



Annual  
Comprehensive  
Financial  
Report  
Year Ended  
June 30, 2022



Thompson  
School  
District R2-J  
Loveland, CO

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



# **THOMPSON SCHOOL DISTRICT R2-J**

Loveland, Berthoud, & Fort Collins Colorado

## **Annual Comprehensive Financial Report**

For the Year Ended  
**June 30, 2022**

Prepared by the  
Business Services Department

Chief Financial Officer  
Gordon L. Jones

Director of Finance  
Rusty Williams



**Thompson School District R2-J  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

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## **INTRODUCTORY SECTION**

### Contents:

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



*Business Services Department*

February 15, 2023

**Board of Education and Citizens of the  
Thompson School District R2-J  
800 South Taft Avenue  
Loveland, CO 80537**

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Thompson School District R2-J (District) for the year ended June 30, 2022.

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. Due to factors out of the District's control, however, the District requested and was granted a 60-day extension by the office of the State Auditor. In accordance with the amended deadline, we hereby issue the comprehensive annual financial report of the Thompson School District R2-J for the fiscal year ended June 30, 2022.

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, 2022, 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, 2022, 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 R2-J 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 portions of city boundaries of Fort Collins, Windsor and Johnstown as well as parts of Larimer, Weld and Boulder counties.

Serving students pre-K through 12th grade, for the 2021-22 fiscal year the district operated 15 early childhood centers, 18 elementary schools, 5 middle schools, 2 K-8 schools, 5 high schools and 2 charter schools. The average age of District owned facilities is approximately 47 years. Calculated Funded Pupil Count (FPC) for the 2021-22 school year was 15,155.1 students, which was a 0.75% decrease from the prior year.

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

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

The annual budget serves as the foundation of the District's financial planning and control. The District maintains extensive budgetary controls to ensure compliance with legal requirements, Board of Education policies and District administration guidelines. The legal level of budgetary control is the fund level. The District's budget must be adopted by June 30 prior to the budget year, but may be revised for any reason no later than January 31 of the current budget year. Budgets are developed and monitored for compensation and benefit costs, utilities, instructional supplies and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

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

Component units of the District as reported in this document include the two District charter schools (New Vision Charter School and Loveland Classical Schools) that have been approved by the District's Board of Education as of June 30, 2022. The charter schools' revenues from per pupil funding are included in District revenues and the transfer of those monies to the charter schools is considered a District expenditure, even while the charter schools are separate entities under the control and direction of their own respective governing boards. The District Board maintains oversight responsibility. The Thompson Education Foundation is also a component unit reported here. Its funding is independent of the district with expenditures directed by its board to support education initiatives within the District.

### **Factors Affecting Financial Condition**

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

**National Economy.** As the United States continues to rebound from the COVID-19 pandemic that began in March 2020 there are many factors, both positive and negative, that impact the current financial state of the country.

While the economy continues to grow, inflation has created a significant headwind. Significant increases in prices of many items, from energy to housing to groceries to vehicles, has resulted in persistent pressure to the inflation rate. In response to this increase the Federal Reserve has consistently raised interest rates and adjusted monetary policy in an effort to slow down the economy. Recent data indicates that the inflation rate may have peaked in June 2022 and is projected to decrease in 2023 as shortages in some products associated with supply chain challenges become less severe and economic growth slows as a result of increased interest rates.

Other areas of the economy continue to perform well but are beginning to show signs of softening. Unemployment rates across the country are low and employment levels in many sectors have reached or exceeded pre-pandemic levels.

The outlook remains cautionary as many unknowns such as the war in Ukraine, increased reports of layoffs, especially in the technology sector, and volatility in the energy market continue to impact a narrow path of controlling inflation without pushing the country into recession.

**State Economy.** Many of the same factors affecting the national economy are present in Colorado as well. Both inflation and interest rates have increased over the past year while employment, particularly in the leisure and hospitality industry, has been robust, resulting in a moderate to low unemployment rate on an historical basis.

K-12 education funding in Colorado is largely driven by state income tax and sales tax collections. Both of those areas were adversely affected in the recessionary period brought about by the pandemic but have recovered well. Colorado's unemployment rate remains near historical lows as competition for workers remains high with job openings well above pre-pandemic levels.

General Fund revenues for public schools in Colorado are largely determined by the School Finance Act of 1994 (SFA). 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 fourteen years through 2021-22. For the District, the negative factor/budget stabilization factor or related rescissions have suppressed District SFA revenues by an average of \$12.6 million per year (cumulative impact of \$163.8 million through 2021-22).

Fiscal 2022-23 currently projects an increase to Per Pupil Revenue (PPR) for the District from \$8,527 to \$9,074 (+6.4%) while still withholding \$5.2 million from the District via the budget stabilization factor. School finance funding in Colorado continues to search for a sustainable long-term solution to more adequately fund education 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 for 2023-24, which will be used to begin budget discussions with legislators for the 2023 Legislative Session. This preliminary budget would decrease the budget stabilization factor balance to \$286.3 million, with the District's share for the 2023-24 year estimated to be \$4.6 million less in funding than called for in the SFA formula. It is expected that the annual gap in funding will remain, absent any structural change to the State's budget and how PK-12 education is funded. The outlook for school funding in Colorado remains cautionary.

**Local Economy.** Northern Colorado, not unlike other areas of the country, reflects many of the same challenges and trends. The unemployment rate remains reasonably low and despite District efforts in addressing compensation challenges, a shortage of candidates for some positions, most notably bus drivers, custodians, para professionals and nutrition services staff, continue to provide some staffing challenges. 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 demand for attainable housing remains but is proving difficult to realize given continuing increases in the median value of homes. Despite increased home values, residential growth continues, especially in the south and east portions of the District. Overall net assessed valuation in the District increased 6.0% in 2021-22, primarily due to increases in the residential property type. Assessed values are expected to increase in 2022-23 as the oil and gas sector rebounds and more typical historical trends return in the other property types.

Local retail sales opportunities remain well positioned for growth. 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.

**Public Employee's Retirement Association (PERA).** In addition to revenue challenges at the state level, PERA of Colorado (the pension plan that covers all District employees) is underfunded. In an effort to increase pension plan funding levels in relation to actuarial calculations, legislation was passed in the 2018 session to help address this issue. Under SB18-200, member and employer contributions will automatically adjust beginning July 1, 2020 based on the unfunded liability calculated balance. Both member and employer contribution rates can increase (or decrease) by up to 0.5% per year. 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**

The economic accomplishments and challenges of 2021-22 and going forward, as discussed above, continue to provide an uncertain future for K-12 funding for Colorado. For 2022-23, preliminary total program dollars are expected to fall \$321.2 million (or 3.7%) below statutory formula levels for all districts in the state after allowing for the negative/budget stabilization factor. For the District that expected shortfall is \$5.2 million for 2022-23.

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

Adjustment 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 one-time monies has been done thoughtfully and carefully.

In addition to expense reductions and prudent use of reserves, the District requested authorization from local taxpayers for increased local funding through the approval of a mill levy override (MLO) designed to mitigate on a longer term basis the impact of state funding cuts and to remain more competitive with neighboring districts. Voters approved that request on the ballot of November 2018. Collections from this local support continue to help the District to balance the annual General Fund operating results while maintaining employment and 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 one-time support for some unforeseen events and warranted student programming needs. Ultimately the District will need to see a sufficient combination of state funding, continued local support, continuation of recent increases in assessed valuation and ongoing scrutiny of requested expenditures to maintain a sound financial position.

### **Cash Management Policies and Practices.**

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

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 42.6% of its School Finance Act revenues. Those property tax revenues are collected primarily during the latter half of the fiscal year. For the prior 5 fiscal years the District 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 2022-23.

### **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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the thirty-fourth time the District had received this prestigious award and the twenty-sixth 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-fifth 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 ACFR. This report satisfied both US GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



Dr. Marc Schaffer  
Superintendent of Schools



Gordon L. Jones  
Chief Financial Officer



Rusty Williams  
Director of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Thompson R2-J School District  
Colorado**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*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 Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

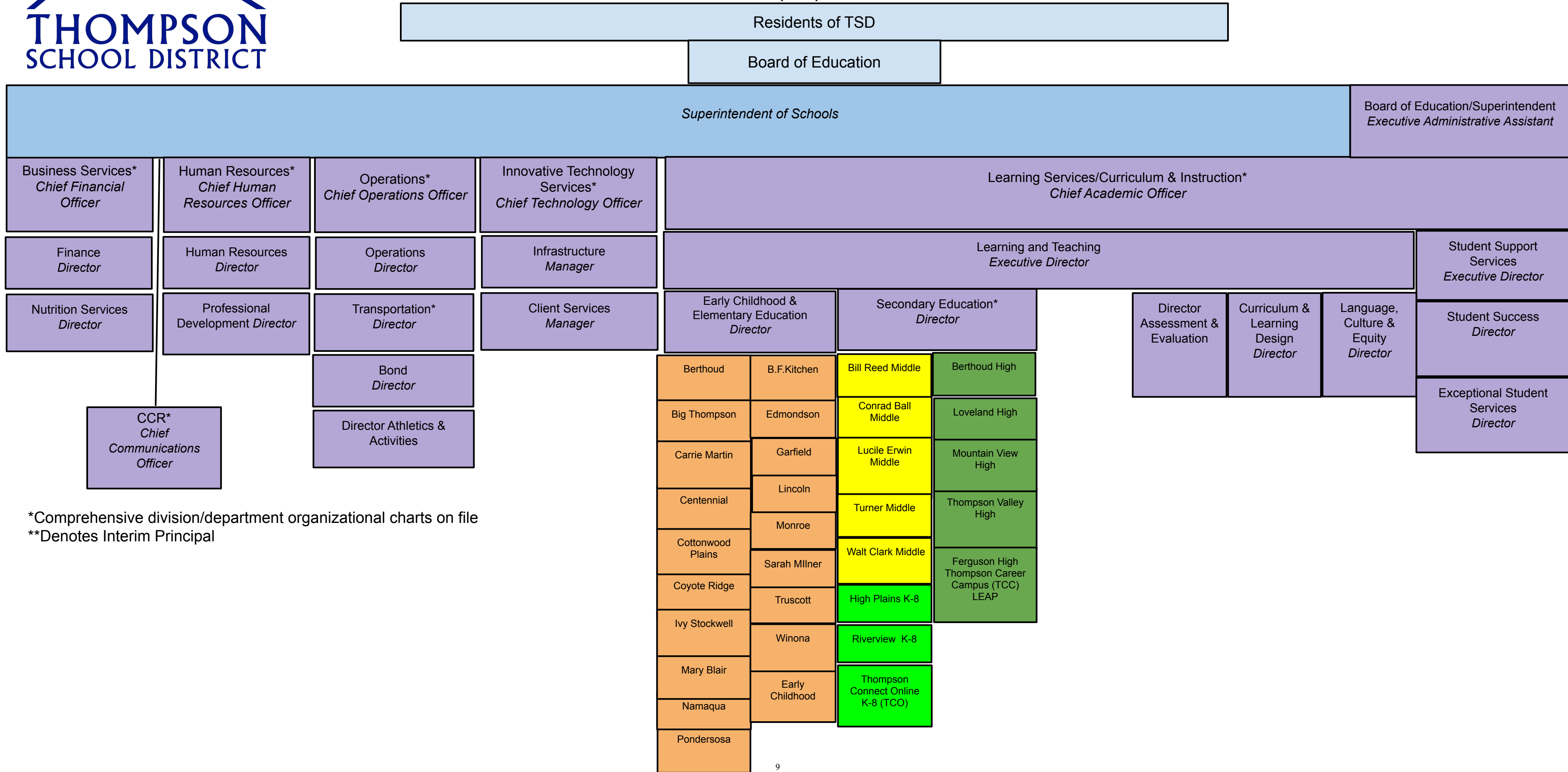
**William A. Sutter**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
Executive Director



**2021-22  
THOMPSON SCHOOL DISTRICT (TSD) R2-J ORGANIZATIONAL CHART**



\*Comprehensive division/department organizational charts on file

\*\*Denotes Interim Principal

## **Board of Education**

Barbara Kruse, President	Term Expires 2025
Dawn Kirk, Vice-President	Term Expires 2023
Stu Boyd, Treasurer	Term Expires 2023
Amy Doran, Secretary	Term Expires 2025
Nancy Rumfelt	Term Expires 2023
Pam Howard	Term Expires 2023
Alexandra Lessem	Term Expires 2025

## **Superintendent's Executive Staff**

Dr. Marc Schaffer	Superintendent
Dr. Bill Siebers	Chief Human Resources Officer
Dawne Huckaby	Chief Academic Officer
Gordon Jones	Chief Financial Officer
Todd Piccone	Chief Operating Officer
Michael Hausmann	Chief Communications Officer
Dr. Matt Kuhn	Chief Technology Officer
Laura Lee Ehlers	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.

#### **Other Supplemental Information**

##### Combining and Individual Fund Statements

These combining fund 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.

##### Budgetary Comparison Schedules

These statements and schedules are used to present certain budgetary data for the Bond Redemption Fund, the Building Fund, the Nutrition Services Fund, the Interscholastic Athletic and Activity Fund, the Land Reserve Fund, the Fee Supported Programs Fund, and the Capital Projects Fund.





## Independent Auditor's Report

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

### Report on the Financial Statements

#### **Opinions**

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 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 District as of June 30, 2022, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

#### Office Locations:

Colorado Springs, CO  
Denver, CO  
Tulsa, OK

#### Denver Office:

750 W. Hampden Avenue  
Suite 400  
Englewood,  
Colorado 80110  
TEL: 303.796.1000  
FAX: 303.796.1001  
[www.HinkleCPAs.com](http://www.HinkleCPAs.com)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We did not audit the financial statements of the New Vision Charter School and Loveland Classical Schools, which represent 98 percent and 96 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School and Loveland Classical Schools, is based solely upon the report of the other auditors.





**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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District'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. 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 such 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 [identify accompanying supplementary information] is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2023 , on our consideration of the District'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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Hick & Company, PC*

Englewood, Colorado  
February 13, 2023



## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

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, 2022. 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 2022 are as follows:

- The District's government-wide net position increased \$64.2 million during the fiscal year ended June 30, 2022, to a deficit of \$151.5 million, which represents an improvement of 29.8% from the prior year. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, resulting in a net pension liability of \$189.5 million at June 30, 2022 (versus \$279.8 million at the end of the prior year), representing the District's proportionate share of the plan's net pension liability, deferred outflows, and deferred inflows. District employees, including the two charter schools' employees, participate in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution decisions made by PERA. The year-over-year improvement in net position was primarily due to the decrease in pension liability referenced above and a decrease in deferred inflows of resources, both of which were related to the recording of the District's proportionate share of Colorado PERA as called for in GASB No. 68. The positive variance in change in net position was partially offset by a decrease in cash and investments and a decrease in deferred outflows of resources. If the District's proportionate share of the PERA net pension liability was not recorded, a positive net position of approximately \$38.0 million would be achieved.
- Total governmental activities revenue increased by \$24.2 million (11.3%), predominantly associated with higher School Finance Act funding from state equalization and local property taxes (\$12.8 million) and an increase in grant funding (\$6.7 million). Expenses increased by \$7.1 million (4.3%) mostly due to accounting adjustments related to Colorado PERA as discussed in the previous bullet point and an increase in charter school allocations (\$5.1 million). The District continues to monitor the situation regarding adequate funding of PERA and the District's related obligations to ensure correct and reasonable reflection of its financial position as well as targeted and balanced use of available resources within its control.

# **Thompson School District R2-J Management’s Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

## **Overview of the Financial Statements**

The annual report consists of six parts.

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

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

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

## **Government-Wide Financial Statements**

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

1. The *statement of net position* includes all of the District’s assets and liabilities as well as all deferred inflows and outflows from governmental funds.
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 from the end of the prior fiscal year. 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. The net position of the District improved by \$64.2 million over the prior year. 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, condition of school buildings and other facilities and the ongoing impact of the COVID-19 pandemic.

# **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

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, administration, pupil transportation, and nutrition services.

## **Fund Specific Financial Statements**

The individual 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 and state grants). The District's funds are divided into two categories: governmental funds and fiduciary funds.

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

## **Analysis of Government-wide Financial Statements**

Property taxes (46%), state equalization (29%), and operating grants & contributions (16%) are the District's primary revenue sources overall as shown in Chart 1 below. These three categories comprise 91% of the revenues received by the District compared to 92% in 2020-21.

# Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022

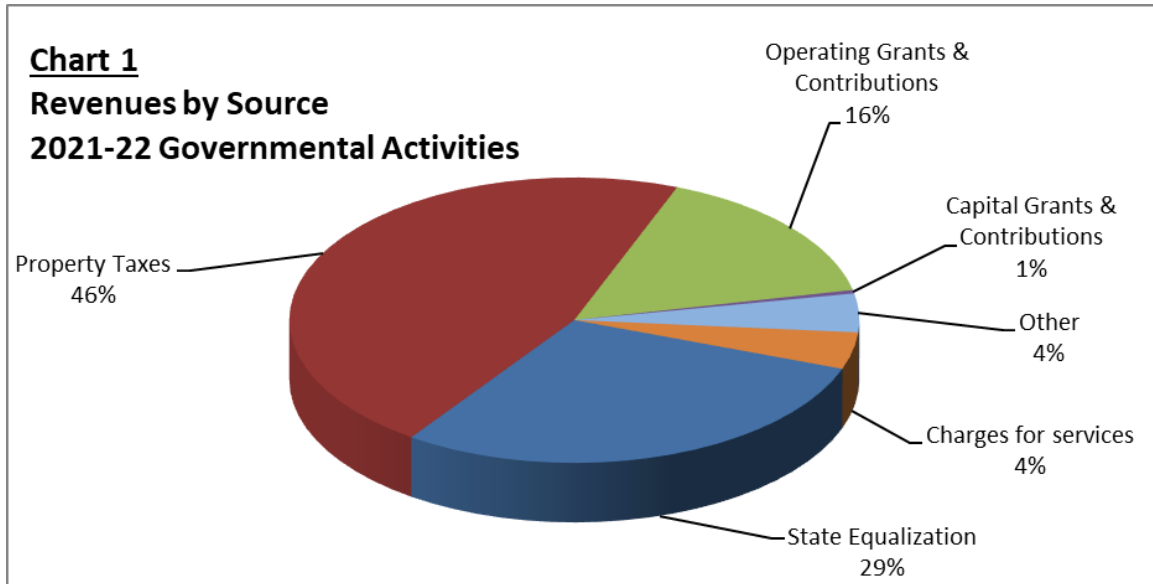
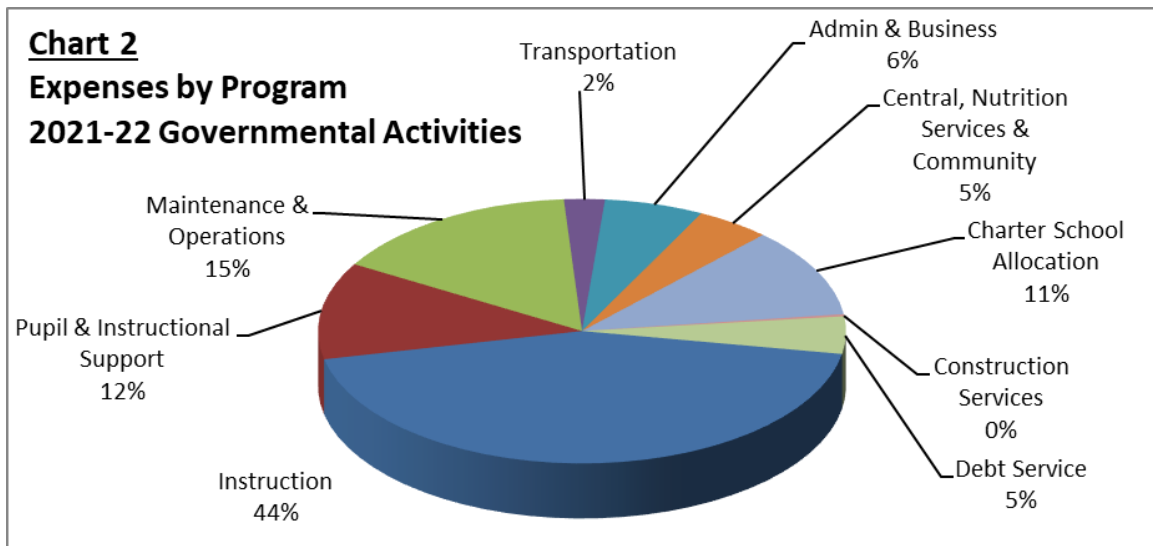


Chart 2 below presents the District's expenses by major categories with direct instruction, and pupil and instructional support type expenses receiving the greatest emphasis, as expected.



## Chart 1 – Revenues by Source: 2021-22 Governmental Activities

- In fiscal 2021-22 the state provided 51.3% of School Finance Act (SFA) funding for the District's total program allocation through equalization. Local property and specific ownership (SO) taxes comprised the remaining 48.7% of SFA revenue. State equalization monies were approximately 29.1% of the District's total Governmental Activities revenues. Beginning in 2009-10, state revenues were negatively impacted by the Great Recession. This resulted in creation of the state budget balancing mechanism known as

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

the Budget Stabilization Factor (formerly Negative Factor) which decreases the constitutional formula total program funding from the state. This reduction in total program funding to the District was approximately \$8.1 million in 2021-22.

- The District collects property taxes through three different mill levy overrides which were approved by voters in 1999, 2006 and 2018. These funds are used to support specified General Fund services and an additional mill levy is used to fund the annual principal and interest payments of the District's bonded debt. Collectively property taxes (local SFA, mill levy override and debt service) were 46.2% of total governmental activities revenues.
- Federal and state governmental grants and contributions by local governments, businesses, and individuals accounted for 16.1% of District revenues in 2021-22. This was an increase from prior years mainly due to the awarding of Elementary and Secondary Schools Emergency Relief (ESSER) funds from the federal government to assist with COVID-19 related expenses. The largest grants not related to federal stimulus were for the Federal Individuals with Disabilities Education Act (IDEA), Title I, and Head Start programs.
- The District collected 4.2% of total revenues via fees for supplemental services or programs such as rental of district facilities, fund raising activities and fees for certain elective classes and athletic participation. An additional 4.4% of other revenues were from specific ownership taxes, payments-in-lieu-of (PILO) land dedication from developers, investment earnings and miscellaneous other revenue sources.

### **Chart 2 – Expenses by Program: 2021-22 Governmental Activities**

- Classroom teacher salaries & benefits, curriculum, professional development and instructional supplies and materials were the foundation of student instruction. At 43.8% of the total, costs of instruction comprised the largest category of expenses for the organization.
- The District expended 11.9% of total governmental activities costs for items in direct support of students and the staff that instruct them. This category included activities designed to assess and improve the well-being of students and to assist the instructional staff with the content and process of providing learning experiences. Examples included counselors, providing physical and mental health services, and staffing of instructional coaches.
- Maintenance and operation costs for all school sites and other district properties were 15.5% of expenses. This included activities concerned with keeping the physical plant, grounds, buildings and equipment open, functioning, comfortable and safe for use. Utilities, custodial staffing and cleaning, maintenance, repairs and safety were included in this category. Also included in this area were expenses related to projects across the

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2022**

District that were approved by voters with the 2018 bond initiative. These included items such as roof repairs and replacements, asbestos abatement and building access and monitoring security additions and improvements.

- One hundred percent of per pupil revenues derived from students enrolled in District charter schools was categorized as expenses and flowed to the charters on a monthly basis at the same time the funds were received. In addition, the sharing of mill levy override revenue with charters was included in this category. These allocations to charter schools were calculated based on percentage of student counts and comprised approximately 10.9% of total governmental activities spending for 2021-22.
- Administration and business expenses (6.1% of total) were primarily salaries and benefits of the school building principals, assistant principals, school secretaries and their related expenses. Also included are expenses for the superintendent, Board of Education and staff to manage and oversee the financial operations of the organization.
- Interest on long term debt on the voter approved bonded debt that was issued in January 2019 remained consistent with the prior year expenditure. This expenditure made up 4.6% of total expenses in both the current and prior year.

# Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022

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

	Governmental Activities		Total Percentage Change
	2022	2021	2021-22
<b>Assets</b>			
Current & Other Assets	\$ 143.122	\$ 167.868	-14.7%
Capital Assets	198.836	202.035	-1.6%
<b>Total Assets</b>	<b>341.958</b>	<b>369.902</b>	<b>-7.6%</b>
<b>Deferred Outflows of Resources</b>			
Pensions, Net of Accumulated Amortization	88.795	100.574	-11.7%
OPEB, Net of Accumulated Amortization	1.219	1.306	-6.7%
Loss on Refunding, Net of Accumulated Amortization	2.661	3.632	-26.7%
<b>Total Deferred Outflows of Resources</b>	<b>92.675</b>	<b>105.512</b>	<b>-12.2%</b>
<b>Liabilities</b>			
Other Liabilities	31.594	39.763	-20.5%
Long-Term Liabilities	242.187	239.345	1.2%
Net Pension Liability	189.468	279.781	-32.3%
Net OPEB Liability	9.167	10.170	-9.9%
<b>Total Liabilities</b>	<b>472.416</b>	<b>569.059</b>	<b>-17.0%</b>
<b>Deferred Inflows of Resources</b>			
Pensions, Net of Accumulated Amortization	110.333	118.628	-7.0%
OPEB, Net of Accumulated Amortization	3.339	3.340	0.0%
<b>Total Deferred Inflows of Resources</b>	<b>113.672</b>	<b>121.968</b>	<b>-6.8%</b>
<b>Net Position</b>			
Net Investment in			
Capital Assets	(37.372)	(30.602)	22.1%
Restricted	31.620	28.671	10.3%
Unrestricted	(145.703)	(213.681)	-31.8%
<b>Total Net Position</b>	<b>\$ (151.455)</b>	<b>\$ (215.613)</b>	<b>-29.8%</b>

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

- Total current & other assets shown above decreased \$24.7 million in 2021-22 as compared to the prior year. This decrease is primarily (\$24.6 million) due to the District drawing down cash received from the sale of bonds in January 2019 as spending on various bond projects continued.
- Total capital assets, shown net of depreciation, decreased by \$3.2 million reflecting annual depreciation (\$11.1 million) and net new investment over deletions for the year (\$7.9 million) primarily associated with bond projects.



**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2022**

- Total liabilities decreased \$96.6 million, primarily due to a decrease in the District's proportionate share of PERA's unfunded pension liability (\$90.3 million) and decreases in accounts payable (\$6.1 million) and retainage payable (\$2.3 million) related to payments on bond projects purposefully withheld until the work is substantially completed. These decreases in liabilities were somewhat offset by year-over-year increases in the District's long-term general obligation and certificates of participation debt (\$2.8 million).

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

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 9.901	\$ 4.249
Operating Grants & Contributions	37.331	30.640
Capital Grants & Contributions	0.934	0.933
General revenues		
Property taxes	109.676	104.021
State revenue	69.127	62.000
Other	10.395	11.344
<b>Total Revenues</b>	<b>237.364</b>	<b>213.188</b>
<b>Expenses</b>		
Instruction	75.852	75.422
Pupil & Instructional Support	20.548	22.485
Administration & Business	10.539	12.153
Maintenance & Operations	26.782	26.903
Transportation	4.326	3.648
Central Support	3.824	0.464
Nutrition Service	3.591	3.035
Community Services	0.478	(0.164)
Facilities Acquisition and Construction Services	0.444	0.044
Interest on Long Term Debt	7.896	8.337
Charter School Allocation	18.926	13.781
<b>Total Expenses</b>	<b>173.206</b>	<b>166.108</b>
Increase (decrease) in Net Position	64.158	47.080
Net Position - July 1	(215.613)	(262.693)
Net Position - June 30	<b>\$ (151.455)</b>	<b>\$ (215.613)</b>

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

- Governmental activities revenues increased by approximately \$24.2 million compared to the prior year. The increase was primarily associated with higher state equalization revenue and local property tax collections from the School Finance Act funding (\$12.8 million). Charges for services also increased by \$5.6 million, primarily due to an entry

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

required to recognize the District's proportionate share of the State's contribution toward the unfunded pension liability (\$2.3 million) and proceeds from the sale of an unused radio license (\$1 million). In addition, grant funding increased by \$6.7 million over the prior year as a result of the receipt of funds from the stimulus programs passed at the federal level that were intended to assist with COVID-19 related expenses.

- Total expenses in governmental activities increased by \$7.1 million versus the prior year, primarily due to a \$5.1 million increase in the charter school allocation. Increased District charter school enrollments and a higher per pupil revenue allocation from the state contributed to the increase.

### **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**

Financial results for 2021-22 show governmental fund balances, in total, having decreased approximately \$14.4 million, from \$124.6 million to \$110.2 million at the current fiscal year end.

- The General Fund is the primary operating fund of the District. The balance of this fund decreased \$1.3 million in 2021-22 versus a budgeted decrease of \$7.6 million. Revenue in the year was \$6.1 million greater than expected, primarily from higher local property tax and specific ownership tax collections.
- The Grants Fund balance decreased \$0.8 million for the 2021-22 fiscal year, primarily due to a \$4.2 million increase in Grants Receivable over the prior year. Grants with the largest outstanding amounts include IDEA Part B (\$3.2 million), ESSER (\$2.5 million), and Head Start (\$2.9 million) with the remaining balance comprised of nominal amounts from State and local grants.
- The Bond Redemption Fund balance increased by \$0.4 million as a function of normal adherence to the existing debt service schedules and local property tax collections for the next year.
- The Building Fund balance decreased by \$13.5 million as a result of expenditures totaling \$34.4 million for bond project work that was paid during the year.

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

- The Land Reserve fund balance increased \$0.8 million from the prior year to \$6.1 million. Revenue received from payments in lieu of (PILO) land dedication from developers throughout the District (\$1.3 million) was offset by expenditures for a water tap for the new Riverview PK-8 school (\$0.2 million) and the purchase of additional water rights for irrigation at Walt Clark Middle School (\$.7 million).
- The Capital Projects Fund balance decreased \$2.0 million from the prior year. The remaining fund balance of \$2.0 million is intended to cover projects that were budgeted but not yet completed by the close of fiscal year 2022. This fund is also where Loveland Urban Renewal Area (LURA) proceeds and annual debt servicing of outstanding Certificates of Participation (COP) used for the construction of High Plains School are recorded.

### **General Fund Budgetary Highlights**

The District began the year with a General Fund budget that included revenues in excess of expenditures (including transfers out to other funds) by \$0.1 million. In adopting the original budget there was optimism but caution regarding student enrollment as the District moved forward from the two prior years that had been negatively impacted by the pandemic. Assumptions regarding state funding for PK-12 education also had to be made with many unknowns about how Colorado's economy, especially sales and income tax collections, may continue to recover. This created further uncertainty in School Finance Act funding. Maintaining a reasonable reserves position also factored into the budgeting strategy.

Supplemental budget amendments were approved by the Board to leave revenue expectations consistent with what was originally budgeted and to revise upward the anticipated expenditures. The combined impact of these changes was a decrease of \$8.1 million to General Fund results compared to the adopted budget, resulting in a revised budgeted use of fund balance for the year of \$7.6 million.

The increase to originally budgeted expenditures by \$8.1 million is detailed below.

- A one-time employee retention incentive, including the related employer portion of PERA and Medicare costs, that was made possible by unanticipated outperformance of the 2020-21 budget (\$7.5 million)
- A one-time initiative to address seasonal heat mitigation solutions for the third floor of Bill Reed Middle School (\$0.6 million)

Final actual performance against the revised budget for 2021-22 was better than anticipated. Revenues significantly exceeded the adjusted target by \$6.1 million. Key aspects of this increase are explained below.

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

- Collection of Specific Ownership Tax (SOT) outside of the School Finance Act from the licensure of cars, trucks, trailers, mobile homes, and special mobile machinery was better than expected (\$1.8 million)
- One-time sale of broadband spectrum licensing identified as being obsolete for District usage (\$1.5 million)
- Unanticipated receipt of a dividend from the District health insurance provider of excess reserves in the pooled group plan (\$1.2 million)
- Reimbursement from the state for a portion of Career and Technical Education (CTE) expenditures was more than anticipated primarily due to costs associated with outfitting the District's new Thompson Career Campus (TCC) (\$0.4 million)
- Higher than expected categorical funding for Transportation as expenditures increased in this area due to a full year of in-person learning (\$0.2 million)

Actual expenditures, including transfers, reflected a net favorable to budget variance of \$0.1 million. Highlighted variances include the following:

- The Student Instruction program code comprises approximately 51.3% of total expenditures of the General Fund. This same program code represented \$3.7 million of expenditures less than budget. The majority of this favorable variance was in salary and benefit costs due to budgeted positions that were not able to be filled throughout the year.
- All Supporting Services program codes, as called for in the Colorado Department of Education (CDE) chart of accounts make up approximately 38.1% of General Fund expenditures. These areas include programs such as Maintenance/Operations, Instructional Staff, School Administration, Pupil Services, Pupil Transportation, Central Supporting Services, Business Services, and General Administration. Costs in these various program codes were a combined \$3.3 million greater than budget.
- Capital Outlay and Charter School Allocation program codes represent approximately 10.6% of General Fund actual expenditures and were \$0.3 million less than budget.

### **Capital Assets**

At the end of the 2022 fiscal year the District had invested \$198.8 million in land, buildings, water rights and transportation vehicles, net of depreciation. Table 3 provides a comparison of capital assets for fiscal year 2022 versus 2021.

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2022**

**Table 3  
Capital Assets at June 30, 2022  
(Net of Depreciation, in Millions)**

	Governmental Activities		Total Percentage Change
	2022	2021	
Land	\$ 17.075	\$ 17.075	0.0%
Land Improvements	3.084	2.780	10.9%
Water Rights	4.498	5.698	-21.1%
Construction in Progress	3.385	70.417	-95.2%
Buildings	166.478	101.365	64.2%
Equipment	1.931	1.892	2.1%
Transportation	2.385	2.807	-15.0%
<b>Totals</b>	<b>\$ 198.836</b>	<b>\$ 202.035</b>	<b>-1.6%</b>

New investments in capital assets, net of disposals for the year, were \$7.7 million. The category showing the most dollar increase year-over-year was buildings as projects associated with the Series 2019 General Obligation bond proceeds were completed during the year and their associated cost was transferred out of construction in progress. Net depreciation on all depreciable capital assets was \$11.1 million on governmental activities assets, yielding an overall net decrease in capital assets for the year of \$3.2 million.

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

**Debt Administration**

At year-end the District had \$238.9 million in outstanding bonds, certificates of participation, and capital lease obligations. Of the total outstanding debt, \$12.8 million of principal is due within one year.

**Table 4  
Outstanding Debt at June 30, 2022  
(in Millions)**

	Governmental Activities	Governmental Activities
	2022	2021
General Obligation Bonds	\$ 215.707	\$ 227.799
Certificates of Participation	22.077	7.182
Capital Lease Obligation Payable	1.084	1.288
<b>Total</b>	<b>\$ 238.868</b>	<b>\$ 236.269</b>

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

# **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

## **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.

- In response to the pandemic, the District was advised in May 2020 that it would receive approximately \$7.7 million of Coronavirus Relief Funds (CRF) and \$1.3 million of Elementary and Secondary School Emergency Relief (ESSER I) funds as part of the CARES Act federal stimulus program approved by Congress. Further, in fiscal year 2021 the District was awarded economic stimulus funds for ESSER II (\$5.4 million) as part of the CARES Act and ESSER III (\$12.1 million) as part of the American Rescue Plan (ARP) Act.
  - These grant awards were required to be shared on a pro-rata basis with the authorized charter schools in the District. The portion identified to be allocated to the two charter schools in the District was approximately \$3.1 million in total.
  - The allowable expenditures that the District initially chose to pursue included:
    - Efforts to prevent, prepare for and respond to COVID-19 by facilitating distance learning through the purchase of technology for both the District and individual students
    - Salaries and benefits for professional development related to COVID-19, personal protective equipment (PPE), and cleaning and sanitizing
    - Addressing learning loss
    - Making improvements to air quality in school buildings
    - Purchases of individual computer devices to further solidify the 1:1 student technology initiative
    - Curriculum resources
    - Providing increased instructional time and summer enrichment opportunities
    - Addition of staff to respond to students' academic, social, and emotional needs
    - Additional purchases of cleaning, sanitizing and personal protective supplies.
  - The District expects to fully expend the awarded funds in accordance with the guidance and deadlines provided
  - Funds for these purposes will be available in some capacity through fiscal year 2023-24 but will then be fully expended. Any needs remaining after that time will require funding from other sources within the typical District budget.
- Fluctuations in student enrollment impact the primary revenue source for District General Fund operations, the School Finance Act. While the District has seen some recovery, student headcount is still below pre-pandemic levels. As part of the existing School Finance Act of the State of Colorado (as modified), the District has been able to somewhat

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

lessen the impact of fewer students by utilizing the state's five year declining enrollment averaging methodology. For the 2022-23 fiscal year the Per Pupil Revenue (PPR) has shown an increase over the prior year as the state's economy continues to recover. However, the District remains as one of approximately thirteen floor funded districts in the state, meaning the PPR is at the lowest statutorily allowed level. Both of these trends warrant continued monitoring and analysis from both a facilities utilization and financial impact perspective.

- Median home prices along the Front Range and in northern Colorado continue to increase, with the median single-family home in Loveland, CO now estimated to be approximately \$470,000. While escalation of home values has declined a bit with the ongoing Federal Reserve actions of raising interest rates for borrowing, the ability of younger families with school age children to affordably attain housing in the District boundaries remains a challenge.
- 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 boundaries are included in the pupil enrollment count 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 or applications for new charter schools within the District boundaries are known of at this time.
- Funding for school districts in Colorado is the largest portion of the State's General Fund budget as proposed in the FY 2023-24 Governor's Budget Request and, as a result, state-level budget struggles can impact school districts as evidenced by the continued use of the budget stabilization factor (previously known as the negative factor) in calculating school funding. Per pupil funding for the District for 2023-24 is largely dependent on the continuing economic performance of income tax and sales tax revenue collections at the state level. Colorado's current economic growth at the time of this report appears to be on a reasonable trajectory with greater than expected revenue forecasts from both the Legislative Council staff and the Colorado Office of State Budget and Planning, who advise the legislative Joint Budget Committee in proposing the annual budget to the General Assembly. Greater than expected forecasts for the collection of state income and sales tax provides a significant portion of the overall revenue for the state budget. However, due to Colorado Revised Statute X (the TABOR amendment), not all of the additional funding received by the state is likely to be available and revenues are likely to be capped. The emphasis on K-12 education funding by the legislature in the final state

## **Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2022**

budget that is adopted will continue to be a significant area that requires evaluation and monitoring each year.

- 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 generally able to benefit from positive overall claims experience and low administrative costs. The trust purchases stop loss reinsurance for high claims so some relief is provided for those individuals on the plan with annual medical costs over the stop loss threshold. The District's Joint Insurance Committee and staff will continue to analyze appropriate recommendations of managing this significant cost.
- The District currently receives property tax revenues associated with three local MLOs approved by voters in 1999, 2006 and 2018. The first two initiatives have reached the maximum funding levels called for in the ballot language. Therefore, no additional revenue will be realized for these two overrides even as assessed valuations in the District boundaries continue to increase.
- In November 2018, voters of the District approved an additional MLO with a 7.600 fixed mill levy rate 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. Revenue associated with this MLO is dependent on assessed valuations (AV) within the District boundaries. Net AV of property in the District has increased approximately 105% from 2014 through 2023. A decrease in net AV (-3.8%) occurred in 2021 but AV has appeared to rebound by growing at a rate of 6.0% in 2022 and an anticipated 9.2% in 2023. The average annual change in net AV over that ten year period has been 8.0%. While property values in the District boundaries appear to remain strong, any significant or prolonged decrease in that category could negatively impact MLO collections of the District.

### **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, 2022**

	<b>Primary Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and Investments	\$ 126,007,592	\$ 12,214,145
Restricted Cash and Cash Equivalents	-	13,014,563
Accounts Receivable	367,935	303,962
Property Tax Receivable	4,357,922	-
Grants Receivable	11,910,892	370,586
Prepaid Expenses	-	428,091
Inventory	478,121	-
Capital Assets, Not Being Depreciated	24,958,325	5,689,348
Capital Assets, Net of Accumulated Depreciation	173,877,209	35,179,446
<b>Total Assets</b>	<b>341,957,996</b>	<b>67,200,141</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions, Net of Accumulated Amortization	88,795,463	5,535,706
OPEB, Net of Accumulated Amortization	1,218,646	229,266
Loss on Debt Refundings, Net of Accumulated Amortization	2,661,131	-
<b>Total Deferred Outflows of Resources</b>	<b>92,675,240</b>	<b>5,764,972</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	7,266,547	484,333
Retainage Payable	418,332	-
Accrued Salaries and Benefits	17,806,480	546,566
Unearned Revenue	5,622,749	3,395
Accrued Interest Payable	480,871	591,108
<b>Noncurrent Liabilities</b>		
Due within One Year	13,892,514	458,204
Due in More Than One Year	228,294,617	56,703,533
Pension Liability- Due in More Than One Year	189,467,584	13,422,560
OPEB Liability- Due in More Than One Year	9,166,507	649,124
<b>Total Liabilities</b>	<b>472,416,201</b>	<b>72,858,823</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions, Net of Accumulated Amortization	110,332,681	6,101,050
OPEB, Net of Accumulated Amortization	3,339,433	232,858
<b>Total Deferred Inflows of Resources</b>	<b>113,672,114</b>	<b>6,333,908</b>
<b>Net Position</b>		
Net Investment in Capital Assets	(37,371,932)	(16,164,342)
Restricted for:		
Debt Service	20,203,860	12,381,132
TABOR	5,356,038	305,000
Land and Land Improvements	6,060,126	-
Repairs and Replacement	-	150,681
Restricted for Emergencies	-	296,000
Unrestricted	(145,703,171)	(3,196,089)
<b>Total Net Position</b>	<b>\$ (151,455,079)</b>	<b>\$ (6,227,618)</b>

The accompanying notes are an integral part of this statement



**Thompson School District R2-J**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Investments	\$ 41,491,412	\$ 1,349,654	\$ 19,865,480	\$ 49,067,556	\$ 14,233,490	\$ 126,007,592
Accounts Receivable	216,777	1,171	-	-	149,987	367,935
Property Tax Receivable	3,786,366	-	571,556	-	-	4,357,922
Grants Receivable	-	11,118,263	-	-	792,629	11,910,892
Inventory	-	-	-	-	478,121	478,121
Due from Other Funds	5,782,504	-	-	-	-	5,782,504
<b>Total Assets</b>	<u>\$ 51,277,059</u>	<u>\$ 12,469,088</u>	<u>\$ 20,437,036</u>	<u>\$ 49,067,556</u>	<u>\$ 15,654,227</u>	<u>\$ 148,904,966</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 934,345	\$ 1,181,260	\$ -	\$ 4,762,215	\$ 388,727	\$ 7,266,547
Retainage Payable	-	35,054	-	383,278	-	418,332
Accrued Salaries and Benefits	15,292,638	2,196,129	-	-	317,713	17,806,480
Unearned Revenue	-	5,242,916	-	-	379,833	5,622,749
Due to other funds	-	5,782,504	-	-	-	5,782,504
<b>Total Liabilities</b>	<u>16,226,983</u>	<u>14,437,863</u>	<u>-</u>	<u>5,145,493</u>	<u>1,086,273</u>	<u>36,896,612</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	1,614,236	-	233,176	-	-	1,847,412
<b>Total Deferred Inflows of Resources</b>	<u>1,614,236</u>	<u>-</u>	<u>233,176</u>	<u>-</u>	<u>-</u>	<u>1,847,412</u>
<b>FUND BALANCES</b>						
Nonspendable Inventory	-	-	-	-	478,121	478,121
Restricted for:						
TABOR	5,304,029	-	-	-	52,009	5,356,038
Debt Service	-	-	20,203,860	-	-	20,203,860
Land & Land Improvements	-	-	-	-	6,060,126	6,060,126
Committed to Student Specific Programs	-	-	-	-	3,332,990	3,332,990
Assigned to Capital Projects	-	-	-	43,922,063	2,038,962	45,961,025
Assigned to Nutrition Services	-	-	-	-	2,605,746	2,605,746
Unassigned	28,131,811	(1,968,775)	-	-	-	26,163,036
<b>Total Fund Balances</b>	<u>33,435,840</u>	<u>(1,968,775)</u>	<u>20,203,860</u>	<u>43,922,063</u>	<u>14,567,954</u>	<u>110,160,942</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 51,277,059</u>	<u>\$ 12,469,088</u>	<u>\$ 20,437,036</u>	<u>\$ 49,067,556</u>	<u>\$ 15,654,227</u>	<u>\$ 148,904,966</u>

The accompanying notes are an integral part of this statement

**Thompson School District R2-J  
Reconciliation of the Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position  
June 30, 2022**

**Total Fund Balances - Governmental Funds** **\$ 110,160,942**

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

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 1,847,412

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

Governmental capital assets	371,963,054	
Accumulated depreciation	<u>(173,127,520)</u>	198,835,534

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	(480,871)	
Bonds Payable	(188,845,000)	
Premium on Bond Financing	(26,862,155)	
Certificates of Participation	(20,300,000)	
Premium on Certificates of Participation	(1,777,128)	
Bus Leases	(1,084,314)	
Compensated Absences	(688,136)	
Early Retirement Stipends	(2,630,398)	
Net Pension Liability	(189,467,584)	
Net OPEB Liability	<u>(9,166,507)</u>	(441,302,093)

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflow on debt refunding	2,661,131	
Deferred outflow related to pensions	88,795,463	
Deferred outflow related to OPEB	1,218,646	
Deferred inflow related to pensions	(110,332,681)	
Deferred inflow related to OPEB	<u>(3,339,433)</u>	<u>(20,996,874)</u>

Total Net Position - Governmental Activities **\$ (151,455,079)**

**Thompson School District R2-J**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	General	Government Designated- Purpose Grants	Bond Redemption	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 98,388,948	\$ -	\$ 19,201,622	\$ -	\$ -	\$ 117,590,570
Intergovernmental	81,868,610	23,569,176	-	-	7,846,461	113,284,247
Loveland URA Distribution	-	-	-	-	933,786	933,786
Charges for Services	-	-	-	-	801,298	801,298
Payments in Lieu of Land Dedication	-	-	-	-	1,301,976	1,301,976
Fund Raising and Events	-	-	-	-	2,171,778	2,171,778
Investment Earnings	180,329	2,253	56,019	62,256	71,137	371,994
Other	-	-	-	-	526,069	526,069
<b>TOTAL REVENUE</b>	<b>180,437,887</b>	<b>23,571,429</b>	<b>19,257,641</b>	<b>62,256</b>	<b>13,652,505</b>	<b>236,981,718</b>
<b>Expenditures</b>						
<b>Current-</b>						
<b>Instruction</b>						
Salaries and Benefits	85,211,086	8,578,785	-	-	222,270	94,012,141
Purchased Services	3,197,883	173,377	-	-	540,823	3,912,083
Supplies and Materials	1,987,097	769,787	-	-	1,555,762	4,312,646
Equipment	331,121	20,351	-	-	265,035	616,507
Other	612,959	140	-	-	298,123	911,222
Total Instruction	91,340,146	9,542,440	-	-	2,882,013	103,764,599
<b>Supporting Services</b>						
Pupil Services	9,781,598	6,215,160	-	-	4,943	16,001,701
Instructional Staff	14,030,500	3,651,594	-	83,403	407,175	18,172,672
General Administration	974,984	-	-	-	-	974,984
School Administration	12,382,662	1,220,210	-	-	80,315	13,683,187
Business Services	2,709,403	-	-	161,126	-	2,870,529
Maintenance/Operations	16,314,227	2,108,258	-	25,833,099	451,838	44,707,422
Pupil Transportation	6,037,846	-	-	-	-	6,037,846
Central Supporting Services	5,565,850	-	-	-	837,590	6,403,440
Nutrition Services	-	-	-	-	5,921,412	5,921,412
Community Services	-	111,928	-	-	685,072	797,000
Facilities Acquisition and Construction Services	-	562	-	737,986	-	738,548
Total Support Services	67,797,070	13,307,712	-	26,815,614	8,388,345	116,308,741
<b>Capital Outlay</b>						
Debt Service - Principal	40,726	2,344,080	-	7,612,606	497,568	10,494,980
Debt Service - Interest	-	-	9,525,000	-	1,168,212	10,693,212
Charter School Allocation	18,925,723	-	9,300,925	-	291,541	9,592,466
<b>TOTAL EXPENDITURES</b>	<b>178,103,665</b>	<b>25,194,232</b>	<b>18,825,925</b>	<b>34,428,220</b>	<b>13,227,679</b>	<b>269,779,721</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,334,222</b>	<b>(1,622,803)</b>	<b>431,716</b>	<b>(34,365,964)</b>	<b>424,826</b>	<b>(32,798,003)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	805,073	-	20,850,307	(18,018,458)	3,636,922
Transfers Out	(3,636,922)	-	-	-	-	(3,636,922)
Proceeds from Sale of Assets	-	-	-	-	2,500,000	2,500,000
Debt Issued	-	-	-	-	14,870,000	14,870,000
Debt Premiums	-	-	-	-	1,127,019	1,127,019
Debt Issuance Costs	-	-	-	-	(121,576)	(121,576)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,636,922)</b>	<b>805,073</b>	<b>-</b>	<b>20,850,307</b>	<b>356,985</b>	<b>18,375,443</b>
<b>Net Change in Fund Balances</b>	<b>(1,302,700)</b>	<b>(817,730)</b>	<b>431,716</b>	<b>(13,515,657)</b>	<b>781,811</b>	<b>(14,422,560)</b>
<b>Net Position - Beginning of Year</b>	<b>34,738,540</b>	<b>(1,151,045)</b>	<b>19,772,144</b>	<b>57,437,721</b>	<b>13,786,143</b>	<b>124,583,503</b>
<b>Fund Balances - End of the Year</b>	<b>\$ 33,435,840</b>	<b>\$ (1,968,775)</b>	<b>\$ 20,203,860</b>	<b>\$ 43,922,064</b>	<b>\$ 14,567,954</b>	<b>\$ 110,160,943</b>

The accompanying notes are an integral part of this statement

**Thompson School District R2-J**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2022**

<b>Total net change in fund balances - governmental funds</b>	\$	(14,422,560)
Amounts reported for governmental activities in the statement of activities are different because:		
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		382,423
Capital outlays are reported in governmental funds as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	9,149,594	
Depreciation expense	<u>(11,148,640)</u>	(1,999,046)
In the Statement of Activities, only the gain/loss on the sale of capital assets is reported. In the governmental funds, the loss from the sale decreases financial resources.		(1,200,050)
In the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, these expenses are reported regardless of when the financial resources are available.		
Increase in special termination benefits	(274,271)	
Decrease in compensated absences	31,343	
Increase in accrued interest	<u>(37,103)</u>	(280,031)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued. These amounts are amortized in the Statement of Activities.		
COP Proceeds	(15,997,019)	
COP principal repaid	965,000	
Bond principal repaid	9,525,000	
Bond refunding loss amortization	(970,958)	
Bond premium amortization	2,704,320	
Capital lease principal repaid	<u>203,212</u>	(3,570,445)
District pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured before the District's report date. Pension and OPEB expense, which is a change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.		87,747,234
The issuance of notes receivable are reported as expenditures in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing notes receivable increases assets and does not affect the statement of activities. Similarly, repayment of principal is program income in the governmental funds, but reduces the assets in the statement of net position.		
Decrease in Notes Receivable		<u>(2,500,000)</u>
Change in net position of governmental activities	\$	<u>64,157,525</u>



**Thompson School District R2-J**  
**Statement of Fiduciary Net Position**  
**Education Memorial Fund - 72**  
**For the Year Ended June 30, 2022**

<b>Assets</b>	
Cash and Investments	\$ <u>66,691</u>
Total Assets	\$ <u>66,691</u>
<b>Liabilities</b>	
Total Liabilities	\$ <u>-</u>
Net Position	
Held in Trust for Scholarships	\$ <u>66,691</u>
Total Net Position	\$ <u><u>66,691</u></u>

**Thompson School District R2-J**  
**Statement of Changes in Fiduciary Net Position**  
**Education Memorial Fund - 72**  
**For the Year Ended June 30, 2022**

<b>Additions</b>	
Private Donations	\$ <u>40,000</u>
Total Additions	<u>40,000</u>
<b>Deductions</b>	
Scholarships distributed	<u>26,625</u>
Total Deductions	<u>26,625</u>
Net Increase (Decrease) in Fiduciary Net Position	13,375
Net Position at beginning of year	<u>53,316</u>
Net Position at end of year	<u><u>\$ 66,691</u></u>

# **Thompson School District R2-J**

## **Notes to Financial Statements**

### **June 30, 2022**

#### **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, 2022**

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

**(B) Fund Accounting**

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

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

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

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

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

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

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

In addition, the District reports the following fund type:

Fiduciary Funds – Fiduciary funds are custodial in nature (assets equal liabilities) and use the economic resources measurement focus. The District has one custodial fund, The Education Memorial Fund.

# Thompson School District R2-J

## Notes to Financial Statements

### June 30, 2022

#### **(C) Basis of Presentation**

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements, therefore, include 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

## **Thompson School District R2-J**

### **Notes to Financial Statements**

### **June 30, 2022**

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 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/Inflows of Resources** The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will be recognized as revenue in future periods.

**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, 2022**

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	4 - 20 Years

**(H) Accrued Salaries and Benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, at June 30, 2022, are reflected as a liability in the accompanying financial statements.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

**(I) Compensated Absences and Severance Incentive Benefit Amounts**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and the District will compensate the employees for the benefits through paid time off or payment at separation of employment. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. District policy allows employees to accumulate only unused vacation earned since the beginning of the current school year. For employees classified as administrators, twenty days of vacation may be carried over from year to year with the approval of the Superintendent of Schools.

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

During fiscal year 1993, the District initiated a severance bonus plan. Certified, classified and administrative personnel could choose from a number of options and payment plans when terminating from the District. Currently, payments under the severance plan are scheduled through fiscal year 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.



**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

**(K) Defined Benefit Plans**

*Pensions* - The District participates in the School Division Trust Fund (SCHDTF), 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 (FNP), and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*OPEB* - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund 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 (FNP), and additions to/deductions from the FNP of the HCTF's have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.F

**(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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

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

**(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.

**(P) Subsequent Events**

The District has evaluated subsequent events through February 1, 2023, the date the financial statements were available to be issued.

**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, 2022, the District had deposits of \$5,566,080 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

## **Thompson School District R2-J**

### **Notes to Financial Statements**

#### **June 30, 2022**

- Bankers' acceptances of certain banks.
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

*Fair Value Measurement* – The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2022, 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, 2022, the District had \$109,170,923 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, 2022 were as follows:

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

Investment Type	S&P / Morningstar Rating	Investment Maturities (In Years)			Fair Value
		Less than 1	Thompson Education Foundation	All Other Funds	
Money Market Funds	AAAm	\$ 19,999	\$ 19,981	\$ 18	\$ 19,999
Mutual Funds	5	232,668	232,668	-	232,668
Mutual Funds	4	536,433	536,433	-	536,433
Mutual Funds	3	23,756	23,756	-	23,756
Mutual Funds	2	78,474	78,474	-	78,474
Local Government Investment Pool	AAAm	109,170,923	-	109,170,923	109,170,923
		\$ <u>110,062,253</u>	\$ <u>891,312</u>	\$ <u>109,170,941</u>	\$ <u>110,062,253</u>

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

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

Cash and Deposits	\$ 5,916,722
Investments	110,062,253
Cash with Fiscal Agent	<u>11,626,910</u>
Total	<u>\$ 127,605,885</u>
<u>Financial Statements:</u>	
Primary Government Cash and Investments	\$ 126,007,592
Thompson Education Foundation Cash and Investments	1,531,602
Fiduciary Funds Cash and Investments	<u>66,691</u>
Total	<u>\$ 127,605,885</u>

**NOTE (3) Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

	Capital Assets June 30, 2021	Additions	Deletions / Transfers	Capital Assets June 30, 2022
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 17,074,783	\$ -	\$ -	\$ 17,074,783
Water Rights	5,698,384	-	(1,200,050)	4,498,334
Construction in Progress	<u>70,417,342</u>	<u>7,644,539</u>	<u>(74,676,673)</u>	<u>3,385,208</u>
Total capital assets, not being depreciated	<u>93,190,509</u>	<u>7,644,539</u>	<u>(75,876,723)</u>	<u>24,958,325</u>
Capital assets, being depreciated:				
Land Improvements	4,135,210	790,001	-	4,925,211
Buildings	237,832,471	74,587,314	-	312,419,785
Equipment	14,894,730	659,385	(18,581)	15,535,534
Transportation	14,241,749	145,028	(262,578)	14,124,199
Total capital assets, being depreciated	<u>271,104,160</u>	<u>76,181,728</u>	<u>(281,159)</u>	<u>347,004,729</u>
Less accumulated depreciation for:				
Land Improvements	(1,354,851)	(485,993)	-	(1,840,844)
Buildings	(136,467,926)	(9,473,817)	-	(145,941,743)
Equipment	(13,002,238)	(621,579)	18,581	(13,605,236)
Transportation	(11,435,024)	(567,251)	262,578	(11,739,697)
Total accumulated depreciation	<u>(162,260,039)</u>	<u>(11,148,640)</u>	<u>281,159</u>	<u>(173,127,520)</u>
Total capital assets, being depreciated, net	<u>108,844,121</u>	<u>65,033,088</u>	<u>-</u>	<u>173,877,209</u>
Governmental Activities Capital Assets, Net	<u>\$ 202,034,630</u>	<u>\$ 72,677,627</u>	<u>\$ (75,876,723)</u>	<u>\$ 198,835,534</u>

Depreciation expense for the year ended June 30, 2022 was charged to the following governmental functions:

Instruction	\$ 9,289,976
Supporting Services	
Maintenance / Operations	413,799
Pupil Transportation	695,399
Central Supporting Services	642,065
Nutrition Services	30,272
Community Services	77,129
Total	<u>\$ 11,148,640</u>

**NOTE (4) Short-term Debt**

During the year ended June 30, 2022, the District borrowed \$7,084,576 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, 2022, from property taxes received primarily from February through March. The schedule of changes is summarized below.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

	Balance July 1 2021	Additions	Payments	Balance June 30 2022
State-sponsored Interest-free Loan	\$ -	\$ 7,084,576	\$ 7,084,576	\$ -

**NOTE (5) General Obligation Bonds Payable**

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

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

The table below identifies the remaining principal and interest due on all outstanding General Obligation Bonds as of June 30, 2022.

**Series 2012 and 2019 Bonds**

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2022</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	9,955,000	8,923,019	18,878,019
2024	10,280,000	8,554,338	18,834,338
2025	10,700,000	8,122,218	18,822,218
2026	11,175,000	7,615,875	18,790,875
2027	8,285,000	7,129,625	15,414,625
2028-2032	48,065,000	28,838,125	76,903,125
2033-2037	61,340,000	15,228,000	76,568,000
2038-2039	29,045,000	1,469,875	30,514,875
Total	\$ 188,845,000	\$ 85,881,075	\$ 274,726,075

**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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

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.

On May 5, 2022, the Thompson School Facilities Corporation issued \$14,870,000 Certificates of Participation. The proceeds from the sale of the Certificates will provide funds to construct and equip an addition to the High Plains School. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at the rates ranging from 4% 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, 2022.

**Certificates of Participation**

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2022</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	2,620,000	921,564	3,541,564
2024	2,385,000	792,288	3,177,288
2025	2,215,000	677,288	2,892,288
2026	2,325,000	565,963	2,890,963
2027	2,490,000	448,725	2,938,725
2028-2030	8,265,000	595,519	8,860,519
Total	<u>\$ 20,300,000</u>	<u>\$ 4,001,347</u>	<u>\$ 24,301,347</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, 2022, capital assets of \$2,002,809 less accumulated amortization of \$1,001,405 are reported under this lease agreement.

The table below identifies the remaining principal and interest due on the outstanding capital leases as of June 30, 2022.

<u>Year Ended June 30, 2022</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	207,632	23,584	231,216
2024	212,148	19,068	231,216
2025	216,762	14,454	231,216
2026	221,477	9,739	231,216
2027	226,295	4,922	231,217
Total	<u>\$ 1,084,314</u>	<u>\$ 71,767</u>	<u>\$ 1,156,081</u>

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

**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, 2022.

	June 30, 2021	Additions	Deletions	June 30, 2022	Amount Due in One Year
<b>Governmental activities:</b>					
Bonds Payable (principal)	\$ 198,370,000	\$ -	\$ 9,525,000	\$ 188,845,000	\$ 9,955,000
Premium Bond Refinancing '12	4,258,045	-	1,135,478	3,122,567	-
Certificates of Participation '14	6,395,000	14,870,000	965,000	20,300,000	2,620,000
Premium Certificate of Participation '14	787,418	1,127,019	137,309	1,777,128	-
Premium Bond Issuance '19	25,171,121	-	1,431,533	23,739,588	-
Bus Lease '18	1,287,526	-	203,212	1,084,314	207,632
Compensated Absences*	719,479	1,099,450	1,130,793	688,136	280,000
Severance-Incentive Payable*	2,356,127	1,052,461	778,190	2,630,398	829,882
Total	<u>\$ 239,344,716</u>	<u>\$ 18,148,930</u>	<u>\$ 15,306,515</u>	<u>\$ 242,187,131</u>	<u>\$ 13,892,514</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, 2022:

Year Ended June 30, 2022	Severance Incentive Stipends
2023	\$ 844,282
2024	632,222
2025	469,839
2026	381,923
2027	265,460
2028	36,672
Total	<u>\$ 2,630,398</u>

**NOTE (9) Interfund Balances and Transfers**

Interfund balances of \$5.8 million due to the General Fund were the result of (1) indirect and overhead costs due to the General Fund from the Government Designated-Purpose Fund and (2) advances from the General Fund to the Government Designated-Purpose Grants Fund to fund grants operating on a reimbursement basis.

Interfund transfers at June 30, 2022, were composed of the following:



**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

Transfer In	Transfer Out	Amount
Government Designated-Purpose Grants	General	\$ 805,073
Fee Supported Programs	General	350,883
Capital Projects	General	2,480,966
Total		\$ <u>3,636,922</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* - Eligible employees of the District are provided with pensions through the SCHDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of June 30, 2022* - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the DPS benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum of 20 years of service credit, if deemed disabled.

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

*Contributions provisions as of June 30, 2022:* Eligible employees, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. The District's contribution rate was 20.90% of covered salaries for July 1, 2021 through June 30, 2022. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$22,051,000 for the year ended June 30, 2022.

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For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred**

**Inflows of Resources Related to Pensions**

The net pension liability for the SCHDTF was measured at December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The District proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of \$189,467,584 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

School's proportionate share of net pension liability	211,187,882
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	<u>(21,720,298)</u>
Proportionate share of the net pension liability	<u>189,467,584</u>

At December 31, 2021, the District's proportion was 1.6280968071%, which was a decrease of 2.225561889% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$70,537,313 and revenue of \$5,192,224 for support from the State as a nonemployer contributing entity. At June 30, 2022, 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	7,253,613	-
Changes of assumptions and other inputs	14,464,444	-
Net difference between projected and actual earnings on plan investments	-	71,234,126
Changes in proportion	55,361,898	39,098,555
Contributions subsequent to the measurement date	11,715,508	-
Total	\$ 88,795,463	\$ 110,332,681

\$11,715,508 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2023	(23,423,024)
2024	19,848,568
2025	(21,031,968)
2026	(8,646,301)
2027	(1)
Total	\$ (33,252,726)

*Actuarial assumptions* - The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	1.00%
Hired after 12/31/06	Financed by AIR

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

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Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- *Males*: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- *Females*: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubT-2010 Contingent Survivor Table, adjusted as follows:

- *Males*: 97% of the rates for all ages, with generational projection using scale MP-2019.
- *Females*: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
 Total	 100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 278,880,789	\$ 189,467,584	\$ 114,855,603

*Pension plan fiduciary net position* - Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE (11) Postemployment Healthcare Benefits**

**General Information**

*Plan description* - Eligible employees of the District are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided* - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans,

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however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

#### *PERA Benefit Structure -*

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; the maximum service-based subsidy is \$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. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

#### *DPS Benefit Structure -*

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than



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20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

*Contributions* - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District was \$1,131,074 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$9,166,507 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. 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, 2021, relative to the contributions of all participating employers to the HCTF.

At December 31, 2021, the District's proportion was 1.0630238096% which was a decrease of 0.0072780021% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$75,788. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,990	\$ 2,173,510
Changes of assumptions and other inputs	189,788	497,221
Net difference between projected and actual earnings on plan investments	-	567,386
Changes in proportion	413,771	101,316
Contributions subsequent to the measurement date	601,097	-
 Total	 \$ 1,218,646	 \$ 3,339,433

\$601,097 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, 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:

<u>Year Ended June 30,</u>	
2023	(728,513)
2024	(811,921)
2025	(739,502)
2026	(340,805)
2027	(87,556)
Thereafter	(13,587)
 Total	 \$ (2,721,884)

*Actuarial Assumptions* - The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.40% - 11.00%
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:	
PERA Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
4.5% in 2021, 6.0% in 2022, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.75% in 2021, gradually increasing to 4.5% in 2029	
DPS Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

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Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$633, Monthly Premium of \$230, Monthly Costs Adjusted to Age 65 of \$591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$596, Monthly Premium of \$199, Monthly Costs Adjusted to Age 65 of \$562.

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	0.045	0.0375
2022	0.06	0.0375
2023	0.058	0.04
2024	0.056	0.04
2025	0.054	0.04
2026	0.051	0.0425
2027	0.049	0.0425
2028	0.047	0.0425
2029+	0.045	0.045

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Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based on the upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions for the School Division were based on the upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were adopted by the PERA's Board during the November 20, 2020, Board meeting.

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The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 10).

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 10,645,939	\$ 9,166,507	\$ 7,902,817

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 2.75% to 5.50%, as well as 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	\$ 8,903,271	\$ 9,166,507	\$ 9,471,446

*OPEB plan fiduciary net position* - Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE (12) Risk Management**

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

**Colorado School District Self Insurance Pool**

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

The Colorado Governmental Immunity Act limits the types of liability claims that can be brought against a school district and the amount of monetary damages that a school district might be ordered

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2022**

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

**Other Risks**

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

**NOTE (13) Commitments and Contingencies**

**(A) Litigation**

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

**(B) Construction**

At year end, the District had construction commitments related to various capital projects for site renovations and repairs. These projects are primarily being funded with bond proceeds.

**(C) Grants and State Funding**

The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2022.

**(D) TABOR Amendment**

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

In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 2000. At June 30, 2021, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.





## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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



**Thompson School District R2-J**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability and Contributions**  
**Public Employees' Retirement Association of Colorado School Division Trust Fund**  
**June 30, 2022**

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
<b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>									
District's Proportion of the Net Pension Liability	1.6280968071%	1.8506529960%	1.5800760132%	1.5616537230%	1.8038286302%	1.7975140477%	1.8247272213%	1.8673090248%	1.8379409554%
District's Proportionate Share of the Net Pension Liability	\$ 189,467,584	\$ 279,781,405	\$ 236,059,928	\$ 276,522,868	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146	\$ 253,083,096	\$ 234,428,873
State's Proportionate Share of the Net Pension Liability	\$ 21,720,298	\$ -	\$ 29,941,199	\$ 37,810,662	\$ -	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 211,187,882	\$ 279,781,405	\$ 266,001,127	\$ 314,333,530	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146	\$ 253,083,096	\$ 234,428,873
District's Covered Payroll	\$ 101,750,907	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 83,209,077	\$ 80,682,995	\$ 79,521,895	\$ 78,227,377	\$ 74,093,252
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	186%	283%	254%	322%	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75%	67%	65%	57%	44%	43%	59%	63%	64%
<b>DISTRICT CONTRIBUTIONS</b>									
Statutorily Required Contribution	\$ 22,051,000	\$ 19,734,869	\$ 18,802,332	\$ 16,898,698	\$ 15,882,065	\$ 15,078,469	\$ 14,135,265	\$ 13,371,671	\$ 12,266,682
Contributions in Relation to the Statutorily Required Contribution	(22,051,000)	(19,734,869)	(18,802,332)	(16,898,698)	(15,882,065)	(15,078,469)	(14,135,265)	(13,371,671)	(12,266,682)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 110,889,653	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703	\$ 82,018,638	\$ 79,689,504	\$ 79,169,029	\$ 76,712,390
Contributions as a Percentage of Covered Employee Payroll	19.89%	19.88%	19.38%	19.13%	18.88%	18.38%	17.74%	16.89%	15.99%

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

See independent auditors' report

**Thompson School District R2-J**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net OPEB Liability and Contributions**  
**Public Employees' Retirement Association of Colorado Health Care Trust Fund**  
**June 30, 2022**

	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
<b>Proportionate Share of the Net OPEB Liability</b>					
District's Proportion of the Net OPEB Liability	1.0630238096%	1.0703018117%	1.0325604143%	1.0150601687%	1.0249358755%
District's Proportionate Share of the Net OPEB Liability	\$ 9,166,507	\$ 10,170,275	\$ 11,605,958	\$ 13,810,320	\$ 13,320,067
District's Covered Payroll	\$ 101,750,907	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 88,242,833
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	10%	13%	16%	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	33%	24%	17%	18%
	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
<b>District Contributions</b>					
Statutorily Required Contribution	\$ 1,131,074	\$ 1,012,553	\$ 989,622	\$ 900,809	\$ 857,817
Contributions in Relation to the Statutorily Required Contribution	(1,131,074)	(1,012,553)	(989,622)	(900,809)	(857,817)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 110,889,653	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

See independent auditors' report

## **GENERAL FUND**

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

**Thompson School District R2-J  
General Fund - 10  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Local Property- School Finance Act	\$ 52,368,678	\$ 52,368,678	\$ 57,362,529	\$ 4,993,851
Local Property- Mill Levy Override	32,527,493	32,527,493	32,729,631	202,138
Specific Ownership	6,512,579	6,512,579	8,296,788	1,784,209
Intergovernmental				
Equalization Entitlements	73,818,605	73,818,605	69,127,089	(4,691,516)
Special Education	4,467,577	4,467,577	3,913,253	(554,324)
Vocational Education	350,000	350,000	731,807	381,807
Transportation	1,000,000	1,000,000	1,186,087	186,087
Other Federal Grants	-	-	51,159	51,159
Charter School Chargebacks	2,063,385	2,063,385	2,332,919	269,534
Other	812,315	812,315	4,526,296	3,713,981
Investment Earnings	374,300	374,300	180,329	(193,971)
<b>TOTAL REVENUE</b>	<u>174,294,932</u>	<u>174,294,932</u>	<u>180,437,887</u>	<u>6,142,955</u>
<b>TOTAL EXPENDITURES</b>	<u>170,565,862</u>	<u>178,696,469</u>	<u>178,103,665</u>	<u>592,804</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>3,729,070</u>	<u>(4,401,537)</u>	<u>2,334,222</u>	<u>6,735,759</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out:				
Governmental Designated-Purpose Grants Fund	(1,004,401)	(1,004,401)	(805,073)	199,328
Fee Supported Programs Fund	(350,883)	(350,883)	(350,883)	-
Capital Projects Fund	(1,820,966)	(1,820,966)	(2,480,966)	(660,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,176,250)</u>	<u>(3,176,250)</u>	<u>(3,636,922)</u>	<u>(460,672)</u>
<b>Net Change in Fund Balance</b>	552,820	(7,577,787)	(1,302,700)	6,275,087
<b>Fund Balance - Beginning of Year</b>	<u>22,761,508</u>	<u>34,738,540</u>	<u>34,738,540</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 23,314,328</u>	<u>\$ 27,160,753</u>	<u>\$ 33,435,840</u>	<u>\$ 6,275,087</u>

See independent auditors' report

**Thompson School District R2-J  
General Fund - 10  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Current-				
Instruction:				
Salaries and Benefits	\$ 80,691,845	\$ 88,162,452	\$ 85,211,086	\$ 2,951,366
Purchased Services	3,534,813	3,534,813	3,197,883	336,930
Supplies and Materials	2,013,117	2,013,117	1,987,097	26,020
Equipment	555,610	1,215,610	331,121	884,489
Other	77,528	77,528	612,959	(535,431)
<b>Total Instruction</b>	<u>86,872,913</u>	<u>95,003,520</u>	<u>91,340,146</u>	<u>3,663,374</u>
Supporting Services				
Pupil Services	9,516,420	9,516,420	9,781,598	(265,178)
Instructional Staff	14,582,659	14,582,659	14,030,500	552,159
General Administration	1,111,625	1,111,625	974,984	136,641
School Administration	10,476,865	10,476,865	12,382,662	(1,905,797)
Business Services	2,560,702	2,560,702	2,709,403	(148,701)
Maintenance/Operations	15,612,672	15,612,672	16,314,227	(701,555)
Pupil Transportation	5,632,403	5,632,403	6,037,846	(405,443)
Central Supporting Services	4,976,744	4,976,744	5,565,850	(589,106)
<b>Total Supporting Services</b>	<u>64,470,090</u>	<u>64,470,090</u>	<u>67,797,070</u>	<u>(3,326,980)</u>
Capital Outlay	592,509	592,509	40,726	551,783
Charter School Allocation	18,630,350	18,630,350	18,925,723	(295,373)
<b>TOTAL EXPENDITURES</b>	<u>\$ 170,565,862</u>	<u>\$ 178,696,469</u>	<u>\$ 178,103,665</u>	<u>\$ 592,804</u>

See independent auditors' report

## **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.



**Thompson School District**  
**Government Designated-Purpose Grants Fund - 22 & 28**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental				
Federal Sources	\$ 23,903,547	\$ 23,903,547	\$ 15,568,560	\$ (8,334,987)
State/Local Sources	14,520,739	14,520,739	8,000,616	(6,520,123)
Investment Earnings	-	-	2,253	2,253
<b>TOTAL REVENUE</b>	<b>38,424,286</b>	<b>38,424,286</b>	<b>23,571,429</b>	<b>(14,852,857)</b>
<b>Expenditures</b>				
Current-				
Instruction				
Salaries and Benefits	13,316,695	13,316,695	8,578,785	4,737,910
Purchased Services	881,150	881,150	173,377	707,773
Supplies and Materials	1,082,769	1,082,769	769,787	312,982
Equipment	-	-	20,351	(20,351)
Other	129,036	129,036	140	128,896
Total Instruction	<u>15,409,650</u>	<u>15,409,650</u>	<u>9,542,440</u>	<u>5,867,211</u>
Supporting Services				
Pupil Services	8,498,345	8,498,345	6,215,160	2,283,185
Instructional Staff	2,436,641	2,436,641	3,651,594	(1,214,953)
School Administration	1,731,848	1,731,848	1,220,210	511,638
Maintenance/Operations	38,180	38,180	2,108,258	(2,070,078)
Community Services	111,375	111,375	111,928	(553)
Facilities Acquisition & Construction Svcs	-	-	562	(562)
Total Support Services	<u>12,816,389</u>	<u>12,816,389</u>	<u>13,307,712</u>	<u>(491,324)</u>
Capital Outlay	11,003,322	11,003,322	2,344,080	8,659,242
<b>TOTAL EXPENDITURES</b>	<b>39,229,361</b>	<b>39,229,361</b>	<b>25,194,232</b>	<b>14,035,129</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(805,075)</u>	<u>(805,075)</u>	<u>(1,622,803)</u>	<u>(817,728)</u>
<b>Other Financing Sources</b>				
Transfers In	<u>1,004,401</u>	<u>1,004,401</u>	<u>805,073</u>	<u>(199,328)</u>
<b>Net Change in Fund Balance</b>	199,326	199,326	(817,730)	(1,017,056)
<b>Fund Balances - Beginning of Year</b>	<u>4,435,410</u>	<u>(1,151,045)</u>	<u>(1,151,045)</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ 4,634,736</u>	<u>\$ (951,719)</u>	<u>\$ (1,968,775)</u>	<u>\$ (1,017,056)</u>

See independent auditors' report

**Thompson School District R2-J**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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

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

**Changes in Assumptions and Other Inputs**

For the year ended 2022, the total pension liability was determined by an actuarial valuation as of December 31, 2020. The following revised economic and demographic assumptions were effective as of December 31, 2020.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption decreased from 2.4% the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption decreased from 3.5% the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee 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.

## **OTHER SUPPLEMENTARY INFORMATION**

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.

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

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

## NONMAJOR GOVERNMENTAL FUNDS

The District has the following Nonmajor Funds:

### **Nutrition Services Fund**

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

### **Interscholastic Athletic and Activity Fund**

This fund is used to record financial transactions related to school-sponsored pupil organizations and activities. These activities are supported in whole or part by revenue from pupils, gate receipts, and other fund-raising activities.

### **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, 2022**

	<u>Nutrition Services</u>	<u>Athletics / Activities</u>	<u>Land Reserve</u>	<u>Fee Supported Programs</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>						
Cash and Investments	\$ 2,436,742	\$ 2,018,849	\$ 6,193,980	\$ 1,488,805	\$ 2,095,114	\$ 14,233,490
Accounts Receivable	-	3,510	117,042	7,755	21,680	149,987
Grants Receivable	792,629	-	-	-	-	792,629
Inventory	478,121	-	-	-	-	478,121
<b>Total Assets</b>	<u>\$ 3,707,492</u>	<u>\$ 2,022,359</u>	<u>\$ 6,311,022</u>	<u>\$ 1,496,560</u>	<u>\$ 2,116,794</u>	<u>\$ 15,654,227</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 6,804	\$ 76,643	\$ 198,887	\$ 28,561	\$ 77,832	\$ 388,727
Accrued Salaries and Benefits	237,122	548	-	80,043	-	317,713
Unearned Revenue	379,699	134	-	-	-	379,833
<b>Total Liabilities</b>	<u>623,625</u>	<u>77,325</u>	<u>198,887</u>	<u>108,604</u>	<u>77,832</u>	<u>1,086,273</u>
<b>FUND BALANCE</b>						
Nonspendable Inventory	478,121	-	-	-	-	478,121
Restricted for:						
TABOR	-	-	52,009	-	-	52,009
Land & Land Improvements	-	-	6,060,126	-	-	6,060,126
Committed to Student Specific Programs	-	1,945,034	-	1,387,956	-	3,332,990
Assigned to Capital Projects	-	-	-	-	2,038,962	2,038,962
Assigned to Nutrition Services	2,605,746	-	-	-	-	2,605,746
<b>Total Fund Balances</b>	<u>3,083,867</u>	<u>1,945,034</u>	<u>6,112,135</u>	<u>1,387,956</u>	<u>2,038,962</u>	<u>14,567,954</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,707,492</u>	<u>\$ 2,022,359</u>	<u>\$ 6,311,022</u>	<u>\$ 1,496,560</u>	<u>\$ 2,116,794</u>	<u>\$ 15,654,227</u>

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**Thompson School District R2-J**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Nutrition Services	Athletics / Activities	Land Reserve	Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>						
Intergovernmental	\$ 7,846,461	\$ -	-	\$ -	\$ -	\$ 7,846,461
Loveland URA Distribution	-	-	-	-	933,786	933,786
Charges for Services	32,778	-	-	768,520	-	801,298
Payments In Lieu of Land Dedication	-	-	1,301,976	-	-	1,301,976
Fund Raising and Events	-	2,171,778	-	-	-	2,171,778
Investment Earnings	794	3,184	6,648	-	60,511	71,137
Other	-	-	425,000	-	101,069	526,069
<b>TOTAL REVENUES</b>	<b>7,880,033</b>	<b>2,174,962</b>	<b>1,733,624</b>	<b>768,520</b>	<b>1,095,366</b>	<b>13,652,505</b>
<b>Expenditures</b>						
Current-						
Instruction						
Salaries and Benefits	-	63,819	-	158,451	-	222,270
Purchased Services	-	498,400	-	12,162	30,261	540,823
Supplies and Materials	-	1,126,059	-	152,759	276,944	1,555,762
Equipment	-	59,898	-	9,208	195,929	265,035
Other	-	274,055	-	24,068	-	298,123
Total Instruction	-	2,022,231	-	356,648	503,134	2,882,013
Supporting Services						
Pupil Services	-	-	-	4,943	-	4,943
Instructional Staff	-	-	-	29,899	377,276	407,175
School Administration	-	-	-	80,315	-	80,315
Maintenance/Operations	-	-	-	-	451,838	451,838
Central Supporting Services	-	-	771,506	-	66,084	837,590
Nutrition Services	5,921,412	-	-	-	-	5,921,412
Community Services	-	-	-	685,072	-	685,072
Total Support Services	5,921,412	-	771,506	800,229	895,198	8,388,345
Capital Outlay	-	31,879	191,375	-	274,314	497,568
Debt Service - Principal	-	-	-	-	1,168,212	1,168,212
Debt Service - Interest	-	-	-	-	291,541	291,541
<b>TOTAL EXPENDITURES</b>	<b>5,921,412</b>	<b>2,054,110</b>	<b>962,881</b>	<b>1,156,877</b>	<b>3,132,399</b>	<b>13,227,679</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,958,621</b>	<b>120,852</b>	<b>770,743</b>	<b>(388,357)</b>	<b>(2,037,033)</b>	<b>424,826</b>
<b>Other Financing Sources</b>						
Debt Issued	-	-	-	-	14,870,000	14,870,000
Debt Premiums	-	-	-	-	1,127,019	1,127,019
Debt Issuance Costs	-	-	-	-	(121,576)	(121,576)
Transfers in	-	-	-	350,883	(18,369,341)	(18,018,458)
Proceeds from Sale of Assets	-	-	-	-	2,500,000	2,500,000
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350,883</b>	<b>6,102</b>	<b>356,985</b>
<b>Net Change in Fund Balances</b>	<b>1,958,621</b>	<b>120,852</b>	<b>770,743</b>	<b>(37,474)</b>	<b>(2,030,931)</b>	<b>781,811</b>
<b>Fund Balances - Beginning of the Year</b>	<b>1,125,246</b>	<b>1,824,182</b>	<b>5,341,392</b>	<b>1,425,430</b>	<b>4,069,893</b>	<b>13,786,143</b>
<b>Fund Balances - End of the Year</b>	<b>\$ 3,083,867</b>	<b>\$ 1,945,034</b>	<b>\$ 6,112,135</b>	<b>\$ 1,387,956</b>	<b>\$ 2,038,962</b>	<b>\$ 14,567,954</b>

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## **BUDGETARY COMPARISON SCHEDULES**

These statements and schedules are used to present certain budgetary data for the Bond Redemption Fund, the Building Fund, the Nutrition Services Fund, the Interscholastic Athletic and Activity Fund, the Land Reserve Fund, the Fee Supported Programs Fund, and the Capital Projects Fund.



**Thompson School District R2-J  
Bond Redemption Fund - 31  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local Property Taxes	\$ 19,041,800	\$ 19,041,800	\$ 19,201,622	\$ 159,822
Investment Earnings	4,600	4,600	56,019	51,419
<b>TOTAL REVENUE</b>	<u>19,046,400</u>	<u>19,046,400</u>	<u>19,257,641</u>	<u>211,241</u>
<b>Expenditures</b>				
Current-				
Debt Service:				
Principal	9,525,000	9,525,000	9,525,000	-
Interest and Fiscal Charges	9,301,345	9,301,345	9,300,925	420
<b>TOTAL EXPENDITURES</b>	<u>18,826,345</u>	<u>18,826,345</u>	<u>18,825,925</u>	<u>420</u>
<b>Net Change in Fund Balance</b>	220,055	220,055	431,716	211,661
<b>Fund Balance - Beginning of Year</b>	<u>18,081,537</u>	<u>19,772,144</u>	<u>19,772,144</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 18,301,592</u>	<u>\$ 19,992,199</u>	<u>\$ 20,203,860</u>	<u>\$ 211,661</u>

See independent auditors' report

**Thompson School District R2-J  
Building Fund - 41  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Earnings	36,000	36,000	62,256	26,256
<b>TOTAL REVENUES</b>	<u>36,000</u>	<u>36,000</u>	<u>62,256</u>	<u>26,256</u>
<b>Expenditures</b>				
Current-				
Supporting Services- Instructional Staff	-	-	83,403	(83,403)
Business Services	-	-	161,126	(161,126)
Maintenance / Operations	-	-	25,833,099	(25,833,099)
Facilities Acquisition & Construction Svcs	-	-	737,986	(737,986)
Capital Projects	26,955,000	34,000,000	7,612,606	26,387,394
<b>TOTAL EXPENDITURES</b>	<u>26,955,000</u>	<u>34,000,000</u>	<u>34,428,220</u>	<u>(428,219)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(26,919,000)	(33,964,000)	(34,365,964)	(401,963)
<b>Other Financing Sources</b>				
Transfers In	-	-	20,850,307	20,850,307
Total Other Financing Sources	-	-	20,850,307	20,850,307
<b>Net Change in Fund Balance</b>	(26,919,000)	(33,964,000)	(13,515,657)	20,448,343
<b>Fund Balance - Beginning of the Year</b>	<u>91,109,706</u>	<u>57,437,721</u>	<u>57,437,721</u>	<u>-</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 64,190,706</u>	<u>\$ 23,473,721</u>	<u>\$ 43,922,064</u>	<u>\$ 20,448,343</u>

See independent auditors' report

**Thompson School District R2-J  
Nutrition Services Fund - 21  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Federal Source, USDA Reimbursements	\$ 5,576,892	\$ 5,576,892	\$ 7,468,652	\$ 1,891,760
Federal Source, Commodities	346,062	346,062	284,974	(61,088)
State Categorical Reimbursement	-	-	92,836	92,836
Charges for Services	11,912	11,912	32,778	20,866
Investment Earnings	-	-	794	794
<b>TOTAL REVENUE</b>	<u>5,934,866</u>	<u>5,934,866</u>	<u>7,880,033</u>	<u>1,945,168</u>
<b>Expenditures</b>				
Current-				
Supporting Services				
Nutrition Services	<u>5,533,555</u>	<u>5,533,555</u>	<u>5,921,412</u>	<u>(387,857)</u>
<b>TOTAL EXPENDITURES</b>	<u>5,533,555</u>	<u>5,533,555</u>	<u>5,921,412</u>	<u>(387,857)</u>
<b>Net Change in Fund Balance</b>	401,311	401,311	1,958,621	1,557,311
<b>Fund Balances - Beginning of Year</b>	<u>72,242</u>	<u>1,125,246</u>	<u>1,125,246</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ 473,553</u>	<u>\$ 1,526,557</u>	<u>\$ 3,083,867</u>	<u>\$ 1,557,311</u>

See independent auditors' report

**Thompson School District R2-J  
Interscholastic Athletic and Activity Fund - 23  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fund Raising and Events	\$ 2,613,600	\$ 2,613,600	\$ 2,171,778	\$ (441,822)
Investment Earnings	1,500	1,500	3,184	1,684
<b>TOTAL REVENUE</b>	<u>2,615,100</u>	<u>2,615,100</u>	<u>2,174,962</u>	<u>(440,138)</u>
<b>Expenditures</b>				
Current-				
Instruction				
Salaries and Benefits	72,624	72,624	63,819	8,805
Purchased Services	554,931	554,931	498,400	56,531
Supplies and Materials	1,492,301	1,492,301	1,126,059	366,242
Equipment	92,672	92,672	59,898	32,774
Other	401,172	401,172	274,055	127,117
Total Instruction	<u>2,613,700</u>	<u>2,613,700</u>	<u>2,022,231</u>	<u>591,469</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>31,879</u>	<u>(31,879)</u>
<b>TOTAL EXPENDITURES</b>	<u>2,613,700</u>	<u>2,613,700</u>	<u>2,054,110</u>	<u>559,591</u>
<b>Net Change in Fund Balance</b>	1,400	1,400	120,852	119,453
<b>Fund Balance - Beginning of Year</b>	<u>1,828,954</u>	<u>1,824,182</u>	<u>1,824,182</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,830,354</u>	<u>\$ 1,825,582</u>	<u>\$ 1,945,034</u>	<u>\$ 119,453</u>

See independent auditors' report

**Thompson School District R2-J  
Land Reserve Fund - 27  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Payments in Lieu of Land Dedication	\$ 1,172,478	\$ 1,172,478	\$ 1,301,976	\$ 129,498
Proceeds from Sale of Assets			425,000	425,000
Investment Earnings	<u>2,522</u>	<u>2,522</u>	<u>6,648</u>	<u>4,126</u>
<b>TOTAL REVENUE</b>	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,733,624</u>	<u>558,624</u>
<b>Expenditures</b>				
Current-				
Supporting Services				
Central Supporting Services	<u>-</u>	<u>-</u>	<u>771,506</u>	<u>(771,506)</u>
Capital Outlay	<u>6,095,847</u>	<u>6,095,847</u>	<u>191,375</u>	<u>5,904,472</u>
<b>TOTAL EXPENDITURES</b>	<u>6,095,847</u>	<u>6,095,847</u>	<u>962,881</u>	<u>5,132,967</u>
<b>Net Change in Fund Balance</b>	(4,920,847)	(4,920,847)	770,743	5,691,590
<b>Fund Balance - Beginning of Year</b>	<u>5,170,847</u>	<u>5,341,392</u>	<u>5,341,392</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 250,000</u>	<u>\$ 420,545</u>	<u>\$ 6,112,135</u>	<u>\$ 5,691,590</u>

See independent auditors' report

**Thompson School District R2-J  
Fee Supported Programs Fund - 29  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for Services	\$ 1,287,700	\$ 1,287,700	\$ 768,520	\$ (519,180)
<b>TOTAL REVENUE</b>	<u>1,287,700</u>	<u>1,287,700</u>	<u>768,520</u>	<u>(519,180)</u>
<b>Expenditures</b>				
Current-				
Instruction				
Salaries and Benefits	501,148	501,148	158,451	342,697
Purchased Services	5,418	5,418	12,162	(6,744)
Supplies and Materials	9,233	9,233	152,759	(143,526)
Equipment	8,402	8,402	9,208	(806)
Other	-	-	24,068	(24,068)
Total Instruction	<u>524,201</u>	<u>524,201</u>	<u>356,648</u>	<u>167,552</u>
Supporting Services				
Pupil Services	-	-	4,943	(4,943)
Instructional Staff	86,700	86,700	29,899	56,801
School Administration	-	-	80,315	(80,315)
Community Services	1,067,600	1,067,600	685,072	382,528
Total Support Services	<u>1,154,300</u>	<u>1,154,300</u>	<u>800,229</u>	<u>354,070</u>
<b>TOTAL EXPENDITURES</b>	<u>1,678,501</u>	<u>1,678,501</u>	<u>1,156,877</u>	<u>521,622</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(390,801)</u>	<u>(390,801)</u>	<u>(388,357)</u>	<u>2,442</u>
<b>Other Financing Sources</b>				
Transfers In	<u>350,950</u>	<u>350,950</u>	<u>350,883</u>	<u>(67)</u>
<b>Net Change in Fund Balance</b>	(39,851)	(39,851)	(37,474)	2,375
<b>Fund Balance - Beginning of the Year</b>	<u>1,598,037</u>	<u>1,425,430</u>	<u>1,425,430</u>	<u>-</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 1,558,186</u>	<u>\$ 1,385,579</u>	<u>\$ 1,387,956</u>	<u>\$ 2,377</u>

See independent auditors' report

**Thompson School District R2-J  
Capital Projects Fund - 43  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Loveland URA Distribution	\$ 933,788	\$ 933,788	\$ 933,786	\$ (2)
Investment Earnings	-	-	60,511	60,511
Other	-	-	101,069	101,069
<b>TOTAL REVENUE</b>	<u>933,788</u>	<u>933,788</u>	<u>1,095,366</u>	<u>161,578</u>
<b>Expenditures</b>				
Current-				
Instruction				
Purchased Services	-	-	30,261	(30,261)
Supplies and Materials	-	-	276,944	(276,944)
Equipment	-	-	195,929	(195,929)
Total Instruction	<u>-</u>	<u>-</u>	<u>503,134</u>	<u>(503,134)</u>
Supporting Services				
Instructional Staff	-	-	377,276	(377,276)
Maintenance/Operations	-	-	451,838	(451,838)
Central Supporting Services	-	-	66,084	(66,084)
Total Support Services	<u>-</u>	<u>-</u>	<u>895,198</u>	<u>(895,197)</u>
Capital Outlay	2,105,917	2,105,917	274,314	1,831,603
Debt Service - Principal	1,168,212	1,168,212	1,168,212	-
Debt Service - Interest and Fiscal Charges	291,541	291,541	291,541	-
<b>TOTAL EXPENDITURES</b>	<u>3,565,671</u>	<u>3,565,671</u>	<u>3,132,399</u>	<u>433,272</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(2,631,883)</u>	<u>(2,631,883)</u>	<u>(2,037,033)</u>	<u>594,850</u>
<b>Other Financing Sources</b>				
Debt Issued	-	-	14,870,000	14,870,000
Debt Premiums	-	-	1,127,019	1,127,019
Debt Issuance Costs	-	-	(121,576)	(121,576)
Transfer In (Out)	1,820,966	2,480,966	(18,369,341)	(20,850,307)
Proceeds from Sale of Assets	-	-	2,500,000	2,500,000
Total Other Financing Sources	<u>1,820,966</u>	<u>2,480,966</u>	<u>6,102</u>	<u>(2,474,864)</u>
<b>Net Change in Fund Balance</b>	(810,917)	(150,917)	(2,030,931)	(1,880,014)
<b>Fund Balance - Beginning of Year</b>	810,917	4,069,893	4,069,893	-
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ 3,918,976</u>	<u>\$ 2,038,962</u>	<u>\$ (1,880,014)</u>

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## **FIDUCIARY FUND**

Fiduciary funds are custodial in nature (assets equal liabilities) and use the economic resources measurement focus. The District has one custodial fund, The Education Memorial Fund.



**Thompson School District R2-J  
Education Memorial Fund - 72  
Budgetary Comparison Schedule  
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Additions</b>				
Donations	\$ 30,000	\$ 30,000	\$ 40,000	\$ 10,000
<b>Total Additions</b>	<u>30,000</u>	<u>30,000</u>	<u>40,000</u>	<u>10,000</u>
<b>Deductions</b>				
Scholarships	57,090	57,090	26,625	30,465
<b>Total Deductions</b>	<u>57,090</u>	<u>57,090</u>	<u>26,625</u>	<u>30,465</u>
Change in Undistributed Monies	(27,090)	(27,090)	13,375	40,465
<b>Undistributed Monies - Beginning of Year</b>	<u>27,090</u>	<u>53,316</u>	<u>53,316</u>	<u>-</u>
<b>Undistributed Monies - End of Year</b>	<u>\$ -</u>	<u>\$ 26,226</u>	<u>\$ 66,691</u>	<u>\$ 40,465</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, 2022**

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
<b>ASSETS</b>				
Cash and Investments	\$ 5,261,611	\$ 5,420,932	\$ 1,531,602	\$ 12,214,145
Restricted Cash and Investments	10,449,410	2,565,153	-	13,014,563
Accounts Receivable	279,036	19,217	5,709	303,962
Grants Receivable	-	370,586	-	370,586
Prepaid Expense	390,000	38,091	-	428,091
Capital Assets, Not Being Depreciated: Land	4,339,513	1,349,835	-	5,689,348
Capital Assets, Net of Accumulated Depreciation	18,010,343	17,169,103	-	35,179,446
<b>Total Assets</b>	<u>38,729,913</u>	<u>26,932,917</u>	<u>1,537,311</u>	<u>67,200,141</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions, Net of Accumulated Amortization Related to OPEB	3,295,424	2,240,282	-	5,535,706
	157,093	72,173	-	229,266
<b>Total Deferred Outflows of Resources</b>	<u>3,452,517</u>	<u>2,312,455</u>	<u>-</u>	<u>5,764,972</u>
<b>LIABILITIES</b>				
Accounts Payable	122,373	271,159	90,801	484,333
Accrued Salaries and Benefits	253,397	293,169	-	546,566
Unearned Revenue	-	3,395	-	3,395
Accrued Interest Payable	108,358	482,750	-	591,108
Noncurrent Liabilities				
Due Within One Year	-	458,204	-	458,204
Due in More Than One Year	36,556,787	20,146,746	-	56,703,533
Pension Liability	6,584,526	6,838,034	-	13,422,560
OPEB Liability	318,561	330,563	-	649,124
<b>Total Liabilities</b>	<u>43,944,002</u>	<u>28,824,020</u>	<u>90,801</u>	<u>72,858,823</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions, Net of Accumulated Amortization Related to OPEB	2,475,585	3,625,465	-	6,101,050
	112,534	120,324	-	232,858
<b>Total Deferred Inflows of Resources</b>	<u>2,588,119</u>	<u>3,745,789</u>	<u>-</u>	<u>6,333,908</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	(14,206,931)	(1,957,411)	-	(16,164,342)
Restricted for TABOR	-	305,000	-	305,000
Restricted for Debt Service	10,449,410	1,931,722	-	12,381,132
Restricted for Repairs and Replacement	-	150,681	-	150,681
Restricted for Emergencies	296,000	-	-	296,000
Unrestricted	(888,170)	(3,754,429)	1,446,510	(3,196,089)
<b>Total Net Position</b>	<u>\$ (4,349,691)</u>	<u>\$ (3,324,437)</u>	<u>\$ 1,446,510</u>	<u>\$ (6,227,618)</u>

See independent auditors' report

**Thompson School District R2-J  
Combining Statement of Activities  
Component Units  
For the Year Ended June 30, 2022**

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
<b>Expenses</b>				
Current-				
Total Instruction	\$ 6,855,084	\$ 3,912,876	\$ -	\$ 10,767,960
Total Supporting Services	2,176,491	3,735,322	816,977	6,728,790
Interest & Fiscal Charges	1,448,652	945,180	-	2,393,832
<b>Total Expenses</b>	<u>10,480,227</u>	<u>8,593,378</u>	<u>816,977</u>	<u>19,890,582</u>
<b>Program Revenues</b>				
Charges for Services	99,726	1,507,119	11,473	1,618,318
Operating Grants and Contributions	936,202	776,347	830,354	2,542,903
Capital Grants and Contributions	259,620	271,513	-	531,133
<b>Total Program Revenues</b>	<u>1,295,548</u>	<u>2,554,979</u>	<u>841,827</u>	<u>4,692,354</u>
<b>General Revenues</b>				
Per Pupil Revenues	8,181,336	7,825,592	-	16,006,928
Mill Levy Override	1,443,118	1,475,676	-	2,918,794
Investment Income	113,506	16,223	(101,106)	28,623
Grants and Contributions not Restricted to Specific Programs	161,884	70,392	-	232,276
Miscellaneous	428,582	25,199	-	453,781
<b>Total General Revenues</b>	<u>10,328,426</u>	<u>9,413,082</u>	<u>(101,106)</u>	<u>19,640,402</u>
<b>Total Revenues</b>	<u>11,623,974</u>	<u>11,968,061</u>	<u>740,721</u>	<u>24,332,756</u>
<b>Changes in Net Position</b>	1,143,747	3,374,683	(76,257)	4,442,173
Net Position - Beginning	<u>(5,493,438)</u>	<u>(6,699,120)</u>	<u>1,522,766</u>	<u>(10,669,792)</u>
Net Position - Ending	<u>\$ (4,349,691)</u>	<u>\$ (3,324,437)</u>	<u>\$ 1,446,509</u>	<u>\$ (6,227,619)</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, 2022**

	<u>Thompson Education Foundation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from	
Contributions and Fundraising Activities	\$ 830,354
Charges for Services	11,473
Payments to Suppliers and the District	<u>(748,277)</u>
Net Cash Provided (Used) by Operating Activities	<u>93,550</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income Received	<u>(101,106)</u>
Net Cash Provided by Investing Activities	<u>(101,106)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(7,556)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,544,868</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,537,312</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Change in Net Operating Income	\$ 24,850
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts Receivable	(5,709)
Accounts Payable	<u>68,700</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 87,841</u>

See independent auditors' report



## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	103-107
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue sources.	108-111
<b>Debt Capacity</b> 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.	112-115
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	116-117
<b>Operating Information</b> 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.	118-120





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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 47,612,676	\$ 47,441,252	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)	\$ (74,148,307)	\$ (30,602,391)	\$ (37,371,932)
Restricted	19,828,646	20,782,304	22,474,183	23,441,761	25,956,416	25,203,687	32,679,148	33,581,866	28,671,161	31,620,024
Unrestricted	<u>24,574,905</u>	<u>20,537,641</u>	<u>(218,168,956)</u>	<u>(231,579,493)</u>	<u>(319,089,480)</u>	<u>(439,440,749)</u>	<u>(224,799,310)</u>	<u>(222,126,323)</u>	<u>(213,681,373)</u>	<u>(145,703,171)</u>
Total Governmental Activities Net Position	\$ <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>	\$ <u>(304,812,274)</u>	\$ <u>(262,692,764)</u>	\$ <u>(215,612,603)</u>	\$ <u>(151,455,079)</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 341,862	\$ 317,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	47,788	48,906	-	-	-	-	-	-	-	-
Unrestricted	<u>758,044</u>	<u>828,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Net Position	\$ <u>1,147,694</u>	\$ <u>1,194,926</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 47,954,538	\$ 47,759,107	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)	\$ (74,148,307)	\$ (30,602,391)	\$ (37,371,932)
Restricted	19,876,434	20,831,210	22,474,183	23,441,761	25,956,416	25,203,687	32,679,148	33,581,866	28,671,161	31,620,024
Unrestricted	<u>25,332,949</u>	<u>21,365,806</u>	<u>(218,168,956)</u>	<u>(231,579,493)</u>	<u>(319,089,480)</u>	<u>(439,440,749)</u>	<u>(224,799,310)</u>	<u>(222,126,323)</u>	<u>(213,681,373)</u>	<u>(145,703,171)</u>
Total Primary Government Net Position	\$ <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>	\$ <u>(304,812,274)</u>	\$ <u>(262,692,764)</u>	\$ <u>(215,612,603)</u>	\$ <u>(151,455,079)</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.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities Expenses:										
Total Instruction	\$ 71,738,996	\$ 78,424,559	\$ 85,586,978	\$ 88,009,660	\$ 137,165,073	\$ 149,038,099	\$ 71,729,893	\$ 82,258,895	\$ 75,421,631	\$ 75,852,059
Supporting Services										
Pupil Services	8,641,673	9,008,392	9,856,217	10,993,338	17,314,885	19,658,309	9,619,688	10,091,771	9,564,128	9,621,532
Instructional Staff	9,464,893	10,862,474	12,420,701	12,245,025	19,745,594	21,233,146	10,203,709	10,708,539	12,920,986	10,926,897
General Administration	796,543	691,508	703,710	929,728	1,174,076	1,178,889	901,829	667,453	564,466	586,240
School Administration	7,672,001	8,245,479	9,442,354	10,050,222	16,130,484	17,713,318	7,831,541	8,731,043	7,805,289	8,227,451
Business Services	1,890,438	1,927,179	2,138,095	2,194,203	3,285,149	3,577,993	1,814,787	4,336,954	3,783,592	1,725,997
Maintenance/Operations	11,642,850	12,772,492	12,588,683	12,778,550	17,987,026	19,199,854	16,573,762	23,919,851	26,903,456	26,782,093
Pupil Transportation	4,256,359	4,473,844	4,932,017	5,094,970	7,473,023	9,025,031	4,471,317	4,671,833	3,647,757	4,325,847
Central Supporting Services	4,083,834	3,718,829	6,417,280	4,638,394	5,278,938	8,854,858	4,138,842	4,661,777	463,820	3,823,913
Nutrition Services	-	-	5,181,013	5,351,449	6,952,819	7,193,901	4,361,198	3,743,795	3,035,198	3,590,710
Community Services	1,318,301	1,136,630	1,068,006	1,097,471	1,403,235	1,513,697	893,015	770,437	(163,914)	477,874
Facilities Acquisition and Construction Services	-	-	-	-	-	115,280	1,170,230	165,235	44,209	444,073
Total Support Services	49,766,892	52,836,827	64,748,076	65,373,350	96,745,229	109,264,276	61,979,918	72,468,688	68,568,987	70,532,627
Charter School Allocation	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897	18,925,723
Interest on Long-term Debt	4,886,533	4,623,670	4,499,733	4,351,692	4,052,834	3,716,488	5,770,659	8,824,893	8,336,698	7,896,207
Total Governmental Activities Expenses	132,890,295	142,671,028	162,222,950	166,116,085	246,695,613	271,851,672	150,089,348	176,486,302	166,108,213	173,206,616
Business-type Activities:										
Nutritional Services	4,514,124	4,661,737	-	-	-	-	-	-	-	-
Total Primary Government Expenses	\$ 137,404,419	\$ 147,332,765	\$ 162,222,950	\$ 166,116,085	\$ 246,695,613	\$ 271,851,672	\$ 150,089,348	\$ 176,486,302	\$ 166,108,213	\$ 173,206,616
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 1,859,361	\$ 1,973,568	\$ 2,896,832	\$ 3,142,010	\$ 3,317,966	\$ 3,960,005	\$ 4,730,851	\$ 5,224,854	\$ 3,535,201	\$ 5,374,286
Supporting Services										
Instructional Staff	101,527	107,763	158,176	171,564	181,172	216,229	258,320	-	-	-
Business Services	16,317	17,319	25,421	27,573	29,117	34,751	41,516	-	-	-
Central Supporting Services	1,459,928	1,549,602	727,864	841,379	909,125	-	1,980,815	3,257,852	668,495	4,526,295
Nutrition Services	-	-	1,546,665	1,625,659	1,696,069	1,458,574	1,733,745	1,336,733	45,673	-
Community Services	-	-	-	-	-	1,650,735	-	-	-	-
Operating Grants and Contributions	12,814,379	13,735,085	17,389,882	17,810,774	18,443,123	18,801,401	19,296,426	18,791,186	30,640,491	37,330,722
Capital Grants and Contributions	-	-	-	-	2,522,176	920,531	926,413	925,663	932,940	933,786
Total Governmental Activities Program Revenues	16,251,512	17,383,337	22,744,840	23,618,959	27,098,748	27,042,226	28,968,086	29,536,288	35,822,800	48,165,089
Business-type Activities:										
Nutritional Services	4,518,884	4,662,337	-	-	-	-	-	-	-	-
Total Primary Government Program Revenues	\$ 20,770,396	\$ 22,045,674	\$ 22,744,840	\$ 23,618,959	\$ 27,098,748	\$ 27,042,226	\$ 28,968,086	\$ 29,536,288	\$ 35,822,800	\$ 48,165,089
Net (Expense)/Revenue										
Governmental Activities	\$ (116,638,783)	\$ (125,287,691)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)	\$ (121,121,262)	\$ (146,950,014)	\$ (130,285,413)	\$ (125,041,527)
Business-type Activities	4,760	600	-	-	-	-	-	-	-	-
Total Primary Government Net Expense	\$ (116,634,023)	\$ (125,287,091)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)	\$ (121,121,262)	\$ (146,950,014)	\$ (130,285,413)	\$ (125,041,527)

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Revenues										
Governmental Activities:										
Property Taxes Levied For:										
General Purpose	29,221,467	\$ 29,370,651	\$ 29,765,495	\$ 34,473,827	\$ 35,476,107	\$ 40,649,572	\$ 41,856,033	\$ 54,012,783	\$ 52,934,789	\$ 57,424,485
Mill Levy Override	12,866,612	13,100,533	13,050,343	13,895,680	14,001,757	14,117,375	27,869,246	32,384,209	31,874,584	32,974,721
Debt Services	10,312,144	10,427,594	10,560,487	10,663,828	10,762,759	10,931,701	18,672,084	19,099,906	19,211,741	19,276,999
Specific Ownership Taxes Levied For:										
General Purpose	4,000,549	4,428,291	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619	7,934,385	8,312,971	8,296,788
Intergovernmental										
Equalization	60,659,979	63,794,200	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543	68,114,946	62,000,145	69,127,089
Loveland URA Distribution	-	207,316	952,587	4,965,571	-	-	-	-	-	-
Payments in Lieu of Land Dedication	905,621	605,155	774,163	714,098	1,349,264	1,104,655	1,481,394	1,590,592	1,268,647	1,301,976
Interest and Investment Earnings	138,978	113,478	129,381	147,610	328,125	570,953	2,792,351	3,571,228	320,650	371,994
Grants and Contributions not Restricted to Specific Programs	-	-	-	-	-	-	-	785,832	-	-
Miscellaneous	-	31,752	13,232	-	-	-	-	-	1,442,046	425,000
Transfers	-	(46,310)	-	-	-	-	-	-	-	-
Total Governmental Activities	<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>	<u>168,530,270</u>	<u>187,493,881</u>	<u>177,365,573</u>	<u>189,199,052</u>
Business-type Activities:										
Interest and Investment Earnings	173	322	-	-	-	-	-	-	-	-
Transfers	-	46,310	-	-	-	-	-	-	-	-
Total Business-type Activities	<u>173</u>	<u>46,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>118,105,523</u>	<u>\$ 122,079,292</u>	<u>\$ 128,753,121</u>	<u>\$ 137,163,085</u>	<u>\$ 136,823,541</u>	<u>\$ 140,536,863</u>	<u>\$ 168,530,270</u>	<u>\$ 187,493,881</u>	<u>\$ 177,365,573</u>	<u>\$ 189,199,052</u>
Change in Net Position										
Governmental Activities	1,466,567	\$ (3,255,030)	\$ (10,724,989)	\$ (5,334,041)	\$ (82,773,325)	\$ (104,272,582)	\$ 47,409,009	\$ 40,543,867	\$ 47,080,160	\$ 64,157,525
Business-type Activities	4,933	47,232	-	-	-	-	-	-	-	-
Total Primary Government	<u>1,471,500</u>	<u>\$ (3,207,798)</u>	<u>\$ (10,724,989)</u>	<u>\$ (5,334,041)</u>	<u>\$ (82,773,325)</u>	<u>\$ (104,272,582)</u>	<u>\$ 47,409,009</u>	<u>\$ 40,543,867</u>	<u>\$ 47,080,160</u>	<u>\$ 64,157,525</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.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Restricted	\$ 3,915,124	\$ 3,864,166	\$ 4,009,925	\$ 4,080,528	\$ 4,239,338	\$ 4,538,090	\$ 4,571,386	\$ 5,128,807	\$ 4,994,639	\$ 5,304,029
Unassigned	25,903,813	22,451,258	20,268,620	18,287,873	15,545,987	12,736,408	18,049,603	19,769,212	29,743,901	28,131,811
Total General Fund	<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>	<u>22,620,989</u>	<u>24,898,019</u>	<u>34,738,540</u>	<u>33,435,840</u>
All Other Governmental Funds										
Nonspendable	-	-	292,882	259,735	229,872	291,888	398,400	538,971	430,614	478,121
Restricted	15,919,938	16,891,756	27,397,096	19,380,094	21,249,417	20,688,918	27,952,478	27,332,525	23,962,491	26,315,995
Committed	1,395,017	1,433,645	1,418,262	1,539,972	1,594,763	1,569,462	1,563,630	3,432,316	3,249,612	3,332,990
Assigned	2,041,795	187,280	1,490,483	2,388,531	1,678,644	2,156,943	175,130,484	125,086,597	62,202,246	48,566,771
Unassigned	-	1,877,154	-	-	-	-	-	-	-	(1,968,775)
Total All Other Governmental Funds	<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>205,044,992</u>	<u>156,390,409</u>	<u>89,844,963</u>	<u>76,725,102</u>
Total Governmental Funds	<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>	<u>\$ 227,665,981</u>	<u>\$ 181,288,428</u>	<u>\$ 124,583,503</u>	<u>\$ 110,160,942</u>

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Revenues</b>										
Taxes	\$ 56,719,581	\$ 57,669,288	\$ 58,461,359	\$ 63,892,812	\$ 65,510,795	\$ 71,879,126	\$ 95,163,689	\$ 106,156,274	\$ 119,652,009	\$ 117,590,570
Intergovernmental	75,120,012	79,274,256	87,891,647	87,432,729	89,901,442	89,811,647	92,974,091	92,172,763	95,358,387	113,284,247
Loveland URA Distribution	-	207,316	952,587	4,965,571	1,745,357	920,531	926,413	925,663	932,940	933,786
Charges for Services	-	-	3,440,545	3,507,030	3,580,553	3,730,463	3,773,230	2,332,869	481,396	801,298
Payments in Lieu of Land Dedication	-	-	774,163	714,098	1,349,264	1,104,655	1,481,394	1,590,592	1,268,647	1,301,976
Fundraising and Events	-	-	-	-	-	-	-	2,161,943	994,179	2,171,778
Investment Earnings	138,978	113,478	129,381	147,610	328,125	570,956	2,792,354	3,571,228	320,650	371,994
Other	2,697,100	2,545,889	39,517	23,218	39,752	126,441	52,892	57,995	56,042	526,069
<b>Total Revenues</b>	<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>	<u>197,164,063</u>	<u>208,969,328</u>	<u>219,064,250</u>	<u>236,981,718</u>
<b>Expenditures</b>										
Current:										
Instruction										
Salaries and Benefits	62,400,347	66,976,839	69,330,670	69,664,733	71,918,171	73,998,932	78,364,481	85,236,574	82,185,554	94,012,141
Purchased Services	1,566,029	1,726,524	1,873,194	2,222,607	2,484,575	2,807,242	3,954,276	3,807,841	4,389,040	3,912,083
Supplies and Materials	2,440,673	2,902,770	3,163,428	2,361,200	2,965,033	2,795,027	4,022,254	3,858,703	3,274,652	4,312,646
Equipment	-	-	-	-	-	1,684,266	1,576,189	3,263,954	543,703	616,507
Other	141,427	80,687	174,607	66,163	144,203	152,288	169,741	853,165	660,601	911,222
Supporting Services										
Pupil Services	8,641,673	9,008,392	9,131,964	9,990,714	10,782,257	11,617,097	12,208,490	13,071,570	14,141,280	16,001,701
Instructional Staff	9,464,893	10,862,474	11,634,833	11,157,102	12,657,214	12,507,842	13,012,747	13,870,450	19,104,645	18,172,672
General Administration	796,543	691,508	672,401	886,384	891,672	831,272	1,013,741	864,532	834,606	974,984
School Administration	7,672,001	8,245,479	8,717,228	9,046,390	9,589,989	9,662,422	10,423,457	11,309,058	11,540,704	13,683,187
Business Services	1,890,438	1,927,179	2,006,765	2,012,396	2,100,577	2,119,866	2,284,218	5,617,528	5,594,324	2,870,529
Maintenance/Operations	11,447,332	11,929,777	11,864,245	11,898,106	12,644,066	12,931,777	18,677,165	31,466,826	44,460,350	44,707,422
Pupil Transportation	3,652,732	4,185,317	4,228,728	4,590,664	4,607,771	6,890,436	4,940,068	5,338,862	4,778,258	6,037,846
Central Supporting Services	3,159,276	3,174,618	3,439,091	4,210,100	3,709,390	6,989,220	4,272,510	4,566,000	4,303,043	6,403,440
Nutrition Services	-	-	4,916,808	5,067,055	5,220,820	5,129,264	4,980,928	4,865,053	4,443,007	5,921,412
Community Services	1,317,129	1,135,716	1,026,652	1,040,474	1,034,422	1,179,701	1,006,865	977,290	658,493	797,000
Facilities Acquisition and Construction Services	-	-	-	-	-	115,280	1,170,230	214,030	65,365	738,548
Capital Projects	969,874	1,817,897	3,887,327	15,364,952	2,579,769	-	-	34,081,855	43,658,100	10,494,980
Charter School Allocation	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897	18,925,723
Debt Service:										
Principal	3,855,927	6,053,819	6,434,293	7,030,000	7,495,000	8,427,870	8,901,137	10,491,776	10,203,886	10,693,212
Interest	8,927,322	4,775,687	4,704,958	4,633,180	4,296,594	3,974,715	6,374,060	10,569,484	10,079,667	9,592,466
Debt Issuance Costs	-	-	204,197	-	-	-	813,162	-	-	-
<b>Total Expenditures</b>	<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>188,774,597</u>	<u>257,258,377</u>	<u>278,700,175</u>	<u>269,779,721</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<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>	<u>8,389,466</u>	<u>(48,289,049)</u>	<u>(59,635,925)</u>	<u>(32,798,003)</u>
<b>Other Financing Sources (Uses)</b>										
Debt Issued	-	-	11,515,000	-	-	-	149,000,000	-	-	14,870,000
Debt Premiums	-	-	1,594,138	-	-	-	28,630,659	-	-	1,127,019
Payments to Escrow Agent	-	-	(2,707,222)	-	-	-	-	-	-	(121,576)
Transfers In	2,040,762	3,092,110	13,335,636	5,743,039	3,916,628	3,722,324	3,611,162	3,815,296	2,572,709	3,636,922
Transfers Out	(2,040,762)	(3,092,110)	(13,335,636)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)	(3,815,296)	(2,572,709)	(3,636,922)
Proceeds from Sale of Assets	-	-	-	-	-	2,947,196	-	-	2,931,000	2,500,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>10,401,916</u>	<u>-</u>	<u>-</u>	<u>2,947,196</u>	<u>177,630,659</u>	<u>-</u>	<u>2,931,000</u>	<u>18,375,443</u>
<b>Net Change to Fund Balance</b>	<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>	<u>\$ 186,020,125</u>	<u>\$ (48,289,049)</u>	<u>\$ (56,704,925)</u>	<u>\$ (14,422,560)</u>
Debt Service as a Percentage of Non-Capital Expenditures	9.54%	7.67%	7.34%	7.59%	7.27%	7.39%	8.16%	9.44%	8.63%	7.82%

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

**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	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
2012	727,146,373	471,328,711	75,694,525	53,744,013	35,577,342	8,268,596	1,252,765	14,066,512	1,387,078,837	288,372,057	40.884	11,380,383,646	12.19%
2013	752,165,439	470,234,566	68,000,485	56,548,570	39,505,346	8,968,739	1,244,815	12,554,610	1,409,222,570	301,018,386	40.416	11,688,512,847	12.06%
2014	770,621,741	467,848,853	63,564,841	56,899,557	39,499,246	9,059,635	960,855	16,343,389	1,424,798,117	308,034,787	40.268	11,904,760,584	11.97%
2015	911,790,305	523,152,792	71,707,608	69,877,322	42,538,454	11,129,382	1,014,980	22,609,402	1,653,820,245	329,168,816	38.393	13,964,441,174	11.84%
2016	943,539,940	530,258,495	63,857,641	65,497,111	44,783,490	11,313,850	1,000,310	29,486,433	1,689,737,270	332,498,244	38.349	14,362,926,391	11.76%
2017	1,067,616,796	612,219,567	85,081,265	76,820,853	43,831,540	12,433,478	902,870	36,765,089	1,935,671,458	336,254,684	36.315	17,743,625,537	10.91%
2018	1,100,898,007	640,688,615	74,991,614	81,499,466	43,087,047	12,476,569	1,031,571	47,679,320	2,002,352,209	334,767,923	47.428	18,302,719,005	10.94%
2019	1,308,365,541	735,602,627	98,580,844	92,570,545	44,924,554	12,020,449	1,295,627	266,533,866	2,559,894,053	348,079,102	43.838	22,020,409,617	11.63%
2020	1,343,419,738	756,186,357	95,524,175	94,975,431	46,874,433	12,646,154	1,255,463	123,450,618	2,474,332,369	352,088,993	44.578	22,423,140,546	11.03%
2021	1,486,076,489	809,478,055	99,902,677	112,091,908	51,876,458	12,922,428	1,246,728	53,308,679	2,626,903,422	403,190,414	44.588	24,615,419,689	10.67%

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

From 2011 to 2021, 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
2012	7.96%	2011 appraised value
2013	7.96%	2011 appraised value
2014	7.96%	2013 appraised value
2015	7.96%	2013 appraised value
2016	7.96%	2015 appraised value
2017	7.96%	2015 appraised value
2018	7.20%	2017 appraised value
2019	7.20%	2017 appraised value
2020	7.15%	2019 appraised value
2021	7.15%	2019 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.

**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)
2013	32.830	8.054	40.884	22.520	9.564	55.491	1,311.630
2014	32.437	7.979	40.416	22.424	9.564	55.429	1,727.553
2015	32.300	7.968	40.268	22.459	9.564	55.502	2,300.438
2016	31.454	6.939	38.393	21.882	9.564	55.308	2,653.568
2017	31.497	6.852	38.349	22.521	9.564	55.157	2,888.495
2018	30.272	6.043	36.315	22.092	9.564	54.910	3,069.926
2019	37.406	10.022	47.428	22.403	9.564	55.101	3,470.803
2020	35.894	7.944	43.838	21.863	9.564	53.962	3,815.059
2021	36.320	8.258	44.578	22.458	9.564	55.443	4,424.399
2022	36.798	7.790	44.588	22.425	9.564	55.430	4,666.955

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	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Promenade Shops LLC	\$ 21,865,971	1	0.89%	\$ -		-
Public Service Company of Colorado	21,312,473	2	0.87%	11,628,110	3	0.90%
Extraction Oil and Gas LLC	15,595,773	3	0.63%	-		-
Wal-Mart Stores East, LP	14,965,697	4	0.61%	17,233,630	2	1.34%
Hach Chemical Company	11,121,474	5	0.45%	-		-
HR Assets LLC	10,005,000	6	0.41%	-		-
Centerra Retail Shops LLC	9,280,000	7	0.38%	-		-
Loveland Medical Enterprises LLC	8,001,283	8	0.33%	-		-
RVABTS LLC	7,743,000	9	0.32%	-		-
Fossil Ridge Holdings LLC	7,276,611	10	0.30%	-		-
G&I VI Promenade LLC	-		-	20,662,500	1	1.60%
Centerra	-		-	10,440,000	4	0.81%
Qwest Corporation	-		-	10,174,890	5	0.79%
MCR-MOB LLC	-		-	7,696,600	6	0.60%
John Q. Hammons Hotels	-		-	6,940,570	7	0.54%
Craig Realty Group-Loveland, LLC	-		-	5,605,270	8	0.43%
Crop Production Services, Incorporated	-		-	5,235,910	9	0.41%
Praxair Incorporated	-		-	4,790,280	10	0.37%
	<u>\$ 127,167,282</u>		<u>5.18%</u>	<u>\$ 100,407,760</u>		<u>7.79%</u>
Total assessed valuation	<u>\$ 2,456,509,497</u>			<u>\$ 1,288,846,309</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	% of Levy		Amount	% of Levy
2012	2013	52,692,995	50,029,889	94.9%	2,689,143	52,719,032	100.0%
2013	2014	52,985,717	51,118,305	96.5%	2,122,692	53,240,997	100.5%
2014	2015	53,487,740	51,542,396	96.4%	2,025,167	53,567,563	100.1%
2015	2016	59,261,073	56,828,127	95.9%	2,106,232	58,934,359	99.4%
2016	2017	60,501,426	58,429,130	96.6%	1,532,229	59,961,359	99.1%
2017	2018	65,741,247	63,595,937	96.7%	2,243,284	65,839,221	100.1%
2018	2019	88,508,422	85,416,259	96.5%	2,646,811	88,063,070	99.5%
2019	2020	105,605,314	95,326,741	90.3%	2,895,148	98,221,889	93.0%
2020	2021	103,275,123	99,473,042	96.3%	11,865,996	111,339,038	107.8%
2021	2022	109,530,845	105,747,058	96.5%	3,546,724	109,293,782	99.8%

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)
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	4.08%	1,685
2015	106,789,968	12,778,466	-	119,568,434	3.97%	1,703
2016	99,166,209	11,932,458	-	111,098,667	3.53%	1,539
2017	91,139,957	11,061,450	-	102,201,407	3.07%	1,394
2018	82,869,479	10,160,442	2,434,326	95,464,247	2.74%	1,290
2019	251,163,188	9,214,434	1,963,189	262,340,811	6.95%	3,512
2020	239,451,177	8,223,426	1,486,413	249,161,016	6.09%	3,305
2021	227,799,166	7,182,418	1,287,527	236,269,111	5.59%	3,125
2022	215,707,155	22,077,128	1,084,314	238,868,597	5.06%	2,874

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

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

The District adopted GASB 65 in 2014.

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

<b>Year</b>	<b>Gross Bonded Debt</b>	<b>Debt Service Funds Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Gross Bonded Due to Assessed Value (1)</b>	<b>Gross Bonded Debt per Capita</b>
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%	1,643
2015	106,789,968	12,869,000	93,920,968	8.04%	1,521
2016	99,166,209	13,129,412	86,036,797	6.42%	1,373
2017	91,139,957	13,351,499	77,788,458	5.78%	1,243
2018	82,869,479	13,821,693	69,047,786	4.58%	1,120
2019	251,163,188	19,111,226	232,051,962	13.46%	3,362
2020	239,451,177	17,861,925	221,589,252	9.94%	3,176
2021	227,799,166	19,772,144	208,027,022	9.83%	3,013
2022	215,707,155	20,203,860	195,503,295	8.78%	2,596

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

(1) Assessed Value is \$2,456,509,497 for 2021.

**Thompson School District R2-J**  
 Computation of Direct and Overlapping Debt  
 June 30, 2022  
 (Unaudited)

	<u>Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
<b>Direct Debt:</b>			
Thompson School District R2-J	\$ 238,868,597	100.00%	\$ 238,868,597
<b>Overlapping Debt:</b>			
Town of Berthoud	<u>7,935,000</u>	100.00%	<u>7,935,000</u>
 Total	 <u><u>\$ 246,803,597</u></u>		 <u><u>\$ 246,803,597</u></u>

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

**Thompson School District R2-J**  
 Computation of Legal Debt Margin  
 June 30, 2022  
 Last Ten Years  
 (Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed value	\$ <u>1,288,846,309</u>	\$ <u>1,311,008,455</u>	\$ <u>1,328,293,932</u>	\$ <u>1,543,538,472</u>	\$ <u>1,577,653,289</u>	\$ <u>1,810,305,577</u>	\$ <u>1,866,163,922</u>	\$ <u>2,408,990,243</u>	\$ <u>2,316,728,490</u>	\$ <u>2,456,509,497</u>
Debt limit (20% of assessed valuation)	\$ 257,769,262	\$ 262,201,691	\$ 265,658,786	\$ 308,707,694	\$ 315,530,658	\$ 362,061,115	\$ 373,232,784	\$ 481,798,049	\$ 463,345,698	\$ 491,301,899
Total net debt applicable to limit	<u>120,997,488</u>	<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>251,163,188</u>	<u>239,451,177</u>	<u>227,799,166</u>	<u>215,707,155</u>
Legal debt margin	\$ <u>136,771,774</u>	\$ <u>148,142,963</u>	\$ <u>158,868,818</u>	\$ <u>209,541,485</u>	\$ <u>224,390,701</u>	\$ <u>279,191,636</u>	\$ <u>122,069,596</u>	\$ <u>242,346,872</u>	\$ <u>235,546,532</u>	\$ <u>275,594,744</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>46.94%</u>	<u>43.50%</u>	<u>40.20%</u>	<u>32.12%</u>	<u>28.88%</u>	<u>22.89%</u>	<u>67.29%</u>	<u>49.70%</u>	<u>49.16%</u>	<u>43.91%</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

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment (a)
Thompson School District R2-J	2,399	1	4.69%	2,234	1	6.11%
Medical Center of the Rockies	1,700	2	3.32%	-	-	-
Wal-Mart Distribution Center	1,273	3	2.49%	950	2	2.60%
City of Loveland	915	4	1.79%	692	5	1.89%
Hach Company	841	5	1.64%	800	4	2.19%
McKee Medical Center	525	6	1.03%	804	3	2.20%
Nutrein/Crop Production Services	500	7	0.98%	-	-	-
LPR Construction	447	8	0.87%	-	-	-
Good Samaritan Society-Loveland	235	9	0.46%	-	-	-
The Eye Laser Center of Northern Co	200	10	0.39%	-	-	-
Crop Production Services	-	-	-	350	6	0.96%
Kroll Factual Data	-	-	-	325	7	0.89%
Agilent Technologies	-	-	-	297	8	0.81%
Columbine Health Systems	-	-	-	294	9	0.80%
Banner Health-Big Thompson Medical Grou	-	-	-	270	10	0.74%
<b>Total</b>	<b>9,035</b>		<b>17.65%</b>	<b>7,016</b>		<b>19.20%</b>
<b>Total City Employment</b>	<b>51,188</b>			<b>36,544</b>		

Sources: City of Loveland December 31, 2021 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)**

<b>Fiscal Year</b>	<b>Population</b> <i>(thousands)</i>	<b>Personal</b> <b>Income</b> <i>(millions)</i>	<b>County</b>	<b>Median</b> <b>Age</b>	<b>Unemployment</b> <b>Percentage (a)</b>
			<b>Per Capita</b> <b>Income (b)</b> <i>(thousands)</i>		
2012	68.8	2,735.53	39.8	38.7	7.7
2013	69.4	2,867.19	41.3	38.1	6.5
2014	70.2	3,009.62	42.9	37.7	4.8
2015	72.2	3,144.80	43.6	38.4	3.8
2016	73.3	3,324.03	45.3	39.1	3.2
2017	74.0	3,486.05	47.1	40.1	2.5
2018	74.7	3,776.22	50.5	40.2	2.9
2019	75.4	4,088.00	54.2	40.2	2.3
2020	75.6	4,224.83	55.9	39.9	7.4
2021	83.1	4,724.09	56.8	40.0	6.4

(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, 2021 Annual Comprehensive Financial Report

**Thompson School District R2-J**  
 Number of Employees by Function  
 June 30, 2022  
 (Unaudited)

<b><u>Employees: (Full and Part Time Positions)</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Administration										
Instructional Central Office Administrators	8	8	9	9	10	9	10	14	14	15
Principals & Asst. Principals	45	47	48	49	47	47	47	48	50	51
Support Central Office Administrators	9	9	6	8	8	11	13	16	17	22
Teaching Staff										
Teachers	895	939	937	931	950	964	987	1007	979	1021
Substitute Teachers	484	491	568	524	472	525	462	516	458	385
Guidance Counselors	36	35	37	44	46	48	44	48	47	54
Media Specialist	9	7	7	7	8	7	9	8	8	8
Teacher Aides	175	193	197	195	210	224	232	226	200	195
Support Services										
Nurses, Psychologists, and Social Workers	31	32	32	31	34	34	41	41	42	41
Pupil Transportation	99	99	98	97	96	99	100	102	95	97
Personnel Services	9	9	9	12	12	12	13	10	10	11
Operations and Maintenance	145	149	144	144	141	144	143	145	145	139
Fiscal Services and Data Processing	14	14	14	14	14	14	13	13	13	13
School Building Clerical	119	123	124	118	121	124	120	119	113	108
Other Professional Support Staff	121	128	132	134	141	142	138	136	131	141
Other Clerical Support	19	19	22	21	21	22	21	23	24	39
Food Services	72	73	69	73	76	74	62	61	53	60
<b>Total</b>	<b>2,290</b>	<b>2,375</b>	<b>2,453</b>	<b>2,411</b>	<b>2,407</b>	<b>2,500</b>	<b>2,455</b>	<b>2,533</b>	<b>2,399</b>	<b>2,400</b>

Source: Thompson School District Human Resources Department



**Thompson School District R2-J**  
 Operating Indicators  
 June 30, 2022  
 (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Funding per Student	\$ 6,145	\$ 6,308	\$ 6,665	\$ 6,938	\$ 7,045	\$ 7,275	\$ 7,713	\$ 8,061	\$ 7,715	\$ 8,525
Funded Pupil Count	<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>	<u>15,194.5</u>	<u>15,544.4</u>	<u>15,268.9</u>	<u>15,155.1</u>
Total Funding per School Finance Act	<u>\$ 91,580,779</u>	<u>\$ 95,349,205</u>	<u>\$ 100,790,130</u>	<u>\$ 104,520,276</u>	<u>\$ 107,450,340</u>	<u>\$ 110,796,068</u>	<u>\$ 117,195,179</u>	<u>\$ 125,303,408</u>	<u>\$ 117,799,564</u>	<u>\$ 129,190,559</u>

Source: Thompson School District Finance Department

**Thompson School District R2-J**  
School Building Information  
June 30, 2022  
(Unaudited)

Schools	Sq. Ft.	Capacity	Enrollment History by Fiscal Year									
			2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Elementary Schools</b>												
Berthoud	54,903	580	442	419	486	481	463	431	474	433	397	380
BF Kitchen	33,800	280	193	202	217	224	237	226	219	227	214	223
Big Thompson	29,100	255	195	179	222	232	240	221	220	207	184	171
Carrie Martin	33,350	280	239	215	273	285	251	220	240	232	245	270
Centennial	57,750	530	347	364	439	441	435	455	457	466	462	403
Cottonwood Plains	57,400	530	373	363	419	428	419	416	446	424	408	413
Coyote Ridge	58,300	375	273	296	362	379	366	368	339	360	361	374
Garfield	34,900	300	211	212	255	255	262	266	245	252	267	275
Ivy Stockwell	40,944	455	389	356	407	375	333	312	301	318	323	307
Laurene Edmondson	32,650	280	229	211	223	208	213	214	210	235	250	246
Lincoln	40,500	355	192	192	248	245	244	213	208	222	220	220
Mary Blair	49,150	480	188	205	261	267	313	326	375	387	389	405
Monroe	51,050	505	247	224	242	198	209	227	294	292	305	333
Namaqua	51,550	505	243	253	314	256	274	312	323	329	367	380
Ponderosa	71,500	550	364	355	402	404	407	419	445	449	462	457
Sarah Milner	36,700	405	235	246	258	286	316	318	298	314	336	338
Stansberry	31,800	280	0	0	0	118	170	199	225	212	207	213
Truscott	45,700	330	224	223	231	215	221	246	257	240	265	261
Van Buren	32,800	300	0	0	0	123	124	142	150	189	197	202
Winona	65,500	550	241	291	327	367	349	405	442	443	466	433
<b>Pre-K-8 Schools</b>												
High Plains	63,600	550	425	503	568	533	473	391	-	-	-	-
Riverview	128,000	1,000	454	-	-	-	-	-	-	-	-	-
<b>Middle Schools</b>												
Bill Reed	146,500	900	542	624	673	661	628	658	685	709	695	701
Conrad Ball	96,100	810	333	425	457	499	528	553	638	667	659	660
Lucile Erwin	115,500	900	816	829	898	850	890	919	879	903	888	888
Turner	72,750	770	476	460	466	479	477	464	438	425	460	449
Walt Clark	96,850	900	362	418	472	499	495	481	494	481	477	508
<b>High Schools</b>												
Berthoud	143,100	990	685	649	696	678	715	714	727	693	678	646
Ferguson/Technical Career Center	60,181	185	114	120	122	118	109	127	103	124	120	112
Loveland	211,250	1,500	1,520	1,560	1,595	1,638	1,628	1,617	1,530	1,535	1,521	1,490
Mountain View	252,300	1,475	1,196	1,170	1,172	1,203	1,250	1,218	1,268	1,253	1,208	1,127
Thompson Valley	218,000	1,475	1,060	1,043	1,089	1,087	1,147	1,209	1,177	1,246	1,238	1,278
<b>Totals</b>	<b>2,513,478</b>	<b>19,580</b>	<b>12,808</b>	<b>12,607</b>	<b>13,794</b>	<b>14,032</b>	<b>14,186</b>	<b>14,287</b>	<b>14,107</b>	<b>14,267</b>	<b>14,269</b>	<b>14,163</b>

Source: Thompson School District Planning Department

## **COMPLIANCE SECTION**





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated February 13, 2023. Our report includes a reference to other auditors who audited the financial statements of the New Vision Charter School and Loveland Classical Schools, as described in our report on the District's financial statements. The financial statements of the New Vision Charter School and 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 District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 District'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 District'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 District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Hick & Company, PC*

Englewood, Colorado  
February 13, 2023





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

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

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

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

We have audited the Thompson School District R2-J's (the District'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 District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.





## Report on 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 a 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 a 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District. We issued our report thereon dated February 13, 2023, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School and Loveland Classical Schools, which represent 97 percent and 96 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School and Loveland Classical Schools, is based solely upon the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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*

Englewood, Colorado  
February 13, 2023



**Thompson School District R2-J**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022

**Section I: Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified  Qualified  Adverse  Disclaimed

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

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

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

Unmodified  Qualified  Adverse  Disclaimed

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

Yes  No

Identification of major federal programs:

**Assistance**

**Listing**

**Number**

**Name of Federal Cluster/Program**

84.425D	
84.425U	Education Stabilization Fund Cluster
84.010	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)
93.600	Head Start

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

Auditee qualified as low-risk auditee?  Yes  No

**Thompson School District R2-J  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

Federal Grantor/Pass - Through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipient
U.S. Department of Education					
Passed Through State Department of Education					
Education Stabilization Fund Cluster					
ESSER III	84.425U	COVID-19	4414	\$ 2,617,362	\$
ESSER II	84.425D	COVID-19	4420	4,603,578	
ESSER I	84.425D	COVID-19	4425	300,132	
Education Stabilization Fund Cluster Subtotal				<u>7,521,072</u>	
Special Education Cluster					
Special Education	84.027		4027	3,127,900	
Special Education Preschool	84.173		4173	129,566	
Special Education Cluster Subtotal				<u>3,257,466</u>	
Title I					
English Language Acquisition	84.010		4010,5010	1,847,088	
Supporting Effective Instruction	84.365		4365	42,514	
Student Support and Academic Enrichment Program	84.367		4367	540,249	
Education for Homeless Children and Youth	84.424		4424	93,839	
School Safety National Activities	84.196		5196	68,794	
School Safety National Activities	84.184		8174	1,223	
Passed Through State Community Colleges System					
Career and Technical Education	84.048			120,761	
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>13,493,006</u>	
U.S. Department of Agriculture					
Passed through State Department of Human Services					
Child Nutrition Cluster					
Food Donation	10.555			284,974	
Passed Through State Department of Education					
Child Nutrition Cluster					
After School Snack Program	10.555		4555	6,947	
Summer Food Service Program for Children	10.559		4559	160,453	
SSO School Breakfast Program	10.553		5533	1,480,151	
SSO National School Lunch Program	10.555		5555	5,818,039	
Child Nutrition Cluster Subtotal				<u>7,465,590</u>	
SNAP Cluster					
Supplemental Nutrition Assistance Program	10.649		4649	3,063	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>7,753,627</u>	
U.S. Department of Health and Human Services					
Direct Program					
Head Start	93.600			2,408,997	
Passed Through State Department of Education					
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	COVID-19		8,375	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>2,417,372</u>	
Federal Communications Commission					
Emergency Connectivity Fund Program	32.009		8009	464,520	
TOTAL FEDERAL COMMUNICATIONS COMMISSION				<u>464,520</u>	
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ <u>24,128,525</u>	\$ <u>                    </u>

See independent auditors' report

**Thompson School District R2-J**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2022**

**Note (1) Basis of Presentation**

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

**Note (2) Indirect Costs**

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

**Note (3) Subrecipients**

There were no funds passed through to subrecipients.

**Note (4) Method of Valuation for Commodities**

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

**Thompson School District R2-J**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

**Section II: Financial Statement Findings**

None to report for the year ended June 30, 2022.

**Thompson School District R2-J**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

**Section III: Federal Awards Findings and Questioned Costs**

None to report for the year ended June 30, 2022

**Thompson School District R2-J**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2022

**Findings Required to be reported by the Uniform Guidance**

No matters are reportable.





**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1560 - Thompson R2-J  
 Fiscal Year 2021-22  
 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	34,710,039	155,226,342	156,595,042	33,341,339
18 Risk Mgmt Sub-Fund of General Fund	28,500	1,949,513	1,883,513	94,500
19 Colorado Preschool Program Fund	0	699,388	699,388	0
<b>Sub- Total</b>	<b>34,738,539</b>	<b>157,875,242</b>	<b>159,177,942</b>	<b>33,435,839</b>
11 Charter School Fund	8,050,417	22,061,975	20,577,137	9,535,255
20,26-29 Special Revenue Fund	6,766,822	2,853,027	2,119,758	7,500,091
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,125,247	7,880,033	5,921,412	3,083,868
22 Govt Designated-Purpose Grants Fund	-1,151,045	24,376,503	25,194,232	-1,968,774
23 Pupil Activity Special Revenue Fund	1,824,182	2,174,963	2,054,110	1,945,034
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	19,772,144	19,257,641	18,825,925	20,203,860
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	57,437,720	20,912,563	34,428,220	43,922,063
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	4,069,893	1,223,044	3,253,975	2,038,963
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>132,633,920</b>	<b>258,614,990</b>	<b>271,552,711</b>	<b>119,696,198</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	53,316	40,000	26,625	66,691
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,522,767	740,721	816,977	1,446,510
<b>Totals</b>	<b>1,576,083</b>	<b>780,721</b>	<b>843,602</b>	<b>1,513,202</b>

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

<u>School Year</u>	<u>Enrollment</u>	<u>Percent Increase Based Upon Total Enrollment</u>
2013	16,042	2.47%
2014	16,210	1.05%
2015	16,133	-0.48%
2016	16,043	-0.56%
2017	16,280	1.48%
2018	16,278	-0.01%
2019	16,181	-0.60%
2020	16,163	-0.11%
2021	14,965	-7.41%
2022	15,291	2.18%

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

<u>School Year</u>	<u>General Fund Mill Levy</u>	<u>Bond Fund Mill Levy</u>	<u>Mill Levy Override</u>	<u>Abatements</u>	<u>Total Mill Levy</u>
2013	22.360	8.054	9.969	0.501	40.884
2014	22.360	7.979	9.870	0.207	40.416
2015	22.360	7.968	9.796	0.144	40.268
2016	22.360	6.939	9.008	0.086	38.393
2017	22.360	6.852	8.898	0.239	38.349
2018	22.360	6.043	7.754	0.158	36.315
2019	22.360	10.022	14.916	0.130	47.428
2020	22.360	7.944	13.427	0.107	43.838
2021	22.360	8.258	13.659	0.301	44.578
2022	23.360	7.790	13.315	0.123	44.588

**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			
2012/2013	1,369,737,812	13,731,010	3,610,015	1,387,078,837	98,232,528	1,288,846,309	0.85%
2013/2014	1,391,202,663	14,153,877	3,866,030	1,409,222,570	98,214,115	1,311,008,455	1.72%
2014/2015	1,406,505,209	14,532,160	3,760,748	1,424,798,117	96,504,185	1,328,293,932	1.32%
2015/2016	1,634,814,386	15,082,540	3,923,319	1,653,820,245	110,281,773	1,543,538,472	16.20%
2016/2017	1,650,085,690	35,755,870	3,895,710	1,689,737,270	112,083,981	1,577,653,289	2.21%
2017/2018	1,905,697,165	25,884,930	4,089,363	1,935,671,458	125,365,881	1,810,305,577	14.75%
2018/2019	1,966,738,446	31,467,000	4,146,763	2,002,352,209	136,188,287	1,866,163,922	3.09%
2019/2020	2,461,350,268	93,848,420	4,695,365	2,559,894,053	150,903,810	2,408,990,243	29.09%
2020/2021	2,392,549,086	77,095,470	4,687,813	2,474,332,369	157,603,879	2,316,728,490	-3.83%
2021/2022	2,572,251,062	49,265,470	5,386,890	2,626,903,422	170,393,925	2,456,509,497	6.03%

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

<b>Assessment Year</b>	<b>Collection Year</b>	<b>Total Taxes Levied</b>	<b>Taxes Collected</b>	<b>Percent Collected</b>
2012	2013	52,692,995	52,719,032	100.0%
2013	2014	52,985,717	53,240,997	100.5%
2014	2015	53,487,740	53,567,563	100.1%
2015	2016	59,261,073	58,934,359	99.4%
2016	2017	60,501,426	59,961,359	99.1%
2017	2018	65,741,247	65,839,221	100.1%
2018	2019	88,508,422	88,063,070	99.5%
2019	2020	105,605,314	98,221,889	93.0%
2020	2021	103,275,123	111,339,038	107.8%
2021	2022	109,530,845	109,293,782	99.8%



**Thompson School District R2-J**

History of General Fund Revenues, Expenditures and Fund Balances

(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes										
Local Property-School Finance Act	\$ 29,268,775	\$ 29,675,067	\$ 29,896,023	\$ 34,410,569	\$ 35,239,167	\$ 40,728,957	\$ 41,844,442	\$ 50,233,673	\$ 56,449,633	\$ 57,362,529
Local Property-Mill Levy Override	13,019,306	13,071,303	13,073,884	13,860,291	14,007,199	14,139,040	27,667,897	30,161,881	34,245,252	32,729,631
Specific Ownership	4,000,549	4,428,291	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619	7,934,385	8,312,971	8,296,788
Equalization Entitlements	60,659,979	63,794,200	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543	68,114,946	62,000,145	69,127,089
Special Education	2,814,051	3,146,620	3,343,434	3,295,248	3,149,449	3,274,728	3,460,949	3,718,287	3,642,465	3,913,253
Vocational Education	381,172	326,140	432,096	617,848	438,570	456,561	446,565	314,118	412,856	731,807
Transportation	1,022,447	1,020,396	1,036,797	1,081,771	1,025,549	1,050,582	1,162,404	1,114,540	1,174,627	1,186,087
Other Federal Grants	68,142	67,079	-	120,634	18,406	54,136	48,319	43,736	39,690	51,159
Charter School Chargebacks	887,200	952,278	1,035,075	1,245,964	1,341,972	1,548,222	1,656,060	2,008,780	2,049,257	2,332,919
Other	758,453	755,241	839,822	1,031,973	1,171,172	1,915,170	3,263,065	3,257,852	668,495	4,526,296
Investment Earnings	103,387	72,034	54,989	106,464	243,468	394,081	581,839	487,015	65,271	180,329
<b>Total Revenues</b>	<u>112,983,461</u>	<u>117,308,649</u>	<u>123,219,553</u>	<u>128,073,233</u>	<u>131,540,481</u>	<u>136,724,085</u>	<u>155,990,702</u>	<u>167,389,213</u>	<u>169,060,662</u>	<u>180,437,887</u>
<b>Expenditures</b>										
Current Operating										
Instruction	60,841,196	65,216,824	68,502,531	68,290,676	70,648,085	73,055,038	79,248,312	87,469,953	82,523,446	91,340,146
Supporting Services	41,721,050	44,391,604	45,518,203	46,936,538	49,962,439	52,036,925	55,453,996	61,167,972	60,318,089	67,797,070
Capital Outlay	682,404	1,325,652	1,062,017	631,741	863,928	587,816	1,386,012	60,987	25,000	40,726
Charter School Allocation	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897	18,925,723
<b>Total Expenditures</b>	<u>109,742,524</u>	<u>117,720,052</u>	<u>122,470,914</u>	<u>124,240,338</u>	<u>130,206,929</u>	<u>135,512,588</u>	<u>146,697,198</u>	<u>161,632,738</u>	<u>156,647,432</u>	<u>178,103,665</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>3,240,937</u>	<u>(411,403)</u>	<u>748,639</u>	<u>3,832,895</u>	<u>1,333,552</u>	<u>1,211,497</u>	<u>9,293,504</u>	<u>5,756,475</u>	<u>12,413,230</u>	<u>2,334,222</u>
<b>Other Financing Sources (Uses)</b>										
Transfers Out	(2,040,762)	(3,092,110)	(2,785,518)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)	(3,815,296)	(2,572,709)	(3,636,922)
<b>Net Change In Fund Balances</b>	<u>1,200,175</u>	<u>(3,503,513)</u>	<u>(2,036,879)</u>	<u>(1,910,144)</u>	<u>(2,583,076)</u>	<u>(2,510,827)</u>	<u>5,682,342</u>	<u>1,941,179</u>	<u>9,840,521</u>	<u>(1,302,700)</u>
<b>Fund Balances - Beginning of the Year</b>	<u>28,618,762</u>	<u>29,818,937</u>	<u>26,315,424</u>	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>	<u>17,274,498</u>	<u>22,956,840</u>	<u>24,898,019</u>	<u>34,738,540</u>
<b>Fund Balances - End of the Year</b>	<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>	<u>\$ 22,956,840</u>	<u>\$ 24,898,019</u>	<u>\$ 34,738,540</u>	<u>\$ 33,435,840</u>

Sources: District Annual Comprehensive Financial Reports for years ended June 30, 2013-June 30, 2022

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

	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2021-22 Year End (audited)	2022-23 Budget
<b>Fund Balance - Beginning of Year</b>	\$ 29,818,937	\$ 26,315,424	\$ 24,278,545	\$ 19,600,197	\$ 17,859,560	\$ 14,573,076	\$ 18,732,552	\$ 24,898,019	\$ 34,738,540	\$ 34,738,540	\$ 35,291,363
<b>REVENUES</b>											
School Finance Act											
Property taxes	29,314,149	29,700,652	31,990,765	35,446,569	36,403,208	41,786,362	50,994,294	53,797,698	52,368,678	57,362,529	59,352,134
Specific ownership taxes	2,236,977	2,472,616	2,528,596	2,824,621	2,989,675	3,386,421	3,987,568	3,391,594	3,262,579	4,291,547	4,333,562
State equalization	63,831,868	68,644,716	69,722,273	68,245,587	72,587,269	72,661,813	70,815,423	59,762,225	73,818,605	69,127,089	72,149,047
<b>Total School Finance Act Funding</b>	<b>95,382,994</b>	<b>100,817,984</b>	<b>104,241,634</b>	<b>106,516,777</b>	<b>111,980,152</b>	<b>117,834,596</b>	<b>125,797,285</b>	<b>116,951,517</b>	<b>129,449,862</b>	<b>130,781,165</b>	<b>135,834,743</b>
Mill Levy Override and Other											
Property taxes from overrides	12,940,685	12,940,685	13,905,685	14,036,939	14,040,000	14,040,000	30,347,838	31,647,137	32,527,493	32,729,631	32,989,514
Specific ownership taxes	2,149,674	1,796,022	2,256,668	2,204,555	2,307,427	2,810,637	2,576,757	2,575,000	3,250,000	4,005,241	4,175,429
Transportation reimbursement	988,273	1,015,945	1,024,421	1,068,412	1,087,783	1,068,690	1,146,628	1,143,510	1,000,000	1,186,087	1,114,122
ECEA funding	3,252,845	3,349,801	3,359,791	3,476,306	3,387,515	2,999,272	3,130,868	3,122,210	4,467,577	3,913,253	5,352,503
Vocational education reimbursement	296,000	304,000	333,352	476,361	330,403	469,345	435,246	434,280	350,000	731,807	314,117
Indirect cost reimbursement	227,500	227,500	227,500	226,800	233,150	244,664	247,111	246,925	246,925	433,876	
Charter school chargebacks	950,123	955,093	1,036,703	1,167,891	1,274,636	1,598,575	2,064,936	2,063,385	2,063,385	2,332,919	2,000,000
Investment earnings	44,400	44,400	55,000	78,320	177,891	342,535	374,581	374,300	374,300	180,329	350,000
Instructional materials fees	205,000	170,000	153,611	140,819	136,839	168,630	162,121	161,999	161,999	192,979	
E-rate reimbursements	165,000	165,000	165,000	135,911	215,133	247,000	-	-	-	-	
Cell & broadband leases	72,192	73,000	73,000	87,226	61,417	64,847	97,008	96,935	96,935	66,568	
National forest & other	74,500	117,000	124,200	274,539	339,539	482,950	306,686	306,456	306,456	3,884,031	1,174,035
<b>Total Mill Levy Override and Other</b>	<b>21,366,192</b>	<b>21,158,446</b>	<b>22,714,931</b>	<b>23,374,078</b>	<b>23,591,733</b>	<b>24,537,145</b>	<b>40,889,780</b>	<b>42,172,137</b>	<b>44,845,070</b>	<b>49,656,722</b>	<b>47,469,720</b>
<b>Total Revenues</b>	<b>116,749,186</b>	<b>121,976,430</b>	<b>126,956,565</b>	<b>129,890,855</b>	<b>135,571,885</b>	<b>142,371,741</b>	<b>166,687,065</b>	<b>159,123,654</b>	<b>174,294,932</b>	<b>180,437,887</b>	<b>183,304,463</b>
<b>EXPENDITURES</b>											
Student instruction	66,938,929	70,131,577	70,718,872	72,190,892	74,331,478	77,237,810	85,713,270	82,821,806	95,003,520	91,368,119	91,286,813
Student support	7,412,140	7,091,600	7,785,136	7,636,909	8,524,441	8,669,611	8,590,579	8,577,714	10,108,929	9,781,598	10,517,548
Instruction support	8,664,884	9,160,567	9,683,972	10,637,770	11,473,461	11,819,855	13,846,655	13,730,505	14,582,659	14,030,500	15,219,503
General administration	703,609	670,265	696,554	767,804	779,072	859,713	1,180,992	868,227	1,111,625	974,984	1,176,644
School administration	7,946,734	8,117,509	8,432,580	8,817,955	8,971,625	9,359,973	9,934,889	9,998,384	10,476,865	12,382,662	11,149,437
Business services	1,988,740	2,033,068	2,063,896	2,143,197	2,107,901	2,212,503	2,384,057	2,452,651	2,560,702	2,709,403	2,692,122
Facilities/operations	11,210,242	11,666,498	11,738,259	12,213,239	12,724,198	13,545,848	15,271,171	15,277,107	15,612,672	16,316,231	17,232,061
Student transportation	3,952,415	4,111,192	4,369,763	4,674,322	4,842,284	5,097,475	5,009,815	5,352,981	5,632,403	6,037,846	6,532,565
Central support	3,602,752	3,498,145	3,649,064	3,913,144	3,884,491	4,324,705	4,600,790	4,530,373	4,976,744	5,576,599	5,299,022
Allocation to charters	6,788,556	7,390,194	8,357,645	8,799,690	9,313,040	10,314,079	14,508,857	14,870,797	18,630,350	18,925,723	19,897,519
Transfers to other funds	2,947,825	2,835,837	5,743,039	3,418,418	3,516,024	3,836,490	3,947,365	2,708,284	3,176,250	3,636,922	3,187,648
<b>Total Expenditures</b>	<b>122,156,826</b>	<b>126,706,452</b>	<b>133,238,780</b>	<b>135,213,340</b>	<b>140,468,016</b>	<b>147,278,062</b>	<b>164,988,440</b>	<b>161,188,829</b>	<b>181,872,719</b>	<b>181,740,587</b>	<b>184,190,882</b>
<b>Net Change in Fund Balance</b>	<b>(5,407,640)</b>	<b>(4,730,022)</b>	<b>(6,282,215)</b>	<b>(5,322,485)</b>	<b>(4,896,131)</b>	<b>(4,906,321)</b>	<b>1,698,625</b>	<b>(2,065,175)</b>	<b>(7,577,787)</b>	<b>(1,302,700)</b>	<b>(886,419)</b>
<b>Fund Balance - End of Year</b>	<b>\$ 24,411,297</b>	<b>\$ 21,585,402</b>	<b>\$ 17,996,330</b>	<b>\$ 14,277,712</b>	<b>\$ 12,963,429</b>	<b>\$ 9,666,755</b>	<b>\$ 20,431,177</b>	<b>\$ 22,832,844</b>	<b>\$ 27,160,753</b>	<b>\$ 33,435,840</b>	<b>\$ 34,404,944</b>

Sources: District Adopted Budgets

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

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Debt Outstanding	\$ 106,960,000	\$ 101,340,000	\$ 95,390,000	\$ 89,085,000	\$ 82,340,000	\$ 75,205,000	\$ 216,600,000	\$ 207,455,000	\$ 198,370,000	\$ 188,845,000
Estimated Population	110,523	111,683	111,152	110,532	112,165	112,152	111,483	111,359	103,105	105,353
Debt Per Capita	\$ 968	\$ 907	\$ 858	\$ 806	\$ 734	\$ 671	\$ 1,943	\$ 1,863	\$ 1,924	\$ 1,792
Assessed Value (1)	\$ 1,387,078,837	\$ 1,409,222,570	\$ 1,424,798,117	\$ 1,653,820,245	\$ 1,689,737,270	\$ 1,935,671,458	\$ 2,002,352,209	\$ 2,559,894,053	\$ 2,474,332,369	\$ 2,626,903,422
Ratio of Debt to Assessed Value	7.71%	7.19%	6.69%	5.39%	4.87%	3.89%	10.82%	8.10%	8.02%	7.19%
Personal Income Per Capita (Larimer County)	\$ 42,632	\$ 45,237	\$ 47,024	\$ 48,252	\$ 51,410	\$ 53,836	\$ 55,935	\$ 58,725	\$ 58,725	(2) \$ N/A
Ratio of Debt Per Capita to Personal Income Per Capita	2.27%	2.01%	1.83%	1.67%	1.43%	1.25%	3.47%	3.17%	3.28%	N/A

(1) Includes \$98,232,528; \$98,214,115; \$96,504,185; \$110,281,773; \$112,083,981; \$125,365,881; \$136,188,287; \$150,903,810; \$157,603,879 and \$170,393,925 for incremental assessed valuation attributable to the various Larimer County Urban Renewal Authorities in the 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 levy years, respectively, in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenues.

(2) Estimate. Most current data available.

Source: District Annual Comprehensive Financial Report