |
|    | -                    | -                       | -                       | -                       | 1,546,665               | 1,625,659               |
|    | 14,227,794           | 11,690,893              | 12,814,379              | 13,735,085              | 17,389,882              | 17,810,774              |
|    | -                    | -                       | -                       | -                       | -                       | -                       |
|    | <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>       | <u>23,618,959</u>       |
|    | 4,436,524            | 4,357,355               | 4,518,884               | 4,662,337               | -                       | -                       |
| \$ | <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>    | <u>\$ 23,618,959</u>    |
| \$ | (118,067,431)        | \$ (120,097,803)        | \$ (116,638,783)        | \$ (125,287,691)        | \$ (139,478,110)        | \$ (142,497,126)        |
|    | 116,468              | (48,699)                | 4,760                   | 600                     | -                       | -                       |
| \$ | <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> | <u>\$ (142,497,126)</u> |

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

|  | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| General Revenues   |                       |                       |                       |                       |
| Governmental Activities:                                     |                       |                       |                       |                       |
| Property Taxes Levied For:                                   |                       |                       |                       |                       |
| General Purpose  | \$ 26,228,693         | \$ 28,363,669         | \$ 30,242,965         | \$ 30,378,658         |
| Mill Levy Override   | 12,058,082            | 12,456,986            | 12,774,017            | 13,209,662            |
| Debt Services  | 11,811,769            | 11,119,912            | 11,265,715            | 12,053,521            |
| Specific Ownership Taxes Levied For:                         |                       |                       |                       |                       |
| General Purpose  | 3,873,082             | 4,271,504             | 4,339,660             | 4,058,837             |
| Mill Levy Override   | 705,116               | 687,375               | -                     | -                     |
| Intergovernmental  |                       |                       |                       |                       |
| Equalization   | 57,847,052            | 59,874,117            | 62,255,043            | 64,803,052            |
| Loveland URA Distribution                                    | -                     | -                     | -                     | -                     |
| Payments in Lieu of Land Dedication                          | 733,693               | 499,858               | 313,552               | 232,579               |
| Interest and Investment Earnings                             | 5,249,371             | 4,071,983             | 1,175,751             | 317,332               |
| Grants and Contributions not Restricted to Specific Programs | -                     | -                     | -                     | -                     |
| Miscellaneous  | 914,492               | 817,438               | -                     | -                     |
| Transfers  | -                     | -                     | -                     | (58,202)              |
| Total Governmental Activities                                | <u>119,421,350</u>    | <u>122,162,842</u>    | <u>122,366,703</u>    | <u>124,995,439</u>    |
| Business-type Activities:                                    |                       |                       |                       |                       |
| Interest and Investment Earnings                             | 4,587                 | 4,258                 | 1,584                 | 592                   |
| Transfers  | -                     | -                     | -                     | 58,202                |
| Total Business-type Activities                               | <u>4,587</u>          | <u>4,258</u>          | <u>1,584</u>          | <u>58,794</u>         |
| Total Primary Government                                     | <u>\$ 119,425,937</u> | <u>\$ 122,167,099</u> | <u>\$ 122,368,287</u> | <u>\$ 125,054,233</u> |
| Change in Net Position                                       |                       |                       |                       |                       |
| Governmental Activities                                      | \$ 16,141,972         | \$ 5,948,079          | \$ 5,848,079          | \$ 2,623,261          |
| Business-type Activities                                     | 14,045                | (308,642)             | 218,461               | 129,487               |
| Total Primary Government                                     | <u>\$ 16,156,017</u>  | <u>\$ 5,639,436</u>   | <u>\$ 6,066,540</u>   | <u>\$ 2,752,748</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>2011</u>        | <u>2012</u>        | <u>2013</u>        | <u>2014</u>        | <u>2015</u>         | <u>2016</u>        |
|----|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| \$ | 29,728,007         | \$ 28,679,943      | \$ 29,221,467      | \$ 29,370,651      | \$ 29,765,495       | \$ 34,473,827      |
|    | 12,857,383         | 12,884,073         | 12,866,612         | 13,100,533         | 13,050,343          | 13,895,680         |
|    | 12,532,757         | 12,335,606         | 10,312,144         | 10,427,594         | 10,560,487          | 10,663,828         |
|    | 3,853,468          | 3,887,262          | 4,000,549          | 4,428,291          | 4,893,796           | 4,958,453          |
|    | -                  | -                  | -                  | -                  | -                   | -                  |
|    | 57,404,922         | 59,316,022         | 60,659,979         | 63,794,200         | 68,613,637          | 67,344,018         |
|    | -                  | -                  | -                  | 207,316            | 952,587             | 4,965,571          |
|    | 242,816            | 387,558            | 905,621            | 605,155            | 774,163             | 714,098            |
|    | 107,407            | 72,712             | 138,978            | 113,478            | 129,381             | 147,610            |
|    | 3,773,100          | 89,399             | -                  | -                  | -                   | -                  |
|    | -                  | 96,008             | -                  | 31,752             | 13,232              | -                  |
|    | (71,392)           | -                  | -                  | (46,310)           | -                   | -                  |
|    | <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>  | <u>137,163,085</u> |
|    | 598                | 627                | 173                | 322                | -                   | -                  |
|    | 71,392             | -                  | -                  | 46,310             | -                   | -                  |
|    | <u>71,990</u>      | <u>627</u>         | <u>173</u>         | <u>46,632</u>      | <u>-</u>            | <u>-</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>  | <u>137,163,085</u> |
| \$ | 2,361,037          | \$ (2,349,220)     | \$ 1,466,567       | \$ (3,255,030)     | \$ (10,724,989)     | \$ (5,334,041)     |
|    | 188,458            | (48,072)           | 4,933              | 47,232             | -                   | -                  |
| \$ | <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> | <u>(5,334,041)</u> |

**Thompson School District R2-J**

Schedule of Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

|                                    | <u>2007</u>           | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          |
|------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| General Fund                       |                       |                      |                      |                      |
| Restricted                         | \$ 3,599,242          | \$ 4,517,882         | \$ 4,821,889         | \$ 4,727,990         |
| Unassigned                         | <u>17,783,886</u>     | <u>18,808,539</u>    | <u>19,294,606</u>    | <u>20,530,456</u>    |
| Total General Fund                 | <u>21,383,128</u>     | <u>23,326,421</u>    | <u>24,116,495</u>    | <u>25,258,446</u>    |
| All Other Governmental Funds       |                       |                      |                      |                      |
| Nonspendable                       | -                     | -                    | -                    | -                    |
| Restricted                         | 79,919,801            | 52,872,901           | 33,834,519           | 20,842,333           |
| Committed                          | -                     | -                    | -                    | -                    |
| Assigned                           | -                     | -                    | -                    | -                    |
| Unassigned                         | <u>2,710,309</u>      | <u>2,975,899</u>     | <u>3,255,332</u>     | <u>3,600,654</u>     |
| Total All Other Governmental Funds | <u>82,630,110</u>     | <u>55,848,800</u>    | <u>37,089,851</u>    | <u>24,442,987</u>    |
| Total Governmental Funds           | <u>\$ 104,013,238</u> | <u>\$ 79,175,221</u> | <u>\$ 61,206,346</u> | <u>\$ 49,701,433</u> |

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

|    | <u>2011</u>       | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 4,757,546         | \$ 4,341,296         | \$ 3,915,124         | \$ 3,864,166         | \$ 4,009,925         | \$ 4,080,528         |
|    | <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>18,287,873</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>    | <u>22,368,401</u>    |
|    | -                 | -                    | -                    | -                    | 292,882              | 259,735              |
|    | 18,416,837        | 17,371,971           | 15,919,938           | 16,891,756           | 27,397,096           | 19,380,094           |
|    | -                 | 1,359,266            | 1,395,017            | 1,433,645            | 1,418,262            | 1,539,972            |
|    | 3,015,162         | 1,991,507            | 2,041,795            | 187,280              | 1,490,483            | 2,388,531            |
|    | -                 | -                    | -                    | 1,877,154            | -                    | -                    |
|    | <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>23,568,332</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> | <u>\$ 45,936,733</u> |

**Thompson School District R2-J**

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

|   | <u>2007</u>            | <u>2008</u>            | <u>2009</u>            | <u>2010</u>            |
|---|------------------------|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                     |                        |                        |                        |                        |
| Taxes   | \$ 54,301,144          | \$ 56,727,661          | \$ 57,546,346          | \$ 58,780,951          |
| Intergovernmental                                   | 69,298,311             | 70,640,991             | 73,912,330             | 78,751,910             |
| Loveland URA Distribution                           | -                      | -                      | -                      | -                      |
| Charges for Services                                | -                      | -                      | -                      | -                      |
| Payments in Lieu of Land Dedication                 | -                      | -                      | -                      | -                      |
| Investment Earnings                                 | 5,249,371              | 4,071,983              | 1,175,751              | 317,332                |
| Other   | 2,910,865              | 2,631,068              | 2,832,568              | 1,574,546              |
| <b>Total Revenues</b>                               | <u>131,759,691</u>     | <u>134,071,703</u>     | <u>135,466,995</u>     | <u>139,424,739</u>     |
| <b>Expenditures</b>                                 |                        |                        |                        |                        |
| Current:  |                        |                        |                        |                        |
| Instruction   |                        |                        |                        |                        |
| Salaries and Benefits                               | 55,096,973             | 59,207,799             | 61,456,412             | 63,192,919             |
| Purchased Services                                  | 2,230,932              | 2,062,371              | 1,830,410              | 2,264,059              |
| Supplies and Materials                              | 3,161,315              | 3,312,954              | 3,295,393              | 3,194,067              |
| Other   | 126,311                | 133,708                | 128,767                | 125,206                |
| Supporting Services                                 |                        |                        |                        |                        |
| Pupil Services                                      | 7,349,203              | 8,477,310              | 8,532,676              | 10,469,008             |
| Instructional Staff                                 | 7,712,504              | 10,230,511             | 10,426,810             | 11,516,102             |
| General Administration                              | 1,081,439              | 1,179,122              | 1,055,759              | 1,057,750              |
| School Administration                               | 6,795,081              | 7,825,018              | 7,927,542              | 8,459,745              |
| Business Services                                   | 1,674,017              | 1,750,356              | 2,243,707              | 3,520,988              |
| Maintenance/Operations                              | 23,696,567             | 20,064,310             | 17,325,065             | 10,809,066             |
| Pupil Transportation                                | 3,149,984              | 3,935,390              | 4,060,367              | 4,557,453              |
| Central Supporting Services                         | 3,637,045              | 3,874,845              | 3,754,589              | 3,485,465              |
| Nutrition Services                                  | -                      | -                      | -                      | -                      |
| Community Services                                  | 650,149                | 737,782                | 773,917                | 859,246                |
| Capital Projects                                    | 18,386,234             | 21,550,163             | 16,014,388             | 13,015,598             |
| Charter School Allocation                           | 1,868,346              | 2,257,196              | 2,722,161              | 2,764,792              |
| Debt Service:                                       |                        |                        |                        |                        |
| Principal   | 5,787,500              | 6,115,104              | 5,933,065              | 6,231,399              |
| Interest  | 6,519,762              | 6,195,782              | 5,954,842              | 5,406,789              |
| Bond Issuance Costs                                 | -                      | -                      | -                      | -                      |
| <b>Total Expenditures</b>                           | <u>148,923,362</u>     | <u>158,909,721</u>     | <u>153,435,869</u>     | <u>150,929,652</u>     |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <u>(17,163,671)</u>    | <u>(24,838,018)</u>    | <u>(17,968,874)</u>    | <u>(11,504,913)</u>    |
| <b>Other Financing Sources (Uses)</b>               |                        |                        |                        |                        |
| Debt Issued   | -                      | -                      | -                      | -                      |
| Debt Premiums                                       | -                      | -                      | -                      | -                      |
| Payments to Escrow Agent                            | -                      | -                      | -                      | -                      |
| Transfers In  | 10,044,571             | 10,256,580             | 9,386,336              | 9,024,938              |
| Transfers Out                                       | (10,044,571)           | (10,256,580)           | (9,386,336)            | (9,024,938)            |
| <b>Total Other Financing Sources (Uses)</b>         | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               |
| <b>Net Change to Fund Balance</b>                   | <u>\$ (17,163,671)</u> | <u>\$ (24,838,018)</u> | <u>\$ (17,968,874)</u> | <u>\$ (11,504,913)</u> |
| Debt Service as a Percentage of                     |                        |                        |                        |                        |
| Non-Capital Expenditures                            | 9.43%                  | 8.96%                  | 8.65%                  | 8.44%                  |

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

|    | <u>2011</u>        | <u>2012</u>        | <u>2013</u>        | <u>2014</u>        | <u>2015</u>         | <u>2016</u>        |
|----|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| \$ | 60,845,170         | \$ 58,666,107      | \$ 56,719,581      | \$ 57,669,288      | \$ 58,461,359       | \$ 63,892,812      |
|    | 76,473,714         | 73,941,932         | 75,120,012         | 79,274,256         | 87,891,647          | 87,432,729         |
|    | -                  | -                  | -                  | 207,316            | 952,587             | 4,965,571          |
|    | -                  | -                  | -                  | -                  | 3,440,545           | 3,507,030          |
|    | -                  | -                  | -                  | -                  | 774,163             | 714,098            |
|    | 107,407            | 72,712             | 138,978            | 113,478            | 129,381             | 147,610            |
|    | 1,779,721          | 2,034,322          | 2,697,100          | 2,545,889          | 39,517              | 23,218             |
|    | <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>  | <u>160,683,068</u> |
|    | 63,024,849         | 62,616,552         | 62,400,347         | 66,976,839         | 69,330,670          | 69,664,733         |
|    | 1,761,663          | 1,876,173          | 1,566,029          | 1,726,524          | 1,873,194           | 2,222,607          |
|    | 2,523,932          | 1,995,802          | 2,440,673          | 2,902,770          | 3,163,428           | 2,361,200          |
|    | 141,885            | 92,869             | 141,427            | 80,687             | 174,607             | 66,163             |
|    | 9,135,938          | 8,267,519          | 8,641,673          | 9,008,392          | 9,131,964           | 9,990,714          |
|    | 10,568,331         | 10,512,500         | 9,464,893          | 10,862,474         | 11,634,833          | 11,157,102         |
|    | 1,040,479          | 1,282,987          | 796,543            | 691,508            | 672,401             | 886,384            |
|    | 8,095,652          | 7,718,718          | 7,672,001          | 8,245,479          | 8,717,228           | 9,046,390          |
|    | 2,156,866          | 1,915,333          | 1,890,438          | 1,927,179          | 2,006,765           | 2,012,396          |
|    | 12,368,434         | 11,759,472         | 11,447,332         | 11,929,777         | 11,864,245          | 11,898,106         |
|    | 4,331,921          | 3,737,798          | 3,652,732          | 4,185,317          | 4,228,728           | 4,590,664          |
|    | 3,102,498          | 3,521,225          | 3,159,276          | 3,174,618          | 3,439,091           | 4,210,100          |
|    | -                  | -                  | -                  | -                  | 4,916,808           | 5,067,055          |
|    | 1,348,044          | 820,684            | 1,317,129          | 1,135,716          | 1,026,652           | 1,040,474          |
|    | 2,544,904          | 1,864,946          | 969,874            | 1,817,897          | 3,887,327           | 15,364,952         |
|    | 2,747,307          | 5,827,930          | 6,497,874          | 6,785,972          | 7,388,163           | 8,381,383          |
|    | 3,761,316          | 3,610,684          | 3,855,927          | 6,053,819          | 6,434,293           | 7,030,000          |
|    | 9,094,407          | 8,053,027          | 8,927,322          | 4,775,687          | 4,704,958           | 4,633,180          |
|    | -                  | 740,029            | -                  | -                  | 204,197             | -                  |
|    | <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>169,623,603</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>  | <u>(8,940,535)</u> |
|    | -                  | 84,740,000         | -                  | -                  | 11,515,000          | -                  |
|    | -                  | 14,761,217         | -                  | -                  | 1,594,138           | -                  |
|    | -                  | (99,819,555)       | -                  | -                  | (2,707,222)         | -                  |
|    | 4,234,946          | 2,643,417          | 2,040,762          | 3,092,110          | 13,335,636          | 5,743,039          |
|    | <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> | <u>(5,743,039)</u> |
|    | -                  | (318,338)          | -                  | -                  | 10,401,916          | -                  |
| \$ | <u>1,457,586</u>   | <u>(1,817,513)</u> | <u>(165,819)</u>   | <u>(2,470,428)</u> | <u>7,291,563</u>    | <u>(8,940,535)</u> |
|    | 9.55%              | 8.65%              | 9.54%              | 7.67%              | 7.34%               | 7.59%              |

**Thompson School District R2-J**

Assessed Value and Estimated Value of Taxable Property

(Unaudited)

| <b>Year Ended<br/>December 31</b> | <b>Residential<br/>Property</b> | <b>Commercial<br/>Property</b> | <b>Vacant<br/>Land</b> | <b>Industrial<br/>Property</b> | <b>Utilities</b> | <b>Agricultural</b> |
|-----------------------------------|---------------------------------|--------------------------------|------------------------|--------------------------------|------------------|---------------------|
| 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           |
| 2015                              | 911,790,305                     | 523,152,792                    | 71,707,608             | 69,877,322                     | 42,538,454       | 11,129,382          |

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

From 2006 to 2015, 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:

|      | <b>Assessment<br/>Percentage</b> | <b>Base Year</b>     |
|------|----------------------------------|----------------------|
| 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 |
| 2015 | 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> |
|--------------------------|--------------------|-------------------------------------|----------------------------|------------------------------|---------------------------------------|---|
| 1,323,400                | 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%  |
| 1,014,980                | 22,609,402         | 1,653,820,245                       | 329,168,816                | 38.393                       | 13,964,441,174                        | 11.84%  |

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

| Fiscal Year | Thompson School District R2-J Rates |              |                   | Overlapping Rates |                  |                        |                             |
|-------------|-------------------------------------|--------------|-------------------|-------------------|------------------|------------------------|-----------------------------|
|             | General Fund                        | Debt Service | Total Direct Rate | Larimer County    | City of Loveland | Other Cities and Towns | Other Special Districts (1) |
| 2007        | 33.159                              | 10.298       | 43.457            | 22.410            | 9.564            | 56.509                 | 904.103                     |
| 2008        | 32.636                              | 9.021        | 41.657            | 22.414            | 9.564            | 57.325                 | 1,053.890                   |
| 2009        | 32.306                              | 8.668        | 40.974            | 22.395            | 9.564            | 54.936                 | 990.933                     |
| 2010        | 32.175                              | 9.120        | 41.295            | 22.435            | 9.564            | 55.404                 | 1,007.652                   |
| 2011        | 32.487                              | 9.156        | 41.643            | 22.524            | 9.564            | 55.511                 | 1,199.293                   |
| 2012        | 32.655                              | 9.655        | 42.310            | 22.472            | 9.564            | 55.494                 | 1,218.291                   |
| 2013        | 32.830                              | 8.054        | 40.884            | 22.520            | 9.564            | 55.491                 | 1,311.630                   |
| 2014        | 32.437                              | 7.979        | 40.416            | 22.424            | 9.564            | 55.429                 | 1,727.553                   |
| 2015        | 32.300                              | 7.968        | 40.268            | 22.459            | 9.564            | 55.502                 | 2,300.438                   |
| 2016        | 31.454                              | 6.939        | 38.393            | 21.882            | 9.564            | 55.308                 | 2,653.568                   |

Source: Larimer County Assessor's Office

Note:

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



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

| Taxpayer                               | 2015                    |      |                                    | 2007                    |      |                                    |
|--|-------------------------|------|------------------------------------|-------------------------|------|------------------------------------|
|  | 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%                              | 11,815,270              | 2    | 1.02%                              |
| Public Service Company of Colorado     | 14,487,500              | 3    | 1.09%                              | 8,344,270               | 5    | 0.72%                              |
| Centerra Retail Shops                  | 10,869,670              | 4    | 0.82%                              | 17,339,800              | 1    | 1.50%                              |
| Qwest Corporation                      | 9,744,000               | 5    | 0.73%                              | 8,683,800               | 4    | 0.75%                              |
| 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    | 0.44%                              | -                       |      | -                                  |
| Crop Production Services, Incorporated | 5,009,380               | 9    | 0.36%                              | -                       |      | -                                  |
| Craig Realty Group-Loveland, LLC       | 4,785,150               | 10   | 0.38%                              | 8,018,500               | 6    | 0.69%                              |
| Agilent Technologies                   | -                       |      | -                                  | 10,364,950              | 3    | 0.90%                              |
| Taft Carlise, LLC                      | -                       |      | -                                  | 3,739,560               | 7    | 0.32%                              |
| Waterbury Orchards, LLC                | -                       |      | -                                  | 3,683,020               | 8    | 0.32%                              |
| Water Pik, Inc.                        | -                       |      | -                                  | 3,184,560               | 9    | 0.28%                              |
| Comcast Cablevision                    | -                       |      | -                                  | 3,052,860               | 10   | 0.26%                              |
|  | <u>\$ 103,594,303</u>   |      | <u>7.80%</u>                       | <u>\$ 78,226,590</u>    |      | <u>6.77%</u>                       |
| Total assessed valuation               | <u>\$ 1,328,293,932</u> |      |                                    | <u>\$ 1,156,255,387</u> |      |                                    |

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office  
Current year information was not available for 2016.

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

| Assessment<br>Year | Year<br>Ended<br>June 30 | Taxes Levied<br>for the<br>Year | Collected within the<br>Year of the Levy |                    | Delinquent<br>Tax<br>Collections | Total Collection to Date |                    |
|--------------------|--------------------------|---------------------------------|--|--------------------|----------------------------------|--------------------------|--------------------|
|                    |                          |                                 | Amount                                   | Percentage of Levy |                                  | Amount                   | Percentage of Levy |
| 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%             |
| 2015               | 2016                     | 59,261,073                      | 56,828,127                               | 95.9%              | 2,106,232                        | 58,934,359               | 99.4%              |

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<br>Obligation<br>Bonds | Certificates<br>of Participation | Capital Leases | Total<br>Government | Percentage<br>of Personal<br>Income (1) | Per<br>Capita (1) |
|------|--------------------------------|----------------------------------|----------------|---------------------|---|-------------------|
| 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             |
| 2016 | 99,166,209                     | 11,932,458                       | -              | 111,098,667         | 3.43%                                   | 1,495             |

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)

| <b>Year</b> | <b>Gross Bonded Debt</b> | <b>Debt Service Funds Available</b> | <b>Net Bonded Debt</b> | <b>Ratio of Gross Bonded Due to Assessed Value (1)</b> | <b>Gross Bonded Debt per Capita</b> |
|-------------|--------------------------|-------------------------------------|------------------------|--|-------------------------------------|
| 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                               |
| 2016        | 99,166,209               | 13,129,412                          | 86,036,797             | 6.42%  | 1,335                               |

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

(1) Assessed Value is \$1,543,538,472 for 2015.

**Thompson School District R2-J**  
 Computation of Direct and Overlapping Debt  
 June 30, 2016  
 (Unaudited)

|                               | <u>Long-Term Debt<br/>Outstanding</u> | <u>Percent<br/>Applicable to<br/>the District (1)</u> | <u>Net Direct and<br/>Overlapping<br/>Debt</u> |
|-------------------------------|---------------------------------------|---|--|
| <b>Direct Debt:</b>           |                                       |   |  |
| Thompson School District R2-J | \$ <u>111,098,667</u>                 | 100.00%   | \$ <u>111,098,667</u>                          |
| <b>Overlapping Debt:</b>      |                                       |   |  |
| Town of Berthoud              | 13,415,000                            | 100.00%   | 13,415,000                                     |
| Berthoud Fire District        | <u>480,170</u>                        | 31.43%  | <u>150,917</u>                                 |
| Total Overlapping Debt        | 13,895,170                            |   | 13,565,917                                     |
| <br>                          |                                       |   |  |
| Total                         | \$ <u><u>124,993,837</u></u>          |   | \$ <u><u>124,664,584</u></u>                   |

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

**Thompson School District R2-J**  
 Computation of Legal Debt Margin  
 June 30, 2016  
 Last Ten Years  
 (Unaudited)

|   | <u>2007</u>             | <u>2008</u>             | <u>2009</u>             | <u>2010</u>             | <u>2011</u>             |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assessed value  | \$ <u>1,156,255,387</u> | \$ <u>1,265,077,530</u> | \$ <u>1,319,489,370</u> | \$ <u>1,346,729,792</u> | \$ <u>1,346,498,784</u> |
| Debt limit (20% of assessed valuation)                                  | \$ 231,251,077          | \$ 253,015,506          | \$ 263,897,874          | \$ 269,345,958          | \$ 269,299,757          |
| Total net debt applicable to limit                                      | <u>146,254,499</u>      | <u>140,947,293</u>      | <u>135,763,598</u>      | <u>130,637,310</u>      | <u>124,096,273</u>      |
| Legal debt margin   | \$ <u>84,996,578</u>    | \$ <u>112,068,213</u>   | \$ <u>128,134,276</u>   | \$ <u>138,708,648</u>   | \$ <u>145,203,484</u>   |
| Total net debt applicable to the limit<br>as a percentage of debt limit | <u>63.24%</u>           | <u>55.71%</u>           | <u>51.45%</u>           | <u>48.50%</u>           | <u>46.08%</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>2012</u>             | <u>2013</u>             | <u>2014</u>             | <u>2015</u>             | <u>2016</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> | \$ <u>1,543,538,472</u> |
| \$ 255,602,510          | \$ 257,769,262          | \$ 262,201,691          | \$ 265,658,786          | \$ 308,707,694          |
| <u>116,326,723</u>      | <u>120,997,488</u>      | <u>114,058,728</u>      | <u>106,789,968</u>      | <u>99,166,209</u>       |
| \$ <u>139,275,787</u>   | \$ <u>136,771,774</u>   | \$ <u>148,142,963</u>   | \$ <u>158,868,818</u>   | \$ <u>209,541,485</u>   |
| <u>45.51%</u>           | <u>46.94%</u>           | <u>43.50%</u>           | <u>40.20%</u>           | <u>32.12%</u>           |

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

| Employer                        | 2015          |      |                                     | 2006          |      |                                     |
|---------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
|                                 | Employees     | Rank | Percentage of Total City Employment | Employees     | Rank | Percentage of Total City Employment |
| Thompson School District R2-J   | 2,453         | 1    | 5.63%                               | 2,375         | 1    | 7.65%                               |
| Medical Center of the Rockies   | 1,329         | 2    | 3.05%                               | -             |      | -                                   |
| Wal-Mart Distribution Center    | 1,000         | 3    | 2.30%                               | 1,000         | 2    | 3.22%                               |
| City of Loveland                | 995           | 4    | 2.29%                               | 710           | 4    | 2.29%                               |
| Hach Company                    | 980           | 5    | 2.25%                               | 550           | 7    | 1.77%                               |
| McKee Medical Center            | 505           | 6    | 1.16%                               | 950           | 3    | 3.06%                               |
| Woodward Governor               | 500           | 7    | 1.15%                               | 238           | 10   | 0.77%                               |
| Elevations Credit Union         | 380           | 8    | 0.87%                               | -             |      | -                                   |
| Miramont Lifestyle Fitness      | 370           | 9    | 0.85%                               | -             |      | -                                   |
| Agrium/Crop Production Services | 360           | 10   | 0.83%                               | -             |      | -                                   |
| Agilent Technologies            | -             |      | -                                   | 650           | 6    | 2.09%                               |
| Wal-Mart Super Center           | -             |      | -                                   | 700           | 5    | 2.25%                               |
| Group Publishing                | -             |      | -                                   | 300           | 8    | 0.97%                               |
| Quebecor                        | -             |      | -                                   | 242           | 9    | 0.78%                               |
| <b>Total</b>                    | <b>8,872</b>  |      | <b>20.38%</b>                       | <b>7,715</b>  |      | <b>24.85%</b>                       |
| <b>Total City Employment</b>    | <b>43,543</b> |      |                                     | <b>31,043</b> |      |                                     |

Sources: City of Loveland December 31, 2015 Comprehensive Annual Financial Report  
District Financial Records



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

| <b>Fiscal Year</b> | <b>Population</b><br><i>(thousands)</i> | <b>Personal</b><br><b>Income</b><br><i>(millions)</i> | <b>County</b><br><b>Per Capita</b><br><b>Income (b)</b><br><i>(thousands)</i> | <b>Median</b><br><b>Age</b> | <b>Unemployment</b><br><b>Percentage (a)</b> |
|--------------------|---|---|---|-----------------------------|--|
| 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  |
| 2015               | 74.3                                    | 3,240.43  | 43.6  | 38.4                        | 3.4  |

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

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

Source: City of Loveland December 31, 2015 Comprehensive Annual Financial Report

**Thompson School District R2-J**  
Number of Employees by Function  
June 30, 2016  
(Unaudited)

| <u>Employees: (Full and Part Time Positions)</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>  | <u>2016</u>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Administration                                   |              |              |              |              |              |              |              |              |              |              |
| Instructional Central Office Administrators      | 12           | 12           | 12           | 9            | 11           | 10           | 8            | 8            | 9            | 9            |
| Principals & Asst. Principals                    | 42           | 46           | 47           | 49           | 47           | 45           | 45           | 47           | 48           | 49           |
| Support Central Office Administrators            | 11           | 11           | 11           | 12           | 11           | 10           | 9            | 9            | 6            | 8            |
| Teaching Staff                                   |              |              |              |              |              |              |              |              |              |              |
| Teachers   |              |              |              |              |              |              |              |              |              |              |
| Substitute Teachers                              | 304          | 375          | 254          | 408          | 438          | 391          | 484          | 491          | 568          | 524          |
| Guidance Counselors                              | 45           | 43           | 44           | 43           | 39           | 37           | 36           | 35           | 37           | 44           |
| Media Specialist                                 | 9            | 9            | 9            | 9            | 9            | 9            | 9            | 7            | 7            | 7            |
| Teacher Aides                                    | 198          | 187          | 195          | 212          | 166          | 172          | 175          | 193          | 197          | 195          |
| Support Services                                 |              |              |              |              |              |              |              |              |              |              |
| Nurses, Psychologists, and Social Workers        | 35           | 31           | 35           | 32           | 30           | 29           | 31           | 32           | 32           | 31           |
| Pupil Transportation                             | 112          | 118          | 125          | 128          | 114          | 99           | 99           | 99           | 98           | 97           |
| Personnel Services                               | 9            | 12           | 12           | 11           | 9            | 9            | 9            | 9            | 9            | 12           |
| Operations and Maintenance                       | 153          | 160          | 173          | 164          | 162          | 156          | 145          | 149          | 144          | 144          |
| Fiscal Services and Data Processing              | 9            | 15           | 14           | 16           | 16           | 16           | 14           | 14           | 14           | 14           |
| School Building Clerical                         | 130          | 141          | 147          | 148          | 137          | 125          | 119          | 123          | 124          | 118          |
| Other Professional Support Staff                 | 122          | 152          | 152          | 156          | 134          | 124          | 121          | 128          | 132          | 134          |
| Other Clerical Support                           | 31           | 31           | 30           | 31           | 26           | 22           | 19           | 19           | 22           | 21           |
| Food Services                                    | 105          | 112          | 117          | 115          | 86           | 74           | 72           | 73           | 69           | 73           |
| <b>Total</b>                                     | <b>2,322</b> | <b>2,479</b> | <b>2,408</b> | <b>2,580</b> | <b>2,407</b> | <b>2,234</b> | <b>2,290</b> | <b>2,375</b> | <b>2,453</b> | <b>2,411</b> |

Source: Thompson School District Human Resources Department

**Thompson School District R2-J**  
**Operating Indicators**  
**June 30, 2016**  
**(Unaudited)**

|                                      | <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>           | <u>2016</u>           |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Funding per Student                  | \$ 5,988             | \$ 6,279             | \$ 6,530             | \$ 6,714             | \$ 6,461             | \$ 6,140             | \$ 6,145             | \$ 6,308             | \$ 6,665              | \$ 6,938              |
| Funded Pupil Count                   | 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              | 15,064.9              |
| Total Funding per School Finance Act | \$ <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> | \$ <u>104,520,276</u> |

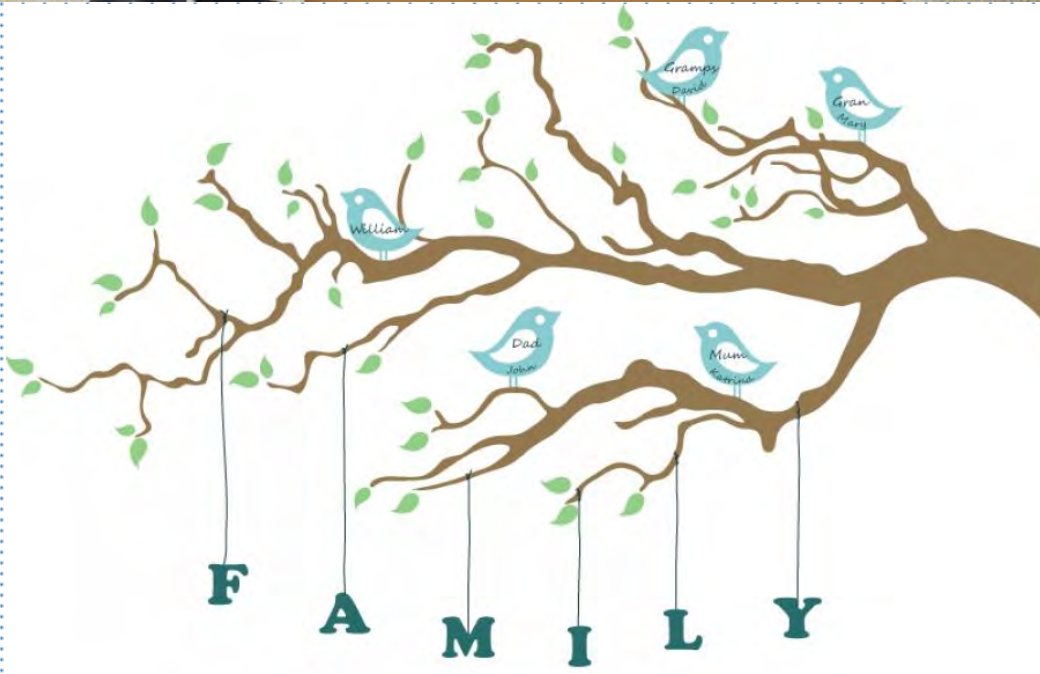
Source: Thompson School District Finance Department

**Thompson School District R2-J**  
**School Building Information**  
**June 30, 2016**  
**(Unaudited)**

| <u>Schools</u>     | <u>Sq. Ft.</u>   | <u>Capacity</u> | <u>Enrollment History by Fiscal Year</u> |               |               |               |               |               |
|--------------------|------------------|-----------------|--|---------------|---------------|---------------|---------------|---------------|
|                    |                  |                 | <u>2016</u>                              | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   | <u>2012</u>   | <u>2011</u>   |
| Elementary Schools |                  |                 |  |               |               |               |               |               |
| Berthoud           | 50,050           | 480             | 474                                      | 433           | 397           | 380           | 378           | 432           |
| BF Kitchen         | 33,800           | 280             | 219                                      | 227           | 214           | 223           | 217           | 250           |
| Big Thompson       | 29,100           | 255             | 220                                      | 207           | 184           | 171           | 185           | 206           |
| Carrie Martin      | 33,350           | 280             | 240                                      | 232           | 245           | 270           | 281           | 304           |
| Centennial         | 57,750           | 530             | 457                                      | 466           | 462           | 403           | 399           | 417           |
| Cottonwood Plains  | 57,400           | 530             | 446                                      | 424           | 408           | 413           | 416           | 426           |
| Coyote Ridge       | 58,300           | 375             | 339                                      | 360           | 361           | 374           | 341           | 347           |
| Garfield           | 34,900           | 300             | 245                                      | 252           | 267           | 275           | 276           | 258           |
| Ivy Stockwell      | 36,050           | 355             | 301                                      | 318           | 323           | 307           | 317           | 334           |
| Laurene Edmondson  | 32,650           | 280             | 210                                      | 235           | 250           | 246           | 211           | 227           |
| Lincoln            | 40,500           | 355             | 208                                      | 222           | 220           | 220           | 223           | 249           |
| Mary Blair         | 49,150           | 480             | 375                                      | 387           | 389           | 405           | 435           | 423           |
| Monroe             | 51,050           | 505             | 294                                      | 292           | 305           | 333           | 330           | 305           |
| Namaqua            | 51,550           | 505             | 323                                      | 329           | 367           | 380           | 372           | 396           |
| Ponderosa          | 71,500           | 550             | 445                                      | 449           | 462           | 457           | 431           | 370           |
| Sarah Milner       | 36,700           | 405             | 298                                      | 314           | 336           | 338           | 307           | 312           |
| Stansberry         | 31,800           | 280             | 225                                      | 212           | 207           | 213           | 223           | 243           |
| Truscott           | 45,700           | 330             | 257                                      | 240           | 265           | 261           | 281           | 302           |
| Van Buren          | 32,800           | 300             | 150                                      | 189           | 197           | 202           | 199           | 212           |
| Winona             | 65,500           | 550             | 442                                      | 443           | 466           | 433           | 418           | 440           |
| Middle Schools     |                  |                 |  |               |               |               |               |               |
| Bill Reed          | 146,500          | 900             | 685                                      | 709           | 695           | 701           | 660           | 650           |
| Conrad Ball        | 96,100           | 810             | 638                                      | 667           | 659           | 660           | 642           | 646           |
| Lucile Erwin       | 115,500          | 900             | 879                                      | 903           | 888           | 888           | 850           | 874           |
| Turner             | 72,750           | 770             | 438                                      | 425           | 460           | 449           | 465           | 407           |
| Walt Clark         | 96,850           | 900             | 494                                      | 481           | 477           | 508           | 530           | 574           |
| High Schools       |                  |                 |  |               |               |               |               |               |
| Berthoud           | 143,100          | 990             | 727                                      | 693           | 678           | 646           | 623           | 626           |
| Ferguson           | 43,000           | 185             | 103                                      | 124           | 120           | 112           | 131           | 138           |
| Loveland           | 211,250          | 1,500           | 1,530                                    | 1,535         | 1,521         | 1,490         | 1,517         | 1,553         |
| Mountain View      | 252,300          | 1,475           | 1,268                                    | 1,253         | 1,208         | 1,127         | 1,118         | 1,103         |
| Thompson Valley    | 218,000          | 1,475           | 1,177                                    | 1,246         | 1,238         | 1,278         | 1,328         | 1,330         |
| Totals             | <u>2,294,950</u> | <u>17,830</u>   | <u>14,107</u>                            | <u>14,267</u> | <u>14,269</u> | <u>14,163</u> | <u>14,104</u> | <u>14,354</u> |

Source: Thompson School District Planning Department

| 2010          | 2009          | 2008          | 2007          |
|---------------|---------------|---------------|---------------|
| 419           | 441           | 424           | 404           |
| 215           | 206           | 195           | 185           |
| 183           | 176           | 192           | 200           |
| 317           | 341           | 322           | 299           |
| 417           | 396           | 342           | 319           |
| 433           | 448           | 555           | 517           |
| 295           | 274           | -             | -             |
| 294           | 286           | 261           | 271           |
| 334           | 325           | 342           | 363           |
| 246           | 244           | 289           | 302           |
| 366           | 366           | 394           | 391           |
| 487           | 484           | 496           | 471           |
| 352           | 385           | 392           | 420           |
| 481           | 484           | 509           | 516           |
| -             | -             | -             | -             |
| 328           | 334           | 336           | 366           |
| 253           | 244           | 241           | 216           |
| 284           | 272           | 282           | 285           |
| 274           | 258           | 269           | 266           |
| 435           | 413           | 407           | 364           |
| 618           | 621           | 604           | 612           |
| 621           | 640           | 703           | 783           |
| 854           | 882           | 836           | 836           |
| 421           | 413           | 426           | 434           |
| 586           | 643           | 683           | 708           |
| 623           | 641           | 677           | 692           |
| 125           | 105           | 99            | 105           |
| 1,641         | 1,689         | 1,678         | 1,636         |
| 1,081         | 1,107         | 1,201         | 1,187         |
| 1,364         | 1,436         | 1,475         | 1,492         |
| <u>14,347</u> | <u>14,554</u> | <u>14,630</u> | <u>14,640</u> |



## **COMPLIANCE SECTION**



# Yearbook





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, 2016, 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 29, 2016. 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 29, 2016



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 THE UNIFORM GUIDANCE**

**Report on Compliance for Each Major Federal Program**

We have audited the Thompson School District R2-J's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Thompson School District R2-J's major federal programs for the year ended June 30, 2016. The Thompson School District R2-J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Thompson School District R2-J's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Thompson School District R2-J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Thompson School District R2-J's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Thompson School District R2-J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Thompson School District R2-J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Thompson School District R2-J's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over compliance.

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

Our consideration of the Thompson School District R2-J's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2016, 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 29, 2016, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School, which represent 63 percent and 38 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School, is based solely upon the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Ernst & Young LLP*

November 29, 2016

**THOMPSON SCHOOL DISTRICT R2-J**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2016**

**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 200.516(a) of OMB's Uniform Guidance?

\_\_\_\_\_ yes      x   no

Identification of major federal programs:

84.010 Title I  
 93.600 Head Start

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

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, noncompliance, 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.



*LHS Graduates  
visit  
Van Buren  
Elementary School*

**Thompson School District R2-J**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

| Federal Grantor/Pass - Through Grantor<br>Program Title        | Pass-Through<br>Entity<br>Grant Code | Federal<br>CFDA<br>Number | Grant<br>Expenditures |
|--|--------------------------------------|---------------------------|-----------------------|
| U.S. Department of Education                                   |                                      |                           |                       |
| Passed Through State Department of Education                   |                                      |                           |                       |
| Title I  | 4010,5010                            | 84.010                    | \$ 1,546,293          |
| Special Education Cluster                                      |                                      |                           |                       |
| Special Education  | 4027,5027                            | 84.027                    | 2,527,645             |
| Special Education Preschool                                    | 4173                                 | 84.173                    | 65,097                |
| Improving Teacher Quality                                      | 4367                                 | 84.367                    | 343,105               |
| English Language Acquisition                                   | 4365                                 | 84.365                    | 28,744                |
| Race to the Top  | 4413                                 | 84.413                    | 9,856                 |
| Race to the Top - Early Learning Challenge                     | 5412                                 | 84.412                    | 10,740                |
| Twenty-First Century Community Learning Centers                | 5287                                 | 84.287                    | 71,879                |
| Advanced Placement Program                                     | 5330                                 | 84.330                    | 1,530                 |
| Safe and Drug-Free Schools and Communities                     | 5184                                 | 84.184                    | 515                   |
| Passed Through State Department of Human Services              |                                      |                           |                       |
| Vocational Rehabilitation                                      |                                      | 84.126                    | 133,059               |
| Passed Through State Community Colleges System                 |                                      |                           |                       |
| Career and Technical Education                                 |                                      | 84.048                    | 88,195                |
| TOTAL U.S. DEPARTMENT OF EDUCATION                             |                                      |                           | <u>4,826,658</u>      |
| U.S. Department of Agriculture                                 |                                      |                           |                       |
| Passed through State Department of Human Services              |                                      |                           |                       |
| Child Nutrition Cluster  |                                      |                           |                       |
| Food Donation  |                                      | 10.555                    | 312,557               |
| Passed Through State Department of Education                   |                                      |                           |                       |
| Child Nutrition Cluster  |                                      |                           |                       |
| School Breakfast Program                                       | 4553                                 | 10.553                    | 709,622               |
| National School Lunch Program                                  | 4555                                 | 10.555                    | 2,061,239             |
| Summer Food Service Program for Children                       | 4559                                 | 10.559                    | 125,706               |
| Child Nutrition Discretionary Grants Limited Availability      | 5579                                 | 10.579                    | 43,228                |
| Passed Through State Department of Public Health & Environment |                                      |                           |                       |
| Child and Adult Care Food Program                              |                                      | 10.558                    | 23,786                |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE                           |                                      |                           | <u>3,276,138</u>      |
| U.S. Department of Health and Human Services                   |                                      |                           |                       |
| Direct Program   |                                      |                           |                       |
| Head Start   |                                      | 93.600                    | 866,172               |
| Passed Through State Department of Education                   |                                      |                           |                       |
| Substance Abuse and Mental Health Services                     | 7243                                 | 93.243                    | 293,591               |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES             |                                      |                           | <u>1,159,763</u>      |
| U.S. Department of Transportation                              |                                      |                           |                       |
| Passed Through State of Colorado                               |                                      |                           |                       |
| Highway Planning and Construction                              |                                      | 20.205                    | 8,672                 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE                             |                                      |                           | <u>\$ 9,271,231</u>   |

See independent auditors' report

**Thompson School District R2-J**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

**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 in accordance with the requirements of OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, using the accrual basis of accounting. 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 2015-16  
 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 |
|---|--|---|--|---|---|---|---|
| <b>Governmental</b>                                     |  |   |  |   |   |   |   |
| 10 General Fund   | 24,206,545                               |   | 111,970,145                                |   | 113,872,289                               |   | 22,304,401  |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 72,000                                   |   | 1,266,540                                  |   | 1,274,540                                 |   | 64,000  |
| 19 Colorado Preschool Program Fund                      | 0  |   | 715,080                                    |   | 715,080                                   |   | 0   |
| <b>Sub-Total</b>  | <b>24,278,545</b>                        |   | <b>113,951,765</b>                         |   | <b>115,861,909</b>                        |   | <b>22,368,401</b>                                     |
| 11 Charter School Fund                                  | 1,539,772                                |   | 9,385,527                                  |   | 8,723,823                                 |   | 2,201,476   |
| 20,26-29 Special Revenue Fund                           | 4,966,222                                |   | 2,937,901                                  |   | 2,817,621                                 |   | 5,086,502   |
| 21 Food Service Spec Revenue Fund                       | 761,202                                  |   | 4,952,914                                  |   | 5,067,055                                 |   | 647,061   |
| 22 Govt Designated-Purpose Grants Fund                  | 2,142,819                                |   | 10,056,445                                 |   | 9,506,138                                 |   | 2,693,125   |
| 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                                | 12,869,000                               |   | 10,697,803                                 |   | 10,437,392                                |   | 13,129,411  |
| 39 Certificate of Participation (COP) Debt Service Fund | 0  |   | 0  |   | 0   |   | 0   |
| 41 Building Fund  | 8,918,926                                |   | 5,485,897                                  |   | 14,243,651                                |   | 161,173   |
| 42 Special Building Fund                                | 0  |   | 0  |   | 0   |   | 0   |
| 43 Capital Reserve Capital Projects Fund                | 940,555                                  |   | 4,221,912                                  |   | 3,311,408                                 |   | 1,851,059   |
| <b>Totals</b>   | <b>56,417,040</b>                        |   | <b>161,690,165</b>                         |   | <b>163,968,597</b>                        |   | <b>48,138,208</b>                                     |
| <b>Proprietary</b>                                      |  |   |  |   |   |   |   |
| 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   |
| <b>Totals</b>   | <b>0</b>                                 |   | <b>0</b>                                   |   | <b>0</b>                                  |   | <b>0</b>  |
| <b>Fiduciary</b>  |  |   |  |   |   |   |   |
| 70 Other Trust and Agency Funds                         | 0  |   | 0  |   | 0   |   | 0   |
| 72 Private Purpose Trust Fund                           | 77,118                                   |   | 85,692                                     |   | 79,489                                    |   | 83,322  |
| 73 Agency Fund  | 0  |   | 0  |   | 0   |   | 0   |
| 74 Pupil Activity Agency Fund                           | 1,197,218                                |   | 2,747,970                                  |   | 2,672,645                                 |   | 1,272,543   |
| 79 GASB 34 Permanent Fund                               | 0  |   | 0  |   | 0   |   | 0   |
| 85 Foundations  | 1,300,528                                |   | 679,256                                    |   | 625,073                                   |   | 1,354,711   |
| <b>Totals</b>   | <b>2,574,864</b>                         |   | <b>3,512,918</b>                           |   | <b>3,377,207</b>                          |   | <b>2,710,576</b>                                      |
| <b>FINAL</b>  |  |   |  |   |   |   |   |

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

## EMMA, CONTINUING DISCLOSURE SECTION

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

| <b><u>Contents</u></b>   | <b><u>Pages</u></b> |
|--|---------------------|
| <b>District Enrollment, Historical Enrollment as of October Student Counts</b> | 117                 |
| <b>History of District’s Mill Levy</b>   | 118                 |
| <b>History of District’s Assessed Valuation</b>                                | 119                 |
| <b>History of District’s Property Tax Collections</b>                          | 120                 |
| <b>History of General Fund Revenues, Expenditures and Fund Balances</b>        | 122-123             |
| <b>General Fund Budget Summary and Comparison</b>                              | 124                 |
| <b>General Obligation Debt Ratios, Historical Debt Ratios (as of June 30)</b>  | 125                 |

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

| <u>School Year</u> | <u>Enrollment</u> | <u>Percent Increase<br/>Based Upon Total<br/>Enrollment</u> |
|--------------------|-------------------|---|
| 2007               | 15,265            | 1.67%   |
| 2008               | 15,304            | 0.26%   |
| 2009               | 15,332            | 0.18%   |
| 2010               | 15,225            | -0.70%  |
| 2011               | 15,310            | 0.56%   |
| 2012               | 15,655            | 2.25%   |
| 2013               | 16,042            | 2.47%   |
| 2014               | 16,210            | 1.05%   |
| 2015               | 16,133            | -0.48%  |
| 2016               | 16,043            | -0.56%  |

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

| <u>School Year</u> | <u>General Fund<br/>Mill Levy</u> | <u>Bond Fund<br/>Mill Levy</u> | <u>Mill Levy<br/>Override</u> | <u>Abatements</u> | <u>Total<br/>Mill Levy</u> |
|--------------------|-----------------------------------|--------------------------------|-------------------------------|-------------------|----------------------------|
| 2007               | 22.360                            | 10.298                         | 10.636                        | 0.163             | 43.457                     |
| 2008               | 22.360                            | 9.021                          | 10.078                        | 0.198             | 41.657                     |
| 2009               | 22.360                            | 8.668                          | 9.834                         | 0.112             | 40.974                     |
| 2010               | 22.360                            | 9.120                          | 9.719                         | 0.096             | 41.295                     |
| 2011               | 22.360                            | 9.156                          | 9.720                         | 0.407             | 41.643                     |
| 2012               | 22.360                            | 9.655                          | 10.018                        | 0.277             | 42.310                     |
| 2013               | 22.360                            | 8.054                          | 9.969                         | 0.501             | 40.884                     |
| 2014               | 22.360                            | 7.979                          | 9.870                         | 0.207             | 40.416                     |
| 2015               | 22.360                            | 7.968                          | 9.796                         | 0.144             | 40.268                     |
| 2016               | 22.360                            | 6.939                          | 9.008                         | 0.086             | 38.393                     |

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

| Levy / Collection<br>Year | Assessed Valuation |             |                |               | Percent Change |
|---------------------------|--------------------|-------------|----------------|---------------|----------------|
|                           | Larimer County     | Weld County | Boulder County | Total         |                |
| 2007                      | 1,184,593,437      | 6,862,590   | 3,438,490      | 1,194,894,517 | 6.8%           |
| 2008                      | 1,325,640,340      | 7,571,380   | 3,825,710      | 1,337,037,430 | 11.9%          |
| 2009                      | 1,392,933,820      | 9,107,810   | 3,850,700      | 1,405,892,330 | 5.1%           |
| 2010                      | 1,427,021,812      | 11,338,520  | 3,783,040      | 1,442,143,372 | 2.6%           |
| 2011                      | 1,428,017,910      | 9,438,100   | 3,816,369      | 1,441,272,379 | -0.1%          |
| 2012                      | 1,361,162,945      | 11,196,000  | 3,530,837      | 1,375,889,782 | -4.5%          |
| 2013                      | 1,369,737,812      | 13,731,010  | 3,610,015      | 1,387,078,837 | 0.8%           |
| 2014                      | 1,391,202,663      | 14,153,877  | 3,866,030      | 1,409,222,570 | 1.6%           |
| 2015                      | 1,406,505,209      | 14,532,160  | 3,760,748      | 1,424,798,117 | 1.1%           |
| 2016                      | 1,634,814,386      | 15,082,540  | 3,923,319      | 1,653,820,245 | 16.1%          |

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

| <b>Assessment</b> | <b>Collection</b> |                           |                        |                       |
|-------------------|-------------------|---------------------------|------------------------|-----------------------|
| <u>Year</u>       | <u>Year</u>       | <u>Total Taxes Levied</u> | <u>Taxes Collected</u> | <u>Percent Change</u> |
| 2006              | 2007              | 50,247,390                | 49,722,946             | 99.0%                 |
| 2007              | 2008              | 52,699,335                | 51,768,782             | 98.2%                 |
| 2008              | 2009              | 54,064,757                | 53,206,686             | 98.4%                 |
| 2009              | 2010              | 55,613,207                | 54,722,114             | 98.4%                 |
| 2010              | 2011              | 56,072,249                | 56,991,702             | 101.6%                |
| 2011              | 2012              | 54,072,711                | 54,778,845             | 101.3%                |
| 2012              | 2013              | 52,692,995                | 52,719,032             | 100.0%                |
| 2013              | 2014              | 52,985,717                | 53,240,997             | 100.5%                |
| 2014              | 2015              | 53,487,740                | 53,567,563             | 100.1%                |
| 2015              | 2016              | 59,261,073                | 58,934,359             | 99.4%                 |



**Thompson School District R2-J**

History of General Fund Revenues, Expenditures and Fund Balances

(Unaudited)

|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Revenues</b>                                     |                      |                      |                      |                      |                      |                      |
| Taxes   |                      |                      |                      |                      |                      |                      |
| Local Property-School Finance Act                   | \$ 25,853,095        | \$ 28,191,884        | \$ 29,166,954        | \$ 29,734,849        | \$ 31,039,495        | \$ 29,259,082        |
| Local Property-Mill Levy Override                   | 12,058,082           | 12,456,986           | 12,774,017           | 12,933,744           | 13,419,450           | 13,042,059           |
| Specific Ownership                                  | 4,578,198            | 4,958,879            | 4,339,660            | 4,058,837            | 3,853,468            | 3,887,262            |
| Intergovernmental                                   |                      |                      |                      |                      |                      |                      |
| Equalization Entitlements                           | 57,847,052           | 59,874,117           | 62,255,043           | 64,803,052           | 57,404,922           | 59,316,022           |
| Special Education                                   | 2,631,603            | 2,762,719            | 2,730,768            | 2,856,876            | 2,945,718            | 2,672,906            |
| Vocational Education                                | 414,245              | 251,286              | 393,204              | 545,397              | 511,729              | 482,041              |
| Transportation                                      | 789,892              | 803,700              | 752,676              | 862,440              | 972,871              | 953,060              |
| Other Federal Grants                                | -                    | -                    | -                    | -                    | 3,892,585            | 162,482              |
| Charter School Chargebacks                          | -                    | -                    | -                    | -                    | -                    | 730,892              |
| Other   | 914,492              | 817,438              | 1,007,077            | 1,550,352            | 1,435,156            | 1,144,814            |
| Investment Earnings                                 | 984,071              | 971,526              | 86,667               | 198,062              | 53,806               | 35,277               |
| <b>Total Revenues</b>                               | <u>106,070,730</u>   | <u>111,088,535</u>   | <u>113,506,066</u>   | <u>117,543,609</u>   | <u>115,529,200</u>   | <u>111,685,897</u>   |
| <b>Expenditures</b>                                 |                      |                      |                      |                      |                      |                      |
| Current Operating                                   |                      |                      |                      |                      |                      |                      |
| Instruction   | 50,642,263           | 55,012,848           | 58,075,317           | 59,894,659           | 60,900,240           | 60,677,590           |
| Supporting Services                                 | 37,757,044           | 43,201,899           | 45,021,472           | 47,256,194           | 45,503,134           | 43,042,411           |
| Capital Outlay                                      | 802,027              | 1,242,767            | 719,943              | 593,237              | 718,591              | 602,807              |
| Charter School Allocation                           | -                    | -                    | -                    | -                    | -                    | 5,827,930            |
| <b>Total Expenditures</b>                           | <u>89,201,334</u>    | <u>99,457,514</u>    | <u>103,816,732</u>   | <u>107,744,090</u>   | <u>107,121,965</u>   | <u>110,150,738</u>   |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <u>16,869,396</u>    | <u>11,631,021</u>    | <u>9,689,334</u>     | <u>9,799,519</u>     | <u>8,407,235</u>     | <u>1,535,159</u>     |
| <b>Other Financing Sources (Uses)</b>               |                      |                      |                      |                      |                      |                      |
| Transfers Out                                       | <u>(9,591,403)</u>   | <u>(9,687,728)</u>   | <u>(8,899,260)</u>   | <u>(8,657,568)</u>   | <u>(4,234,946)</u>   | <u>(2,643,417)</u>   |
| <b>Net Change In Fund Balances</b>                  | 7,277,993            | 1,943,293            | 790,074              | 1,141,951            | 4,172,289            | (1,108,258)          |
| <b>Fund Balances - Beginning of the Year</b>        | <u>14,105,135</u>    | <u>21,383,128</u>    | <u>23,326,421</u>    | <u>24,116,495</u>    | <u>25,554,731</u>    | <u>29,727,020</u>    |
| <b>Fund Balances - End of the Year</b>              | <u>\$ 21,383,128</u> | <u>\$ 23,326,421</u> | <u>\$ 24,116,495</u> | <u>\$ 25,258,446</u> | <u>\$ 29,727,020</u> | <u>\$ 28,618,762</u> |

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

Difference in ending June 30, 2006 balance and the beginning July 1, 2007 is due to a restatement of fund balance due to the Risk Management Fund (a previously reported Internal Services Fund) was closed and is now reported in the General Fund. An increase of \$149,869.

Sources: District Comprehensive Annual Financial Reports for years ended June 30, 2009-June 30, 2016; and the District.



|    | <u>2013</u>              | <u>2014</u>              | <u>2015</u>              | <u>2016</u>              |
|----|--------------------------|--------------------------|--------------------------|--------------------------|
| \$ | 29,268,775               | \$ 29,675,067            | \$ 29,896,023            | \$ 34,410,569            |
|    | 13,019,306               | 13,071,303               | 13,073,884               | 13,860,291               |
|    | 4,000,549                | 4,428,291                | 4,893,796                | 4,958,453                |
|    | 60,659,979               | 63,794,200               | 68,613,637               | 67,344,018               |
|    | 2,814,051                | 3,146,620                | 3,343,434                | 3,295,248                |
|    | 381,172                  | 326,140                  | 432,096                  | 617,848                  |
|    | 1,022,447                | 1,020,396                | 1,036,797                | 1,081,771                |
|    | 68,142                   | 67,079                   | -                        | 120,634                  |
|    | 887,200                  | 952,278                  | 1,035,075                | 1,245,964                |
|    | 758,453                  | 755,241                  | 839,822                  | 1,031,973                |
|    | 103,387                  | 72,034                   | 54,989                   | 106,464                  |
|    | <u>112,983,461</u>       | <u>117,308,649</u>       | <u>123,219,553</u>       | <u>128,073,233</u>       |
|    | 60,841,196               | 65,216,824               | 68,502,531               | 68,290,676               |
|    | 41,721,050               | 44,391,604               | 45,518,203               | 46,936,538               |
|    | 682,404                  | 1,325,652                | 1,062,017                | 631,741                  |
|    | <u>6,497,874</u>         | <u>6,785,972</u>         | <u>7,388,163</u>         | <u>8,381,383</u>         |
|    | <u>109,742,524</u>       | <u>117,720,052</u>       | <u>122,470,914</u>       | <u>124,240,338</u>       |
|    | <u>3,240,937</u>         | <u>(411,403)</u>         | <u>748,639</u>           | <u>3,832,895</u>         |
|    | <u>(2,040,762)</u>       | <u>(3,092,110)</u>       | <u>(2,785,518)</u>       | <u>(5,743,039)</u>       |
|    | 1,200,175                | (3,503,513)              | (2,036,879)              | (1,910,144)              |
|    | <u>28,618,762</u>        | <u>29,818,937</u>        | <u>26,315,424</u>        | <u>24,278,545</u>        |
| \$ | <u><u>29,818,937</u></u> | <u><u>26,315,424</u></u> | <u><u>24,278,545</u></u> | <u><u>22,368,401</u></u> |

**Thompson School District R2-J**  
**General Fund Budget Summary and Comparison**  
**(Unaudited)**

|   | 2006-07<br>Budget    | 2007-08<br>Budget    | 2008-09<br>Budget    | 2009-10<br>Budget    | 2010-11<br>Budget    | 2011-12<br>Budget    | 2012-13<br>Budget    | 2013-14<br>Budget    | 2014-15<br>Budget    | 2015-16<br>Budget    | 2015-16<br>Year End<br>(audited) | 2016-17<br>Budget    |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------------------|----------------------|
| <b>Fund Balance - Beginning of Year</b>   | \$ 13,955,266        | \$ 21,383,128        | \$ 23,326,421        | \$ 24,116,495        | \$ 25,258,446        | \$ 29,727,020        | \$ 28,618,762        | \$ 29,818,937        | \$ 26,315,424        | \$ 24,278,545        | \$ 24,278,545                    | \$ 19,600,197        |
| <b>REVENUES</b>                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                                  |                      |
| School Finance Act                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                                  |                      |
| Property taxes                            | 25,726,212           | 28,116,646           | 29,503,782           | 30,112,878           | 30,107,713           | 28,576,361           | 28,818,457           | 29,314,149           | 29,700,652           | 31,990,765           | 34,410,569                       | 35,446,569           |
| Specific ownership taxes                  | 4,019,979            | 3,546,159            | 4,490,321            | 2,380,066            | 2,207,174            | 2,106,762            | 2,079,791            | 2,236,977            | 2,472,616            | 2,528,596            | 2,832,407                        | 2,824,621            |
| State equalization                        | 57,181,459           | 60,370,096           | 62,758,819           | 67,101,409           | 56,985,336           | 59,349,418           | 60,456,717           | 63,831,868           | 68,644,716           | 69,722,273           | 67,344,018                       | 68,245,587           |
| SFSF                                      | -                    | -                    | -                    | -                    | 1,098,337            | -                    | -                    | -                    | -                    | -                    | -                                | -                    |
| <b>Total School Finance Act Funding</b>   | <b>86,927,650</b>    | <b>92,032,901</b>    | <b>96,752,922</b>    | <b>99,594,353</b>    | <b>90,398,560</b>    | <b>90,032,541</b>    | <b>91,354,965</b>    | <b>95,382,994</b>    | <b>100,817,984</b>   | <b>104,241,634</b>   | <b>104,586,994</b>               | <b>106,516,777</b>   |
| Mill Levy Override and Other              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                                  |                      |
| Property taxes from overrides             | 12,298,460           | 12,614,481           | 12,793,488           | 12,978,760           | 13,170,517           | 13,087,970           | 12,848,509           | 12,940,685           | 12,940,685           | 13,905,685           | 13,860,291                       | 14,036,939           |
| Specific ownership taxes                  | 800,000              | 750,000              | -                    | 1,597,489            | 1,440,000            | 1,677,652            | 1,513,399            | 2,149,674            | 1,796,022            | 2,256,668            | 2,126,046                        | 2,204,555            |
| Education Jobs Fund                       | -                    | -                    | -                    | -                    | 2,718,609            | 89,399               | -                    | -                    | -                    | -                    | -                                | -                    |
| Transportation reimbursement              | 722,756              | 722,756              | 728,055              | 728,055              | 834,068              | 903,055              | 988,354              | 988,273              | 1,015,945            | 1,024,421            | 1,081,771                        | 1,068,412            |
| ECEA funding                              | 2,449,751            | 2,449,751            | 2,449,751            | 2,449,751            | 2,656,359            | 2,705,979            | 2,839,850            | 3,252,845            | 3,349,801            | 3,359,791            | 3,295,248                        | 3,476,306            |
| Vocational education reimbursement        | 247,000              | 247,000              | 247,000              | 247,000              | 475,000              | 478,275              | 400,000              | 296,000              | 304,000              | 333,352              | 617,848                          | 476,361              |
| Indirect cost reimbursement               | -                    | -                    | -                    | -                    | -                    | 270,000              | 254,400              | 227,500              | 227,500              | 227,500              | 192,422                          | 226,800              |
| Charter school chargebacks                | -                    | -                    | -                    | -                    | -                    | 713,185              | 924,540              | 950,123              | 955,093              | 1,036,703            | 1,245,964                        | 1,167,891            |
| Investment earnings                       | 350,000              | 428,875              | 548,466              | 109,693              | 75,250               | 19,000               | 15,000               | 44,400               | 44,400               | 55,000               | 106,464                          | 78,320               |
| Instructional materials fees              | -                    | -                    | -                    | -                    | -                    | -                    | 225,000              | 205,000              | 170,000              | 153,611              | 149,213                          | 140,819              |
| E-rate reimbursements                     | -                    | -                    | -                    | -                    | -                    | 160,000              | 165,000              | 165,000              | 165,000              | 165,000              | 179,448                          | 135,911              |
| Cell & broadband leases                   | -                    | -                    | -                    | -                    | -                    | 80,000               | 72,192               | 72,192               | 73,000               | 73,000               | 84,829                           | 87,226               |
| National forest & other                   | 672,643              | 655,767              | 665,037              | 1,215,037            | 962,000              | 578,819              | 54,500               | 74,500               | 117,000              | 124,200              | 546,695                          | 274,539              |
| <b>Total Mill Levy Override and Other</b> | <b>17,540,610</b>    | <b>17,868,630</b>    | <b>17,431,797</b>    | <b>19,325,785</b>    | <b>22,331,803</b>    | <b>20,763,334</b>    | <b>20,300,744</b>    | <b>21,366,192</b>    | <b>21,158,446</b>    | <b>22,714,931</b>    | <b>23,486,239</b>                | <b>23,374,078</b>    |
| <b>Total Revenues</b>                     | <b>104,468,260</b>   | <b>109,901,531</b>   | <b>114,184,719</b>   | <b>118,920,138</b>   | <b>112,730,363</b>   | <b>110,795,875</b>   | <b>111,655,709</b>   | <b>116,749,186</b>   | <b>121,976,430</b>   | <b>126,956,565</b>   | <b>128,073,233</b>               | <b>129,890,855</b>   |
| <b>EXPENDITURES</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                                  |                      |
| Student instruction                       | 55,015,955           | 59,706,357           | 63,295,023           | 65,831,236           | 67,486,504           | 62,138,492           | 63,282,941           | 66,938,929           | 70,131,577           | 70,718,872           | 68,568,395                       | 72,190,892           |
| Student support                           | 5,436,694            | 5,494,514            | 5,592,436            | 5,624,216            | 5,497,370            | 7,410,581            | 6,686,447            | 7,412,140            | 7,091,600            | 7,785,136            | 7,873,990                        | 7,636,909            |
| Instruction support                       | 6,290,062            | 8,221,488            | 10,747,335           | 10,446,927           | 9,697,565            | 8,532,848            | 7,557,795            | 8,664,884            | 9,160,567            | 9,683,972            | 9,219,967                        | 10,637,770           |
| General administration                    | 795,327              | 754,137              | 815,644              | 1,011,376            | 1,007,344            | 841,282              | 821,292              | 703,609              | 670,265              | 696,554              | 739,166                          | 767,804              |
| School administration                     | 6,421,173            | 7,228,363            | 7,587,718            | 7,837,013            | 7,938,795            | 7,450,561            | 7,411,592            | 7,946,734            | 8,117,509            | 8,432,580            | 8,610,768                        | 8,817,955            |
| Business services                         | 1,612,290            | 1,922,814            | 2,386,547            | 2,502,442            | 2,436,041            | 2,021,002            | 1,935,047            | 1,988,740            | 2,033,068            | 2,063,896            | 2,020,557                        | 2,143,197            |
| Facilities/operations                     | 9,468,681            | 10,376,090           | 10,718,874           | 11,050,929           | 11,195,623           | 10,883,378           | 10,856,138           | 11,210,242           | 11,666,498           | 11,738,259           | 11,369,528                       | 12,213,239           |
| Student transportation                    | 3,078,566            | 3,375,280            | 3,712,832            | 3,424,229            | 3,690,532            | 3,914,538            | 3,622,188            | 3,952,415            | 4,111,192            | 4,369,763            | 3,999,579                        | 4,674,322            |
| Central support                           | 3,296,973            | 3,256,561            | 3,435,924            | 3,112,654            | 3,318,707            | 3,639,769            | 3,430,779            | 3,602,752            | 3,498,145            | 3,649,064            | 3,459,959                        | 3,913,144            |
| Allocation to charters                    | 1,803,000            | 2,196,250            | 2,697,368            | 2,775,478            | 2,757,390            | 5,829,408            | 6,483,540            | 6,788,556            | 7,390,194            | 8,357,645            | 8,378,429                        | 8,799,690            |
| Transfers to other funds                  | 9,629,359            | 9,576,710            | 9,020,560            | 8,838,453            | 4,244,206            | 2,651,416            | 2,115,562            | 2,947,825            | 2,835,837            | 5,743,039            | 5,743,039                        | 3,418,418            |
| <b>Total Expenditures</b>                 | <b>102,848,080</b>   | <b>112,108,564</b>   | <b>120,010,261</b>   | <b>122,454,953</b>   | <b>119,270,077</b>   | <b>115,313,275</b>   | <b>114,203,321</b>   | <b>122,156,826</b>   | <b>126,706,452</b>   | <b>133,238,780</b>   | <b>129,983,377</b>               | <b>135,213,340</b>   |
| <b>Net Change in Fund Balance</b>         | <b>1,620,180</b>     | <b>(2,207,033)</b>   | <b>(5,825,542)</b>   | <b>(3,534,815)</b>   | <b>(6,539,714)</b>   | <b>(4,517,400)</b>   | <b>(2,547,612)</b>   | <b>(5,407,640)</b>   | <b>(4,730,022)</b>   | <b>(6,282,215)</b>   | <b>(1,910,144)</b>               | <b>(5,322,485)</b>   |
| <b>Fund Balance - End of Year</b>         | <b>\$ 15,575,446</b> | <b>\$ 19,176,095</b> | <b>\$ 17,500,879</b> | <b>\$ 20,581,680</b> | <b>\$ 18,718,732</b> | <b>\$ 25,209,620</b> | <b>\$ 26,071,150</b> | <b>\$ 24,411,297</b> | <b>\$ 21,585,402</b> | <b>\$ 17,996,330</b> | <b>\$ 22,368,401</b>             | <b>\$ 14,277,712</b> |

Sources: District Adopted Budgets

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

|   | <b>2007</b>      | <b>2008</b>      | <b>2009</b>      | <b>2010</b>      | <b>2011</b>      | <b>2012</b>      | <b>2013</b>      | <b>2014</b>      | <b>2015</b>      | <b>2016</b>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Debt Outstanding  | \$ 134,174,737   | \$ 128,404,737   | \$ 122,829,737   | \$ 116,969,737   | \$ 113,593,544   | \$ 110,402,114   | \$ 106,960,000   | \$ 101,340,000   | \$ 95,390,000    | \$ 89,085,000    |
| Estimated Population                                      | 100,009          | 102,005          | 103,200          | 104,236          | 105,485          | 107,858          | 110,523          | 111,683          | 111,152          | 110,532          |
| Debt Per Capita   | \$ 1,342         | \$ 1,259         | \$ 1,190         | \$ 1,122         | \$ 1,077         | \$ 1,024         | \$ 968           | \$ 907           | \$ 858           | \$ 806           |
| Assessed Value  | \$ 1,194,894,517 | \$ 1,337,037,430 | \$ 1,405,892,330 | \$ 1,442,143,372 | \$ 1,441,272,379 | \$ 1,375,889,782 | \$ 1,387,078,837 | \$ 1,409,222,570 | \$ 1,424,798,117 | \$ 1,653,820,245 |
| Ratio of Debt to Assessed Value                           | 11.23%           | 9.60%            | 8.74%            | 8.11%            | 7.88%            | 8.02%            | 7.71%            | 7.19%            | 6.69%            | 5.39%            |
| Personal Income Per Capita<br>(Larimer County)            | \$ 38,929        | \$ 39,746        | \$ 37,655        | \$ 38,546        | \$ 44,179        | \$ 45,775        | \$ 46,610        | \$ 48,730        | \$ 50,410        | \$ N/A           |
| Ratio of Debt Per Capita to Personal<br>Income Per Capita | 3.45%            | 3.17%            | 3.16%            | 2.91%            | 2.44%            | 2.24%            | 2.08%            | 1.86%            | 1.70%            | N/A              |

Includes \$38,639,130; \$71,959,900; \$86,402,960; \$95,413,480, \$94,773,595; \$97,877,233; \$98,232,528 and \$98,214,115, 96,504,185, \$110,281,773 for incremental assessed valuation attributable to the various Larimer County Urban Renewal Authorities in the 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 levy years, respectively, in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenues.

Sources: District Comprehensive Annual Financial Report for the year ended June 30, 2007-2016; State of Colorado, Division of Property Taxation, Annual Reports 2007-2010; Regional Economics Information System Bureau of Economic Analysis.