



Thompson School
District R2-J



*Comprehensive
Annual Financial
Report
Fiscal Year Ending
June 30, 2018*

www.thompsonschoools.org

THOMPSON SCHOOL DISTRICT R2-J

Loveland, Berthoud, & Fort Collins Colorado

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2018

Prepared by the
Financial Services Department

Chief Financial Officer
Gordon L. Jones

Director of Finance
Rusty Williams

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

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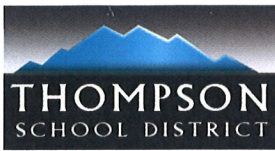
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INTRODUCTORY SECTION

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- 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

December 7, 2018

**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, 2018.

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, 2018.

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

The District's financial statements have been audited by Hinkle & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, 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, 2018, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

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

Serving students pre-K through 12th grade, the district has 14 early childhood centers, 20 elementary schools, five middle schools, 1 K-8 school, five high schools and two charter schools. The District owned facilities range in age from 2 to 102 years old, with the average facility age being approximately 43 years. Funded Pupil Count for the 2017-18 school year was 15,229.7 students with slightly higher projections budgeted for 2018-19 at 15,252.0.

District schools offer a number of educational options including: International Baccalaureate (IB) and pre-IB programs; Science, Technology, Engineering, Art & Mathematics (STEAM) focus; Thompson online; Leader in Me program; 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 (AP) programs. Also available is the Loveland/Berthoud Enrichment Access Program (LEAP) to support parents who choose to educate their children at home or outside a public setting but still have a bricks and mortar option available on a limited basis.

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 and benefit costs, utilities, instructional supplies and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

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

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

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

Factors Affecting Financial Condition

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

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

There is optimism for continued growth in employment, construction activity and retail sales within the District boundaries. The fluctuation in the price of oil has led to ebbs and flows in property assessed valuations and oil-related employment in some neighboring counties but the District boundaries lie primarily within Larimer County which has not been affected as much by that category. Overall net assessed valuation in the District increased 14.7% in 2017-18.

Due to continued population growth in the area and the lack of availability of attainable housing, residential construction continues to be active, especially in the north, south and east parts of the District. The State Demography Office currently forecasts Larimer and Weld counties to be two of the fastest growing areas in the state for student age population from 2018-2028.

Local retail sales opportunities remain poised for growth into the future. The intersection of Interstate 25 & US Highway 34, which is located within the District, continues to be an area of recent and planned significant growth and considerable future promise for the region. Assessed valuations of real property in the District, from both existing and new construction, have steadily increased (+38.1%) over the previous five 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 and can reasonably expect into the near future.

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

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

Beginning in 2008-2009, however, a significant state and national economic downturn negatively impacted state budget revenues and local property values, both of which fund the School Finance Act (SFA). As a result the state legislature introduced the "negative factor" (now referred to as the "budget stabilization factor") into the school finance formula which has underfunded the called for Amendment 23 SFA formula for nine years through 2017-18. For the District, the negative factor/budget stabilization factor or related rescissions, suppressed District SFA revenues by an average of \$14.5 M per year (cumulative impact of \$115.6 M through 2017-18).

Fiscal 2018-19 projects an increase to Per Pupil Revenue (PPR) from \$7,275 to \$7,730 while still withholding \$11.3 M from the District via the budget stabilization factor. Though economic conditions and assessed valuations have remained strong in recent years, school finance in Colorado is still searching for a sustainable long term solution to more adequate funding while at the same time continuing to shift more of the financial burden to the local district level via mill levy overrides if approved by voters in the respective districts.

The Governor's office has presented the proposed State Budget which will be used to begin budget discussions with legislators for the 2019 Legislative Session. This preliminary budget anticipates an inflation rate of 3.0% and would increase District PPR funding 4.4% from \$7,730 to \$8,070. Included in these estimates is a decrease in the budget stabilization factor of \$77.0 M statewide to a total of \$595.4 M, with the District's share for the 2019-20 year estimated to be \$10.0 M less than called for in the SFA formula. It is expected that the annual gap in funding will remain absent any structural change to the State's budget and how PK-12 education is funded. In the November 2018 election, increases were proposed to school finance via a graduated state income tax increase (Amendment 73). This initiative was defeated by voters. The outlook for school funding in Colorado remains cautionary.

Public Employee's Retirement Association (PERA). In addition to revenue challenges at the state level, PERA of Colorado (the pension plan that covers all District employees) is

underfunded. In an effort to increase pension plan funding levels in relation to actuarial calculations the PERA Board proposed legislation in the 2018 session to help address this issue. After much debate and adjustments, legislation (SB18-200) was adopted that increases employee contributions by an additional 2.0% and employer contributions by 0.25%, effective July 1, 2019, along with other plan design changes. These changes are intended to help put PERA on a more sustainable trajectory. Monitoring the performance of PERA and the progress of these initiatives will continue to be a key item in future District budget development discussions.

District Response to State Funding Cuts

Over the last several years school finance funding first declined, and then rebounded in part. For 2018-19, preliminary total program dollars still fall \$672.4 M (or 8.7%) below statutory formula levels for all districts in the state without allowing for the negative/budget stabilization factor. For the District that shortfall is nearly \$11.3 M for 2018-19.

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.

Licensed staff count is still below levels of 2007-08 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/budget stabilization factor began and statutory funding levels were reduced by an average greater than 12% each year, total General Fund reserves reflect a 31.6% total decrease over the same time period (approximately 3.95% per year).

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 increased local funding through the approval of a mill levy override (MLO) designed to mitigate on a longer term basis the impact of state funding cuts. Voters approved that request on the ballot of November 2018 (\$13.8 M). This increased local support will allow the District to balance the annual budget while maintaining employment and current class-size ratios, providing needed updates to curriculum and technology and expanding safety and security in schools.

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, continued local support, and ongoing scrutiny of requested expenditures to maintain a sound financial position.

Cash Management Policies and Practices.

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

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 41.1% of its School Finance Act revenues. Those property tax revenues are collected primarily during the latter half of the fiscal year. Fiscal year 2017-18 marked the first time in District history that it has participated in the state's interest-free loan program to meet temporary cash flow obligations until funds from local property tax collections are received. As a matter of prudence the District has applied with the state to be a participant in the loan program again in 2018-19.

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, 2017. This was the thirtieth time the District had received this prestigious award and the twenty-second consecutive year. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the twenty-first 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, Hinkle & Company, PC, and its professional audit staff for all the assistance and advice provided during the year.

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

Respectfully submitted,



Dr. Marc Schaffer
Superintendent of Schools



Gordon L. Jones
Chief Financial Officer



Rusty Williams
Director of Finance



Government Finance Officers Association

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

Presented to

**Thompson R2-J School District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Thompson School District R2-J

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

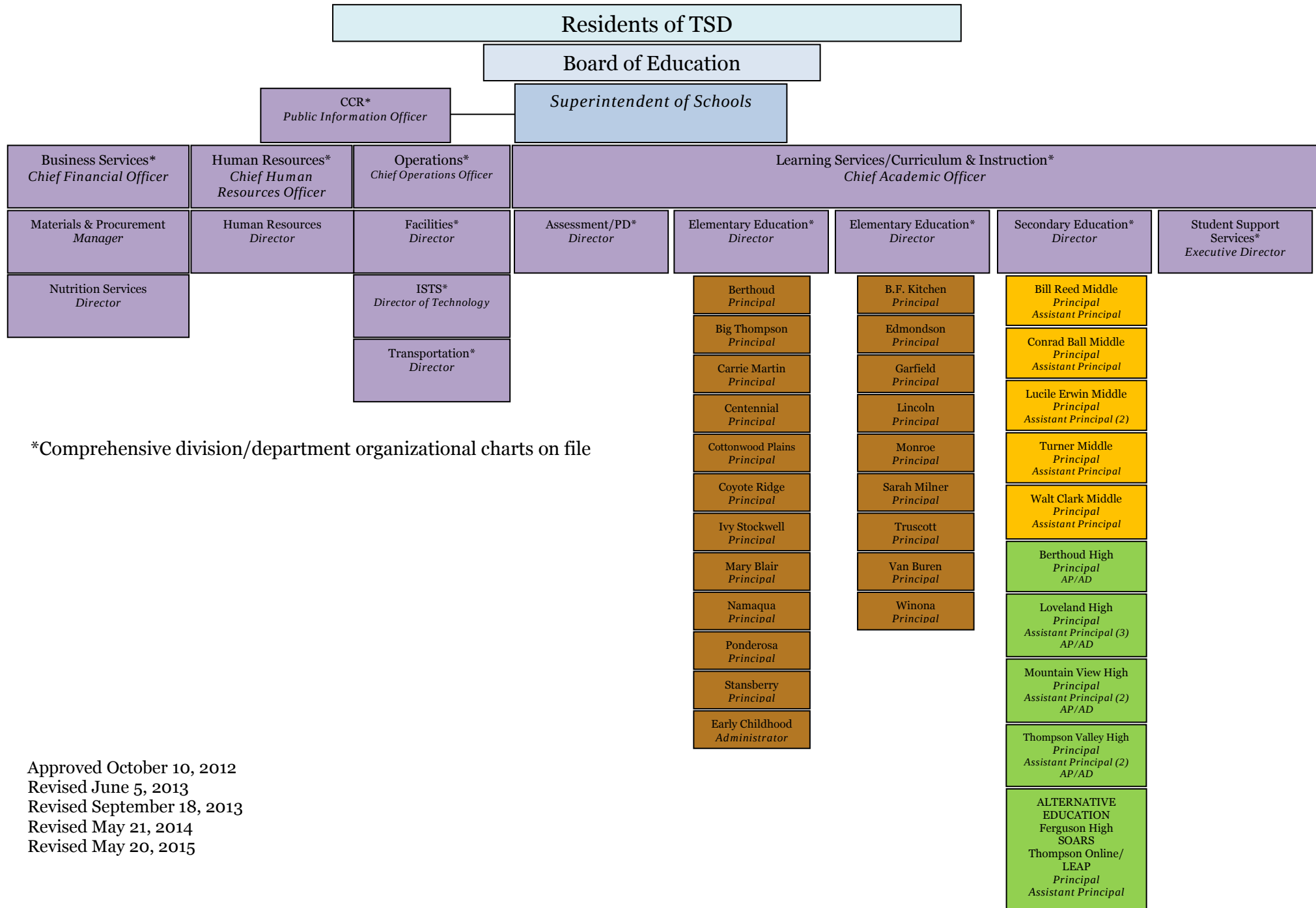
The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

THOMPSON SCHOOL DISTRICT (TSD) ORGANIZATIONAL CHART



*Comprehensive division/departments 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 2021
Pam Howard, Vice-President	Term Expires 2019
Jeff Swanty, Secretary	Term Expires 2019
Paul Bankes	Term Expires 2021
Barbara Kruse	Term Expires 2021
Dave Levy	Term Expires 2019
Marc Seter	Term Expires 2019

Superintendent's Executive Staff

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

FINANCIAL SECTION

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

The levels of the pyramid are:

Financial Section

Independent Auditors’ Report:

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

Management’s Discussion and Analysis:

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

Basic Financial Statements

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

Required Supplemental Information

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

Combining and Individual Fund Statements

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



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2018, 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 49 percent and 35 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School, is based solely upon the report of the other auditors. 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in the year ended June 30, 2018, the Thompson School District R2-J adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules and the auditor's integrity report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, 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.

Hill & Company, PC

Greenwood Village, Colorado
December 3, 2018



Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

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, 2018. 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 2018 are as follows:

- The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer cost-sharing, defined benefit pension plan as of June 30, 2015. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution decisions made by PERA. This new reporting requirement became effective in the 2014-15 fiscal year. The beginning net position of governmental activities reflects this relatively new reporting requirement. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, resulting in a net pension liability of \$583.3 million at June 30, 2018 (versus \$535.2 million at the end of the prior year), representing the District's proportionate share of the plan's net pension liability.
- For the year ended June 30, 2018, the School adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards. Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018, were not available and have not been reported in the financial statements.
- The District's government-wide net position decreased \$104.3 million during the fiscal year ended June 30, 2018, to a deficit of \$352.2 million, which represents a decrease of 42% from the prior year, due almost exclusively to the increase in the GASB Statement No. 68 and GASB Statement No. 75 reporting requirements. These comparisons include restatement of the 2016-17 results to reflect what the impact of GASB Statement No. 75 would have been if in place at that time. If the District's proportionate share of the PERA net pension liability was removed, the net position would be approximately positive \$231.1 million. Total revenue growth of \$3.7 million (2.2%), combined with expense increases of \$25.2 million (10%) yielded the \$104.3 million change versus the prior year's decrease

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

in net position of \$82.8 million. Legislative action in the 2018 session (SB18-200) provided additional funding to the Public Employees' Retirement Association (PERA). This action was intended to eliminate the unfunded liability of the plan. The District continues to monitor the situation regarding PERA to ensure correct and reasonable reflection of its financial position and targeted and balanced use of available resources within its control.

- Government-wide revenue improvements of \$3.7 million versus the prior year came predominantly from School Finance Act funding from local property taxes (\$5.5 million), operating grants and contributions (\$0.4 million), and charges for services (\$1.2 million); offset by a decrease of \$2.2 million in state equalization and \$1.6 million in capital grants and contributions.
- Government-wide expenses increased by \$25.2 million versus the prior year, again primarily as a result of the increase to PERA net pension liability. The District also made continuing investments in the following areas: instructional materials, literacy support, bus fleet and compensation in response to market pressures. Inflationary increases occurred across a variety of expenditure categories, including an increase of approximately 3.47% to health insurance premiums. Student transportation costs associated with Special Education also showed an increase in order to continue to meet Federal requirements.
- Total assets of the District decreased by \$4.7 million as compared to the prior year. The change is primarily related to a decrease in Cash and Investments of \$3.0 million due to use of reserve balances and by the continued annual depreciation on previously existing capital assets, offset somewhat by an increase in grants receivable and in capital assets that are not being depreciated.

Overview of the Financial Statements

The annual report consists of six parts.

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

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

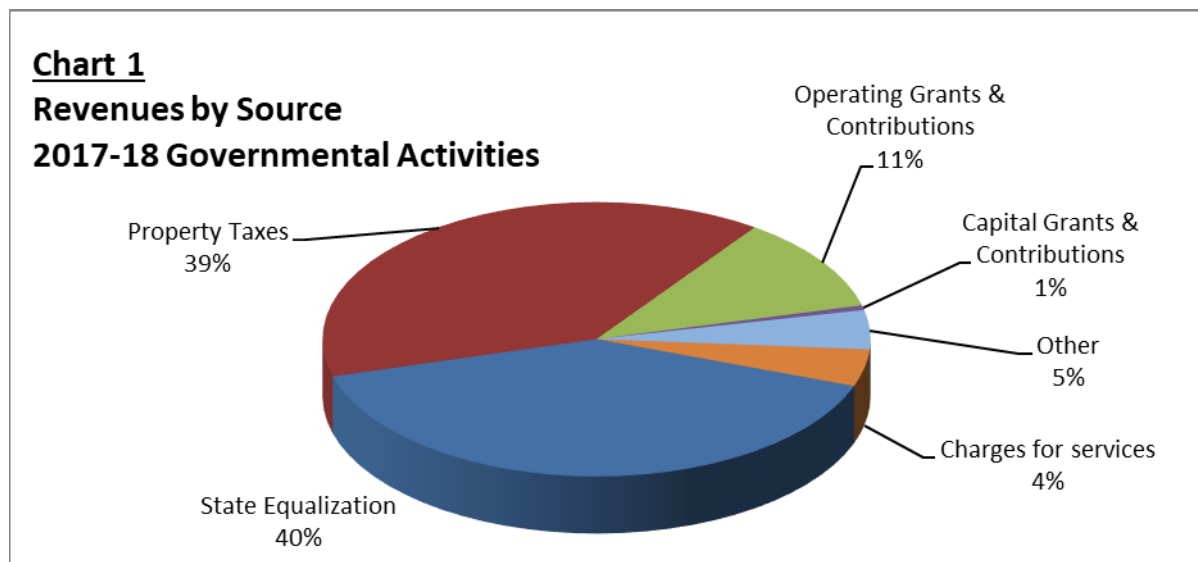
Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

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 below. 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, 2018

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.

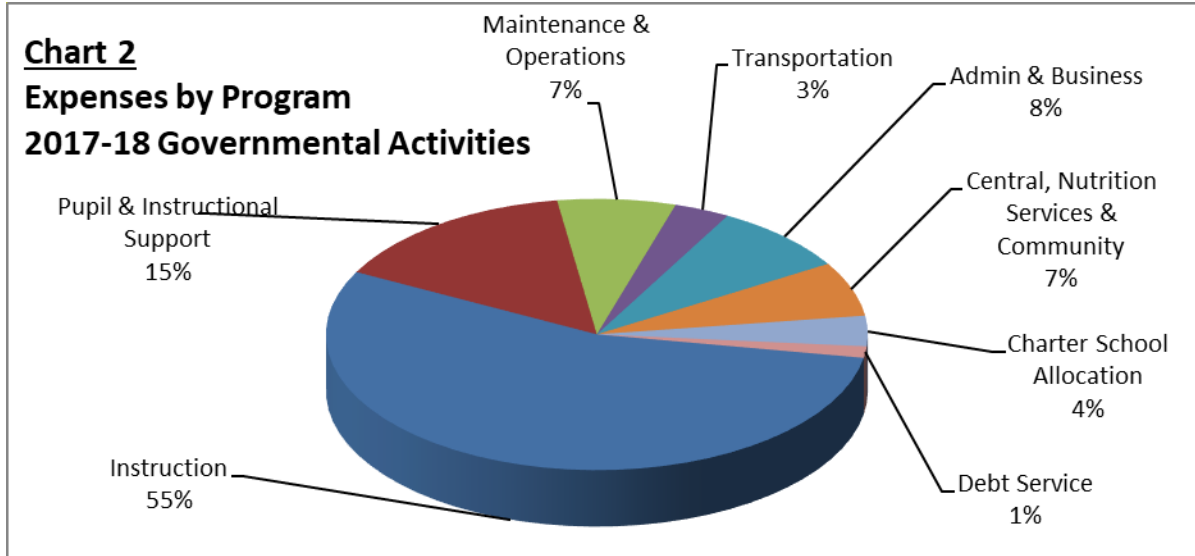


Chart 1 – Revenues by Source: 2017-18 Governmental Activities

- In fiscal 2017-18 the state supplied 59.0% of School Finance Act (SFA) funding for the District through equalization. Local property and specific ownership (SO) taxes comprised the remaining 41.0% of SFA revenue. State equalization monies are 40.0% of the District's total Governmental Activities revenues. Beginning in 2009-10, state revenues were impacted by the recession. This resulted in creation of the state budget balancing mechanism known as the Budget Stabilization Factor (formerly Negative Factor) which decreases the constitutional formula funding from the state.
- The District collects property taxes through 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 SFA, mill levy override and debt service) are 39.2% of total governmental activities revenues.
- 11.8% of District revenues came from operating/capital grants and contributions in 2017-18. Most significant are grants for the Federal IDEA, Title and Head Start programs.
- The District collects 4.4% of total revenues via fees for supplemental services or programs such as full-day kindergarten, certain elective classes, and rental of district facilities. An additional 4.6% of other revenues are from SO taxes, payments-in-lieu-of land dedication from developers and investment earnings.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2018**

Chart 2 – Expenses by Program: 2017-18 Governmental Activities

- Classroom teacher salaries & benefits, curriculum, textbooks and instructional supplies and materials are the foundation of student instruction. At 54.8% of the total, these costs comprise the largest category of expenditures for the organization.
- The District spends another 15.0% for expenditures in direct support of students and the staff that instruct them. This category includes activities designed to assess and improve the well-being of students and to supplement the teaching process. Examples include counselors and instructional coaches.
- Maintenance and operation costs for all school sites and other district properties are 7.1% of expenditures. This includes activities concerned with keeping the physical plant, grounds, buildings and equipment open, functioning, comfortable and safe for use. Utility costs, maintenance, repairs and safety are included in this category.
- Administration and business expenditures (8.3% of total) are primarily the school building principals, assistant principals, school secretaries and their related expenditures. It also includes the superintendent, Board of Education and staff and related expenditures to manage and oversee financial operations of the organization.
- 100% of per pupil revenues derived from students enrolled in District charter schools is categorized as expenditures and flow to the charters on a monthly basis at the same time the funds are received. Also included is incremental funding provided to the charter schools authorized by the District.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

Table 1
Condensed Statement of Net Position
in millions

	Governmental Activities		Total Percentage Change
	2018	2017	2017-2018
Assets			
Current & Other Assets	\$ 59.151	\$ 61.622	-4.0%
Capital Assets	150.372	152.592	-1.5%
Total Assets	209.523	214.214	-2.2%
Deferred Outflows of Resources			
Pensions, Net of Accumulated Amortization	170.615	208.947	-18.3%
OPEB, Net of Accumulated Amortization	0.642	-	
Loss on Refunding, Net of Accumulated Amortization	6.545	7.516	-12.9%
Total Deferred Outflows of Resources	177.802	216.463	-17.9%
Liabilities			
Other Liabilities	16.214	15.537	4.4%
Long-Term Liabilities	100.037	107.160	-6.6%
Net Pension Liability	583.294	535.189	9.0%
Net OPEB Liability	13.320	-	
Total Liabilities	712.865	657.886	8.4%
Deferred Inflows of Resources			
Pensions, Net of Accumulated Amortization	26.458	8.018	230.0%
OPEB, Net of Accumulated Amortization	0.223	-	
Total Deferred Inflows of Resources	26.681	8.018	232.8%
Net Position			
Net Investment in			
Capital Assets	62.016	57.906	7.1%
Restricted	25.204	25.956	-2.9%
Unrestricted	(439.441)	(319.089)	37.7%
Total Net Position	\$ (352.221)	\$ (235.227)	49.7%

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 a decrease of \$3.0 million in cash and investments, partially offset by a net increase in accounts/property tax/grants receivables of \$0.5 million.
- Total capital assets, shown net of depreciation, decreased by \$2.2 million reflecting annual depreciation (\$8.0 million) and new investment over deletions for the year (\$4.3 million) primarily associated with the purchase of additional water rights (\$3.2 million).

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2018**

- The increase in total liabilities (\$55.0 million) is primarily due to a change in the District's proportionate share of PERA's unfunded pension liability (\$48.1 million) combined with the recognition of the Other Postemployment Benefits (OPEB) liability (\$13.3 million) related to PERA retiree health insurance, offset somewhat by annual debt service on the District's long-term general obligation and certificates of participation debt (\$7.1 million).

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

	Governmental Activities	
	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 7.320	\$ 6.133
Operating Grants & Contributions	18.801	18.443
Capital Grants & Contributions	0.921	2.522
General revenues		
Property taxes	65.699	60.241
State revenue	67.123	69.356
Other	7.716	7.227
Total Revenues	<u>167.580</u>	<u>163.922</u>
Expenses		
Instruction	149.038	137.165
Pupil & Instructional Support	40.891	37.060
Administration & Business	22.470	20.590
Maintenance & Operations	19.200	17.987
Transportation	9.025	7.473
Central Support	8.855	5.279
Nutrition Service	7.194	6.953
Community Services	1.514	1.403
Facilities Acquisition and Construction Services	0.115	
Interest on Long Term Debt	3.716	4.053
Charter School Allocation	9.833	8.732
Total Expenses	<u>271.851</u>	<u>246.695</u>
Increase (decrease) in Net Position	<u>(104.271)</u>	<u>(82.773)</u>
Net Position - July 1	(247.950)	(152.454)
Net Position - June 30	<u>\$ (352.221)</u>	<u>\$ (235.227)</u>

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

- Governmental activities revenues increased by approximately \$3.7 million. This increase is primarily from higher School Finance Act property taxes (\$5.2 million) and mill levy

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

override collections (\$0.1 million) associated with an increase in assessed valuation, and higher collections from Specific Ownership Tax (\$0.5 million). These increases were offset somewhat by a reduction in State Equalization (\$2.2 million) due to higher local share property tax collections, reduced Operating and Capital Grants and Contributions (\$1.2 million) and decreases in payments-in-lieu-of land dedication from developers (\$0.2 million).

- Expenses in total increased by \$25.2 million versus the prior year primarily related to the accounting only entries to record the District's proportionate share of PERA's unfunded pension and health insurance liabilities. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution. There were also investments made in the following areas which impacted expenditures of the District: instructional materials, literacy support, facility maintenance and security, refreshment of bus fleet, and compensation in response to market pressures. Inflationary increases included Public Employees' Retirement Association (PERA), as mandated by the state legislature, health insurance premiums, risk management insurance premiums and special education transportation.
- Increased District charter school enrollments and a higher per pupil revenue allocation from the state resulted in increased charter school allocations of \$1.1 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 2018 financial results show governmental fund balances in total having decreased approximately \$2.6 million, from \$44.5 million to \$42.0 million at the fiscal year-end.

- The General Fund used \$2.5 million in reserves for strategic investments in the following areas: instructional materials, literacy support, facility maintenance and security, refreshment of bus fleet and compensation in response to market pressures to attract and retain quality employees. Inflationary increases included legislatively mandated PERA contributions, increased health insurance premiums, higher risk management insurance premiums and greater costs associated with transportation of special education students. As stated above, charter school allocations were also up \$1.1 million over the prior year.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

- Grants Fund reserves grew \$1.1 million to \$4.1 million. The largest remaining balances are Medicaid reimbursement (\$3.1 million), READ Act (\$0.1 million), CO Education Initiative (\$0.1 million) and ELPA Professional Development (\$0.1 million) with the remaining balance comprised of nominal balances from State and local grants.
- The Bond Redemption Fund balance increased \$0.5 million simply as a function of normal adherence to the debt service schedules and property tax collections for the next year.
- The Building Fund had no activity during the year as all transactions associated with the construction of High Plains School were completed in the prior fiscal year.
- The Capital Projects Fund balance increased \$0.5 million for the year. The remaining fund balance of \$1.7 million is intended to cover projects that were budgeted but not yet completed by the close of fiscal year 2018. This fund is also where Loveland Urban Renewal Area (LURA) proceeds and annual debt servicing of the Certificates of Participation (COP) are recorded.
- The Land Reserve (PILO) fund balance decreased \$2.1 million for the year. The decrease is mainly due to the \$3.2 million purchase of additional water rights for the district. The purchase was somewhat offset by payments received from developers in lieu of land dedications associated with increased activity in housing developments (\$1.1 million).

General Fund Budgetary Highlights

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

Mid-year, several budget changes were approved by the Board and are listed below. The combined impact of these changes was an increase in reserves usage of \$0.2 million over the adopted budget.

Improvement of budgeted revenues by \$0.3 million is detailed below.

- School Finance Act revenue (local + equalization) decrease due to lower enrollment than budgeted (\$1.4 million)
- Increase in Specific Ownership taxes collected locally (\$0.9 million)
- All other combined adjustments (+\$0.8 million)

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2018**

Increased expenditures budget, including transfers, of \$0.5 million is detailed below.

- Increase in Charter School Allocations due to actual enrollment (\$0.5 million)

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

Final actual performance against budget (adopted, resolution, supplemental) was improved for the 2017-18 year. Revenues exceeded the adjusted targets by \$0.836 million. Key aspects of this improvement are shown below.

- Higher than budgeted receipts from Other revenue sources (e-rate rebates, funding for crossing guards, field trip reimbursements, cell tower leases, etc.) (\$0.460 million)
- Improved School Finance Act (SFA) and mill levy override tax collections (\$0.384 million)
- Higher than expected categorical funding (Special Education, Vocational Education, Transportation) from the State (\$.360 million)
- Less than budgeted Specific Ownership tax collections (-\$0.154 million)
- Less than budgeted receipts for national forest royalties (-\$0.285 million)
- All other combined net revenue improvements (\$0.071 million)

Final actual expenditures, including transfers, were favorable to budget by \$1.984 million. Highlighted variances include the following:

- The Student Instruction program code comprises approximately 53.9% of total expenditures of the General Fund. This same program code represented \$1.01 million favorable budget variance, primarily in Salaries/Benefits and Supplies/Materials.
- All Supporting Services program codes make up approximately 38.4% of General Fund budgeted expenditures. These combined program codes contributed \$0.778 million (39.2%) in savings versus the final expenditures budget. Included in this variance was better than budget performance in Maintenance/Operations (\$0.416 million), Instructional Staff (\$0.616 million), Pupil Transportation (\$0.024 million) and Central Supporting Services (\$0.146 million), offset somewhat by greater than budget expenditures in Pupil Services (\$0.190 million) and School Administration (\$0.148 million).

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

- Capital Outlay and Charter School Allocation program codes represent approximately 7% of General Fund budgeted expenditures and were \$0.196 million less than budget.

Total net improvement of actual performance versus final budget was \$2.6 million.

Capital Assets

By the end of 2018, the District had invested \$150.4 million in land, buildings, equipment and transportation vehicles. Table 3 provides a comparison of fiscal years 2018 and 2017.

Table 3
Capital Assets at June 30, 2018
(Net of Depreciation, in Millions)

	Governmental Activities		Total Percentage Change
	2018	2017	2017-2018
Land	\$ 16.289	\$ 16.289	0.0%
Land Improvements	1.264	1.343	-5.9%
Water Rights	4.498	1.291	248.4%
Buildings	123.752	130.541	-5.2%
Equipment	1.586	1.729	-8.3%
Transportation	2.983	1.399	113.2%
Totals	\$ 150.372	\$ 152.592	-1.5%

Additional information can be found in the Notes to Financial Statements.

New investments in capital assets, net of disposals for the year, were \$5.826 million. The majority of the change in net assets was related to the purchase of water rights (\$3.2 million) and additional transportation assets (\$2.2 million). In addition, land improvements decreased \$0.1 million and net equipment decreased by \$0.358 million. Depreciation of \$8.045 million on governmental activities assets yields an overall net decrease in capital assets for the year of <\$2.220> million.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

Debt Administration

At year-end the District had \$95.5 million in bonds, certificates of participation, and capital lease obligations. Of this total, \$8.9 million of principal is due within one year.

Table 4
Outstanding Debt at June 30, 2018
(in Millions)

	Governmental Activities 2018	Governmental Activities 2017
General Obligation Bonds	\$ 82.869	\$ 91.140
Certificates of Participation	10.160	11.061
Capital Lease Obligation Payable	2.434	-
Total	<u>\$ 95.463</u>	<u>\$ 102.201</u>

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

Factors bearing on the District's Future

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

- Fluctuations in student enrollment impact the primary revenue source for District General Fund operations, the School Finance Act. Enrollment has been 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 charter schools within the District are included in the pupil enrollment of the District. Such charter schools are financed primarily from the associated per pupil revenues received under the School Finance Act. The District is required to pay its charters 100% of per pupil revenue for each pupil enrolled in the charter, less administrative and purchased services costs, where applicable. The addition of new charter schools or expansion of existing charter schools could negatively impact the District's finances. No plans for new charter schools are known of at this time, however both existing charter schools have or are in the process of expanding their building square footage which may result in additional capacity to accommodate more students.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2018**

- The District continues to monitor national and state economic and demographic trends and their potential impact on the Colorado state budget. Funding for school districts in Colorado is approximately 36.0% of the State's General Fund budget as proposed in the FY 2018-19 Governor's Budget Request and, as a result, state-level budget struggles can impact school districts as evidenced by the continued use of the budget stabilization factor (previously known as the negative factor) in calculating school funding. Base per pupil funding for 2018-19 is expected to grow by a rate of 3.4% over 2017-18 levels. The governor's initial budget proposal for 2018-19 includes a decrease in the statewide budget stabilization factor of \$150 million to a total of \$672.4 million barring an unforeseen economic downturn. The District share of the budget stabilization factor results in an estimated decrease in funding of \$11.3 million in FY 2018-19 from what is called for in the School Finance Act funding formula.
- The Public Employees' Retirement Association (PERA) of Colorado, the pension plan that covers all District employees, has a current employer contribution rate of 20.15% of PERA-eligible compensation as of January 1, 2018. In an effort to improve pension plan funding levels in relation to actuarial calculations, legislation was adopted in the 2018 session that will increase employer contributions by an additional 0.25% (total of 20.4%) effective July 1, 2019, along with other plan design changes. The required rate increase will be included in future District budget development.
- Healthcare costs remain a significant portion of the District's expenditures. The District is part of the Colorado Employer Benefit Trust (CEBT) for health insurance coverage. The purpose of the trust is to spread the risk of adverse claims over a large base of members (approximately 260 participating groups covering 25,000 members) and reduce administration costs. Since the pool is self-insured, the participating groups are able to benefit from positive overall claims experience and low administrative costs. The District's Joint Insurance Committee will continue to analyze appropriate means of controlling this significant cost.
- The District's General Fund Budget for fiscal 2019 includes expenditures in excess of revenues by \$4.9 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.
- The District currently receives property tax revenues associated with two local mill levy overrides (MLO) approved by voters in 1999 and 2006. These two initiatives have reached the maximum funding levels called for in the ballot language. Therefore, no additional revenue will be realized for these overrides even as assessed valuations in the District boundaries continue to increase.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

- In November 2018, voters of the District approved an additional MLO in the amount of \$13.8 million for the purpose of maintaining employment and current class-size ratios, updates to curriculum and technology, expansion of safety and security measures and a pro-rata sharing of these MLO dollars with the two charter schools in the District. This incremental funding will allow the District to address immediate needs and reverse the trend of drawing down reserves on an annual basis.
- In November 2018, voters of the District approved the District request authorizing the issuance of \$149 million of general obligation bonds. The proceeds from this measure will provide for significant capital projects, including addressing maintenance backlog items that have been deferred due a lack of funding and adding security and technology infrastructure upgrades. Funding will also provide for construction of a new K-8 school in the eastern part of the District and adding classroom additions to two elementary schools in the southern part of the District to address growth needs in those geographic locations.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

Thompson School District R2-J
Statement of Net Position
As of June 30, 2018

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Investments	\$ 53,388,818	\$ 4,713,893
Restricted Cash and Cash Equivalents	-	19,711,584
Accounts Receivable	384,496	84,374
Property Tax Receivable	2,639,423	-
Grants Receivable	2,446,482	1,808
Prepaid Expenses	-	480,226
Inventory	291,888	-
Capital Assets, Not Being Depreciated	20,787,285	3,438,606
Capital Assets, Net of Accumulated Depreciation	129,585,025	21,117,140
Total Assets	209,523,417	49,547,631
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	170,614,696	9,851,478
OPEB, Net of Accumulated Amortization	641,975	62,348
Loss on Debt Refundings, Net of Accumulated Amortization	6,544,963	-
Total Deferred Outflows of Resources	177,801,634	9,913,826
LIABILITIES		
Current Liabilities		
Accounts Payable	1,221,856	138,938
Accrued Liabilities		97,653
Accrued Salaries and Benefits	14,644,003	334,199
Unearned Revenue	129,929	31,830
Accrued Interest Payable	218,607	499,906
Noncurrent Liabilities		
Due within One Year	10,705,234	-
Due in More Than One Year	89,331,634	45,161,574
Pension Liability	583,294,071	29,414,585
OPEB Liability	13,320,067	671,709
Total Liabilities	712,865,402	76,350,394
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	26,458,088	1,202,799
OPEB, Net of Accumulated Amortization	222,846	11,238
Total Deferred Inflows of Resources	26,680,934	1,214,037
Net Position		
Net Investment in Capital Assets	62,015,777	(20,605,828)
Restricted for:		
Debt Service	13,798,373	19,151,013
TABOR	4,427,219	328,700
Land and Land Improvements	2,742,977	-
Grant Programs	3,943,273	-
Colorado Preschool Program	291,846	-
Repairs and Replacement	-	60,665
Unrestricted	(439,440,749)	(17,037,524)
Total Net Position	\$ (352,221,285)	\$ (18,102,974)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and	Grants and
			Contributions	Contributions
Primary Government				
Government Activities				
Instruction	\$ 149,038,099	\$ 3,960,005	\$ 11,478,404	\$ 920,531
Supporting Services				
Pupil Services	19,658,309	-	1,624,828	-
Instructional Staff	21,233,146	216,229	661,001	-
General Administration	1,178,889	-	-	-
School Administration	17,713,318	-	222,276	-
Business Services	3,577,993	34,751	-	-
Maintenance/Operations	19,199,854	-	66,811	-
Pupil Transportation	9,025,031	-	1,160,013	-
Central Supporting Services	8,854,858	1,458,574	-	-
Nutrition Services	7,193,901	1,650,735	3,500,013	-
Community Services	1,513,697	-	88,055	-
Facilities Acquisition and Construction Services	115,280	-	-	-
Total Supporting Services	109,264,276	3,360,289	7,322,997	-
Charter School Allocation	9,832,809	-	-	-
Interest on Long-term Debt	3,716,488	-	-	-
Total Governmental Activities	271,851,672	7,320,294	18,801,401	920,531
Component Units				
New Vision Charter School	6,572,388	144,450	185,441	121,688
Loveland Classical Schools	10,481,853	168,500	183,293	-
Thompson Education Foundation	783,199	8,477	514,663	-
	<u>\$ 17,837,440</u>	<u>\$ 321,427</u>	<u>\$ 883,397</u>	<u>\$ 121,688</u>

General Revenues

Property taxes levied for:

General Purposes

Mill Levy Override

Debt Services

Specific Ownership Taxes levied for:

General Purposes

Equalization Entitlement

Payment in Lieu of Land Dedication

Interest and Investment Earnings

Charter Schools Per Pupil Revenues

Grants and Contributions not Restricted to Specific Programs

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of this statement

Net (Expenses) Revenues And Changes in Net Position	
Primary Government Governmental Activities	Component Units
\$ (132,679,159)	\$ -
(18,033,481)	-
(20,355,916)	-
(1,178,889)	-
(17,491,042)	-
(3,543,242)	-
(19,133,043)	-
(7,865,018)	-
(7,396,284)	-
(2,043,152)	-
(1,425,642)	-
(115,280)	-
(98,580,990)	-
(9,832,809)	-
(3,716,488)	-
(244,809,445)	-
-	(6,120,809)
-	(10,130,060)
-	(260,059)
-	(16,510,928)
40,649,572	-
14,117,375	-
10,931,701	-
6,039,905	-
67,122,702	-
1,104,655	-
570,953	161,945
-	9,569,610
-	717,015
-	74,938
140,536,863	10,523,508
(104,272,582)	(5,987,420)
(247,948,702)	(12,115,554)
\$ (352,221,285)	\$ (18,102,974)

Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Bond Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 29,617,684	\$ 13,659,997	\$ 10,111,137	\$ 53,388,818
Accounts Receivable	305,668	-	78,828	384,496
Property Tax Receivable	2,282,441	356,982	-	2,639,423
Grants Receivable	-	-	2,446,482	2,446,482
Inventory	-	-	291,888	291,888
Total Assets	<u>\$ 32,205,793</u>	<u>\$ 14,016,979</u>	<u>\$ 12,928,335</u>	<u>\$ 59,151,107</u>
LIABILITIES				
Accounts Payable	\$ 912,652	\$ -	\$ 309,204	\$ 1,221,856
Accrued Salaries and Benefits	13,040,319	-	1,603,684	14,644,003
Unearned Revenue	-	-	129,929	129,929
Total Liabilities	<u>13,952,971</u>	<u>-</u>	<u>2,042,817</u>	<u>15,995,788</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	978,324	195,287	-	1,173,611
Total Deferred Inflows of Resources	<u>978,324</u>	<u>195,287</u>	<u>-</u>	<u>1,173,611</u>
FUND BALANCES				
Nonspendable Inventory	-	-	291,888	291,888
Restricted for:				
TABOR	4,246,244	-	180,975	4,427,219
Debt Service	-	13,821,693	-	13,821,693
Land & Land Improvements	-	-	2,742,977	2,742,977
Grant Programs	-	-	3,943,273	3,943,273
Preschool	291,846	-	-	291,846
Committed to Student Specific Programs	-	-	1,569,462	1,569,462
Assigned to Early Childhood Program	-	-	98,439	98,439
Assigned to Capital Projects	-	-	1,672,764	1,672,764
Assigned to Nutrition Services	-	-	385,740	385,740
Unassigned	12,736,408	-	-	12,736,408
Total Fund Balances	<u>17,274,498</u>	<u>13,821,693</u>	<u>10,885,518</u>	<u>41,981,709</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,205,793</u>	<u>\$ 14,016,979</u>	<u>\$ 12,928,335</u>	<u>\$ 59,151,107</u>

The accompanying notes are an integral part of this statement

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

Total Fund Balances - Governmental Funds	\$	41,981,709
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Capital assets used in governmental activities are not financial resources & therefore are not reported as assets in governmental funds.

The cost of capital assets is	292,315,916	
Accumulated depreciation is	<u>(141,943,606)</u>	
		150,372,310

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

1,173,611

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

Accrued Interest Payable	(218,607)	
Bonds Payable	(75,205,000)	
Deferred Outflows of Resources, Loss on Debt Refundings	6,544,962	
Premium on Bond Financing	(7,664,479)	
Certificates of Participation	(9,010,000)	
Premium on Certificates of Participation	(1,150,442)	
iPad/Bus Leases	(2,434,326)	
Compensated Absences	(496,061)	
Early Retirement Stipends	(4,076,560)	
Net Pension Liability	(583,294,071)	
Net OPEB Liability	(13,320,067)	
Deferred Outflows of Resources, Pensions	170,614,696	
Deferred Outflows of Resources, OPEB	641,975	
Deferred Inflows of Resources, Pensions	(26,458,088)	
Deferred Inflows of Resources, OPEB	<u>(222,846)</u>	
		<u>(545,748,915)</u>

Total Net Position - Governmental Activities	\$	<u><u>(352,221,285)</u></u>
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Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>	<u>Bond Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 60,907,902	\$ 10,971,224	\$ -	\$ 71,879,126
Intergovernmental	75,422,101	-	14,389,546	89,811,647
Loveland URA Distribution	-	-	920,531	920,531
Charges for Services	-	-	3,730,463	3,730,463
Payments in Lieu of Land Dedication	-	-	1,104,655	1,104,655
Investment Earnings	394,081	140,269	36,605	570,956
Other	-	-	126,441	126,441
TOTAL REVENUE	<u>136,724,085</u>	<u>11,111,494</u>	<u>20,308,240</u>	<u>168,143,819</u>
Expenditures				
Current				
Instruction				
Salaries and Benefits	68,075,994	-	5,922,938	73,998,932
Purchased Services	2,615,101	-	192,141	2,807,242
Supplies and Materials	2,320,503	-	474,524	2,795,027
Equipment	587,816	-	1,096,451	1,684,266
Other	43,440	-	108,848	152,288
Total Instruction	<u>73,642,854</u>	<u>-</u>	<u>7,794,902</u>	<u>81,437,756</u>
Supporting Services				
Pupil Services	8,711,586	-	2,905,511	11,617,097
Instructional Staff	10,506,778	-	2,001,064	12,507,842
General Administration	831,272	-	-	831,272
School Administration	9,109,236	-	553,186	9,662,422
Business Services	2,119,866	-	-	2,119,866
Maintenance/Operations	12,223,076	-	708,702	12,931,777
Pupil Transportation	4,809,428	-	2,081,008	6,890,436
Central Supporting Services	3,725,684	-	3,263,537	6,989,220
Nutrition Services	-	-	5,129,264	5,129,264
Community Services	-	-	1,179,701	1,179,701
Facilities Acquisition and Construction Services	-	-	115,280	115,280
Total Support Services	<u>52,036,925</u>	<u>-</u>	<u>17,937,252</u>	<u>69,974,177</u>
Charter School Allocation	9,832,809	-	-	9,832,809
Debt Service - Principal	-	7,135,000	1,292,870	8,427,870
Debt Service - Interest	-	3,506,300	468,415	3,974,715
TOTAL EXPENDITURES	<u>135,512,588</u>	<u>10,641,300</u>	<u>27,493,439</u>	<u>173,647,327</u>
Excess of Revenues Over (Under) Expenditures	<u>1,211,497</u>	<u>470,194</u>	<u>(7,185,199)</u>	<u>(5,503,508)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	3,722,324	3,722,324
Transfers Out	(3,722,324)	-	-	(3,722,324)
Capital Leases	-	-	2,947,196	2,947,196
Total Other Financing Sources (Uses)	<u>(3,722,324)</u>	<u>-</u>	<u>6,669,520</u>	<u>2,947,196</u>
Net Change in Fund Balances	(2,510,827)	470,194	(515,679)	(2,556,312)
Fund Balances - Beginning of the Year	<u>19,785,325</u>	<u>13,351,499</u>	<u>11,401,197</u>	<u>44,538,021</u>
Fund Balances - End of the Year	<u>\$ 17,274,498</u>	<u>\$ 13,821,693</u>	<u>\$ 10,885,518</u>	<u>\$ 41,981,709</u>

The accompanying notes are an integral part of this statement

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

Net change in fund balances - governmental funds	\$ (2,556,312)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as an annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current year.

Depreciation expense	(8,044,879)	
Loss on Disposal	(4,529)	
Capital Outlay	<u>5,830,198</u>	(2,219,210)

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.	(564,729)
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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 \$1,476,661 were more than the amounts earned (\$1,068,542) by \$408,119. Vacation used \$838,777 was less than the amounts earned (\$861,156) by (\$22,379).	385,740
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Repayments of bonds, capital leases, and certificates of participation are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	
Principal Payment on Bonds	7,135,000
Principal Payment of Capital Leases	512,870
Principal Payment of COPs	<u>780,000</u>
	8,427,870

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Amortization of Loss on Refunding	(970,958)
Amortization of Premiums	1,256,486
Capital Leases	<u>(2,947,196)</u>
	(2,661,668)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the change in the net pension and OPEB liability and the related deferred outflows of resources and deferred inflows of resources (\$105,056,973) and the change in accrued interest payable (\$27,301).

(105,084,273)

Change in net position of governmental activities	\$ <u><u>(104,272,582)</u></u>
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Thompson School District R2-J
Statement of Fiduciary Assets and Liabilities
As of June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ <u>1,580,226</u>
TOTAL ASSETS	\$ <u><u>1,580,226</u></u>
LIABILITIES	
Accounts Payable	\$ 96,258
Accrued Salaries and Benefits	1,316
Undistributed Monies	<u>1,482,652</u>
TOTAL LIABILITIES	\$ <u><u>1,580,226</u></u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J

Notes to Financial Statements

June 30, 2018

NOTE (1) Summary of Significant Accounting Policies

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

(A) Reporting Entity

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

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

Blended Component Unit:

Thompson School Facilities Corporation

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

Discrete Component Units:

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

Thompson School District R2-J

Notes to Financial Statements

June 30, 2018

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

(B) Fund Accounting

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

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

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

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

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

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

In addition, the District reports the following fund type:

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

(C) Basis of Presentation

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

Thompson School District R2-J

Notes to Financial Statements

June 30, 2018

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

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

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

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

(D) Basis of Accounting

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

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

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

Thompson School District R2-J

Notes to Financial Statements

June 30, 2018

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

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

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

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

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

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

(E) Cash, Cash Equivalents and Temporary Investments

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

Thompson School District R2-J

Notes to Financial Statements

June 30, 2018

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

(F) Inventories

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

(G) Capital Assets

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

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

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

(H) Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, at June 30, 2018, are reflected as a liability in the accompanying financial statements.

(I) Compensated Absences and Severance Incentive Benefit Amounts

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2018

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

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

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

(J) Accrued Liabilities and Long-Term Obligations

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

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

(K) Defined Benefit Plans

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

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

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

(L) Fund Balance

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

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

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

(M) Net Position

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

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

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(N) Property Taxes

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

(O) Interfund Transactions

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

NOTE (2) Cash and Investments

(A) Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2018, the District had deposits of \$2,066,343 collateralized with securities held by the financial institutions' agents, but not in the District's name.

(B) Investments

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

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

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

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the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2018, the Foundation's investments in U.S. Agency securities, corporate securities and mutual funds were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). Investments in money market funds and external investment pools are reported at the net asset value per share.

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

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

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

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

Local government investment pool – At June 30, 2018, the District had \$54,547,692 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, 2018 were as follows:

Investment Type	S&P / Morningstar Rating	Investment Maturities (In Years)		Thompson Education Foundation	All Other Funds	Fair Value
		Less than 1	1 - 3			
Money Market Funds	AAAm	\$ 30,539	\$ -	\$ 30,262	\$ 277	\$ 30,539
Mutual Funds	5	293,927	-	293,927	-	293,927
Mutual Funds	4	422,962	-	422,962	-	422,962
Mutual Funds	3	158,170	-	158,170	-	158,170
Mutual Funds	2	19,368	-	19,368	-	19,368
Local Government Investment Pool	AAAm	54,547,692	-	-	54,547,692	54,547,692
Corporate Securities	A-	25,362	51,638	77,000	-	77,000
		<u>\$ 55,498,020</u>	<u>\$ 51,638</u>	<u>\$ 1,001,689</u>	<u>\$ 54,547,969</u>	<u>\$ 55,549,658</u>

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

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

Cash on Hand	\$ 410
Cash and Deposits	799,752
Investments	55,549,658
Total	<u>\$ 56,349,820</u>
<u>Financial Statements:</u>	
Primary Government Cash and Investments	\$ 53,388,818
Thompson Education Foundation Cash and Investments	1,380,776
Fiduciary Funds Cash and Investments	1,580,226
Total	<u>\$ 56,349,820</u>

NOTE (3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows.

	Capital Assets July 1, 2017	Additions	Deletions / Transfers	Capital Assets June 30, 2018
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 16,288,951	\$ -	\$ -	\$ 16,288,951
Water Rights	1,291,168	3,207,166	-	4,498,334
Total capital assets, not being depreciated	17,580,119	3,207,166	-	20,787,285
Capital assets, being depreciated:				
Land Improvements	1,754,223	99,500	-	1,853,723
Buildings	243,505,030	-	-	243,505,030
Equipment	13,011,614	362,269	(59,538)	13,314,345
Transportation	12,195,528	2,161,263	(1,501,258)	12,855,533
Total capital assets, being depreciated	270,466,395	2,623,032	(1,560,796)	271,528,631
Less accumulated depreciation for:				
Land Improvements	(411,324)	(178,844)	-	(590,168)
Buildings	(112,964,498)	(6,788,858)	-	(119,753,356)
Equipment	(11,282,832)	(500,508)	55,009	(11,728,331)
Transportation	(10,796,340)	(576,669)	1,501,258	(9,871,751)
Total accumulated depreciation	(135,454,994)	(8,044,879)	1,556,267	(141,943,606)
Total capital assets, being depreciated, net	135,011,401	(5,421,847)	(4,529)	129,585,025
Governmental Activities				
Capital Assets, Net	<u>\$ 152,591,520</u>	<u>\$ (2,214,681)</u>	<u>\$ (4,529)</u>	<u>\$ 150,372,310</u>

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Depreciation expense for the year ended June 30, 2018 was charged to the following governmental functions:

Instruction	\$ 6,704,085
Supporting Services	
Maintenance / Operations	148,825
Pupil Transportation	758,856
Central Supporting Services	340,422
Nutrition Services	61,070
Community Services	31,621
Total	<u>\$ 8,044,879</u>

NOTE (4) Short-term Debt

During the year ended June 30, 2018, the District borrowed \$10,372,424 from the state-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full by June 30, 2018, from property taxes received primarily from February through March. The schedule of changes is summarized below.

	Balance July 1 2017	Additions	Payments	Balance June 30 2018
State-sponsored Interest-free Loan	<u>\$ -</u>	<u>\$ 10,372,424</u>	<u>\$ 10,372,424</u>	<u>\$ -</u>

NOTE (5) General Obligation Bonds Payable

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 the outstanding General Obligation Bonds as of June 30, 2018.

Series 2012 Bonds
Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2018</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	9,180,000	1,938,350	11,118,350
2023	9,725,000	1,574,819	11,299,819
2024-2026	<u>31,965,000</u>	<u>2,277,081</u>	<u>34,242,081</u>
Total	<u>\$ 75,205,000</u>	<u>\$ 14,050,175</u>	<u>\$ 89,255,175</u>

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NOTE (6) Certificates of Participation

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

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

The table below identifies the remaining principal and interest due on the outstanding COPs as of June 30, 2018.

Series 2014 Certificates of Participation

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2018</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	965,000	263,538	1,228,538
2023	1,025,000	213,788	1,238,788
2024-2028	3,570,000	423,381	3,993,381
2029-2030	835,000	25,274	860,274
Total	<u>\$ 9,010,000</u>	<u>\$ 1,989,846</u>	<u>\$ 10,999,846</u>

NOTE (7) Capital Lease

In August 2017, the District entered into a master lease agreement for \$2,100,000 to purchase buses. Annual payments of \$231,216 are due under the lease agreement through September 1, 2026. Interest accrues on the outstanding balance at 2.175% per annum. At June 30, 2018, capital assets of \$2,002,809 less accumulated amortization of \$200,281 are reported under this lease agreement.

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

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The table below identifies the remaining principal and interest due on the outstanding capital leases as of June 30, 2018.

Year Ended June 30,	Principal	Interest	Total
2019	\$ 471,137	\$ 44,735	\$ 515,872
2020	476,776	39,096	515,872
2021	198,887	32,329	231,216
2022	203,212	28,004	231,216
2023	207,632	23,584	231,216
2024-2027	876,682	48,183	924,865
Total	<u>\$ 2,434,326</u>	<u>\$ 215,931</u>	<u>\$ 2,650,257</u>

NOTE (8) Changes in Long-Term Debt

(A) Summary

The following is a summary of the changes in long-term debt for the year ended June 30, 2018.

	June 30, 2017	Additions	Deletions	June 30, 2018	Amount Due in One Year
Governmental activities:					
Bonds Payable (principal)	\$ 82,340,000	\$ -	\$ 7,135,000	\$ 75,205,000	\$ 7,605,000
Premium Bond Refinancing '12	8,799,957	-	1,135,478	7,664,479	-
Certificates of Participation '14	9,790,000	-	780,000	9,010,000	825,000
Premium Certificate of Participation '14	1,271,450	-	121,008	1,150,442	-
iPad Lease '18	-	847,196	284,445	562,751	280,628
Bus Lease '18	-	2,100,000	228,425	1,871,575	190,509
Compensated Absences*	473,682	861,156	838,777	496,061	280,000
Severance-Incentive Payable*	4,484,679	1,068,542	1,476,661	4,076,560	1,524,097
Total	<u>\$ 107,159,768</u>	<u>\$ 4,876,894</u>	<u>\$ 11,999,794</u>	<u>\$ 100,036,868</u>	<u>\$ 10,705,234</u>

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

(B) Annual Requirements

Listed below are the annual requirements to amortize the Severance Incentive at June 30, 2018:

Year Ended June 30,	Severance Incentive Stipends
2019	\$ 1,524,097
2020	1,132,071
2021	718,390
2022	435,409
2023	232,385
2024	34,208
Total	<u>\$ 4,076,560</u>

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NOTE (9) Interfund Transfers

Interfund transfers at June 30, 2018, were composed of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Government Designated-Purpose Grants	General	\$ 874,874
Fee Supported Programs	General	336,150
Capital Projects	General	<u>2,511,300</u>
Total		\$ <u>3,722,324</u>

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

NOTE (10) Defined Benefit Pension Plan

General Information

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

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

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. 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

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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 2017 and 2018 was 19.65% and 20.15% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). The District's contributions to the SDTF for the year ended June 30, 2018, were \$16,739,882 equal to the required contributions.

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

At June 30, 2018, the District reported a net pension liability of \$583,294,071, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

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, 2017, relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 1.8038286302% which was an increase of 0.0063145825% from its proportion measured at December 31, 2016.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the SDTF within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution from the State of Colorado. The District's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was \$263,527,205.

For the year ended June 30, 2018, the District recognized pension expense of \$120,856,640. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,724,293	\$ -
Changes of assumptions and other inputs	148,936,627	945,143
Net difference between projected and actual earnings on plan investments	-	22,906,510
Changes in proportion	842,559	2,606,435
Contributions subsequent to the measurement date	10,111,217	-
Total	<u>\$ 170,614,696</u>	<u>\$ 26,458,088</u>

District contributions subsequent to the measurement date of \$10,111,217 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,

2019	\$ 90,079,676
2020	51,961,235
2021	621,987
2022	(8,617,507)
Total	<u>\$ 134,045,391</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs.

	<u>Assumptions</u>
Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5 - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate *	5.26%
Future post-retirement benefit increases;	
Hired prior to 1/1/07	2%
Hired after 12/31/06	ad hoc

¹The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 4.78%.

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

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

The long-term expected 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 adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

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

Discount Rate - The discount rate used to measure the total pension liability was 4.78%. The projection of cash flows used to determine the discount rate assumed that employee contributions

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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 0.5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2017, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%. The discount rate at the prior measurement date was 5.26%.

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 4.78%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (3.78%) or one percentage point higher (5.78%) than the current rate, as follows:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$ 736,799,617	\$ 583,294,071	\$ 458,204,580

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

NOTE (11) Postemployment Healthcare Benefits

General Information

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

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual

Thompson School District R2-J
Notes to Financial Statements
June 30, 2018

basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (See Note 10) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2018, was \$857,817, equal to the required amount.

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

At June 30, 2018, the District reported a net OPEB liability of \$13,320,067, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 1.0249358755%, which was an increase of 0.0031143449% from its proportion measured at December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,046,636. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,997	\$ -
Net difference between projected and actual earnings on plan investments	-	222,846
Changes in proportion	33,748	-
Contributions subsequent to the measurement date	545,230	-
Total	<u>\$ 641,975</u>	<u>\$ 222,846</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2018

District contributions subsequent to the measurement date of \$545,230 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30, 2018

2019	\$ (36,704)
2020	(36,704)
2021	(36,704)
2022	(36,704)
2023	19,007
2024	<u>1,708</u>
Total	<u>\$ (126,101)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums:	
3% for 2017, gradually rising to 4.25% in 2023	

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

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

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and

Thompson School District R2-J

Notes to Financial Statements

June 30, 2018

were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 14,975,943	\$ 13,320,067	\$ 11,906,731

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ 12,953,580	\$ 13,320,067	\$ 13,761,476

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Notes to Financial Statements

June 30, 2018

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

NOTE (12) **Change in Accounting Principle**

For the year ended June 30, 2018, the District adopted the standards of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017, were not available and have not been reported in the financial statements.

	<u>Governmental Activities</u>
Net Position, June 30, 2017, as Originally Stated	\$(235,227,030)
Deferred Outflows of Resources	526,592
Net OPEB Liability	<u>(13,248,264)</u>
Net Position, June 30, 2017, as Restated	<u>\$(247,948,702)</u>

NOTE (13) **Risk Management**

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

Colorado School District Self Insurance Pool

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

The Colorado Governmental Immunity Act limits the types of liability claims that can be brought against a school district and the amount of monetary damages that a school district might be ordered to pay. The maximum amount that can be recovered for an injury involving one person in any single occurrence is \$350,000. The maximum amount that is recoverable for a single occurrence involving two or more people is \$990,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Complete financial statements for CSDSIP can be obtained from CSDSIP, 6857 South Spruce Street, Centennial, Colorado 80112.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2018

Other Risks

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

NOTE (14) Commitments and Contingencies

(A) Litigation

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

(B) Grants and State Funding

The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2018.

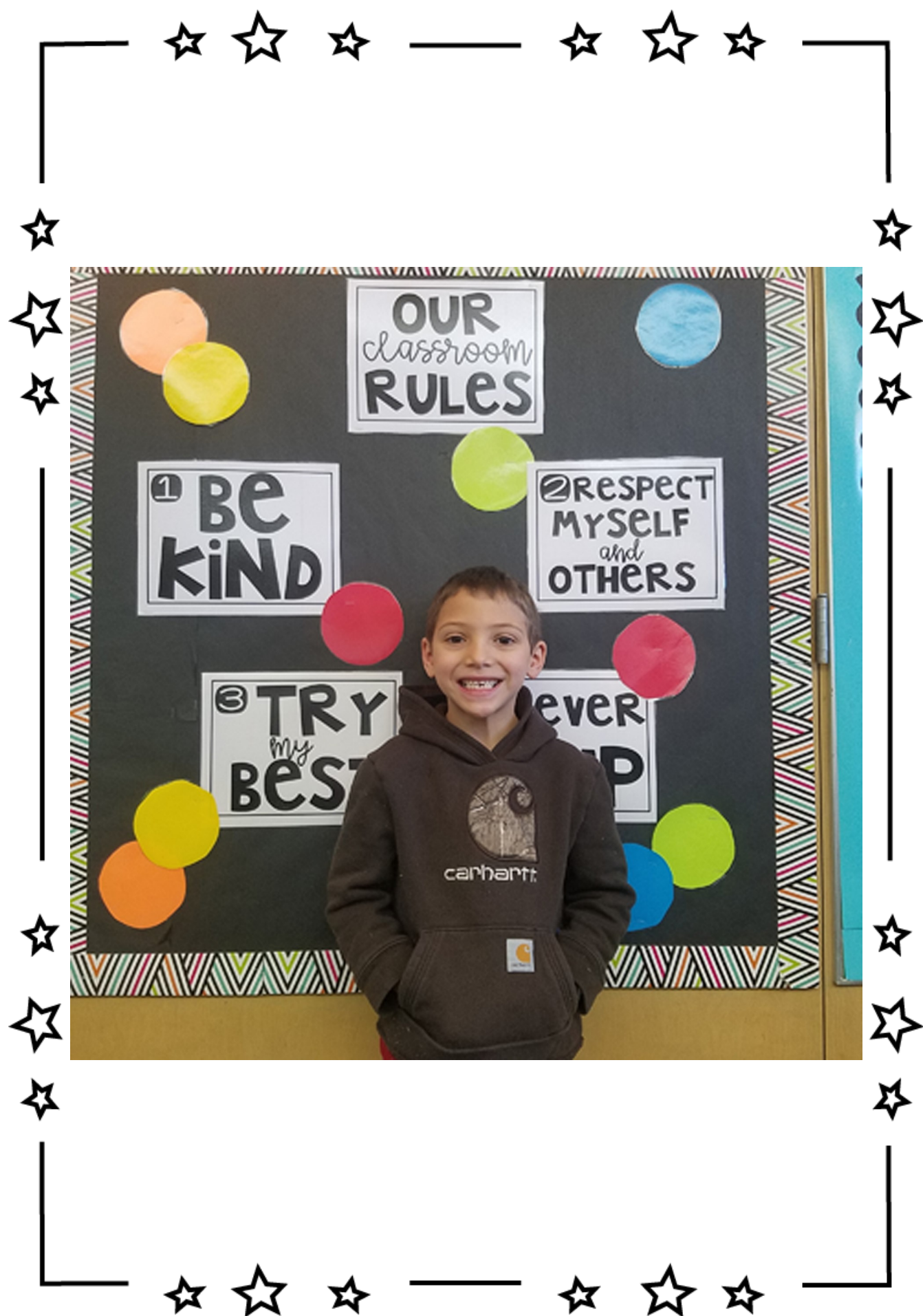
(C) TABOR Amendment

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

In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 2000. At June 30, 2018, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.

NOTE (15) Subsequent Events

In November 2018, the electors voted to approve the District's issuance of general obligation bonds in the amount of \$149 million and an annual mill levy override of \$13.8 million. The bonds were approved to finance the construction of a new K-8 school, add classrooms to existing schools, upgrade school building security and safety, update fire alarms, and address deferred maintenance. The mill levy override was approved to help maintain class sizes, raise teacher salaries, and update textbooks, curriculum, and technology.



REQUIRED SUPPLEMENTARY INFORMATION

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

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

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2018

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

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

See independent auditors' report

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2018

	<u>12/31/17</u>
Proportionate Share of the Net OPEB Liability	
District's Proportion of the Net OPEB Liability	1.0249358755%
District's Proportionate Share of the Net OPEB Liability	\$ 13,320,067
District's Covered-Employee Payroll	\$ 88,242,833
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18%
	<u>6/30/18</u>
District Contributions	
Statutorily Required Contribution	\$ 857,817
Contributions in Relation to the Statutorily Required Contribution	<u>(857,817)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 89,262,787
Contributions as a Percentage of Covered-Employee Payroll	0.96%

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, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Local Property- School Finance Act	\$ 36,403,208	\$ 40,508,645	\$ 40,728,957	\$ 220,312
Local Property- Mill Levy Override	14,040,000	14,040,000	14,139,040	99,040
Specific Ownership	5,297,102	6,193,937	6,039,905	(154,032)
Intergovernmental				
Equalization Entitlements	72,587,269	67,058,155	67,122,702	64,547
Special Education	3,387,515	2,917,580	3,274,728	357,148
Vocational Education	330,403	456,561	456,561	-
Transportation	1,087,783	1,048,109	1,050,582	2,473
Other Federal Grants	339,539	339,539	54,136	(285,403)
Charter School Chargebacks	1,274,636	1,537,350	1,548,222	10,872
Other	646,539	1,454,069	1,915,170	461,101
Investment Earnings	177,891	334,534	394,081	59,547
TOTAL REVENUE	135,571,885	135,888,479	136,724,085	835,606
TOTAL EXPENDITURES	136,951,992	137,496,203	135,512,588	1,983,615
Excess of Revenues Over (Under) Expenditures	(1,380,107)	(1,607,724)	1,211,497	2,819,221
Other Financing Sources (Uses)				
Transfers Out:				
Governmental Designated-Purpose				
Grants Fund	(918,574)	(918,574)	(874,874)	43,700
Fee Supported Programs Fund	(336,150)	(336,150)	(336,150)	-
Capital Projects Fund	(2,261,300)	(2,261,300)	(2,511,300)	(250,000)
Total Other Financing Sources (Uses)	(3,516,024)	(3,516,024)	(3,722,324)	(206,300)
Net Change in Fund Balance	(4,896,131)	(5,123,748)	(2,510,827)	2,612,921
Fund Balance - Beginning of Year	17,859,560	17,859,560	19,785,325	1,925,765
Fund Balance - End of Year	\$ 12,963,429	\$ 12,735,812	\$ 17,274,498	\$ 4,538,686

See independent auditors' report

Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures				
Instruction:				
Salaries and Benefits	\$ 69,085,458	\$ 69,109,684	\$ 68,075,994	\$ 1,033,690
Purchased Services	2,351,325	2,351,325	2,615,101	(263,776)
Supplies and Materials	2,529,291	2,529,291	2,320,503	208,788
Other	74,507	74,507	43,440	31,067
Total Instruction	<u>74,040,581</u>	<u>74,064,807</u>	<u>73,055,038</u>	<u>1,009,769</u>
Supporting Services				
Pupil Services	8,521,344	8,521,344	8,711,586	(190,242)
Instructional Staff	11,122,370	11,122,370	10,506,778	615,592
General Administration	777,802	777,802	831,272	(53,470)
School Administration	8,960,953	8,960,953	9,109,236	(148,283)
Business Services	2,088,536	2,088,536	2,119,866	(31,330)
Maintenance/Operations	12,638,990	12,638,990	12,223,076	415,914
Pupil Transportation	4,833,410	4,833,410	4,809,428	23,982
Central Supporting Services	3,871,795	3,871,795	3,725,684	146,111
Total Supporting Services	<u>52,815,200</u>	<u>52,815,200</u>	<u>52,036,925</u>	<u>778,275</u>
Capital Outlay	783,171	783,171	587,816	195,355
Charter School Allocation	9,313,040	9,833,025	9,832,809	216
TOTAL EXPENDITURES	<u>\$ 136,951,992</u>	<u>\$ 137,496,203</u>	<u>\$ 135,512,588</u>	<u>\$ 1,983,615</u>

See independent auditors' report

Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2018

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

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following revised economic and demographic assumptions were effective as of December 31, 2016.

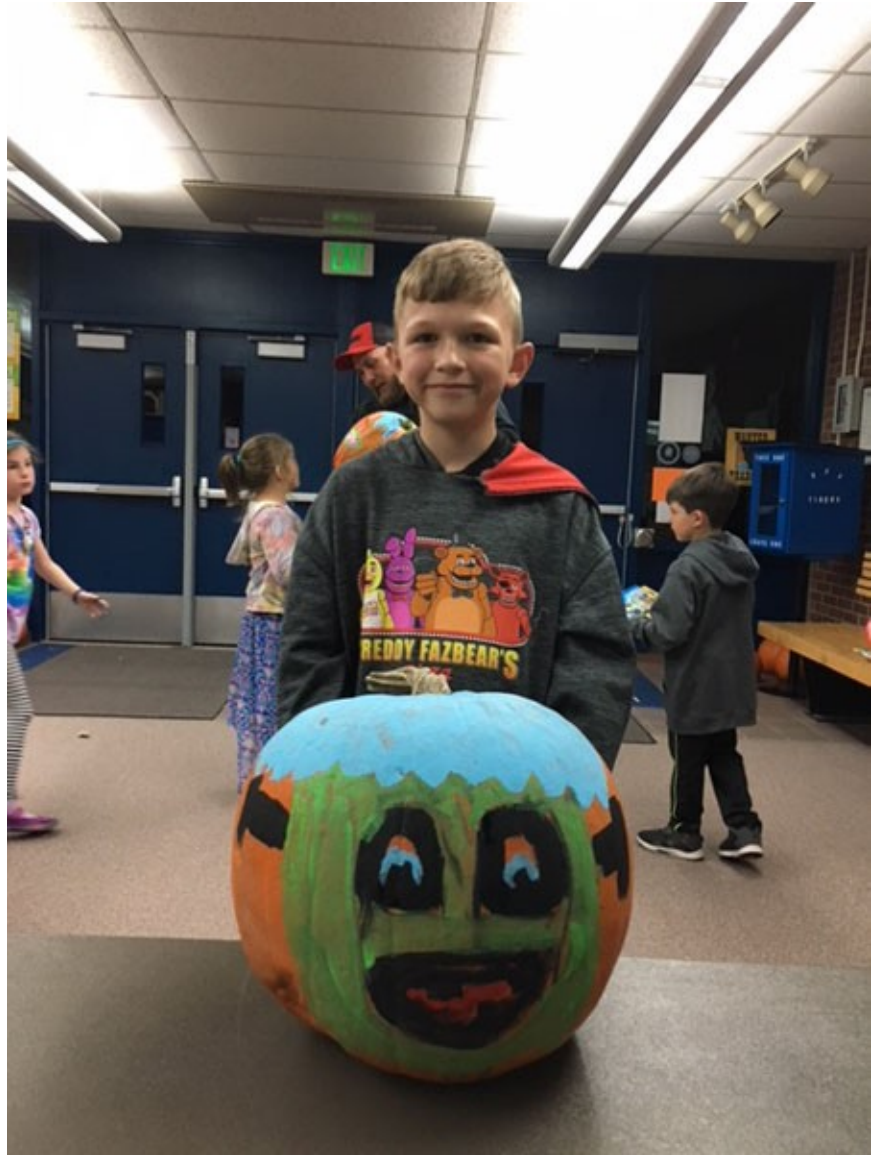
- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

NOTE (2) Budgets and Budgetary Accounting

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

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

For the year ended June 30, 2018, the Capital Projects Fund exceeded amounts budgeted by \$2,001,955 because expenditures for new lease agreements were not budgeted. This may be a violation of State statutes.



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

DEBT SERVICE FUND

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

**Thompson School District R2-J
Bond Redemption Fund - 31
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Property Taxes	\$ 10,941,100	\$ 10,941,100	\$ 10,971,224	\$ 30,124
Investment Earnings	32,300	32,300	140,269	107,969
TOTAL REVENUE	10,973,400	10,973,400	11,111,494	138,094
Expenditures				
Debt Service:				
Principal	7,135,000	7,135,000	7,135,000	-
Interest and Fiscal Charges	3,521,300	3,521,300	3,506,300	15,000
TOTAL EXPENDITURES	10,656,300	10,656,300	10,641,300	15,000
Net Change in Fund Balance	317,100	317,100	470,194	153,094
Fund Balance - Beginning of Year	13,385,786	13,385,786	13,351,499	(34,287)
Fund Balance - End of Year	\$ 13,702,886	\$ 13,702,886	\$ 13,821,693	\$ 118,807

See independent auditors' report

NONMAJOR GOVERNMENTAL FUNDS

The District has the following Nonmajor Funds:

Nutrition Services Fund

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

Government Designated-Purpose Grants Fund

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

Land Reserve Fund

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

Fee Supported Programs Fund

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

Capital Projects Fund

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

Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<u>Nutrition Services</u>	<u>Government Designated- Purpose Grants</u>	<u>Land Reserve</u>
ASSETS			
Cash and Investments	\$ 421,964	\$ 3,330,117	\$ 2,717,714
Accounts Receivable	88	3,804	59,123
Grants Receivable	342,626	2,103,856	-
Inventory	291,888	-	-
Total Assets	<u>\$ 1,056,566</u>	<u>\$ 5,437,777</u>	<u>\$ 2,776,837</u>
LIABILITIES			
Accounts Payable	\$ 9,430	\$ 119,979	\$ -
Accrued Salaries and Benefits	187,133	1,181,415	-
Unearned Revenue	129,929	-	-
Total Liabilities	<u>326,493</u>	<u>1,301,395</u>	<u>-</u>
FUND BALANCE			
Nonspendable Inventory	291,888	-	-
Restricted for:			
TABOR	52,445	94,670	33,860
Land & Land Improvements	-	-	2,742,977
Grant Programs	-	3,943,273	-
Committed to Student Specific Programs	-	-	-
Assigned to Early Childhood Program	-	98,439	-
Assigned to Capital Projects	-	-	-
Assigned to Nutrition Services	385,740	-	-
Total Fund Balances	<u>730,073</u>	<u>4,136,382</u>	<u>2,776,837</u>
Total Liabilities and Fund Balances	<u>\$ 1,056,566</u>	<u>\$ 5,437,777</u>	<u>\$ 2,776,837</u>

See independent auditors' report

Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ 1,816,439	\$ 1,824,903	\$ 10,111,137
15,618	195	78,828
-	-	2,446,482
-	-	291,888
<u>\$ 1,832,057</u>	<u>\$ 1,825,098</u>	<u>\$ 12,928,335</u>
\$ 27,460	\$ 152,334	\$ 309,204
235,135	-	1,603,684
-	-	129,929
<u>262,595</u>	<u>152,334</u>	<u>2,042,817</u>
-	-	291,888
-	-	180,975
-	-	2,742,977
-	-	3,943,273
1,569,462	-	1,569,462
-	-	98,439
-	1,672,764	1,672,764
-	-	385,740
<u>1,569,462</u>	<u>1,672,764</u>	<u>10,885,518</u>
<u>\$ 1,832,057</u>	<u>\$ 1,825,098</u>	<u>\$ 12,928,335</u>

Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	<u>Nutrition Services</u>	<u>Government Designated- Purpose Grants</u>	<u>Land Reserve</u>
Revenues			
Intergovernmental	\$ 3,500,013	\$ 10,889,533	\$ -
Loveland URA Distribution	-	-	-
Charges for Services	1,650,735	-	-
Payments In Lieu of Land Dedication	-	-	1,104,655
Investment Earnings	1,412	10,907	24,010
Other	-	-	-
TOTAL REVENUES	<u>5,152,160</u>	<u>10,900,440</u>	<u>1,128,665</u>
Expenditures			
Instruction			
Salaries and Benefits	-	4,891,167	-
Purchased Services	-	172,285	-
Supplies and Materials	-	293,571	-
Equipment	-	95,325	-
Other	-	78,289	-
Total Instruction	<u>-</u>	<u>5,530,637</u>	<u>-</u>
Supporting Services			
Pupil Services	-	2,889,753	-
Instructional Staff	-	1,660,075	-
School Administration	-	477,321	-
Maintenance/Operations	-	23,945	-
Pupil Transportation	-	-	-
Central Supporting Services	-	17,993	3,207,166
Nutrition Services	5,129,264	-	-
Community Services	-	118,008	-
Facilities Acquisition and Construction Services	-	-	-
Total Support Services	<u>5,129,264</u>	<u>5,187,094</u>	<u>3,207,166</u>
Debt Service - Principal	-	-	-
Debt Service - Interest	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,129,264</u>	<u>10,717,732</u>	<u>3,207,166</u>
Excess of Revenues			
Over (Under) Expenditures	<u>22,896</u>	<u>182,708</u>	<u>(2,078,501)</u>
Other Financing Sources			
Transfers in	-	874,874	-
Capital Leases	-	-	-
Total Other Financing Sources	<u>-</u>	<u>874,874</u>	<u>-</u>
Net Change in Fund Balances	22,896	1,057,582	(2,078,501)
Fund Balances - Beginning of the Year	<u>707,177</u>	<u>3,078,800</u>	<u>4,855,338</u>
Fund Balances - End of the Year	<u>\$ 730,073</u>	<u>\$ 4,136,382</u>	<u>\$ 2,776,837</u>

See independent auditors' report

Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 14,389,546
-	920,531	920,531
2,079,727	-	3,730,463
-	-	1,104,655
-	277	36,605
-	126,441	126,441
<u>2,079,727</u>	<u>1,047,249</u>	<u>20,308,240</u>
1,031,771	-	5,922,938
14,248	5,608	192,141
180,953	-	474,524
56,421	944,705	1,096,451
30,559	-	108,848
<u>1,313,952</u>	<u>950,312</u>	<u>7,794,902</u>
15,759	-	2,905,511
18,475	322,514	2,001,064
75,865	-	553,186
-	684,757	708,702
-	2,081,008	2,081,008
-	38,378	3,263,537
-	-	5,129,264
1,017,127	44,566	1,179,701
-	115,280	115,280
<u>1,127,226</u>	<u>3,286,503</u>	<u>17,937,252</u>
-	1,292,870	1,292,870
-	468,415	468,415
-	1,761,285	1,761,285
<u>2,441,178</u>	<u>5,998,100</u>	<u>27,493,439</u>
<u>(361,451)</u>	<u>(4,950,851)</u>	<u>(7,185,199)</u>
336,150	2,511,300	3,722,324
-	2,947,196	2,947,196
<u>336,150</u>	<u>5,458,496</u>	<u>6,669,520</u>
(25,301)	507,645	(515,679)
<u>1,594,763</u>	<u>1,165,119</u>	<u>11,401,197</u>
<u>\$ 1,569,462</u>	<u>\$ 1,672,764</u>	<u>\$ 10,885,518</u>

**Thompson School District R2-J
Nutrition Services Fund - 21
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental				
Federal Source, USDA Reimbursements	\$ 2,976,000	\$ 2,976,000	\$ 3,021,208	\$ 45,208
Federal Source, Commodities	332,835	332,835	382,789	49,954
State Categorical Reimbursement	132,486	132,486	96,016	(36,470)
Charges for Services	1,904,995	1,904,995	1,650,735	(254,260)
Investment Earnings	-	-	1,412	1,412
TOTAL REVENUE	<u>5,346,316</u>	<u>5,346,316</u>	<u>5,152,160</u>	<u>(194,156)</u>
Expenditures				
Supporting Services				
Nutrition Services	5,345,281	5,499,896	5,129,264	370,632
TOTAL EXPENDITURES	<u>5,345,281</u>	<u>5,499,896</u>	<u>5,129,264</u>	<u>370,632</u>
Net Change in Fund Balance	1,035	(153,580)	22,896	176,476
Fund Balances - Beginning of Year	<u>578,917</u>	<u>578,917</u>	<u>707,177</u>	<u>128,260</u>
Fund Balances - End of Year	<u>\$ 579,952</u>	<u>\$ 425,337</u>	<u>\$ 730,073</u>	<u>\$ 304,736</u>

See independent auditors' report

Thompson School District
Government Designated-Purpose Grants Fund - 22 & 28
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Budget	Actual	
Revenues				
Intergovernmental				
Federal Sources	\$ 7,827,684	\$ 7,827,684	\$ 8,619,638	\$ 791,954
State/Local Sources	1,963,294	1,963,294	2,269,895	306,601
Investment Earnings	-	-	10,907	10,907
TOTAL REVENUE	9,790,978	9,790,978	10,900,440	1,109,462
Expenditures				
Instruction				
Salaries and Benefits	8,354,651	8,354,651	4,891,167	3,463,484
Purchased Services	459,375	459,375	172,285	287,090
Supplies and Materials	232,719	232,719	293,571	(60,852)
Equipment	25,723	25,723	95,325	(69,602)
Other	-	-	78,289	(78,289)
Total Instruction	9,072,468	9,072,468	5,530,637	3,541,831
Supporting Services				
Pupil Services	3,143,022	3,143,022	2,889,753	253,269
Instructional Staff	1,479,873	1,479,873	1,660,075	(180,202)
School Administration	557,665	557,665	477,321	80,344
Maintenance/Operations	15,346	15,346	23,945	(8,599)
Central Supporting Services	-	-	17,993	(17,993)
Community Services	74,627	74,627	118,008	(43,381)
Total Support Services	5,270,533	5,270,533	5,187,094	83,439
TOTAL EXPENDITURES	14,343,001	14,343,001	10,717,732	3,625,269
Excess of Revenues Over (Under) Expenditures	(4,552,023)	(4,552,023)	182,708	4,734,731
Other Financing Sources				
Transfers In	918,574	918,574	874,874	(43,700)
Net Change in Fund Balance	(3,633,449)	(3,633,449)	1,057,582	4,691,031
Fund Balances - Beginning of Year	3,633,449	3,633,449	3,078,800	(554,649)
Fund Balances - End of Year	\$ -	\$ -	\$ 4,136,382	\$ 4,136,382

See independent auditors' report

**Thompson School District R2-J
Land Reserve Fund - 27
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Payments in Lieu of Land Dedication	\$ 766,741	\$ 766,741	\$ 1,104,655	\$ 337,914
Investment Earnings	5,969	5,969	24,010	18,041
TOTAL REVENUE	<u>772,710</u>	<u>772,710</u>	<u>1,128,665</u>	<u>355,955</u>
Expenditures				
Supporting Services				
Central Supporting Services	4,828,306	4,828,306	3,207,166	1,621,140
TOTAL EXPENDITURES	<u>4,828,306</u>	<u>4,828,306</u>	<u>3,207,166</u>	<u>1,621,140</u>
Net Change in Fund Balance	(4,055,596)	(4,055,596)	(2,078,501)	1,977,095
Fund Balance - Beginning of Year	<u>4,305,596</u>	<u>4,305,596</u>	<u>4,855,338</u>	<u>549,742</u>
Fund Balance - End of Year	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 2,776,837</u>	<u>\$ 2,526,837</u>

See independent auditors' report

**Thompson School District R2-J
Fee Supported Programs Fund - 29
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$ 1,957,279	\$ 2,121,541	\$ 2,079,727	\$ (41,814)
TOTAL REVENUE	<u>1,957,279</u>	<u>2,121,541</u>	<u>2,079,727</u>	<u>(41,814)</u>
Expenditures				
Instruction				
Salaries and Benefits	1,095,412	1,253,168	1,031,771	221,397
Purchased Services	4,860	4,860	14,248	(9,388)
Supplies and Materials	8,023	14,529	180,953	(166,424)
Equipment	8,147	8,147	56,421	(48,274)
Other	-	-	30,559	(30,559)
Total Instruction	<u>1,116,442</u>	<u>1,280,704</u>	<u>1,313,952</u>	<u>(33,248)</u>
Supporting Services				
Pupil Services	-	-	15,759	(15,759)
Instructional Staff	-	-	18,475	(18,475)
School Administration	81,600	81,600	75,865	5,735
Community Services	<u>1,091,869</u>	<u>1,091,869</u>	<u>1,017,127</u>	<u>74,742</u>
Total Support Services	<u>1,173,469</u>	<u>1,173,469</u>	<u>1,127,226</u>	<u>46,243</u>
TOTAL EXPENDITURES	<u>2,289,911</u>	<u>2,454,173</u>	<u>2,441,178</u>	<u>12,995</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(332,632)</u>	<u>(332,632)</u>	<u>(361,451)</u>	<u>(28,819)</u>
Other Financing Sources				
Transfers In	<u>336,150</u>	<u>336,150</u>	<u>336,150</u>	<u>-</u>
Net Change in Fund Balance	3,518	3,518	(25,301)	(28,819)
Fund Balance - Beginning of the Year	<u>1,508,585</u>	<u>1,508,585</u>	<u>1,594,763</u>	<u>86,178</u>
Fund Balance - End of the Year	<u>\$ 1,512,103</u>	<u>\$ 1,512,103</u>	<u>\$ 1,569,462</u>	<u>\$ 57,359</u>

See independent auditors' report

**Thompson School District R2-J
Capital Projects Fund - 43
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Loveland URA Distribution	\$ 920,538	\$ 920,538	\$ 920,531	\$ (7)
Investment Earnings	-	-	277	277
Other	-	-	126,441	126,441
TOTAL REVENUE	<u>920,538</u>	<u>920,538</u>	<u>1,047,249</u>	<u>126,711</u>
Expenditures				
Instruction				
Purchased Services	-	-	5,608	(5,608)
Equipment	230,000	230,000	944,705	(714,705)
Total Instruction	<u>230,000</u>	<u>230,000</u>	<u>950,312</u>	<u>(720,312)</u>
Supporting Services				
Instructional Staff	450,000	450,000	322,514	127,486
Maintenance/Operations	1,584,307	1,584,307	684,757	899,550
Pupil Transportation	50,000	50,000	2,081,008	(2,031,008)
Central Supporting Services	25,000	25,000	38,378	(13,378)
Community Services	-	-	44,566	(44,566)
Facilities Acquisition and Construction Services			115,280	(115,280)
Total Support Services	<u>2,109,307</u>	<u>2,109,307</u>	<u>3,286,503</u>	<u>(1,177,196)</u>
Debt Service				
Debt Service - Principal	1,175,863	1,175,863	1,292,870	(117,007)
Debt Service - Interest and Fiscal Charges	480,975	480,975	468,415	12,560
Total Debt Service	<u>1,656,838</u>	<u>1,656,838</u>	<u>1,761,285</u>	<u>(104,447)</u>
TOTAL EXPENDITURES	<u>3,996,145</u>	<u>3,996,145</u>	<u>5,998,100</u>	<u>(2,001,955)</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,075,607)</u>	<u>(3,075,607)</u>	<u>(4,950,851)</u>	<u>(1,875,244)</u>
Other Financing Sources				
Transfer In	2,261,300	2,261,300	2,511,300	250,000
Capital Leases	-	-	2,947,196	2,947,196
Total Other Financing Sources	<u>2,261,300</u>	<u>2,261,300</u>	<u>5,458,496</u>	<u>3,197,196</u>
Net Change in Fund Balance	<u>(814,307)</u>	<u>(814,307)</u>	<u>507,645</u>	<u>1,321,952</u>
Fund Balance - Beginning of Year	<u>814,307</u>	<u>814,307</u>	<u>1,165,119</u>	<u>350,812</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,672,764</u>	<u>\$ 1,672,764</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, 2018

	<u>Education Memorial</u>	<u>Interscholastic Athletic and Activity</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 57,566	\$ 1,522,660	\$ 1,580,226
TOTAL ASSETS	<u>\$ 57,566</u>	<u>\$ 1,522,660</u>	<u>\$ 1,580,226</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 96,258	\$ 96,258
Accrued Salaries and Benefits	-	1,316	1,316
Undistributed Monies	<u>57,566</u>	<u>1,425,086</u>	<u>1,482,652</u>
TOTAL LIABILITES	<u>\$ 57,566</u>	<u>\$ 1,522,660</u>	<u>\$ 1,580,226</u>

See independent auditor's report

Thompson School District R2-J
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Education Memorial</u>				
Assets				
Cash and Investments	\$ 89,146	\$ 28,481	\$ 60,061	\$ 57,566
Liabilities				
Accounts Payable	\$ 4,222	\$ -	\$ 4,222	\$ -
Undistributed Monies	84,924	32,703	60,061	57,566
Total Liabilities	\$ 89,146	\$ 32,703	\$ 64,283	\$ 57,566
<u>Interscholastic Athletic and Activity</u>				
Assets				
Cash and Investments	\$ 1,379,513	\$ 2,982,963	\$ 2,839,817	\$ 1,522,660
Total Assets	\$ 1,379,513	\$ 2,982,963	\$ 2,839,817	\$ 1,522,660
Liabilities				
Accounts Payable	\$ 64,989	\$ 31,269	\$ -	\$ 96,258
Accrued Salaries and Benefits	4,516	-	3,200	1,316
Undistributed Monies	1,310,008	2,951,694	2,836,617	1,425,086
Total Liabilities	\$ 1,379,513	\$ 2,982,963	\$ 2,839,817	\$ 1,522,660
<u>Combined</u>				
Assets				
Cash and Investments	\$ 1,468,659	\$ 3,011,444	\$ 2,899,877	\$ 1,580,226
Total Assets	\$ 1,468,659	\$ 3,011,444	\$ 2,899,877	\$ 1,580,226
Liabilities				
Accounts Payable	\$ 69,211	\$ 31,269	\$ 4,222	\$ 96,258
Accrued Salaries and Benefits	4,516	-	3,200	1,316
Undistributed Monies	1,394,932	2,984,397	2,896,677	1,482,652
Total Liabilities	\$ 1,468,659	\$ 3,015,666	\$ 2,904,099	\$ 1,580,226

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**Thompson School District R2-J
Education Memorial Fund - 72
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Additions				
Investment Earnings	\$ 100	\$ 100	\$ 203	\$ 103
Donations	62,800	23,800	32,500	8,700
Total Additions	62,900	23,900	32,703	8,803
Deductions				
Scholarships	85,022	85,022	60,061	24,961
Total Deductions	85,022	85,022	60,061	24,961
Change in Undistributed Monies	(22,122)	(61,122)	(27,358)	33,764
Undistributed Monies - Beginning of Year	37,422	84,924	84,924	-
Undistributed Monies - End of Year	<u>\$ 15,300</u>	<u>\$ 23,802</u>	<u>\$ 57,566</u>	<u>\$ 33,764</u>

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**Thompson School District R2-J
Interscholastic Athletic and Activity Fund - 74
Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Additions				
Fund Raising and Events	\$ 2,952,986	\$ 2,952,986	\$ 2,935,610	\$ (17,376)
Investment Earnings	2,500	2,500	16,085	13,585
Total Additions	<u>2,955,486</u>	<u>2,955,486</u>	<u>2,951,694</u>	<u>(3,792)</u>
Deductions				
Athletic Expenditures	1,067,292	1,067,292	1,177,999	(110,707)
Pupil Activity Expenditures	<u>1,900,680</u>	<u>1,900,680</u>	<u>1,658,618</u>	<u>242,062</u>
Total Deductions	<u>2,967,972</u>	<u>2,967,972</u>	<u>2,836,617</u>	<u>131,355</u>
Change in Undistributed Monies	(12,486)	(12,486)	115,078	127,564
Undistributed Monies, Beginning of Year	<u>1,258,789</u>	<u>1,258,789</u>	<u>1,310,008</u>	<u>51,219</u>
Undistributed Monies, End of Year	<u>\$ 1,246,303</u>	<u>\$ 1,246,303</u>	<u>\$ 1,425,086</u>	<u>\$ 178,783</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, 2018

	New Vision Charter School	Loveland Classical Schools	Thompson Education Foundation	Total Component Units
ASSETS				
Cash and Investments	\$ 1,242,638	\$ 2,090,479	\$ 1,380,776	\$ 4,713,893
Restricted Cash and Investments	17,705,659	2,005,925	-	19,711,584
Accounts Receivable	574	83,800	-	84,374
Grants Receivable	-	1,808	-	1,808
Prepaid Expense	450,000	30,226	-	480,226
Capital Assets, Not Being Depreciated: Land	2,088,771	1,349,835	-	3,438,606
Capital Assets, Net of Accumulated Depreciation	<u>2,605,139</u>	<u>18,512,001</u>	<u>-</u>	<u>21,117,140</u>
Total Assets	<u>24,092,781</u>	<u>24,074,074</u>	<u>1,380,776</u>	<u>49,547,631</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization	3,107,602	6,743,876	-	9,851,478
Related to OPEB	<u>11,086</u>	<u>51,262</u>	<u>-</u>	<u>62,348</u>
Total Deferred Outflows of Resources	<u>3,118,688</u>	<u>6,795,138</u>	<u>-</u>	<u>9,913,826</u>
LIABILITIES				
Accounts Payable	6,904	27,101	104,933	138,938
Accrued Liabilities	-	97,653	-	97,653
Accrued Salaries and Benefits	114,236	219,963	-	334,199
Unearned Revenue	15,540	16,290	-	31,830
Accrued Interest Payable	-	499,906	-	499,906
Noncurrent Liabilities				
Due Within One Year	-	-	-	-
Due in More Than One Year	23,675,000	21,486,574	-	45,161,574
Pension Liability	10,780,140	18,634,445	-	29,414,585
OPEB Liability	<u>246,177</u>	<u>425,532</u>	<u>-</u>	<u>671,709</u>
Total Liabilities	<u>34,837,997</u>	<u>41,407,464</u>	<u>104,933</u>	<u>76,350,394</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization	440,813	761,986	-	1,202,799
Related to OPEB	<u>4,119</u>	<u>7,119</u>	<u>-</u>	<u>11,238</u>
Total Deferred Inflows of Resources	<u>444,932</u>	<u>769,105</u>	<u>-</u>	<u>1,214,037</u>
NET POSITION				
Net Investment in Capital Assets	(18,981,090)	(1,624,738)	-	(20,605,828)
Restricted for Debt Service	17,705,659	1,445,354	-	19,151,013
Restricted for Repairs and Replacement	-	60,665	-	60,665
Restricted for Emergencies	121,000	207,700	-	328,700
Unrestricted	<u>(6,917,029)</u>	<u>(11,396,338)</u>	<u>1,275,843</u>	<u>(17,037,524)</u>
Total Net Position	<u>\$ (8,071,460)</u>	<u>\$ (11,307,357)</u>	<u>\$ 1,275,843</u>	<u>\$ (18,102,974)</u>

See independent auditors' report

Thompson School District R2-J
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2018

	New Vision Charter School	Loveland Classical Schools	Thompson Education Foundation	Total Component Units
Expenses				
Total Instruction	\$ 4,372,640	\$ 6,136,535	\$ -	\$ 10,509,175
Total Supporting Services	1,921,864	2,977,117	783,199	5,682,180
Total Business Activities	-	1,368,201	-	1,368,201
Interest & Fiscal Charges	277,884	-	-	277,884
Total Expenses	6,572,388	10,481,853	783,199	17,837,440
Program Revenues				
Charges for Services	144,450	168,500	8,477	321,427
Operating Grants and Contributions	185,441	183,293	514,663	883,397
Capital Grants and Contributions	121,688	-	-	121,688
Total Program Revenues	451,579	351,793	523,140	1,326,512
General Revenues				
Per Pupil Revenues	3,546,745	6,022,865	-	9,569,610
Investment Income	21,898	65,758	74,289	161,945
Grants and Contributions not Restricted to Specific Programs	-	522,405	194,610	717,015
Miscellaneous	74,498	440	-	74,938
Total General Revenues	3,643,141	6,611,468	268,899	10,523,508
Total Revenues	4,094,720	6,963,261	792,039	11,850,020
Changes in Net Position	(2,477,668)	(3,518,592)	8,840	(5,987,420)
Net Position - Beginning	(5,593,792)	(7,788,765)	1,267,003	(12,115,554)
Net Position - Ending	\$ <u>(8,071,460)</u>	\$ <u>(11,307,357)</u>	\$ <u>1,275,843</u>	\$ <u>(18,102,974)</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, 2018

	<u>Thompson Education Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from	
Contributions and Fundraising Activities	\$ 710,210
Charges for Services	8,477
Payments to Suppliers and the District	<u>(708,783)</u>
Net Cash Provided (Used) by Operating Activities	<u>9,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchases) Sales of Investments, Net	102,802
Investment Income Received	<u>74,289</u>
Net Cash Provided by Investing Activities	<u>177,091</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	186,995
CASH AND CASH EQUIVALENTS, Beginning	<u>1,116,781</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 1,303,776</u></u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in Net Operating Income	\$ (65,449)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts Receivable	937
Accounts Payable	<u>74,416</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 9,904</u></u>
See independent auditors' report	



STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	100-109
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources.	110-114
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	115-119
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	120-121
Operating Information These schedules contain personnel and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	122-125



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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 50,272,273	\$ 52,399,048	\$ 54,766,501	\$ 50,836,568
Restricted	20,344,714	20,717,458	21,066,584	21,090,133
Unrestricted	<u>17,297,596</u>	<u>17,421,337</u>	<u>17,065,795</u>	<u>18,622,959</u>
Total Governmental Activities Net Position	<u>\$ 87,914,582</u>	<u>\$ 90,537,843</u>	<u>\$ 92,898,880</u>	<u>\$ 90,549,660</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 400,578	\$ 387,092	\$ 374,404	\$ 302,113
Restricted	69,152	62,547	59,057	54,384
Unrestricted	<u>403,158</u>	<u>552,736</u>	<u>757,372</u>	<u>786,264</u>
Total Business-type Activities Net Position	<u>\$ 872,888</u>	<u>\$ 1,002,375</u>	<u>\$ 1,190,833</u>	<u>\$ 1,142,761</u>
Primary Government				
Net Investment in Capital Assets	\$ 50,672,851	\$ 52,786,140	\$ 55,140,905	\$ 51,138,681
Restricted	20,413,865	20,780,005	21,125,641	21,144,517
Unrestricted	<u>17,700,754</u>	<u>17,974,073</u>	<u>17,823,167</u>	<u>19,409,223</u>
Total Primary Government Net Position	<u>\$ 88,787,470</u>	<u>\$ 91,540,218</u>	<u>\$ 94,089,713</u>	<u>\$ 91,692,421</u>

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

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

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 47,612,676	\$ 47,441,252	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777
19,828,646	20,782,304	22,474,183	23,441,761	25,956,416	25,203,687
24,574,905	20,537,641	(218,168,956)	(231,579,493)	(319,089,480)	(439,440,749)
<u>\$ 92,016,227</u>	<u>\$ 88,761,197</u>	<u>\$ (147,119,664)</u>	<u>\$ (152,453,705)</u>	<u>\$ (235,227,030)</u>	<u>\$ (352,221,285)</u>
\$ 341,862	\$ 317,855	\$ -	\$ -	\$ -	\$ -
47,788	48,906	-	-	-	-
758,044	828,165	-	-	-	-
<u>\$ 1,147,694</u>	<u>\$ 1,194,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 47,954,538	\$ 47,759,107	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777
19,876,434	20,831,210	22,474,183	23,441,761	25,956,416	25,203,687
25,332,949	21,365,806	(218,168,956)	(231,579,493)	(319,089,480)	(439,440,749)
<u>\$ 93,163,921</u>	<u>\$ 89,956,123</u>	<u>\$ (147,119,664)</u>	<u>\$ (152,453,705)</u>	<u>\$ (235,227,030)</u>	<u>\$ (352,221,285)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental Activities:				
Total Instruction	\$ 69,893,811	\$ 72,938,988	\$ 72,447,458	\$ 74,816,653
Supporting Services				
Pupil Services	8,823,141	10,866,456	9,614,206	8,248,122
Instructional Staff	10,651,345	11,821,157	10,981,248	10,462,675
General Administration	1,097,462	1,123,991	1,097,871	1,282,987
School Administration	8,196,106	8,790,952	8,478,267	7,718,718
Business Services	2,286,161	3,587,229	2,233,389	1,915,333
Maintenance/Operations	13,799,484	12,242,873	13,854,509	10,971,086
Pupil Transportation	4,153,388	5,882,278	5,292,524	4,369,625
Central Supporting Services	3,979,589	4,045,434	3,934,697	4,471,462
Nutrition Services	-	-	-	-
Community Services	831,718	925,487	1,443,698	819,985
Facilities Acquisition and Construction Services	-	-	-	-
Total Support Services	53,818,393	59,285,857	56,930,409	50,259,993
Charter School Allocation	-	-	2,747,307	5,827,930
Interest on Long-term Debt	6,679,897	6,188,909	5,977,903	4,406,590
Total Governmental Activities Expenses	130,392,101	138,413,754	138,103,077	135,311,166
Business-type Activities:				
Nutritional Services	4,011,436	4,348,417	4,320,056	4,406,054
Total Primary Government Expenses	\$ 134,403,537	\$ 142,762,171	\$ 139,675,826	\$ 139,717,220
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 827,452	\$ 716,533	\$ 1,655,641	\$ 1,905,524
Supporting Services				
Pupil Services	-	-	-	-
Instructional Staff	45,904	39,125	90,403	104,048
General Administration	-	-	-	-
School Administration	63,338	-	-	-
Business Services	24,719	6,288	14,529	16,722
Maintenance Operations	-	-	-	-
Central Supporting Services	558,519	562,606	1,299,973	1,496,176
Nutrition Services	-	-	-	-
Community Services	-	-	-	-
Operating Grants and Contributions	12,656,371	14,717,024	14,227,794	11,690,893
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	14,176,303	16,041,576	17,288,340	15,213,363
Business-type Activities:				
Nutritional Services	3,925,487	4,419,110	4,436,524	4,357,355
Total Primary Government Program Revenues	\$ 18,101,790	\$ 20,460,686	\$ 21,724,864	\$ 19,570,718
Net (Expense)/Revenue				
Governmental Activities	\$ (116,215,798)	\$ (122,372,178)	\$ (118,067,431)	\$ (120,097,803)
Business-type Activities	(85,949)	70,693	116,468	(48,699)
Total Primary Government Net Expense	\$ (116,301,747)	\$ (122,301,485)	\$ (117,950,963)	\$ (120,146,502)

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 71,738,996	\$ 78,424,559	\$ 85,586,978	\$ 88,009,660	\$ 137,165,073	\$ 149,038,099
8,641,673	9,008,392	9,856,217	10,993,338	17,314,885	19,658,309
9,464,893	10,862,474	12,420,701	12,245,025	19,745,594	21,233,146
796,543	691,508	703,710	929,728	1,174,076	1,178,889
7,672,001	8,245,479	9,442,354	10,050,222	16,130,484	17,713,318
1,890,438	1,927,179	2,138,095	2,194,203	3,285,149	3,577,993
11,642,850	12,772,492	12,588,683	12,778,550	17,987,026	19,199,854
4,256,359	4,473,844	4,932,017	5,094,970	7,473,023	9,025,031
4,083,834	3,718,829	6,417,280	4,638,394	5,278,938	8,854,858
-	-	5,181,013	5,351,449	6,952,819	7,193,901
1,318,301	1,136,630	1,068,006	1,097,471	1,403,235	1,513,697
-	-	-	-	-	115,280
49,766,892	52,836,827	64,748,076	65,373,350	96,745,229	109,264,276
6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809
4,886,533	4,623,670	4,499,733	4,351,692	4,052,834	3,716,488
132,890,295	142,671,028	162,222,950	166,116,085	246,695,613	271,851,672
4,514,124	4,661,737	-	-	-	-
\$ 137,404,419	\$ 147,332,765	\$ 162,222,950	\$ 166,116,085	\$ 246,695,613	\$ 271,851,672
\$ 1,859,361	\$ 1,973,568	\$ 2,896,832	\$ 3,142,010	\$ 3,317,966	\$ 3,960,005
-	-	-	-	-	-
101,527	107,763	158,176	171,564	181,172	216,229
-	-	-	-	-	-
-	-	-	-	-	-
16,317	17,319	25,421	27,573	29,117	34,751
-	-	-	-	-	-
1,459,928	1,549,602	727,864	841,379	909,125	-
-	-	1,546,665	1,625,659	1,696,069	1,458,574
-	-	-	-	-	1,650,735
12,814,379	13,735,085	17,389,882	17,810,774	18,443,123	18,801,401
-	-	-	-	2,522,176	920,531
16,251,512	17,383,337	22,744,840	23,618,959	27,098,748	27,042,226
4,518,884	4,662,337	-	-	-	-
\$ 20,770,396	\$ 22,045,674	\$ 22,744,840	\$ 23,618,959	\$ 27,098,748	\$ 27,042,226
\$ (116,638,783)	\$ (125,287,691)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)
4,760	600	-	-	-	-
\$ (116,634,023)	\$ (125,287,091)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues				
Governmental Activities:				
Property Taxes Levied For:				
General Purpose	\$ 30,242,965	\$ 30,378,658	\$ 29,728,007	\$ 28,679,943
Mill Levy Override	12,774,017	13,209,662	12,857,383	12,884,073
Debt Services	11,265,715	12,053,521	12,532,757	12,335,606
Specific Ownership Taxes Levied For:				
General Purpose	4,339,660	4,058,837	3,853,468	3,887,262
Mill Levy Override	-	-	-	-
Intergovernmental				
Equalization	62,255,043	64,803,052	57,404,922	59,316,022
Loveland URA Distribution	-	-	-	-
Payments in Lieu of Land Dedication	313,552	232,579	242,816	387,558
Interest and Investment Earnings	1,175,751	317,332	107,407	72,712
Grants and Contributions not Restricted to Specific Programs	-	-	3,773,100	89,399
Miscellaneous	-	-	-	96,008
Transfers	-	(58,202)	(71,392)	-
Total Governmental Activities	<u>122,366,703</u>	<u>124,995,439</u>	<u>120,428,468</u>	<u>117,748,583</u>
Business-type Activities:				
Interest and Investment Earnings	1,584	592	598	627
Transfers	-	58,202	71,392	-
Total Business-type Activities	<u>1,584</u>	<u>58,794</u>	<u>71,990</u>	<u>627</u>
Total Primary Government	<u>\$ 122,368,287</u>	<u>\$ 125,054,233</u>	<u>\$ 120,500,458</u>	<u>\$ 117,749,210</u>
Change in Net Position				
Governmental Activities	\$ 5,848,079	\$ 2,623,261	\$ 2,361,037	\$ (2,349,220)
Business-type Activities	<u>218,461</u>	<u>129,487</u>	<u>188,458</u>	<u>(48,072)</u>
Total Primary Government	<u>\$ 6,066,540</u>	<u>\$ 2,752,748</u>	<u>\$ 2,549,495</u>	<u>\$ (2,397,292)</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	29,221,467	\$ 29,370,651	\$ 29,765,495	\$ 34,473,827	\$ 35,476,107	\$ 40,649,572
	12,866,612	13,100,533	13,050,343	13,895,680	14,001,757	14,117,375
	10,312,144	10,427,594	10,560,487	10,663,828	10,762,759	10,931,701
						-
	4,000,549	4,428,291	4,893,796	4,958,453	5,549,436	6,039,905
	-	-	-	-	-	-
	60,659,979	63,794,200	68,613,637	67,344,018	69,356,093	67,122,702
	-	207,316	952,587	4,965,571	-	-
	905,621	605,155	774,163	714,098	1,349,264	1,104,655
	138,978	113,478	129,381	147,610	328,125	570,953
	-	-	-	-	-	-
	-	31,752	13,232	-	-	-
	-	(46,310)	-	-	-	-
	<u>118,105,350</u>	<u>122,032,660</u>	<u>128,753,121</u>	<u>137,163,085</u>	<u>136,823,541</u>	<u>140,536,863</u>
	173	322	-	-	-	-
	-	46,310	-	-	-	-
	<u>173</u>	<u>46,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u><u>118,105,523</u></u>	<u><u>122,079,292</u></u>	<u><u>128,753,121</u></u>	<u><u>137,163,085</u></u>	<u><u>136,823,541</u></u>	<u><u>140,536,863</u></u>
\$	1,466,567	\$ (3,255,030)	\$ (10,724,989)	\$ (5,334,041)	\$ (82,773,325)	\$ (104,272,582)
	4,933	47,232	-	-	-	-
\$	<u><u>1,471,500</u></u>	<u><u>(3,207,798)</u></u>	<u><u>(10,724,989)</u></u>	<u><u>(5,334,041)</u></u>	<u><u>(82,773,325)</u></u>	<u><u>(104,272,582)</u></u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Restricted	\$ 4,821,889	\$ 4,727,990	\$ 4,757,546	\$ 4,341,296
Unassigned	<u>19,294,606</u>	<u>20,530,456</u>	<u>24,969,474</u>	<u>24,277,466</u>
Total General Fund	<u>24,116,495</u>	<u>25,258,446</u>	<u>29,727,020</u>	<u>28,618,762</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	33,834,519	20,842,333	18,416,837	17,371,971
Committed	-	-	-	1,359,266
Assigned	-	-	3,015,162	1,991,507
Unassigned	<u>3,255,332</u>	<u>3,600,654</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>37,089,851</u>	<u>24,442,987</u>	<u>21,431,999</u>	<u>20,722,744</u>
Total Governmental Funds	<u>\$ 61,206,346</u>	<u>\$ 49,701,433</u>	<u>\$ 51,159,019</u>	<u>\$ 49,341,506</u>

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 3,915,124	\$ 3,864,166	\$ 4,009,925	\$ 4,080,528	\$ 4,239,338	\$ 4,538,090
<u>25,903,813</u>	<u>22,451,258</u>	<u>20,268,620</u>	<u>18,287,873</u>	<u>15,545,987</u>	<u>12,736,408</u>
<u>29,818,937</u>	<u>26,315,424</u>	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>	<u>17,274,498</u>
-	-	292,882	259,735	229,872	291,888
15,919,938	16,891,756	27,397,096	19,380,094	21,249,417	20,688,918
1,395,017	1,433,645	1,418,262	1,539,972	1,594,763	1,569,462
2,041,795	187,280	1,490,483	2,388,531	1,678,644	2,156,943
<u>-</u>	<u>1,877,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,356,750</u>	<u>20,389,835</u>	<u>30,598,723</u>	<u>23,568,332</u>	<u>24,752,696</u>	<u>24,707,211</u>
\$ <u>49,175,687</u>	\$ <u>46,705,259</u>	\$ <u>54,877,268</u>	\$ <u>45,936,733</u>	\$ <u>44,538,021</u>	\$ <u>41,981,709</u>

Thompson School District R2-J

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	2009	2010	2011	2012
Revenues				
Taxes	\$ 57,546,346	\$ 58,780,951	\$ 60,845,170	\$ 58,666,107
Intergovernmental	73,912,330	78,751,910	76,473,714	73,941,932
Loveland URA Distribution	-	-	-	-
Charges for Services	-	-	-	-
Payments in Lieu of Land Dedication	-	-	-	-
Investment Earnings	1,175,751	317,332	107,407	72,712
Other	2,832,568	1,574,546	1,779,721	2,034,322
Total Revenues	135,466,995	139,424,739	139,206,012	134,715,073
Expenditures				
Current:				
Instruction				
Salaries and Benefits	61,456,412	63,192,919	63,024,849	62,616,552
Purchased Services	1,830,410	2,264,059	1,761,663	1,876,173
Supplies and Materials	3,295,393	3,194,067	2,523,932	1,995,802
Other	128,767	125,206	141,885	92,869
Supporting Services				
Pupil Services	8,532,676	10,469,008	9,135,938	8,267,519
Instructional Staff	10,426,810	11,516,102	10,568,331	10,512,500
General Administration	1,055,759	1,057,750	1,040,479	1,282,987
School Administration	7,927,542	8,459,745	8,095,652	7,718,718
Business Services	2,243,707	3,520,988	2,156,866	1,915,333
Maintenance/Operations	17,325,065	10,809,066	12,368,434	11,759,472
Pupil Transportation	4,060,367	4,557,453	4,331,921	3,737,798
Central Supporting Services	3,754,589	3,485,465	3,102,498	3,521,225
Nutrition Services	-	-	-	-
Community Services	773,917	859,246	1,348,044	820,684
Facilities Acquisition and Construction Services	-	-	-	-
Capital Projects	16,014,388	13,015,598	2,544,904	1,864,946
Charter School Allocation	2,722,161	2,764,792	2,747,307	5,827,930
Debt Service:				
Principal	5,933,065	6,231,399	3,761,316	3,610,684
Interest	5,954,842	5,406,789	9,094,407	8,053,027
Bond Issuance Costs	-	-	-	740,029
Total Expenditures	153,435,869	150,929,652	137,748,426	136,214,248
Excess of Revenues Over (Under) Expenditures	(17,968,874)	(11,504,913)	1,457,586	(1,499,175)
Other Financing Sources (Uses)				
Debt Issued	-	-	-	84,740,000
Debt Premiums	-	-	-	14,761,217
Payments to Escrow Agent	-	-	-	(99,819,555)
Transfers In	9,386,336	9,024,938	4,234,946	2,643,417
Transfers Out	(9,386,336)	(9,024,938)	(4,234,946)	(2,643,417)
Proceeds from Capital Lease	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(318,338)
Net Change to Fund Balance	\$ (17,968,874)	\$ (11,504,913)	\$ 1,457,586	\$ (1,817,513)
Debt Service as a Percentage of				
Non-Capital Expenditures	8.65%	8.44%	9.55%	8.65%

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

	2013	2014	2015	2016	2017	2018
\$	56,719,581	\$ 57,669,288	\$ 58,461,359	\$ 63,892,812	\$ 65,510,795	\$ 71,879,126
	75,120,012	79,274,256	87,891,647	87,432,729	89,901,442	89,811,647
	-	207,316	952,587	4,965,571	1,745,357	920,531
	-	-	3,440,545	3,507,030	3,580,553	3,730,463
	-	-	774,163	714,098	1,349,264	1,104,655
	138,978	113,478	129,381	147,610	328,125	570,956
	2,697,100	2,545,889	39,517	23,218	39,752	126,441
	<u>134,675,671</u>	<u>139,810,227</u>	<u>151,689,199</u>	<u>160,683,068</u>	<u>162,455,288</u>	<u>168,143,819</u>
	62,400,347	66,976,839	69,330,670	69,664,733	71,918,171	73,998,932
	1,566,029	1,726,524	1,873,194	2,222,607	2,484,575	2,807,242
	2,440,673	2,902,770	3,163,428	2,361,200	2,965,033	2,795,027
	141,427	80,687	174,607	66,163	144,203	152,288
	8,641,673	9,008,392	9,131,964	9,990,714	10,782,257	11,617,097
	9,464,893	10,862,474	11,634,833	11,157,102	12,657,214	12,507,842
	796,543	691,508	672,401	886,384	891,672	831,272
	7,672,001	8,245,479	8,717,228	9,046,390	9,589,989	9,662,422
	1,890,438	1,927,179	2,006,765	2,012,396	2,100,577	2,119,866
	11,447,332	11,929,777	11,864,245	11,898,106	12,644,066	12,931,777
	3,652,732	4,185,317	4,228,728	4,590,664	4,607,771	6,890,436
	3,159,276	3,174,618	3,439,091	4,210,100	3,709,390	6,989,220
	-	-	4,916,808	5,067,055	5,220,820	5,129,264
	1,317,129	1,135,716	1,026,652	1,040,474	1,034,422	1,179,701
	-	-	-	-	-	115,280
	969,874	1,817,897	3,887,327	15,364,952	2,579,769	1,684,266
	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809
	3,855,927	6,053,819	6,434,293	7,030,000	7,495,000	8,427,870
	8,927,322	4,775,687	4,704,958	4,633,180	4,296,594	3,974,715
	-	-	204,197	-	-	-
	<u>134,841,490</u>	<u>142,280,655</u>	<u>154,799,552</u>	<u>169,623,603</u>	<u>163,854,000</u>	<u>173,647,327</u>
	<u>(165,819)</u>	<u>(2,470,428)</u>	<u>(3,110,353)</u>	<u>(8,940,535)</u>	<u>(1,398,712)</u>	<u>(5,503,508)</u>
	-	-	11,515,000	-	-	-
	-	-	1,594,138	-	-	-
	-	-	(2,707,222)	-	-	-
	2,040,762	3,092,110	13,335,636	5,743,039	3,916,628	3,722,324
	(2,040,762)	(3,092,110)	(13,335,636)	(5,743,039)	(3,916,628)	(3,722,324)
	-	-	-	-	-	2,947,196
	-	-	10,401,916	-	-	2,947,196
\$	<u>(165,819)</u>	<u>(2,470,428)</u>	<u>7,291,563</u>	<u>(8,940,535)</u>	<u>(1,398,712)</u>	<u>(2,556,312)</u>
	9.54%	7.67%	7.34%	7.59%	7.27%	7.39%

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property

(Unaudited)

Year Ended December 31	Residential Property	Commercial Property	Vacant Land	Industrial Property	Utilities	Agricultural
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
2016	943,539,940	530,258,495	63,857,641	65,497,111	44,783,490	11,313,850
2017	1,067,616,796	612,219,567	85,081,265	76,820,853	43,831,540	12,433,478

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

From 2008 to 2017, 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:

	Assessment Percentage	Base Year
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
2016	7.96%	2015 appraised value
2017	7.96%	2015 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.

Natural Resources	Oil and Gas	Total Taxable Assessed Value	Tax Exempt Property	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
1,000,310	29,486,433	1,689,737,270	332,498,244	38.349	14,362,926,391	11.76%
902,870	36,765,089	1,935,671,458	336,254,684	36.315	17,743,625,537	10.91%

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)
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
2017	31.497	6.852	38.349	22.521	9.564	55.157	2,888.495
2018	30.272	6.043	36.315	22.092	9.564	54.910	3,069.926

Source: Larimer County Assessor's Office

Note:

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

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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
G and I VI Promenade LLC	\$ 22,197,221	1	1.23%	\$ -		-
Kerr McGee Oil and Gas Onshore LP	20,454,934	2	1.13%	-		-
Public Service Company of Colorado	15,671,051	3	0.87%	8,401,970	5	0.64%
Wal-Mart Stores East, LP	14,532,123	4	0.80%	19,133,350	2	1.45%
HR Assets LLC	11,875,500	5	0.66%	-		-
Centerra Retail Shops LLC	11,600,000	6	0.64%	-		-
Qwest Corporation	10,660,691	7	0.59%	11,798,100	3	0.89%
Loveland Medical Enterprises LLC	7,845,358	8	0.43%	-		-
John Q. Hammons Hotels	7,322,500	9	0.40%	-		-
Thompson Valley Station LLC	6,103,592	10	0.34%	-		-
Centerra Lifestyle Center, LLC	-		-	23,680,400	1	1.79%
Agilent Technologies, Incorporated	-		-	10,561,420	4	0.80%
Craig Realty Group-Loveland, LLC	-		-	8,018,500	6	0.61%
HC Development	-		-	4,715,980	7	0.36%
Quebecor World Incorporated	-		-	4,306,380	8	0.33%
Taft Carlise, LLC	-		-	4,174,530	9	0.32%
Waterbury Orchards, LLC	-		-	3,332,870	10	0.25%
	<u>\$ 128,262,970</u>		<u>7.09%</u>	<u>\$ 98,123,500</u>		<u>7.44%</u>
Total assessed valuation	<u>\$ 1,810,305,577</u>			<u>\$ 1,319,489,370</u>		

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

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

Assessment Year	Year Ended June 30	Taxes Levied for the Year	Collected within the Year of the Levy		Delinquent Tax Collections	Total Collection to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2016	2017	60,501,426	58,429,130	96.6%	1,532,229	59,961,359	99.1%
2017	2018	65,741,247	63,595,937	96.7%	2,243,284	65,839,221	100.1%

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

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

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

Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
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
2017	91,139,957	11,061,450	-	102,201,407	3.03%	1,374
2018	82,869,479	10,160,442	2,434,326	95,464,247	2.68%	1,261

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

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

The District adopted GASB 65 in 2014.

Thompson School District R2-J

Ratio of Gross General Bonded Debt to Assessed Value and Gross Bonded Debt per Capita
Last Ten Fiscal Years
(Unaudited)

Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Gross Bonded Due to Assessed Value ⁽¹⁾	Gross Bonded Debt per Capita
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
2017	91,139,957	13,351,499	77,788,458	5.78%	1,225
2018	82,869,479	13,821,693	69,047,786	4.58%	1,095

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

(1) Assessed Value is \$1,810,305,577 for 2017.

Thompson School District R2-J
 Computation of Direct and Overlapping Debt
 June 30, 2018
 (Unaudited)

	<u>Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
Direct Debt:			
Thompson School District R2-J	\$ <u>95,464,247</u>	100.00%	\$ <u>95,464,247</u>
Overlapping Debt:			
Town of Berthoud	11,810,000	100.00%	11,810,000
Berthoud Fire District	<u>150,000</u>	31.43%	<u>47,145</u>
Total Overlapping Debt	11,960,000		11,857,145
 Total	 \$ <u>107,424,247</u>		 \$ <u>107,321,392</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, 2018
Last Ten Years
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed value	\$ <u>1,319,489,370</u>	\$ <u>1,346,729,792</u>	\$ <u>1,346,498,784</u>	\$ <u>1,278,012,549</u>	\$ <u>1,288,846,309</u>
Debt limit (20% of assessed valuation)	\$ 263,897,874	\$ 269,345,958	\$ 269,299,757	\$ 255,602,510	\$ 257,769,262
Total net debt applicable to limit	<u>135,763,598</u>	<u>130,637,310</u>	<u>124,096,273</u>	<u>116,326,723</u>	<u>120,997,488</u>
Legal debt margin	\$ <u>128,134,276</u>	\$ <u>138,708,648</u>	\$ <u>145,203,484</u>	\$ <u>139,275,787</u>	\$ <u>136,771,774</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>51.45%</u>	<u>48.50%</u>	<u>46.08%</u>	<u>45.51%</u>	<u>46.94%</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ <u><u>1,311,008,455</u></u>	\$ <u><u>1,328,293,932</u></u>	\$ <u><u>1,543,538,472</u></u>	\$ <u><u>1,577,653,289</u></u>	\$ <u><u>1,810,305,577</u></u>
\$ 262,201,691	\$ 265,658,786	\$ 308,707,694	\$ 315,530,658	\$ 362,061,115
<u>114,058,728</u>	<u>106,789,968</u>	<u>99,166,209</u>	<u>91,139,957</u>	<u>82,869,479</u>
\$ <u><u>148,142,963</u></u>	\$ <u><u>158,868,818</u></u>	\$ <u><u>209,541,485</u></u>	\$ <u><u>224,390,701</u></u>	\$ <u><u>279,191,636</u></u>
<u><u>43.50%</u></u>	<u><u>40.20%</u></u>	<u><u>32.12%</u></u>	<u><u>28.88%</u></u>	<u><u>22.89%</u></u>

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment (a)
Thompson School District R2-J	2,407	1	5.08%	2,479	1	7.38%
Medical Center of the Rockies	1,548	2	3.27%	695	5	2.07%
Wal-Mart Distribution Center	1,226	3	2.59%	799	4	2.38%
Nutrein/Crop Production Services	900	4	1.90%	-		-
City of Loveland	807	5	1.70%	695	6	2.07%
Hach Company	750	6	1.58%	888	3	2.64%
McKee Medical Center	646	7	1.36%	950	2	2.83%
U.S. Bank	500	8	1.06%	-		-
Associates in Family Medicine	320	9	0.68%	-		-
Woodward Governor	320	10	0.68%	-		-
LPR Construction	-		-	350	8	1.04%
Kroll Factual Data	-		-	330	9	0.98%
Agilent Technologies	-		-	550	7	1.64%
Group Publishing	-		-	316	10	0.94%
Total	9,424		19.90%	8,052		23.96%
Total City Employment	47,348			33,599		

Sources: City of Loveland December 31, 2017 Comprehensive Annual Financial Report
District Financial Records

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

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

Fiscal Year	Population <i>(thousands)</i>	Personal Income <i>(millions)</i>	County Per Capita Income (b) <i>(thousands)</i>	Median Age	Unemployment Percentage (a)
2008	64.8	2,394.75	37.0	35.9	3.7
2009	65.8	2,466.25	37.5	36.9	5.4
2010	66.6	2,487.66	37.4	36.9	8.2
2011	67.6	2,557.54	37.8	35.3	8.7
2012	68.8	2,736.96	39.8	38.7	7.7
2013	72.8	3,009.34	41.3	38.1	6.5
2014	72.0	3,085.71	42.9	37.7	4.8
2015	74.3	3,240.43	43.6	38.4	3.8
2016	74.4	3,372.88	45.3	39.1	3.2
2017	75.7	3,564.64	47.1	40.1	2.5

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

(b) Larimer County, separate City statistics not available

Source: City of Loveland December 31, 2017 Comprehensive Annual Financial Report

Thompson School District R2-J
Number of Employees by Function
June 30, 2018
(Unaudited)

<u>Employees: (Full and Part Time Positions)</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>	<u>2017</u>	<u>2018</u>
Administration										
Instructional Central Office Administrators	12	9	11	10	8	8	9	9	10	9
Principals & Asst. Principals	47	49	47	45	45	47	48	49	47	47
Support Central Office Administrators	11	12	11	10	9	9	6	8	8	11
Teaching Staff										
Teachers	1031	1037	972	906	895	939	937	931	950	964
Substitute Teachers	254	408	438	391	484	491	568	524	472	525
Guidance Counselors	44	43	39	37	36	35	37	44	46	48
Media Specialist	9	9	9	9	9	7	7	7	8	7
Teacher Aides	195	212	166	172	175	193	197	195	210	224
Support Services										
Nurses, Psychologists, and Social Workers	35	32	30	29	31	32	32	31	34	34
Pupil Transportation	125	128	114	99	99	99	98	97	96	99
Personnel Services	12	11	9	9	9	9	9	12	12	12
Operations and Maintenance	173	164	162	156	145	149	144	144	141	144
Fiscal Services and Data Processing	14	16	16	16	14	14	14	14	14	14
School Building Clerical	147	148	137	125	119	123	124	118	121	124
Other Professional Support Staff	152	156	134	124	121	128	132	134	141	142
Other Clerical Support	30	31	26	22	19	19	22	21	21	22
Food Services	117	115	86	74	72	73	69	73	76	74
Total	<u>2,408</u>	<u>2,580</u>	<u>2,407</u>	<u>2,234</u>	<u>2,290</u>	<u>2,375</u>	<u>2,453</u>	<u>2,411</u>	<u>2,407</u>	<u>2,500</u>

Source: Thompson School District Human Resources Department

Thompson School District R2-J
Operating Indicators
June 30, 2018
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding per Student	\$ 6,530	\$ 6,714	\$ 6,461	\$ 6,140	\$ 6,145	\$ 6,308	\$ 6,665	\$ 6,938	\$ 7,045	\$ 7,275
Funded Pupil Count	<u>14,486.4</u>	<u>14,491.7</u>	<u>14,469.9</u>	<u>14,672.9</u>	<u>14,903.3</u>	<u>15,115.6</u>	<u>15,122.3</u>	<u>15,064.9</u>	<u>15,252.0</u>	<u>15,229.7</u>
Total Funding per School Finance Ac	<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>	<u>\$ 107,450,340</u>	<u>\$ 110,796,068</u>

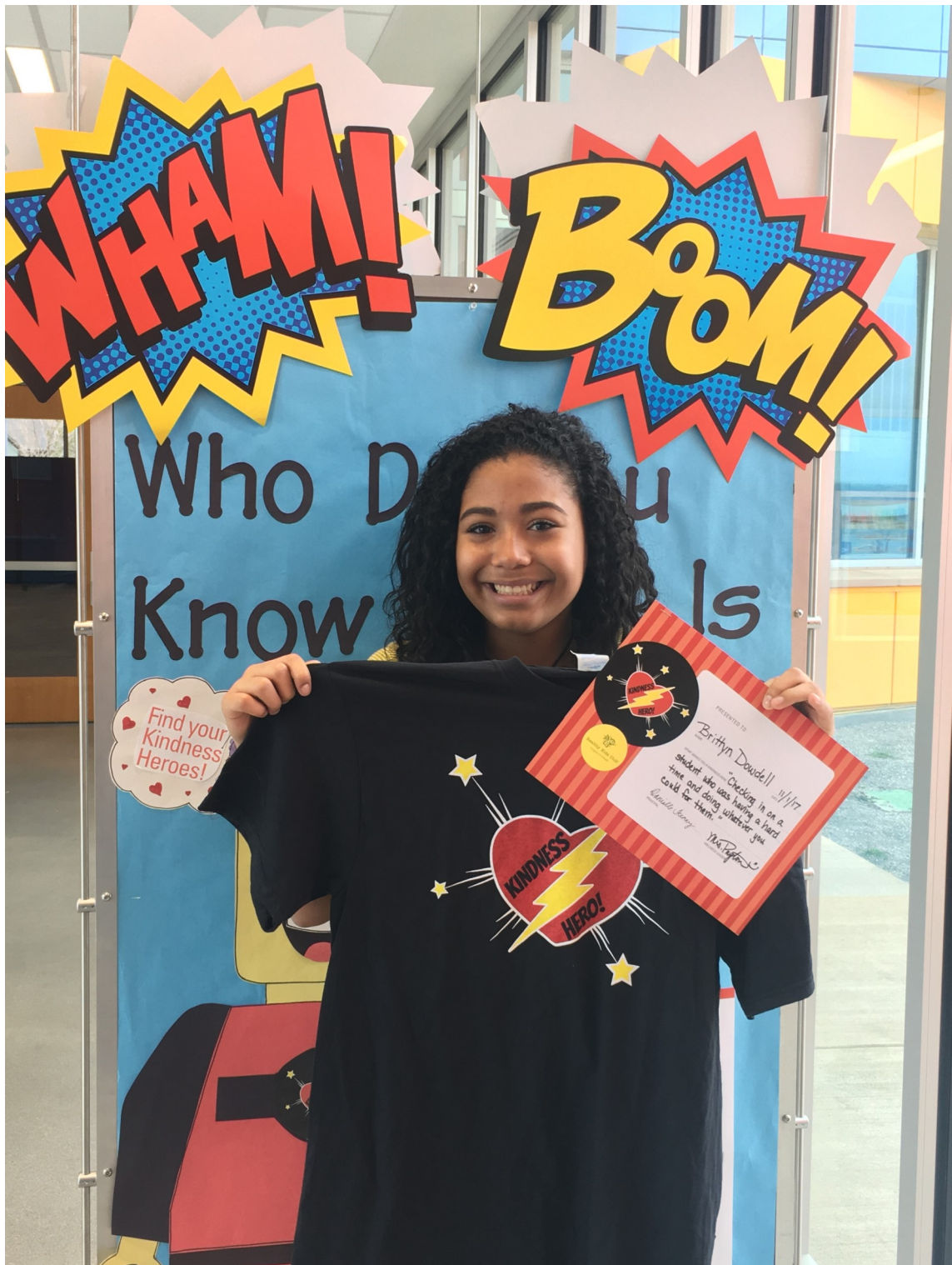
Source: Thompson School District Finance Department

Thompson School District R2-J
School Building Information
June 30, 2018
(Unaudited)

<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>					
			<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Elementary Schools								
Berthoud	50,050	480	463	431	474	433	397	380
BF Kitchen	33,800	280	237	226	219	227	214	223
Big Thompson	29,100	255	240	221	220	207	184	171
Carrie Martin	33,350	280	251	220	240	232	245	270
Centennial	57,750	530	435	455	457	466	462	403
Cottonwood Plains	57,400	530	419	416	446	424	408	413
Coyote Ridge	58,300	375	366	368	339	360	361	374
Garfield	34,900	300	262	266	245	252	267	275
High Plains	63,600	550	473	391	-	-	-	-
Ivy Stockwell	36,050	355	333	312	301	318	323	307
Laurene Edmondson	32,650	280	213	214	210	235	250	246
Lincoln	40,500	355	244	213	208	222	220	220
Mary Blair	49,150	480	313	326	375	387	389	405
Monroe	51,050	505	209	227	294	292	305	333
Namaqua	51,550	505	274	312	323	329	367	380
Ponderosa	71,500	550	407	419	445	449	462	457
Sarah Milner	36,700	405	316	318	298	314	336	338
Stansberry	31,800	280	170	199	225	212	207	213
Truscott	45,700	330	221	246	257	240	265	261
Van Buren	32,800	300	124	142	150	189	197	202
Winona	65,500	550	349	405	442	443	466	433
Middle Schools								
Bill Reed	146,500	900	628	658	685	709	695	701
Conrad Ball	96,100	810	528	553	638	667	659	660
Lucile Erwin	115,500	900	890	919	879	903	888	888
Turner	72,750	770	477	464	438	425	460	449
Walt Clark	96,850	900	495	481	494	481	477	508
High Schools								
Berthoud	143,100	990	715	714	727	693	678	646
Ferguson	43,000	185	109	127	103	124	120	112
Loveland	211,250	1,500	1,628	1,617	1,530	1,535	1,521	1,490
Mountain View	252,300	1,475	1,250	1,218	1,268	1,253	1,208	1,127
Thompson Valley	218,000	1,475	1,147	1,209	1,177	1,246	1,238	1,278
Totals	2,358,550	18,380	14,186	14,287	14,107	14,267	14,269	14,163

Source: Thompson School District Planning Department

2012	2011	2010	2009
378	432	419	441
217	250	215	206
185	206	183	176
281	304	317	341
399	417	417	396
416	426	433	448
341	347	295	274
276	258	294	286
-	-	-	-
317	334	334	325
211	227	246	244
223	249	366	366
435	423	487	484
330	305	352	385
372	396	481	484
431	370	-	-
307	312	328	334
223	243	253	244
281	302	284	272
199	212	274	258
418	440	435	413
660	650	618	621
642	646	621	640
850	874	854	882
465	407	421	413
530	574	586	643
623	626	623	641
131	138	125	105
1,517	1,553	1,641	1,689
1,118	1,103	1,081	1,107
1,328	1,330	1,364	1,436
14,104	14,354	14,347	14,554



COMPLIANCE SECTION



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

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated December 3, 2018. Our report includes a reference to other auditors who audited the financial statements of the New Vision Charter School, as described in our report on the Thompson School District R2-J's financial statements. The financial statements of the New Vision Charter School and the Loveland Classical Schools were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Thompson School District R2-J's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Thompson School District R2-J's internal control. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Thompson School District R2-J's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thompson School District R2-J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Thompson School District R2-J's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Thompson School District R2-J's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Greenwood Village, Colorado
December 3, 2018





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, 2018. The Thompson School District R2-J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Thompson School District R2-J's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Thompson School District R2-J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Thompson School District R2-J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J. We issued our report thereon dated December 3, 2018, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School, which represent 49 percent and 35 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School, is based solely upon the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
December 3, 2018



**Thompson School District R2-J
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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

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

☐ yes ☒ no

Identification of major federal programs:

Child Nutrition Cluster

10.553 School Breakfast Program

10.555 National School Lunch Program

10.559 Summer Food Service Program for Children

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Financial Statement Findings

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, 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.

Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass - Through Grantor Program Title	Pass-Through Entity Grant Code	Federal CFDA Number	Grant Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I	4010,5010	84.010	\$ 1,662,092
Special Education Cluster			
Special Education	4027	84.027	2,778,210
Special Education Preschool	4173	84.173	84,017
Special Education Cluster Subtotal			<u>2,862,227</u>
Supporting Effective Instruction	4367	84.367	312,579
English Language Acquisition	4365	84.365	47,738
Student Support and Academic Enrichment Program	4424	84.424	13,259
Education for Homeless Children and Youth	5196	84.196	27,496
Special Education State Personnel Development	5323	84.323	5,450
Race to the Top - Early Learning Challenge	5412	84.412	10,706
Passed Through State Community Colleges System			
Career and Technical Education		84.048	99,848
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,041,395</u>
U.S. Department of Agriculture			
Passed through State Department of Human Services			
Child Nutrition Cluster			
Food Donation		10.555	382,789
Passed Through State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	4553	10.553	747,520
National School Lunch Program	4555	10.555	2,163,000
Summer Food Service Program for Children	4559	10.559	87,582
Child Nutrition Cluster Subtotal			<u>3,380,891</u>
Child Nutrition Discretionary Grants Limited Availability	5579	10.579	24,730
Passed Through State Department of Public Health & Environment			
Child and Adult Care Food Program		10.558	23,106
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,428,727</u>
U.S. Department of Health and Human Services			
Direct Program			
Head Start		93.600	1,186,944
Passed Through State Department of Education			
Substance Abuse and Mental Health Services	7243	93.243	277,942
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,464,886</u>
U.S. Department of Transportation			
Passed Through State of Colorado			
Highway Planning and Construction Cluster			
Highway Planning and Construction		20.205	17,993
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 9,953,001</u>

See independent auditors' report

Thompson School District R2-J
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

Note (1) Basis of Presentation

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

Note (2) Indirect Costs

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



Colorado Department of Education

Auditors Integrity Report

District: 1560 - THOMPSON R2-J

Fiscal Year 2017-18

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	19,716,225	121,106,504	123,620,731	17,201,998
18 Risk Mgmt Sub-Fund of General Fund	69,100	1,436,529	1,433,129	72,500
19 Colorado Preschool Program Fund	0	629,534	629,534	0
Sub- Total	19,785,325	123,172,567	125,683,394	17,274,498
11 Charter School Fund	2,463,492	11,107,981	11,617,753	1,953,719
20,26-29 Special Revenue Fund	6,450,101	3,544,542	5,648,344	4,346,299
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	707,177	5,152,160	5,129,264	730,073
22 Govt Designated-Purpose Grants Fund	3,078,800	11,775,314	10,717,732	4,136,382
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	13,351,499	11,111,494	10,641,300	13,821,692
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,165,119	6,505,745	5,998,100	1,672,765
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	47,001,512	172,369,802	175,435,886	43,935,428
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	84,924	32,703	60,061	57,566
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,310,008	2,951,694	2,836,617	1,425,085
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,267,003	792,039	783,199	1,275,843
Totals	2,661,935	3,776,437	3,679,876	2,758,495

FINAL



EMMA, CONTINUING DISCLOSURE SECTION

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

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General Obligation Debt Ratios, Historical Debt Ratios (as of June 30)	149

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

School Year	Enrollment	Percent Increase Based Upon Total Enrollment
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%
2017	16,280	1.48%
2018	16,278	-0.01%

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

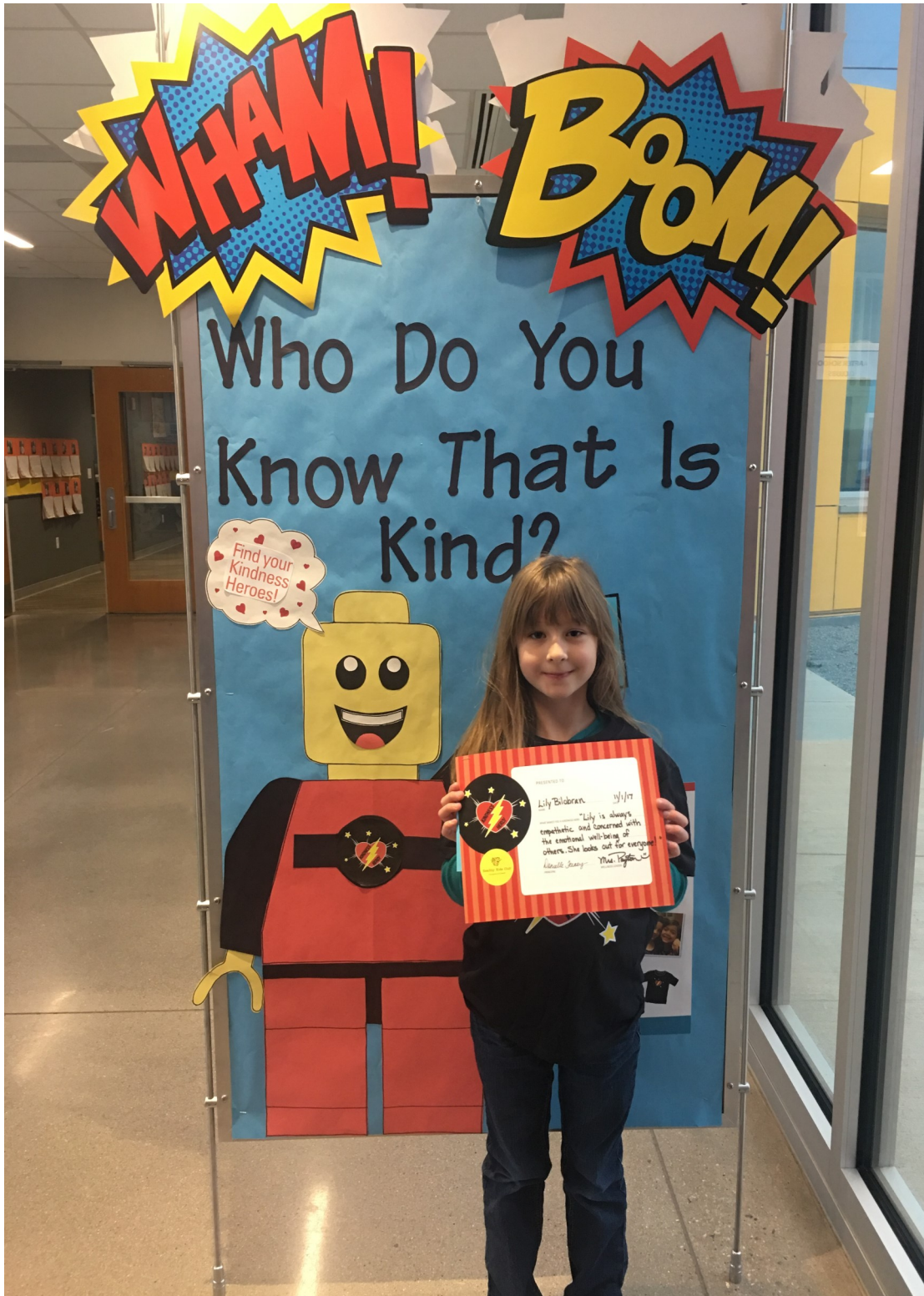
School Year	General Fund Mill Levy	Bond Fund Mill Levy	Mill Levy Override	Abatements	Total Mill Levy
2009	22.360	8.668	9.834	0.112	40.974
2010	22.360	9.120	9.719	0.096	41.295
2011	22.360	9.156	9.720	0.407	41.643
2012	22.360	9.655	10.018	0.277	42.310
2013	22.360	8.054	9.969	0.501	40.884
2014	22.360	7.979	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
2017	22.360	6.852	8.898	0.239	38.349
2018	22.360	6.043	7.754	0.158	36.315

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

Levy / Collection Year	Gross Assessed Valuation				Tax Increment Valuation	Net Assessed Valuation	Percent Change
	Larimer County	Weld County	Boulder County	Total			
2008/2009	1,392,933,820	9,107,810	3,850,700	1,405,892,330	86,402,960	1,319,489,370	4.30%
2009/2010	1,427,021,812	11,338,520	3,783,040	1,442,143,372	95,413,580	1,346,729,792	2.06%
2010/2011	1,428,017,910	9,438,100	3,816,369	1,441,272,379	94,773,595	1,346,498,784	-0.02%
2011/2012	1,361,162,945	11,196,000	3,530,837	1,375,889,782	97,877,233	1,278,012,549	-5.09%
2012/2013	1,369,737,812	13,731,010	3,610,015	1,387,078,837	98,232,528	1,288,846,309	0.85%
2013/2014	1,391,202,663	14,153,877	3,866,030	1,409,222,570	98,214,115	1,311,008,455	1.72%
2014/2015	1,406,505,209	14,532,160	3,760,748	1,424,798,117	96,504,185	1,328,293,932	1.32%
2015/2016	1,634,814,386	15,082,540	3,923,319	1,653,820,245	110,281,773	1,543,538,472	16.20%
2016/2017	1,650,085,690	35,755,870	3,895,710	1,689,737,270	112,083,981	1,577,653,289	2.21%
2017/2018	1,905,697,165	25,884,930	4,089,363	1,935,671,458	125,365,881	1,810,305,577	14.75%

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

Assessment	Collection			
Year	Year	Total Taxes Levied	Taxes Collected	Percent Collected
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%
2016	2017	60,501,426	59,961,359	99.1%
2017	2018	65,741,247	65,839,221	100.1%



Thompson School District R2-J
History of General Fund Revenues, Expenditures and Fund Balances
(Unaudited)

	2009	2010	2011	2012	2013	2014
Revenues						
Taxes						
Local Property-School Finance Act	\$ 29,166,954	\$ 29,734,849	\$ 31,039,495	\$ 29,259,082	\$ 29,268,775	\$ 29,675,067
Local Property-Mill Levy Override	12,774,017	12,933,744	13,419,450	13,042,059	13,019,306	13,071,303
Specific Ownership	4,339,660	4,058,837	3,853,468	3,887,262	4,000,549	4,428,291
Intergovernmental						
Equalization Entitlements	62,255,043	64,803,052	57,404,922	59,316,022	60,659,979	63,794,200
Special Education	2,730,768	2,856,876	2,945,718	2,672,906	2,814,051	3,146,620
Vocational Education	393,204	545,397	511,729	482,041	381,172	326,140
Transportation	752,676	862,440	972,871	953,060	1,022,447	1,020,396
Other Federal Grants	-	-	3,892,585	162,482	68,142	67,079
Charter School Chargebacks	-	-	-	730,892	887,200	952,278
Other	1,007,077	1,550,352	1,435,156	1,144,814	758,453	755,241
Investment Earnings	86,667	198,062	53,806	35,277	103,387	72,034
Total Revenues	<u>113,506,066</u>	<u>117,543,609</u>	<u>115,529,200</u>	<u>111,685,897</u>	<u>112,983,461</u>	<u>117,308,649</u>
Expenditures						
Current Operating						
Instruction	58,075,317	59,894,659	60,900,240	60,677,590	60,841,196	65,216,824
Supporting Services	45,021,472	47,256,194	45,503,134	43,042,411	41,721,050	44,391,604
Capital Outlay	719,943	593,237	718,591	602,807	682,404	1,325,652
Charter School Allocation	-	-	-	5,827,930	6,497,874	6,785,972
Total Expenditures	<u>103,816,732</u>	<u>107,744,090</u>	<u>107,121,965</u>	<u>110,150,738</u>	<u>109,742,524</u>	<u>117,720,052</u>
Excess of Revenues Over (Under) Expenditures	<u>9,689,334</u>	<u>9,799,519</u>	<u>8,407,235</u>	<u>1,535,159</u>	<u>3,240,937</u>	<u>(411,403)</u>
Other Financing Sources (Uses)						
Transfers Out	<u>(8,899,260)</u>	<u>(8,657,568)</u>	<u>(4,234,946)</u>	<u>(2,643,417)</u>	<u>(2,040,762)</u>	<u>(3,092,110)</u>
Net Change In Fund Balances	790,074	1,141,951	4,172,289	(1,108,258)	1,200,175	(3,503,513)
Fund Balances - Beginning of the Year	<u>23,326,421</u>	<u>24,116,495</u>	<u>25,554,731</u>	<u>29,727,020</u>	<u>28,618,762</u>	<u>29,818,937</u>
Fund Balances - End of the Year	<u>\$ 24,116,495</u>	<u>\$ 25,258,446</u>	<u>\$ 29,727,020</u>	<u>\$ 28,618,762</u>	<u>\$ 29,818,937</u>	<u>\$ 26,315,424</u>

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

Sources: District Comprehensive Annual Financial Reports for years ended June 30, 2009-June 30, 2018; and the District.

	2015	2016	2017	2018
\$	29,896,023	\$ 34,410,569	\$ 35,239,167	\$ 40,728,957
	13,073,884	13,860,291	14,007,199	14,139,040
	4,893,796	4,958,453	5,549,436	6,039,905
	68,613,637	67,344,018	69,356,093	67,122,702
	3,343,434	3,295,248	3,149,449	3,274,728
	432,096	617,848	438,570	456,561
	1,036,797	1,081,771	1,025,549	1,050,582
	-	120,634	18,406	54,136
	1,035,075	1,245,964	1,341,972	1,548,222
	839,822	1,031,973	1,171,172	1,915,170
	54,989	106,464	243,468	394,081
	<u>123,219,553</u>	<u>128,073,233</u>	<u>131,540,481</u>	<u>136,724,085</u>
	68,502,531	68,290,676	70,648,085	73,055,038
	45,518,203	46,936,538	49,962,439	52,036,925
	1,062,017	631,741	863,928	587,816
	7,388,163	8,381,383	8,732,477	9,832,809
	<u>122,470,914</u>	<u>124,240,338</u>	<u>130,206,929</u>	<u>135,512,588</u>
	<u>748,639</u>	<u>3,832,895</u>	<u>1,333,552</u>	<u>1,211,497</u>
	<u>(2,785,518)</u>	<u>(5,743,039)</u>	<u>(3,916,628)</u>	<u>(3,722,324)</u>
	(2,036,879)	(1,910,144)	(2,583,076)	(2,510,827)
	<u>26,315,424</u>	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>
\$	<u><u>24,278,545</u></u>	<u><u>22,368,401</u></u>	<u><u>19,785,325</u></u>	<u><u>17,274,498</u></u>

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

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2017-18	2018-19
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Year End	Budget
											(audited)	
Fund Balance - Beginning of Year	\$ 23,326,421	\$ 24,116,495	\$ 25,258,446	\$ 29,727,020	\$ 28,618,762	\$ 29,818,937	\$ 26,315,424	\$ 24,278,545	\$ 19,600,197	\$ 17,859,560	\$ 19,785,325	\$ 14,573,076
REVENUES												
School Finance Act												
Property taxes	29,503,782	30,112,878	30,107,713	28,576,361	28,818,457	29,314,149	29,700,652	31,990,765	35,446,569	36,403,208	40,728,957	41,786,362
Specific ownership taxes	4,490,321	2,380,066	2,207,174	2,106,762	2,079,791	2,236,977	2,472,616	2,528,596	2,824,621	2,989,675	3,648,182	3,386,421
State equalization	62,758,819	67,101,409	56,985,336	59,349,418	60,456,717	63,831,868	68,644,716	69,722,273	68,245,587	72,587,269	67,122,702	72,661,813
SFSF	-	-	1,098,337	-	-	-	-	-	-	-	-	-
Total School Finance Act Funding	96,752,922	99,594,353	90,398,560	90,032,541	91,354,965	95,382,994	100,817,984	104,241,634	106,516,777	111,980,152	111,499,841	117,834,596
Mill Levy Override and Other												
Property taxes from overrides	12,793,488	12,978,760	13,170,517	13,087,970	12,848,509	12,940,685	12,940,685	13,905,685	14,036,939	14,040,000	14,139,040	14,040,000
Specific ownership taxes	-	1,597,489	1,440,000	1,677,652	1,513,399	2,149,674	1,796,022	2,256,668	2,204,555	2,307,427	2,391,723	2,810,637
Education Jobs Fund	-	-	2,718,609	89,399	-	-	-	-	-	-	-	-
Transportation reimbursement	728,055	728,055	834,068	903,055	988,354	988,273	1,015,945	1,024,421	1,068,412	1,087,783	1,050,582	1,068,690
ECEA funding	2,449,751	2,449,751	2,656,359	2,705,979	2,839,850	3,252,845	3,349,801	3,359,791	3,476,306	3,387,515	3,274,728	2,999,272
Vocational education reimbursement	247,000	247,000	475,000	478,275	400,000	296,000	304,000	333,352	476,361	330,403	456,561	469,345
Indirect cost reimbursement	-	-	-	270,000	254,400	227,500	227,500	227,500	226,800	233,150	253,320	244,664
Charter school chargebacks	-	-	-	713,185	924,540	950,123	955,093	1,036,703	1,167,891	1,274,636	1,548,222	1,598,575
Investment earnings	548,466	109,693	75,250	19,000	15,000	44,400	44,400	55,000	78,320	177,891	394,081	342,535
Instructional materials fees	-	-	-	-	225,000	205,000	170,000	153,611	140,819	136,839	164,349	168,630
E-rate reimbursements	-	-	-	160,000	165,000	165,000	165,000	165,000	135,911	215,133	193,131	247,000
Cell & broadband leases	-	-	-	80,000	72,192	72,192	73,000	73,000	87,226	61,417	71,474	64,847
National forest & other	665,037	1,215,037	962,000	578,819	54,500	74,500	117,000	124,200	274,539	339,539	1,287,033	482,950
Total Mill Levy Override and Other	17,431,797	19,325,785	22,331,803	20,763,334	20,300,744	21,366,192	21,158,446	22,714,931	23,374,078	23,591,733	25,224,244	24,537,145
Total Revenues	114,184,719	118,920,138	112,730,363	110,795,875	111,655,709	116,749,186	121,976,430	126,956,565	129,890,855	135,571,885	136,724,085	142,371,741
EXPENDITURES												
Student instruction	63,295,023	65,831,236	67,486,504	62,138,492	63,282,941	66,938,929	70,131,577	70,718,872	72,190,892	74,331,478	73,326,786	77,237,810
Student support	5,592,436	5,624,216	5,497,370	7,410,581	6,686,447	7,412,140	7,091,600	7,785,136	7,636,909	8,524,441	8,715,600	8,669,611
Instruction support	10,747,335	10,446,927	9,697,565	8,532,848	7,557,795	8,664,884	9,160,567	9,683,972	10,637,770	11,473,461	10,632,316	11,819,855
General administration	815,644	1,011,376	1,007,344	841,282	821,292	703,609	670,265	696,554	767,804	779,072	831,272	859,713
School administration	7,587,718	7,837,013	7,938,795	7,450,561	7,411,592	7,946,734	8,117,509	8,432,580	8,817,955	8,971,625	9,135,861	9,359,973
Business services	2,386,547	2,502,442	2,436,041	2,021,002	1,935,047	1,988,740	2,033,068	2,063,896	2,143,197	2,107,901	2,127,154	2,212,503
Facilities/operations	10,718,874	11,050,929	11,195,623	10,883,378	10,856,138	11,210,242	11,666,498	11,738,259	12,213,239	12,724,198	12,337,860	13,545,848
Student transportation	3,712,832	3,424,229	3,690,532	3,914,538	3,622,188	3,952,415	4,111,192	4,369,763	4,674,322	4,842,284	4,838,408	5,097,475
Central support	3,435,924	3,112,654	3,318,707	3,639,769	3,430,779	3,602,752	3,498,145	3,649,064	3,913,144	3,884,491	3,734,522	4,324,705
Allocation to charters	2,697,368	2,775,478	2,757,390	5,829,408	6,483,540	6,788,556	7,390,194	8,357,645	8,799,690	9,313,040	9,832,809	10,314,079
Transfers to other funds	9,020,560	8,838,453	4,244,206	2,651,416	2,115,562	2,947,825	2,835,837	5,743,039	3,418,418	3,516,024	3,722,324	3,836,490
Total Expenditures	120,010,261	122,454,953	119,270,077	115,313,275	114,203,321	122,156,826	126,706,452	133,238,780	135,213,340	140,468,016	139,234,912	147,278,062
Net Change in Fund Balance	(5,825,542)	(3,534,815)	(6,539,714)	(4,517,400)	(2,547,612)	(5,407,640)	(4,730,022)	(6,282,215)	(5,322,485)	(4,896,131)	(2,510,827)	(4,906,321)
Fund Balance - End of Year	\$ 17,500,879	\$ 20,581,680	\$ 18,718,732	\$ 25,209,620	\$ 26,071,150	\$ 24,411,297	\$ 21,585,402	\$ 17,996,330	\$ 14,277,712	\$ 12,963,429	\$ 17,274,498	\$ 9,666,756

Sources: District Adopted Budgets

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Outstanding	\$ 122,829,737	\$ 116,969,737	\$ 113,593,544	\$ 110,402,114	\$ 106,960,000	\$ 101,340,000	\$ 95,390,000	\$ 89,085,000	\$ 82,340,000	\$ 75,205,000
Estimated Population	103,200	104,236	105,485	107,858	110,523	111,683	111,152	110,532	112,165	112,152
Debt Per Capita	\$ 1,190	\$ 1,122	\$ 1,077	\$ 1,024	\$ 968	\$ 907	\$ 858	\$ 806	\$ 734	\$ 671
Assessed Value	\$ 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	\$ 1,689,737,270	\$ 1,935,671,458
Ratio of Debt to Assessed Value	8.74%	8.11%	7.88%	8.02%	7.71%	7.19%	6.69%	5.39%	4.87%	3.89%
Personal Income Per Capita (Larimer County)	\$ 37,655	\$ 38,546	\$ 44,179	\$ 45,775	\$ 46,610	\$ 48,730	\$ 50,410	\$ 52,059	\$ 53,497	\$ N/A
Ratio of Debt Per Capita to Personal Income Per Capita	3.16%	2.91%	2.44%	2.24%	2.08%	1.86%	1.70%	1.55%	1.37%	N/A

Includes \$86,402,960; \$95,413,580; \$94,773,595; \$97,877,233; \$98,232,528; \$98,214,115; \$96,504,185; \$110,281,773; \$112,083,981 and \$125,365,881 for incremental assessed valuation attributable to the various Larimer County Urban Renewal Authorities in the 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 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, 2009-2018; State of Colorado, Division of Property Taxation, Annual Reports 2007-2010; Regional Economics Information System Bureau of Economic Analysis.