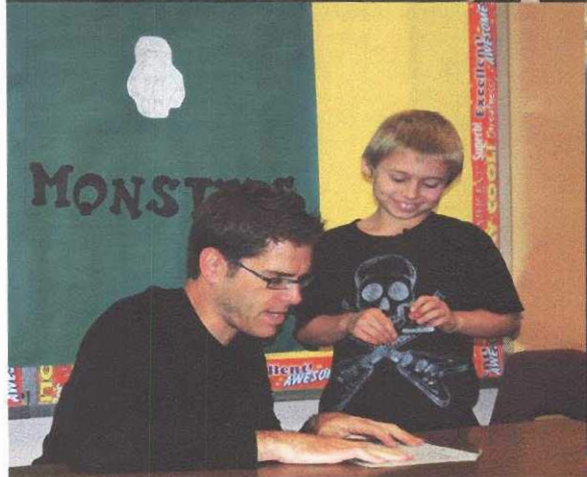


Empower to Learn

Challenge to Achieve

Inspire to Excel



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
Year Ended June 30, 2009
Thompson R2-J School District
www.thompson.k12.co.us

THOMPSON SCHOOL DISTRICT R2-J

Loveland, Berthoud, & Fort Collins Colorado

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2009

Prepared by the
Financial Services Department

Chief Financial Officer
Stephen Towne

Manager of Accounting and Reporting
Luke Gonzales

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

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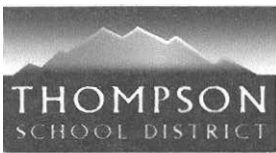
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INTRODUCTORY SECTION

Contents:

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



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

Luke Gonzales
Manager of Accounting
& Reporting

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Thompson School District R2-J for the year ended June 30, 2009.

State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Thompson School District R2-J (District) for the fiscal year ended June 30, 2009.

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.

The District's financial statements have been audited by Swanhorst & Company LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2009, 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 unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The District, reorganized in 1960, now comprised of 30 schools: five high schools, five middle schools, and nineteen elementary schools. During 2006-07 the District added its' first charter school. All of the schools are located in the City of Loveland, City of Fort Collins or the Town of Berthoud in Northern Colorado. The geographic area of the District is 362 square miles located mainly in southern Larimer County. Student enrollment has steadily increased over the past two decades; the enrollment was 14,393 students for the 2008-09 school year. The District's Board of Education is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District is the reporting entity for financial reporting purposes and is not included in any other governmental reporting entity. The financial statements of the District include all funds that are controlled by the publicly elected Board of Education. The Board of Education adopts the budget, authorizes expenditures, selects management, significantly influences operations, and is primarily accountable for fiscal matters.

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 prior to October 15 of the budget year. Budgets are developed and monitored for compensation costs, utilities and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

Staffing levels are authorized for each site and are tracked monthly to insure usage within budgeted limits. On-line budget inquiry access plus monthly reports are provided to each site's administrative staff, to allow monitoring of their discretionary budgets.

Budgetary control is also maintained through the use of an encumbrance accounting system. Encumbrances outstanding at year-end lapse, but are generally reappropriated as part of the following year's budget. Unspent discretionary budgets at year-end are also reappropriated for each school or department in the following budget year, thereby; fostering responsible spending and allowing site management to develop longer range spending plans. Schools' discretionary budgets also include a share of revenues generated from building rentals, and budgets contingent upon site management's compliance with District accountability policies. Under state law, each school is required to involve each employee group, the Board of Education, and the District Accountability Committee in the budget development process.

Factors Affecting Financial Condition

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

Local economy. The District has been negatively impacted by the loss of technology jobs in the past several years. In addition, the current national and statewide recession has had a predictable impact on the local area as well. Local healthcare and retail sales opportunities remain the likely growth leaders once economic recovery begins.

State Funding. Because the General Fund revenues for public schools in Colorado are almost entirely determined by the School Finance Act, total revenues will normally not fluctuate significantly.

School districts are also subject to the provisions of an amendment to Article X, Section 20 of the State Constitution called the TABOR Amendment (Taxpayers Bill of Rights), which limits increases in governmental revenues, taxes and spending.

Under the TABOR Amendment, school districts' annual increases to revenues or spending over the prior year are limited to the combined increase in student enrollment and inflation (measured by Denver/Boulder consumer price index). These limits apply to the combined funds of the District except those specifically excluded within the law, such as voter approved bond issues and tax increases. In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective for the fiscal year ended June 30, 2000 and beyond.

In November 2000, 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 intended to pay for K-12 funding growth of inflation plus 1% annually for the 10 year time period.

Beginning in 0809 however, a significant state and national economic downturn has negatively impacted school funding in Colorado irregardless of this amendment.

During 0809, the state adjusted per pupil revenues downward late in the year to help balance the state budget. The district lost almost \$500,000 (.5%) in expected revenues for the year as a result. The permanent reduction lowered the floor from which 0910 increases would be calculated as well.

For 0910, the state legislature remained true to Amendment 23 by increasing per pupil revenues used in the financing formula by inflation plus 1%, but then instituted an emergency reserve requirement on districts that effectively prevented spending on approximately 40% of the funding increase. At the present time expectations are that the state will require these emergency reserve dollars (\$1.9 million for Thompson) to be returned to the state.

The governor's office has also indicated that 10/11 per pupil funding will be reduced by 4.6% as a part of statewide budget balancing efforts. Another 1.5% reduction is in order to fund a forecasted statewide increase in enrollment. The reductions will decrease district revenues almost \$6.1 million and reduce per pupil funding below 0809 levels.

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

Indicative of the significant national economic distress of the times, the District in 0809, along with many other government entities statewide, suffered a rare principal loss on investments made with Colorado Diversified Trust.

While District expenditures tend to be fairly consistent throughout the year, its revenue collections cycle reflects that of local property taxes. The result is that most collections take place during the latter part of the fiscal year. An interest free state loan program is available to help districts balance cash flow needs but Thompson has not needed to utilize the program for several years because of sufficient internal reserves.

Risk Management. The District utilizes an internal service fund, the Insurance Reserve Fund, to account for risk management costs such as property and liability insurance, legal claims, and workers compensation premiums. Revenues are allocations from the General Fund, as mandated by state law. The District is insured for property and liability claims through participation in a self-insurance pool with other school districts.

The District's share of pool premiums is determined using experience modifiers based on exposure information and actuarial modifiers based on utilization. The percentage contribution from each member district causes yearly changes based on these factors. The District benefits from the experience rating in the liability and property pools. Retention and excess costs amounts for 2009 are shown below for the Colorado Self Insurance Pool (CSDSIP):

	Pool/District Self-Insured Retention*	CSDSIP
Property Pool	\$2,000,000/\$5,000	\$750,000,000
Liability Pool	\$600,000/\$10,000 **	N/A

* Shown on a per claim or incident basis

** Colorado's Governmental Immunity Act, limits the types of claims that can be brought against a school district (i.e. claims involving operation of a motor vehicle and claims arising because of a dangerous condition of any public building) and the amount of monetary damages that a school district might be ordered to pay. The immunity act places a cap on the amount of damages that can be awarded against a public entity or employee. The maximum amount that can be recovered for an injury involving one person in any single occurrence is \$150,000. The Maximum amount that is recoverable for a single occurrence involving two or more people is \$600,000.

Pension and Other Postemployment Benefits

The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature.

The District also contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature.

The (SDTF) members of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Additional information on the District's pension arrangements and post-employment benefits can be found in the Notes to Financial Statements section of this report.

Awards and Acknowledgements

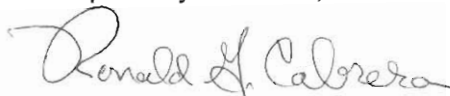
The Government Finance Officers Association's (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the twentieth consecutive year that the government has received this prestigious award. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the eleventh consecutive year that the District has received this award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.


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

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

Respectfully submitted,

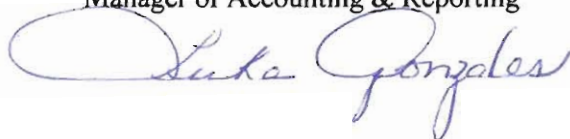


Dr. Ronald G. Cabrera
Superintendent of Schools



Stephen Towne
Chief Financial Officer

Luke Gonzales
Manager of Accounting & Reporting



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Thompson School District R2-J
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, appearing to be "J.R. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

THOMPSON SCHOOL DISTRICT R2-J

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2008

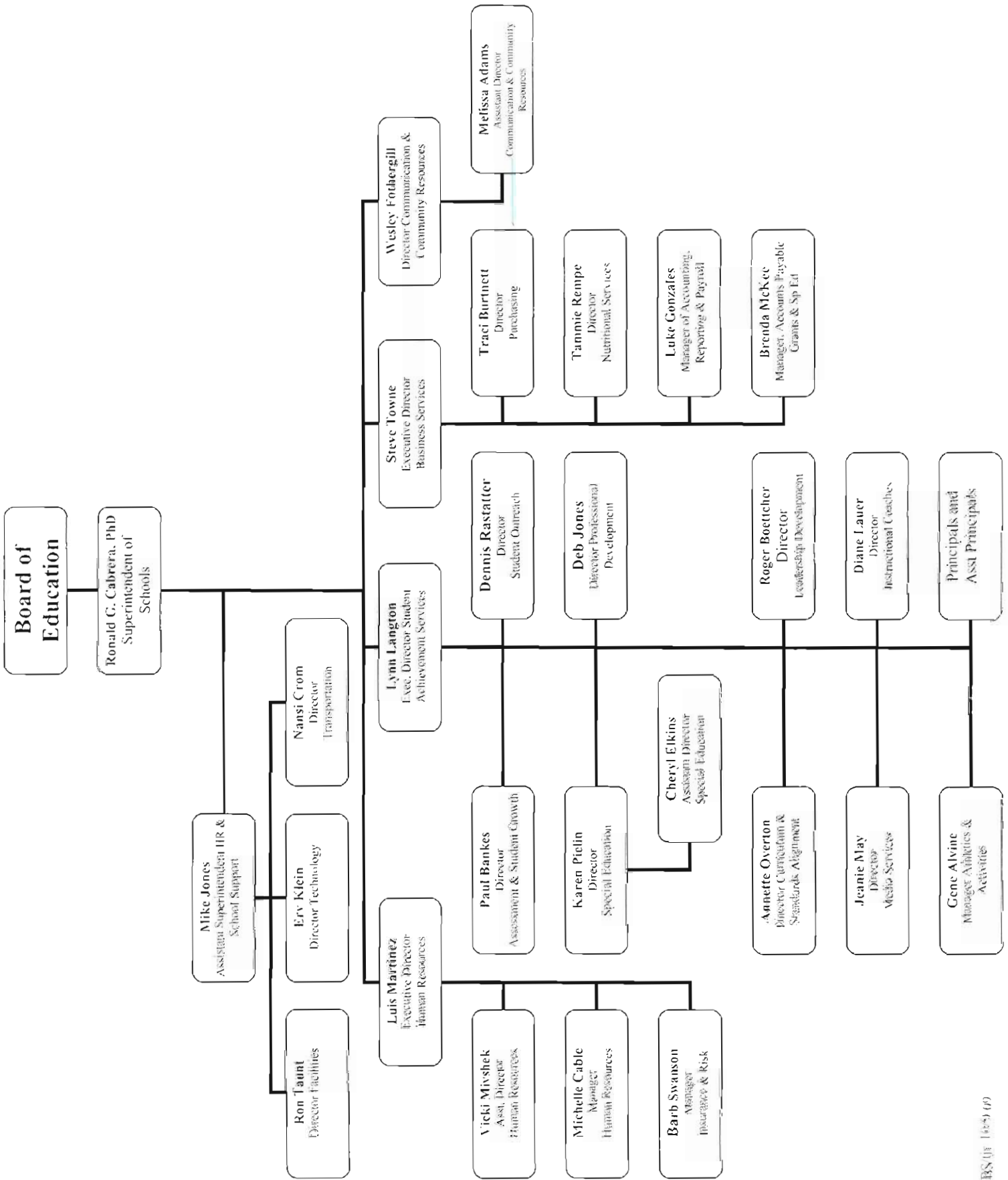
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Angela Pitman

President

John D. Quinn

Executive Director



Board of Education

Bill McCreary, President	Term Expires 2009
Marcia Venzke, Vice President	Term Expires 2009
Lola Johnson, Treasurer	Term Expires 2011
Lucille Steiner, Secretary	Term Expires 2011
Don Abbott	Term Expires 2011
Dennis Breitbarth	Term Expires 2009
Karen Stockley	Term Expires 2011

Superintendent's Executive Staff

Dr. Ronald G. Cabrera	Superintendent
Mike Jones	Assistant Superintendent, HR/School Support
Lynn Langton	Executive Director, Student Achievement
Luis Martinez	Executive Director, Human Resources
Steve Towne	Chief Financial Officer

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

Management’s Discussion and Analysis:

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

Independent Auditors’ Report:

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

Basic Financial Statements

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

Required Supplemental Information

These statements include budgetary data for the General Fund and Major Special Revenue Funds.

Combining of Non-major Funds and Individual Fund Statements

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



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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Thompson School District R2-J, as listed in the table of contents. These financial statements are the responsibility of the Thompson School District R2-J's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Vision Charter School, which represent 86 percent and 89 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts included for the New Vision Charter School, is based solely upon the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the Thompson School District R2-J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The combining and individual fund financial statements and schedules 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Swaudant & Company LLC

December 18, 2009

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

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, 2009. 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

Key financial highlights for 2009 are as follows:

- In total, net assets increased by \$6,066,540 for the year ended June 30, 2009. The net increase was composed of the following elements:

Invested in Capital Assets, net of Related Debt	\$ 3,457,906
Restricted for:	
Debt Services	145,136
TABOR	263,955
Other Purposes	229,090
Unrestricted	1,970,453
Net Increase	<u>\$ 6,066,540</u>

The amount "invested in Capital Assets, net of related debt" increased as a result of several construction projects the District is completing with funds from the 2005 Bond issuance. Net assets restricted for Debt Service increased due to the increase in deferred revenue in the Bond Redemption Fund. The Colorado Revised Statute Article X, Section 20 (Taxpayer Bill of Rights (TABOR)) requires the district to establish reserves for this Amendment. The increase is due to the calculation factors. Net assets restricted for other purposes increased due to the net change in the Land Reserve fund balance. The Unrestricted Net Assets increased overall as a result of the change in fund balance for the General Fund resulting from better than budgeted performance.

- Total assets of governmental activities decreased by \$520,744 attributed to the following elements:

	Increase (Decrease)
Cash	\$ (17,840,607)
Receivables	970,550
Due from Other Governments	(565,905)
Bond Issuance Costs	(100,864)
Capital Assets, net of Accumulated Depreciation	17,016,082
Net Decrease	<u>\$ (520,744)</u>

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

The decrease in cash was due to the spending of Bond dollars for construction projects. The increase in receivables was primarily due to the increase in the year-end property tax receivable. The decrease in Due from Other Governments was from federal grants such as Title I Improvements, and Special Education grants. Receipt of funds was timelier than in prior year. Capital assets increased as a result of building projects funded by the 2005 Bonds. Highlights of the spending include the additions to Berthoud High School and Mountain View High School, the full renovation of Ferguson High School being completed. Along with the in-process projects of the new Transportation facility, the Early Childhood Center at Monroe Elementary, the Van Buren Special Education building and the new Ponderosa Elementary School.

- Total assets of business type activities increased by \$227,997 attributed to the following elements:

	Increase (Decrease)
Cash	\$ 23,122
Due from Other Governments	14,649
Inventory	(17,695)
Capital Assets, net of Accumulated Depreciation	207,921
Net Increase	<u>\$ 227,997</u>

The most significant increase was Capital Assets, net of Accumulated Depreciation as assets added exceeded depreciation expense. Due from other Governments increased due to the timing of reimbursements for the Food Service program. The most significant decrease was in Inventory due to the normal operations of the Nutritional Services Fund. Cash increased due the Nutrition Services program improved operating results.

- Total Liabilities of governmental activities decreased by \$6,368,822 due to the following items:

	Increase (Decrease)
Accounts Payable	\$ (1,308,922)
Payroll Withholding Payable	(213,910)
Accrued Salaries and Benefits	435,179
Retainage Payable	422,535
Accrued Interest Payable	232,886
Due to Other Governments	122,020
Liabilities due within one year	13,590
Liabilities due in more than one year	(6,072,200)
Net Decrease	<u>\$ (6,368,822)</u>

- Accounts payable decreased due to the lesser amount of large bond related construction projects in-process as compared to the prior year. Accrued Salaries and Benefits increased as result of a broader application of the accrual.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

- The short-term and long-term debt changes of significance are due to fluctuations in the annual debt payment schedules. Other changes in liabilities are minimal variations expected during the course of business.
- Total liabilities for business type activities increased by \$9,536. An increase in the accounts payable and unearned revenue of \$3,347 and \$8,742, respectively makes up the majority of the change.
- Governmental-activities general revenues accounted for \$122.1 million in revenue or 90 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions, accounted for \$14.2 million or 10 percent of total revenues of \$136.0 million.
- The District had \$130.4 million in expenses related to governmental activities; only \$14.2 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$122.1 million were adequate to provide for these programs.
- Among major funds, the general fund had \$113.5 million in revenues and \$112.7 million in expenditures and transfers out. The general fund's fund balance increased to \$24.1 million from \$23.3 million.
- Net assets for Enterprise funds increased over last year as a result of significant decrease in expenses during the year, while pricing to the fund's customers went up slightly as a result of the board authorized price increases effective for the 2008-09 school year.

Overview of the Financial Statements

This annual report consists of five parts: introduction, management's discussion and analysis, the basic financial statements, supplementary information and a statistical section. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as Nutritional Services.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2009

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison to the District's budget for the year.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

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

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finances most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's Nutritional Services program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flows.
- *Fiduciary funds:* The District is the agent, or *fiduciary*, for assets that belong to others, such as the education memorial and student activities funds. The District is responsible for ensuring that those to whom the assets belong use them only for their intended purposes and the assets reported in these funds. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Total assets decreased \$0.5 million. Cash and cash equivalents decreased \$17.9 million. The District's receivables increased \$1.0 million due to the growth in property taxes assessed versus last year. The District's Capital Assets Net of Accumulated Depreciation increased \$17.2 million. The District capitalized assets during the year of \$42.1 million compared to depreciation of \$5.2 million.

The District's *combined* net assets increased by 7.38% over the previous year to \$88.8 million. Most of this change in the District's financial position came from its governmental activities, the net assets of which increased \$5.8 million to \$87.9 million.

The Colorado Amendment X to the State Constitution (Taxpayer Bill of Rights (TABOR)) requires the district to establish certain reserves. The increase is due to the amount needed for reserves for the District's Severance plan. Net assets reserved for other purposes increased due to growth in the Land Reserve Fund balance. The Unrestricted Net Assets was increased overall, mainly due to the increase in the General Fund's fund balance.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2009

The net assets of the District's business-type activities increased \$218,461 to \$872,888.

Table 1 provides a summary of the District's net assets for 2009 compared to 2008:

**Table 1
Condensed Statement of Net Assets
(In Millions)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2008-2009
	2009	2008	2009	2008	2009	2008	
Assets							
Current assets	\$ 80.080	\$ 97.516	\$ 0.710	\$ 0.690	\$ 80.790	\$ 98.206	\$ -17.73%
Non-current assets	171.933	155.018	0.401	0.193	172.334	155.211	11.03%
Total Assets	252.013	252.534	1.111	0.883	253.124	253.417	-0.12%
Liabilities							
Current Liabilities	25.037	25.334	0.227	0.219	25.264	25.553	-1.13%
Long-Term Liabilities	139.061	145.133	0.011	0.009	139.072	145.142	-4.18%
Total Liabilities	164.098	170.467	0.238	0.228	164.336	170.695	-3.73%
Net Assets							
Invested in Capital net of related debt	50.272	47.022	0.401	0.193	50.673	47.215	7.32%
Restricted	20.345	19.710	0.069	0.065	20.413	19.775	3.23%
Unrestricted (Deficit)	17.298	15.334	0.403	0.396	17.701	15.730	12.53%
Total Net Assets	\$ 87.915	\$ 82.066	\$ 0.873	\$ 0.654	\$ 88.787	\$ 82.720	\$ 7.33%

Table 2 shows the changes in net assets for fiscal year 2009 compared to 2008:

**Table 2
Changes in Net Assets (In Millions)**

	Governmental Activities		Business-Type Activities		Total School District	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 1,520	\$ 1,314	\$ 1,940	\$ 2,123	\$ 3,460	\$ 3,437
Operating Grants & Contributions	12,656	10,767	1,986	1,734	14,642	12,501
General revenues						
Property taxes	58,622	56,899	-	-	58,622	56,899
State revenue	62,255	59,874	-	-	62,255	59,874
Other	1,186	5,389	-	-	1,186	5,389
Total Revenues	136,239	134,243	3,926	3,857	140,165	138,100
Expenses						
Instruction	69,894	67,835	-	-	69,894	67,835
Pupil & Instructional Services	19,475	19,143	-	-	19,475	19,143
Administration & Business	11,580	11,046	-	-	11,580	11,046
Maintenance & Operations	13,799	11,122	-	-	13,799	11,122
Transportation	4,153	4,012	-	-	4,153	4,012
Other	11,491	15,137	4,011	4,170	15,502	19,307
Total expenses	130,392	128,295	4,011	4,170	134,403	132,465
Transfers						
			0.303			
Increase (decrease) in net assets	\$ 5,847	\$ 5,948	\$ 0.218	\$ (0.313)	\$ 5,762	\$ 5,635

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2009

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 46 cents and 43 cents of every dollar raised respectively (Table 3). Another 9 percent came from state and federal grants for specific programs and the remainder from fees charged for services and other miscellaneous sources.

The District's expenses (71 percent) are predominantly related to instructing, caring for (pupil services) and transporting students (Table 4). The District's administrative and business activities accounted for 9 percent of total costs, while maintenance and other operations cost 20 percent.

Table 3

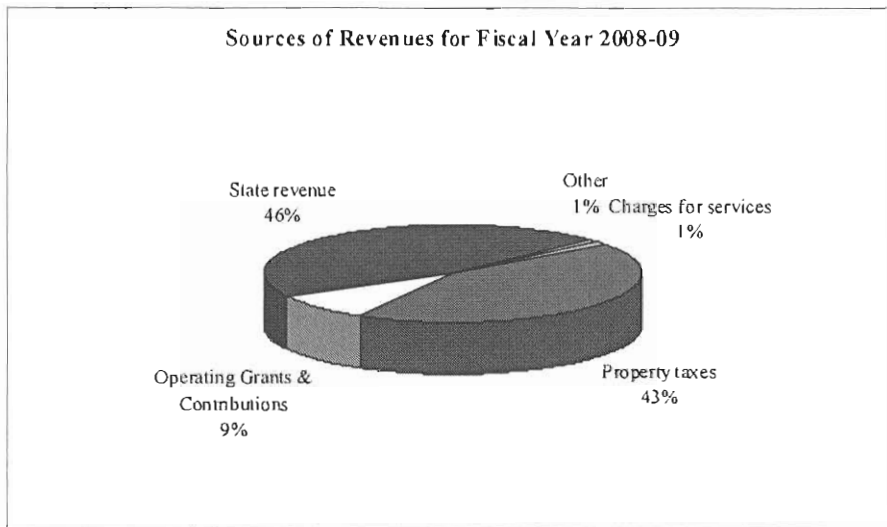
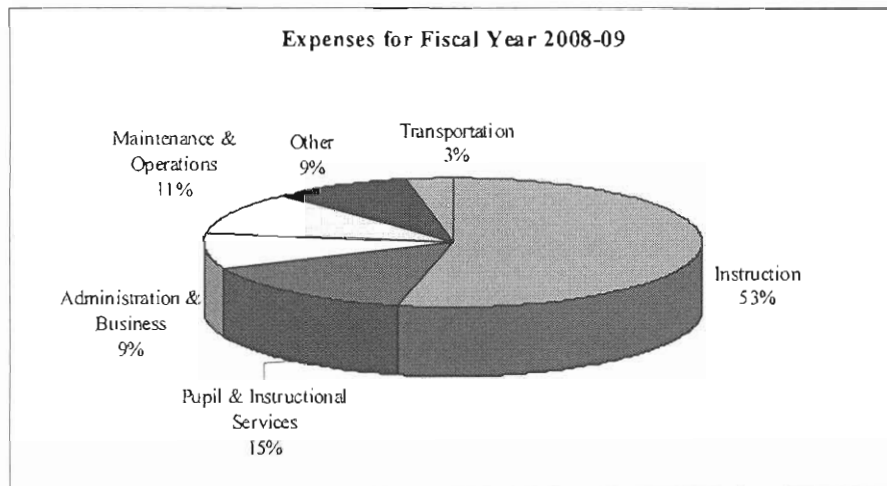


Table 4



**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$6,521 per funded student. In fiscal year 2008-09 the funded pupil count was 14,486. For the 2008-09 fiscal year the District continued to be one of the lowest funded districts in the state. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The District receives approximately 67 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax. State law allows school districts to obtain an additional 20 percent of SFA program funding from local property taxes. This is accomplished by successfully passing a mill levy override ballot question.

In 1999 District voters approved a mill levy override with maximum annual revenue of \$7.5 million in property taxes from annual mills levied not to exceed 8.5. The primary objectives of the 1999 override are to provide additional support for; instructional staff to student ratios, textbooks and library books, instructional supplies and materials, a variety of specific instructional programs, technology replacements and support, and operating costs of Mountain View High School.

Beginning in fiscal year 2007, annual revenues from this override are no longer sufficient to cover the inflationary increases associated with the specific objectives of this override. The Board of Education has chosen to allocate other ongoing general fund revenues to cover the differences rather than cutting specific items from the objectives.

In 2006, the District voters approved an additional mill levy override. The 2006 override's primary objectives are to support instructional staff to student ratios, operating expense support for 3 new elementary schools and additions or modifications to other existing facilities as financed by the 2005 bond issue, educational improvements, technology upgrades, and additional support staff.

This particular override allows for maximum annual revenue of \$6,540,000 in property taxes with annual mills levied not exceeding 4.15 in any year. For 2008-2009 the expected revenues from this mill levy were just under \$5.3 million. Conservative growth projections (3.5% per year) on future District assessed valuations suggest this override will not reach its annual revenue maximum until the 2015-2016 fiscal year. The initial years of the override are still expected to generate reserves which will remain designated for use on the override's primary objectives until such time as inflation requires use of other ongoing resources to balance this fund's budget on an annual basis.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 5 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

**Table 5
Governmental Activities
(In Millions)**

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction	\$ 69.894	\$ 67.835	\$ 59.474	\$ 59.002
Pupil & Instructional Services	19.475	19.143	17.596	17.519
Administration & Business	11.580	11.046	11.314	10.816
Maintenance & Operations	13.799	11.122	13.746	11.076
Transportation	4.153	4.012	3.224	3.209
Other	11.491	15.137	10.862	14.593
Total expenses	\$ 130.392	\$ 128.295	\$ 116.216	\$ 116.215

The cost of all *governmental* activities this year was \$130.4 million.

- Some of the cost was financed by the users of the District's programs (\$1.5 million).
- The federal and state government subsidized certain programs with grants and contributions (\$12.7 million).
- Most of the District's costs (\$116.2 million), however, were financed by State and District taxpayers.
- A portion of governmental activities was financed with \$62.3 million in state equalization from the School Finance Act of 1994 (SFA) and \$54.3 million in property taxes, (\$30.2 million from the SFA, \$12.8 from the 1999 and 2006 voter approved mill levy overrides; and \$11.3 million raised to repay the District's annual payment on Bonded debt.)

Business-Type Activities

Business-type activities of the district are limited to the nutritional services fund. This program had revenues of \$3.9 million and expenses of \$4.0 million. While performance improved significantly in 2008-09 versus 2007-08, management has continued its review of this program in order to improve cost effectiveness further in 2009-10. Business-type activities receive no support from tax revenue.

Financial Analysis of the District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$135.5 million and expenditures of \$153.4 million. The general funds' fund balance increased by \$0.8 million due to improved performance versus budget. Revenue was lower than anticipated in two areas; equalization entitlements were weaker than budget by \$504,000 and investment earnings was lower by \$462,000. Actual expenditures were \$7.2 million below budget. The building fund is spending the 2005 Bond proceeds; this causes the total expenditures to be higher than total revenues.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

- Actual revenues were \$0.7 million lower than expected. This is an insignificant variance compared to the budgeted amount of \$114.2 million.
- The actual expenditures were \$7.2 million below budget. Schools and departments are allowed to carryover certain unused dollars, which were approximately \$3.36 million at June 30, 2009. The 2008-09 budget reflects all carryover from the previous year being spent, which was originally approximated at \$2.70 million.

Capital Assets and Debt Administration

By the end of 2009, the District had invested \$171.5 million in land, buildings, equipment, and transportation vehicles, \$171.1 million, of which was in governmental activities. Table 6 shows a comparison of fiscal years 2009 and 2008:

**Table 6
Capital Assets at June 30
(Net of Depreciation, in Millions)**

	Governmental Activities		Business-Type Activities		Total School District	
	2009	2008	2009	2008	2009	2008
Land	\$ 14.811	\$ 14.811	\$ -	\$ -	\$ 14.811	\$ 14.811
Water Rights	1.050	1.050	-	-	1.050	1.050
Construction in Progress	44.897	44.459	-	-	44.897	44.459
Buildings	104.559	88.706	-	-	104.559	88.706
Equipment	2.198	1.865	0.401	0.192	2.599	2.057
Transportation	3.632	3.240	-	-	3.632	3.240
Totals	<u>\$ 171.147</u>	<u>\$ 154.131</u>	<u>\$ 0.401</u>	<u>\$ 0.192</u>	<u>\$ 171.548</u>	<u>\$ 154.323</u>

Construction in Progress remained flat as a result of the additions to Berthoud High School and Mountain View High School, the full renovation of Ferguson High School being completed. Along with the in-process projects of the new Transportation facility, the Early Childhood Center at Monroe Elementary, the Van Buren Special Education building and the new Ponderosa Elementary School.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

Additional information on the District's capital assets can be found in Note 6 of the Notes to Financial Statements report, page 37.

Long-Term Debt

At year-end, the District had \$140.7 million in bonds, certificates of participation and capital leases payable, \$6.2 million due within one year (Table 7).

**Table 7
Outstanding Debt, at Year End
(In Millions)**

	Governmental Activities 2009	Governmental Activities 2008
General Obligation Bonds	\$ 135.763	\$ 140.947
Certificates of Participation	3.635	3.815
Capital Lease Obligation Payable	1.258	1.436
Total	\$ 140.656	\$ 146.198

Additional information on the District's long-term debt can be found in Notes 8 through 11 of this report.

Factors Bearing on the District's Future

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

- With a significant economic downturn across the state and across the nation, the state budget for Colorado has suffered tremendously. Despite federal efforts to stimulate the economy and provide supplementary one-time funds to states to help offset revenue decreases a portion of K-12 funding in 2008-09 (\$355K) was rescinded by the state. It appears very likely another \$1.9 million of Thompson funding will be rescinded in 2009-10, and early indications are 2010-11 funding will be reduced by more than 6%. K-12 budgets across the state will be under pressure unseen in recent times. While the District has done well to build its General Fund reserves in recent years significant expenditure reductions from current levels will nevertheless be required for the near term future.
- In November 2000 the voters of the State of Colorado passed a statewide referendum, Amendment 23. This amendment establishes a school funding reserve from state surplus dollars. This reserve will help fund the School Finance Act whose funding, by this amendment has been guaranteed for the next 10 years to equal inflation plus one percent. In addition, the State must also increase categorical funding by inflation plus one percent for the next ten years.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2009**

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 Assets
As of June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash and Investments	\$ 74,328,582	\$ 364,311	\$ 74,692,893	\$ 1,704,612
Restricted Cash and Cash Equivalents	-	-	-	499,230
Receivables	4,191,252	-	4,191,252	11,777
Prepaid Expense	-	-	-	585,000
Due from Other Governments	1,560,057	179,951	1,740,008	-
Inventory	-	166,050	166,050	-
Total Current Assets	80,079,891	710,312	80,790,203	2,800,619
Noncurrent Assets				
Bond Issuance Costs, (net of Accumulated Amortization)	786,238	-	786,238	175,735
Capital Assets (net of Accumulated Depreciation - where applicable):				
Land	14,810,666	-	14,810,666	-
Water Rights	1,050,000	-	1,050,000	-
Construction in Progress	44,897,780	-	44,897,780	-
Buildings	104,558,550	-	104,558,550	3,595,791
Equipment	2,197,910	400,578	2,598,488	-
Transportation	3,632,011	-	3,632,011	-
Total Noncurrent Assets	171,933,155	400,578	172,333,733	3,771,526
Total Assets	252,013,046	1,110,890	253,123,936	6,572,145
LIABILITIES				
Current Liabilities				
Accounts Payable	3,358,760	33,478	3,392,238	32,963
Payroll Withholding Payable	-	-	-	-
Accrued Salaries and Benefits	12,050,346	117,618	12,167,964	97,289
Retainage Payable	422,535	-	422,535	-
Accrued Interest Payable	232,886	-	232,886	81,466
Due to Other Governments	171,396	-	171,396	-
Unearned Revenue	-	71,290	71,290	-
Current Portion of Long-Term Debt	8,801,175	4,500	8,805,675	10,000
Total Current Liabilities	25,037,098	226,886	25,263,984	221,718
Noncurrent Liabilities				
Loan Payable	-	-	-	4,800,000
Bonds Payable	116,969,737	-	116,969,737	-
Loss on Reissuance Cost	(1,617,141)	-	(1,617,141)	-
Premium on Bond Financing	5,185,933	-	5,185,933	-
Deferred Interest Bonds Payable	9,365,070	-	9,365,070	-
Certificates of Participation	3,450,000	-	3,450,000	-
Capital Lease Obligations	1,071,301	-	1,071,301	-
Compensated Absences	215,243	11,116	226,359	-
Early Retirement Stipends	4,421,224	-	4,421,224	-
Total Noncurrent Liabilities	139,061,367	11,116	139,072,483	4,800,000
Total Liabilities	164,098,465	238,002	164,336,467	5,021,718
Net Assets				
Invested in Capital Assets, net of Related Debt	50,272,273	400,578	50,672,851	(1,214,209)
Restricted for:				
Debt Service	13,485,081	-	13,485,081	475,878
TABOR	4,632,786	69,152	4,701,938	90,600
Repairs and Replacements	-	-	-	23,352
Land and Land Improvements	919,604	-	919,604	-
Grants	893,239	-	893,239	-
Insurance	251,190	-	251,190	-
Colorado Preschool Program	162,813	-	162,813	-
Unrestricted	17,297,596	403,158	17,700,754	2,174,806
Total Net Assets	\$ 87,914,582	\$ 872,888	\$ 88,787,470	\$ 1,550,427

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2009

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Total Instruction	69,893,811	827,452	9,592,020
Support Services			
Pupil Services	8,823,141	-	1,302,397
Instructional Staff	10,651,345	45,904	529,833
General Administration	1,097,462	-	-
School Administration	8,196,106	63,338	178,167
Business Services	2,286,161	24,719	-
Maintenance/Operations	13,799,484	-	53,553
Pupil Transportation	4,153,588	-	929,819
Central Supporting Services	3,979,589	558,519	-
Community Services	831,718	-	70,582
Interest on Long-term Debt	6,679,897	-	-
Total Support Services	60,498,290	692,480	3,064,351
Total Governmental Activities	130,392,101	1,519,932	12,656,371
Business-Type Activities			
Nutritional Services	4,011,436	1,939,873	1,985,614
Total Business-Type Activities	4,011,436	1,939,873	1,985,614
Total School District	<u>134,403,537</u>	<u>3,459,805</u>	<u>14,641,985</u>
Component Units			
Charter School	3,004,515	57,200	65,481
Thompson Education Foundation	514,451	-	386,758
	<u>\$ 3,518,966</u>	<u>\$ 57,200</u>	<u>\$ 452,239</u>

General Revenues
Property taxes levied for:
 General Purposes
 Mill Levy Override
 Debt Services
Specific Ownership Taxes levied for:
 General Purposes
Equalization Entitlement
Payment in Lieu of Land Dedication
Interest and Investment Earnings
Grants and Contributions not
 Restricted to Specific Programs
Miscellaneous
Transfer

Total General Revenues and Transfers

Changes in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of this statement

Net (Expenses) Revenues
And Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Units
(59,474,339)	-	(59,474,339)	-
(7,520,744)	-	(7,520,744)	-
(10,075,608)	-	(10,075,608)	-
(1,097,462)	-	(1,097,462)	-
(7,954,601)	-	(7,954,601)	-
(2,261,442)	-	(2,261,442)	-
(13,745,931)	-	(13,745,931)	-
(3,223,569)	-	(3,223,569)	-
(3,421,070)	-	(3,421,070)	-
(761,136)	-	(761,136)	-
(6,679,897)	-	(6,679,897)	-
(56,741,459)	-	(56,741,459)	-
(116,215,798)	-	(116,215,798)	-
-	(85,949)	(85,949)	-
-	(85,949)	(85,949)	-
(116,215,798)	(85,949)	(116,301,747)	-
-	-	-	(2,881,834)
-	-	-	(127,693)
-	-	-	(3,009,527)
30,242,965	-	30,242,965	-
12,774,017	-	12,774,017	-
11,265,715	-	11,265,715	-
4,339,660	-	4,339,660	-
62,255,043	-	62,255,043	-
313,552	-	313,552	-
1,175,751	1,584	1,177,335	(11,538)
-	-	-	256,522
-	-	-	2,703,297
(302,826)	302,826	-	-
122,063,877	304,410	122,368,287	2,948,281
5,848,079	218,461	6,066,540	(61,246)
82,066,503	654,427	82,720,929	1,611,673
\$ 87,914,582	\$ 872,888	\$ 88,787,470	\$ 1,550,427

Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2009

	General	Government Designated- Purpose Grants	Bond Redemption	Building
ASSETS				
Cash and Investments	\$ 34,831,595	\$ 554,743	\$ 12,455,165	\$ 21,262,526
Receivables	3,494,361	2,389	693,780	-
Due from Other Governments	-	1,560,057	-	-
Total Assets	\$ 38,325,956	\$ 2,117,189	\$ 13,148,945	\$ 21,262,526
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 954,172	\$ 102,244	\$ -	\$ 1,858,896
Accrued Salaries and Benefits	11,068,503	910,566	-	-
Due to Other Government	-	171,396	-	-
Deferred Revenue	2,186,786	-	683,722	-
Retainage Payable	-	-	-	408,213
Total Liabilities	14,209,461	1,184,206	683,722	2,267,109
Fund Balances				
Reserved for TABOR	4,407,886	39,744	-	-
Reserved for Debt Services	-	-	12,465,223	-
Reserved for Capital Projects	-	-	-	18,995,417
Reserved for Other Purposes	414,003	893,239	-	-
Unreserved, reported in:				
Designated General Fund (mill levy)	13,818,444	-	-	-
Undesignated General Fund	5,476,162	-	-	-
Undesignated Special revenue funds	-	-	-	-
Total Fund Balances	24,116,495	932,983	12,465,223	18,995,417
Total Liabilities and Fund Balances	\$ 38,325,956	\$ 2,117,189	\$ 13,148,945	\$ 21,262,526

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Reconciliation of the Governmental Funds Balance Sheet
With the Statement of Net Assets
June 30, 2009

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
\$ 5,224,553	\$ 74,328,582	Amounts reported for governmental activities in the statement of net assets are different because:	
722	4,191,252		
<u>-</u>	<u>1,560,057</u>	Total Fund Balance - Governmental Funds	\$ 61,206,346
\$ <u>5,225,275</u>	\$ <u>80,079,891</u>	Capital assets used in governmental activities are not financial resources & therefore are not reported as assets in governmental funds.	
		The cost of capital assets is	246,738,599
		Accumulated depreciation is	<u>(75,591,682)</u>
			171,146,917
\$ 443,448	\$ 3,358,760	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	2,870,508
71,277	12,050,346		
-	171,396	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end in the funds. Long-term liabilities at year end consist of:	
-	2,870,508	Accrued Interest Payable	232,886
<u>14,322</u>	<u>422,535</u>	Bonds Payable	122,829,737
529,047	18,873,545	Bond Issuance Costs	(786,238)
		Loss on Reissuance Cost	(1,617,141)
185,156	4,632,786	Premium on Bond Financing	5,185,933
336,136	12,801,359	Deferred Interest	9,365,070
-	18,995,417	Capital Lease Obligations	1,257,700
919,604	2,226,846	Certificates of Participation	3,635,000
-	13,818,444	Compensated Absences	495,243
-	5,476,162	Early Retirement Stipends	<u>6,711,000</u>
<u>3,255,332</u>	<u>3,255,332</u>		<u>(147,309,190)</u>
4,696,228	61,206,346	Total Net Assets - Governmental Activities	\$ <u>87,914,582</u>
<u>-</u>	<u>-</u>		
\$ <u>5,225,275</u>	\$ <u>80,079,891</u>		

Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Building</u>
Revenue				
Taxes	\$ 46,280,631	\$ -	\$ 11,265,715	\$ -
Intergovernmental	67,138,768	6,773,562	-	-
Investment earnings	86,667	3,095	155,017	883,711
Other	-	-	-	1,000,000
TOTAL REVENUE	<u>113,506,066</u>	<u>6,776,657</u>	<u>11,420,732</u>	<u>1,883,711</u>
Expenditures				
Current				
Instruction				
Salaries and Benefits	53,522,867	4,084,914	-	-
Purchased Services	1,652,251	149,381	-	-
Supplies and Materials	2,818,550	190,685	-	-
Equipment	719,943	20,262	-	-
Other Expenditures	81,649	11,334	-	-
Total Instruction	<u>58,795,260</u>	<u>4,456,576</u>	<u>-</u>	<u>-</u>
Support Services				
Pupil Services	6,735,444	1,795,835	-	-
Instructional Staff	8,925,372	653,311	-	-
General Administration	719,144	-	-	336,615
School Administration	7,280,676	533,975	-	-
Business Services	2,205,827	-	-	-
Maintenance/Operations	10,173,217	15,050	-	5,975,453
Pupil Transportation	3,251,451	4,831	-	-
Central Supporting Services	2,999,478	-	449	-
Community Services	8,703	117,435	-	-
Capital Projects	-	-	-	14,778,636
Charter School	2,722,161	-	-	-
Debt Service - Principal	-	-	5,575,000	-
Debt Service - Interest	-	-	5,706,844	-
Total Support Services	<u>45,021,472</u>	<u>3,120,437</u>	<u>11,282,293</u>	<u>21,090,704</u>
TOTAL EXPENDITURES	<u>103,816,732</u>	<u>7,577,013</u>	<u>11,282,293</u>	<u>21,090,704</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	9,689,334	(800,356)	138,439	(19,206,993)
Other Financing Sources (Uses)				
Transfers In	-	667,423	-	-
Transfers Out	(8,899,260)	-	(155,000)	-
Total Other Financing Sources (Uses)	<u>(8,899,260)</u>	<u>667,423</u>	<u>(155,000)</u>	<u>-</u>
Net Change in Fund Balances	790,074	(132,933)	(16,561)	(19,206,993)
Fund Balances - Beginning of the Year	<u>23,326,421</u>	<u>1,065,916</u>	<u>12,481,784</u>	<u>38,202,410</u>
Fund Balances - End of the Year	<u>\$ 24,116,495</u>	<u>\$ 932,983</u>	<u>\$ 12,465,223</u>	<u>\$ 18,995,417</u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Statement of Activities
For The Year Ended June 30, 2009

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>			
\$	-	\$ 57,546,346	Amounts reported for governmental activities in the statement of activities are different because:		
	-	73,912,330			
	47,261	1,175,751			
	<u>1,832,568</u>	<u>2,832,568</u>			
	<u>1,879,829</u>	<u>135,466,995</u>			
	3,848,631	61,456,412	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period	Depreciation expense	(5,108,793)
	28,778	1,830,410		Capital Outlays	<u>22,124,875</u>
	286,158	3,295,393			17,016,082
	495,547	1,235,752			
	<u>35,784</u>	<u>128,767</u>	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,076,011
	4,694,898	67,946,734			
	1,397	8,532,676	In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid (\$2,574,519) were more than the amounts earned (\$2,114,991) by \$459,528. Vacation used (\$741,956) was more than the amounts earned (\$684,634) by \$57,322.		516,850
	848,127	10,426,810			
	-	1,055,759	Repayment of bonded principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Repayment of bond Principal \$5,575,000, deferred interest on 1996 Bonds (\$714,891), Bond Issuance Costs, net of amortization \$(100,864), amortization of Premium and Loss on refunding of \$323,586 and change in accrued interest payable. (\$232,886).		4,849,945
	112,891	7,927,542			
	37,880	2,243,707	Repayment of Capital Lease and Certificate of Participation principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities		
	1,161,345	17,325,065			
	804,085	4,060,367			
	754,662	3,754,589			
	647,779	773,917			
	-	14,778,636			
	-	2,722,161			
	358,065	5,933,065			
	<u>247,998</u>	<u>5,954,842</u>			
	<u>4,974,229</u>	<u>85,489,135</u>			
	9,669,127	153,435,869			
	(7,789,298)	(17,968,874)	Principal Payment of Debt		<u>358,065</u>
	8,718,913	9,386,336	Change in net assets of governmental activities		<u>\$ 5,848,079</u>
	(332,076)	(9,386,336)			
	<u>8,386,837</u>	<u>0</u>			
	597,539	(17,968,874)			
	<u>4,098,689</u>	<u>79,175,220</u>			
\$	<u><u>4,696,228</u></u>	<u><u>61,206,346</u></u>			

Thompson School District R2-J
Statement of Net Assets
Proprietary Fund
June 30, 2009

	Nutrition Services Fund
ASSETS	
Current Assets	
Cash and Investments	\$ 364,311
Due from Other Governments	179,951
Inventory	166,050
Total current assets	710,312
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	400,578
TOTAL ASSETS	1,110,890
LIABILITIES	
Current Liabilities	
Accounts Payable	33,478
Accrued Salaries and Benefits	117,618
Deferred Revenue	71,290
Current portion of Compensated Absences	4,500
Total Current Liabilities	226,886
Noncurrent Liabilities	
Compensated Absences	11,116
Total Noncurrent Liabilities	11,116
Total Liabilities	238,002
NET ASSETS	
Invested in Capital Assets	400,578
Restricted for TABOR	69,152
Unrestricted	403,158
Total Net Assets	\$ 872,888

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Fund
For The Year Ended June 30, 2009

	Nutrition Services Fund
Operating Revenue	
Food Sales and Catering Sales	\$ 1,939,873
TOTAL OPERATING REVENUE	1,939,873
Operating Expenses	
Salaries and Benefits	1,867,848
Purchased Services	85,681
Supplies and Materials	1,963,002
Depreciation	94,905
TOTAL OPERATING EXPENSES	4,011,436
Operating Loss	(2,071,563)
Non-Operating Revenue	
Federal Aid:	
USDA Reimbursements	1,692,999
Donated Commodities	231,842
State Categorical Reimbursement	60,773
Interest Earnings	1,584
TOTAL NON-OPERATING REVENUE	1,987,198
Net Loss Before Capital Contributions	(84,365)
Capital Contributions	302,826
Change in Net Assets	218,461
Net Assets	
Beginning of the Year	654,427
Net Assets	
End of the Year	\$ 872,888

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2009

	Nutrition Services Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,948,615
Cash Payments to Suppliers for Goods and Services	(1,795,799)
Cash Payments to Employees for Services	(1,870,401)
Net Cash Used by Operating Activities	(1,717,585)
Cash Flows from Noncapital Financing Activities	
Cash Received from Federal Government	1,679,488
Cash Received from State	59,635
Net Cash Provided by Non-capital Financing Activities	1,739,123
Cash Flows from Investing Activities	
Interest Received	1,584
Net Increase (Decrease) in Cash and Cash Equivalents	23,122
Cash and Cash Equivalents at the Beginning of the Year	341,189
Cash and Cash Equivalents at the End of the Year	\$ 364,311

The accompanying notes are an integral part of this statement

**Thompson School District R2-J
Reconciliation of Operating Loss To
Net Cash Used by Operating Activities
For the Year Ended June 30, 2009**

	Nutrition Services Fund
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (2,071,563)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	94,905
USDA Commodities Food Used	231,842
Changes in Assets and Liabilities	
Increase (Decrease) in Accounts Payable	3,347
Increase (Decrease) in Accrued Salaries	(4,501)
Decrease (Increase) in Inventory	17,695
Increase (Decrease) in Compensated Absences	1,948
Increase (Decrease) in Deferred Revenue	8,742
Net Cash Used by Operating Activities	\$ (1,717,585)
Non-cash Investing, Capital and Financing Activities	
Federal Aid:	
Donated Commodities	\$ 231,842
Capital Assets Contributed by Other Funds	302,826
	534,668
Total Non-cash Investing, Capital and Financing Activities	\$ 534,668

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Fiduciary Assets and Liabilities
As of June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>970,038</u>
TOTAL ASSETS	<u><u>970,038</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	50,020
Accrued Salaries and Benefits	2,508
Undistributed Monies	<u>917,510</u>
TOTAL LIABILITIES	\$ <u><u>970,038</u></u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

(A) Reporting Entity

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

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

Blended Component Unit:

Thompson School Facilities Corporation

The Thompson School Facilities Corporation (Corporation), a Colorado not-for-profit corporation, is included as a blended component unit in the accompanying basic financial statements. The 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 does not publish individual component unit financial statements.

Discrete Component Units:

The District includes the New Vision Charter School and Thompson Education Foundation, which is a nonprofit entity, (the "Entities") within its reporting entity because the Entities are fiscally dependent on the District or provide benefits exclusively to the District and their exclusion would render the District's financial statements incomplete. Since the Entities have separately elected boards, the balances and transactions of the Entities are discretely presented in the financial statements. New Vision Charter School issues separate Financial Statements, which can be obtained at the school, 2366 E. 1st Street, Loveland, CO 80537.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

(B) Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

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

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

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

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

Bond Redemption Fund – The District has one debt service fund, the Bond Redemption Fund. This fund is used to account for the accumulation of resources for, and the payment of, 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 District has one capital projects fund, the Building Fund. This fund accounts for the financial resources to be used to construct, renovate and equip capital facilities.

The other governmental funds of the District are Special Revenue Funds – These funds account for revenues derived from earmarked revenue sources, including transfers from the General Fund, charges for supporting educational services and tuition. Special Revenue Funds consist of Capital Reserve, Land Reserve, Severance Incentive, Interscholastic Athletic and Activity, and Fee Supported Program Funds.

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

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

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds, The Education Memorial Fund and Interscholastic Athletic and Activity Fund.

(C) Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

(D) Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. See Note 3. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the district must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, tuition, grants and student fees.

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

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

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

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

(E) Cash, Cash Equivalents and Temporary Investments

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

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

(F) Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net assets and, classified as due from other funds or due to other funds on the balance sheet.

(G) Inventories

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

(H) Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend and asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

(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 it is probable that 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 30 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 30 accrued days, acquired prior to the end of the 1994 fiscal year.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

The entire compensated absence liability is reported on the government-wide financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. A liability is reported in the governmental funds only when payment is due.

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 2015. The severance plan is structured to comply with the legal requirements of Title X of the Colorado Constitution (also known as the Tabor Amendment). The District budgets the subsequent year's available resources for severance, severance incentive and eligible accumulated leave benefits. Therefore, the entire unpaid liability for early retirement and sick leave paid upon retirement for governmental funds is reported on the government-wide financial statements. Amounts for sick leave to be paid with the severance and early retirement bonus are included in severance incentive stipends payable. The compensated absences balance is the accrual for active employees. The amounts recorded as liabilities for all compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

(J) Accrued Liabilities and Long-Term Obligations

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

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

(K) Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Designated unreserved fund balances have been established for the mill levy override election.

(L) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or 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, 2009

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

(M) Interfund Transactions

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

NOTE (2) Cash and Investments

(A) Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. At June 30, 2009 the State regulatory commissioners had indicated that all financial institutions holding deposits for the District are eligible public depositories. 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 market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2009, the District had deposits of \$6,261,038 collateralized with securities held by the financial institutions' agents, but not in the District's name.

(B) Investments

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

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

Interest rate risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute limits investments in U.S. Agency securities and repurchase agreements to five years from date of purchase.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

Credit Risk – State statutes limit investments in U.S. Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes require repurchase agreements to be collateralized at no less than one hundred two percent with U.S. Treasury or Agency securities.

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

Local government investment pools – At June 30, 2009, the District had \$71,216,427 invested in the Colorado Local Government Liquid Asset Trust (Colostrust). 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. The pool operates similarly to a money market fund with each share equal in value to \$1.00. The pool is rated AAAM by Standard and Poor’s. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

Investment Type	Rating	Investment Maturities (In Years)			Thompson	All	Fair Value
		Less than 1	1 - 3	3 +	Ed. Fnd.	Other Funds	
Uninvested Funds	N/A	\$ 93	\$ -	\$ -	\$ 93	\$ -	\$ 93
Money Market Funds	AAA	7,633	-	-	-	7,633	7,633
Money Market Funds	N/A	280,822	-	-	280,822	-	280,822
Local Government Investment Pool	AAA	71,216,427	-	-	-	71,216,427	71,216,427
Corporate Bonds	N/A	-	77,844	100,503	178,347	-	178,347
Commercial Paper	AAA	336,136	-	-	-	336,136	336,136
U.S. Agency Securities	AAA	-	-	269,641	269,641	-	269,641
		<u>\$ 71,841,111</u>	<u>\$ 77,844</u>	<u>\$ 370,144</u>	<u>\$ 728,903</u>	<u>\$ 71,560,196</u>	<u>\$ 72,289,099</u>

The Thompson Education Foundation is a non profit entity with its own investment policy and is not subject to state statute.

The following table is a reconciliation of cash and investments on the statement of net assets.

Cash and Deposits	\$ 4,279,234
Investments	72,289,099
Total	<u>\$ 76,568,333</u>
<u>Statement of Net Assets:</u>	
Primary Government Cash and Investments	\$ 74,692,893
Thompson Education Foundation Cash and Investments	905,402
Fiduciary Funds Cash and Investments	970,038
Total	<u>\$ 76,568,333</u>

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Notes to Financial Statements
June 30, 2009

NOTE (3) Receivables

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

NOTE (4) Due To/From Other Funds

The District's claim on cash account holds the cash of all funds. As a result, negative claim on cash balances occur in certain funds and are in essence "financed" by other funds. Positive book cash balances are displayed on the balance sheet as "due from other funds", while negative cash balances are included in "Due to other funds" on the balance sheet.

NOTE (5) Interfund Transfers

Interfund transfers at June 30, 2009, were composed of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Major Funds:		
Government Designated-Purpose Grants	General	\$ 667,423
	Sub-total	667,423
Non-Major Funds:		
Interscholastic Athletic & Activity	General	1,390,461
Severance Incentive	General	2,610,000
Fee Supported Programs	General	326,526
Capital Reserve	General	3,904,850
Building Corporation Debt Service	Capital Reserve	332,076
Capital Reserve	Bond Redemption	<u>155,000</u>
	Sub-total	8,718,913
	Total	<u>\$ 9,386,336</u>

The General Fund routinely subsidizes programs of other funds. The General Fund is required by State statute to transfer \$298 per funded pupil to the Capital Reserve Fund or use it for insurance costs. The Capital Reserve Fund transferred to the Building Corporation Debt Service Fund the amount of debt service requirements. By District policy and as allowed by State statute, the Debt Service Fund transfers its investment income to the Capital Reserve Fund each year.

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Notes to Financial Statements
June 30, 2009

NOTE (6) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Capital Assets July 1, 2008	Additions	Deletions Inventory Adjustments/ Transfers	Capital Assets June 30, 2009
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 14,810,666	\$ -	\$ -	\$ 14,810,666
Water Rights	1,050,000	-	-	1,050,000
Construction in Progress	<u>44,459,350</u>	<u>20,207,841</u>	<u>(19,769,411)</u>	<u>44,897,780</u>
Total capital assets, not being depreciated	<u>60,320,016</u>	<u>20,207,841</u>	<u>(19,769,411)</u>	<u>60,758,446</u>
Capital assets, being depreciated:				
Buildings	149,655,411	19,632,066	-	169,287,477
Equipment	4,976,854	871,560	-	5,848,414
Transportation	<u>9,947,639</u>	<u>1,182,819</u>	<u>(286,196)</u>	<u>10,844,262</u>
Total capital assets, being depreciated	164,579,904	21,686,445	(286,196)	185,980,153
Less accumulated depreciation for:				
Buildings	(60,949,038)	(3,779,889)	-	(64,728,927)
Equipment	(3,112,400)	(538,104)	-	(3,650,504)
Transportation	<u>(6,707,647)</u>	<u>(790,800)</u>	<u>286,196</u>	<u>(7,212,251)</u>
Total accumulated depreciation	<u>(70,769,085)</u>	<u>(5,108,793)</u>	<u>286,196</u>	<u>(75,591,682)</u>
Total capital assets, being depreciated, net	<u>93,810,819</u>	<u>16,577,652</u>	<u>-</u>	<u>110,388,471</u>
Governmental Activities Capital Assets, Net	<u>\$ 154,130,835</u>	<u>\$ 36,785,493</u>	<u>\$ (19,769,411)</u>	<u>\$ 171,146,917</u>
Business-Type Activities				
Furniture and Equipment	\$ 2,516,971	\$ 302,826	\$ -	\$ 2,819,797
Less Accumulated Depreciation	<u>(2,324,314)</u>	<u>(94,905)</u>	<u>-</u>	<u>(2,419,219)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 192,657</u>	<u>\$ 207,921</u>	<u>\$ -</u>	<u>\$ 400,578</u>

Depreciation expense for the year ended June 30, 2009 was charged to the following governmental functions:

Instruction	\$ 2,804,794
Support:	
Pupil Services	290,466
Instructional Staff	304,821
General Administration	41,703
School Administration	268,564
Business Services	42,454
Maintenance/Operations	788,368
Pupil Transportation	93,021
Central Supporting Services	416,801
Community Services	<u>57,801</u>
Total	<u>\$ 5,108,793</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

NOTE (7) 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, 2009, are estimated to be \$12,166,623. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE (8) General Obligation Bonds Payable

On January 7, 1997, the District issued \$48,949,738 in general obligation bonds. The bond proceeds are being used for construction projects and bond issuance costs. The bond issue was comprised of two separate types of bonds. These bonds have different interest rates and payment due dates as shown in the tables below. The first and second tables identify each type of the 1996 bond issue. On July 29, 2003, the District issued \$25,660,000 in general obligation bonds. The bond proceeds were used to refund the Series 1996. The first table is the remaining principal and interest due from the portion of the 1996 Series Bonds, which were not refunded. The second table identifies the remaining principal and interest due on the 2003 bond issue as of June 30, 2009. On September 17, 2004, the District issued \$22,215,000 in general obligation bonds. The bond proceeds were used to refund the Series 1994 bonds. Table 3 details the remaining principal and interest due on the 2004 bond issue as of June 30, 2009. On December 20, 2005, the District issued \$89,215,000 in general obligation bonds. Table 4 details the remaining principal and interest due on the 2005 bond issue as of June 30, 2009.

Table 1
Series 1996 Deferred Interest
Interest Rate 5.4% to 5.5%

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,271,194	\$ 3,603,806	\$ 6,875,000
2012	3,101,430	3,823,570	6,925,000
2013	<u>2,912,113</u>	<u>4,002,887</u>	<u>6,915,000</u>
Totals	<u>\$ 9,284,737</u>	<u>\$11,430,263</u>	<u>\$20,715,000</u>

Thompson School District R2-J
Notes to Financial Statements
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Table 2

Series 2003A Refunding Bonds
Interest Rate 2.75% to 5.25%

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 875,000	\$ 892,050	\$ 1,767,050
2011	-	878,925	878,925
2012	-	878,925	878,925
2013	-	878,925	878,925
2014	4,315,000	779,269	5,094,269
2015	4,550,000	591,238	5,141,238
2016	4,760,000	383,862	5,143,862
2017	<u>5,045,000</u>	<u>132,431</u>	<u>5,177,431</u>
Total	<u>\$ 19,545,000</u>	<u>\$ 5,415,625</u>	<u>\$24,960,625</u>

Table 3

Series 2004A Refunding Bonds
Interest Rate 2.30% to 3.49%

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ <u>4,885,000</u>	\$ <u>122,125</u>	\$ <u>5,007,125</u>
Total	<u>\$ 4,885,000</u>	<u>\$ 122,125</u>	<u>\$ 5,007,125</u>

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Notes to Financial Statements
June 30, 2009

Table 4
Series 2005 Bonds
Interest Rate 4.00% to 5.00%

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 4,425,600	\$ 4,525,600
2011	105,000	4,421,500	4,526,500
2012	105,000	4,417,300	4,522,300
2013	130,000	4,412,600	4,542,600
2014	1,205,000	4,385,900	5,590,900
2015	1,300,000	4,335,150	5,635,150
2016	1,445,000	4,272,375	5,717,375
2017	1,600,000	4,196,250	5,796,250
2018	7,090,000	3,979,000	11,069,000
2019	7,570,000	3,612,500	11,182,500
2020	8,065,000	3,221,625	11,286,625
2021	8,600,000	2,805,000	11,405,000
2022	9,160,000	2,361,000	11,521,000
2023	9,750,000	1,888,250	11,638,250
2024	10,340,000	1,386,000	11,726,000
2025	10,990,000	852,750	11,842,750
2026	<u>11,560,000</u>	<u>289,000</u>	<u>11,849,000</u>
Total	<u>\$89,115,000</u>	<u>\$55,261,800</u>	<u>\$144,376,800</u>

NOTE (9) Certificates of Participation

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

On April 22, 2004, the Thompson School Facilities Corporation issued \$4,485,000 of COPs. The 2004 COPs were issued to purchase the Thompson Learning Community, which houses the District's central administrative offices and a Community Learning Center. The COPs carry interest rates ranging from 1.85% to 4.50%. Annual lease payments will be made from the Capital Reserve Fund.

The table below identifies the remaining principal and interest due on the 2004 COP issue as of June 30, 2009.

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Table 1

Series 2004 Certificates of Participation
Interest Rate 1.85% to 4.50%

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 185,000	\$ 146,370	\$ 331,370
2011	190,000	140,039	330,039
2012	200,000	132,964	332,964
2013	200,000	125,714	325,714
2014	210,000	118,329	328,329
2015	220,000	109,906	329,906
2016	230,000	100,769	330,769
2017	235,000	91,351	326,351
2018	245,000	81,174	326,174
2019	255,000	70,460	325,460
2020	270,000	59,300	329,300
2021	280,000	47,335	327,335
2022	290,000	34,650	324,650
2023	305,000	21,262	326,262
2024	<u>320,000</u>	<u>7,200</u>	<u>327,200</u>
Total	<u>\$3,635,000</u>	<u>\$1,286,823</u>	<u>\$4,921,823</u>

NOTE (10) Capital Leases

The District has the following capital lease, which is subject to annual appropriation:

<u>Equipment</u>	<u>Original Lease Amount</u>	<u>Remaining Principal</u>	<u>Annual Payment</u>
1) Performance Contract	<u>\$ 2,233,253</u>	<u>\$ 1,257,700</u>	<u>\$ 245,259</u>

This lease with Sun Trust Leasing Corporation was entered into on September 15, 2002. Twelve annual payments of \$245,259 began on July 1, 2003. This lease is an energy performance contract. The payments are guaranteed from annual energy savings by replacing equipment with more energy efficient units. This contract is guaranteed by Siemen Building Technologies. Payments are made from the Capital Reserve Fund, based on a transfer from the General Fund energy budget. No assets were capitalized, as items did not meet District's capitalization policy.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

NOTE (11) 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, 2009:

	July 1, 2008	Additions	Deletions	June 30, 2009	Amount Due in One Year
Governmental activities:					
General Obligation Bond	\$140,947,294	\$ 714,891	\$ 5,898,586	\$135,763,599	\$ 5,860,000
Certificates of Participation	3,815,000	-	180,000	3,635,000	185,000
Capital Lease Obligations Payable	1,435,765	-	178,065	1,257,700	186,399
Compensated Absences *	552,565	684,634	741,956	495,243	280,000
Severance-Incentive Payable*	7,170,528	2,114,991	2,574,519	6,711,000	2,289,776
Governmental activities Long-term liabilities	<u>\$153,921,152</u>	<u>\$ 3,514,516</u>	<u>\$ 9,573,126</u>	<u>\$147,862,542</u>	<u>\$ 8,801,175</u>
Business-type activities:					
Compensated Absences	<u>\$ 13,668</u>	<u>\$ 15,381</u>	<u>\$ 13,433</u>	<u>\$ 15,616</u>	<u>\$ 4,500</u>

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

(B) Annual Requirements

Listed below are the annual requirements to amortize all long-term debt at June 30, 2009:

Year Ending June 30,	General Obligation Bonds	Capital Lease/COP Obligations	Compensated Absences	Severance Incentive Stipends	Total
2010	\$ 11,299,775	\$ 576,629	\$ -	\$ 2,289,776	\$ 14,166,180
2011	12,280,425	575,298	-	1,623,188	14,478,911
2012	12,326,225	578,223	-	1,229,772	14,134,220
2013	12,336,525	570,973	-	826,151	13,733,649
2014	10,685,169	573,588	-	537,153	11,795,910
2015-2019	54,862,806	1,883,920	-	204,960	56,951,686
2020-2024	57,576,875	1,634,748	-	-	59,211,623
2025-2026	23,691,750	-	-	-	23,691,750
Due in accordance with District leave policies	-	-	495,243	-	495,243
Less amounts representing interest	<u>(72,229,812)</u>	<u>(1,500,679)</u>	<u>-</u>	<u>-</u>	<u>(73,730,491)</u>
Principal Due	<u>\$122,829,737</u>	<u>\$4,892,700</u>	<u>\$ 495,243</u>	<u>\$ 6,711,000</u>	<u>\$134,928,681</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

NOTE (12) Fund Balance

(A) Reserves/Designations

The District has reserved all or portions of the fund balance in several funds. The reserved fund balance represents the portion not available for expenditures or legally segregated for specific future use. Fund balances of \$12,801,359 have been reserved for future debt service payments. Other reserve balances are: Land Reserve Fund (\$919,604), Government Designated Purpose Grants Fund (\$893,239), Insurance (\$251,190) and the Colorado Preschool Program (\$162,813). Fund balance of \$13,818,444 has been designated for future mill levy override projects.

NOTE (13) Defined Benefit Pension Plan

(A) Plan Description

The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for SDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

(B) Funding Policy

Plan members and the District are required to contribute at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8%. The District's contribution rate for calendar years 2007, 2008 and 2009 was 11.15%, 12.05% and 12.95% of covered salaries, respectively. A portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 14). The District's contributions to SDTF for the years ending June 30, 2009, 2008, and 2007 were \$9,398,654, \$8,322,105 and \$7,370,568, respectively, equal to their required contributions for each year.

NOTE (14) Postemployment Healthcare Benefits

(A) Plan Description

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

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Notes to Financial Statements
June 30, 2009

That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

(B) Funding Policy

The District is required to contribute at a rate of 1.02% for fiscal year 2008-2009, of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contributions to HCTF for the years ending June 30, 2009, 2008, 2007 were \$766,240, \$731,055, and \$671,347 respectively, equal to their required contributions for each year.

NOTE (15) Risk Management

(A) Colorado School District Self Insurance Pool

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

The Colorado Governmental Immunity Act limits the types of liability claims that can be brought against a school district and the amount of monetary damages that a school district might be ordered to pay. The maximum amount that can be recovered for an injury involving one person in any single occurrence is \$150,000. The maximum amount that is recoverable for a single occurrence involving two or more people is \$600,000.

The District's contribution to CSDSIP is funded by premium contributions through a transfer from the General Fund to the Capital Reserve Fund. The fund is also used to cover the purchase of commercial insurance for workers' compensation coverage and other types of coverage not provided in the pool agreement; to partially fund salaries and other service costs for risk management and loss control (deductibles, security contracts, medical evaluation, controlled substance and alcohol testing, etc.). 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.

(B) Centennial Board of Cooperative Educational Services (CBOCES)

The District participates in the Centennial Board of Cooperative Educational Services (CBOCES), along with St. Vrain, Park and several smaller districts in Weld County. CBOCES provides data processing services, teacher education, provides research and development for

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Notes to Financial Statements
June 30, 2009

members districts. The District is not responsible for deficits nor is the District entitled to operating surplus. The District has no moral or other responsibility for debt. The amount contributed is based upon the number of students enrolled in each district. For the 2008-09 fiscal year, the administrative, operations and contingency percentage the District contribution is approximately 15%. Complete financial statements can be obtained from CBOCES, 830 S. Lincoln, Longmont, Colorado 80501.

The District made an \$811,674 contribution to CBOCES during fiscal year 2008-09.

(C) Larimer County Board of Cooperative Educational Services (LCBOCES)

The District is also a member of the Larimer County Board of Cooperative Educational Services (LCBOCES), along with Poudre R-1 and Park School Districts. At one time, LCBOCES administered the Voc-Tech Center (Center) in Fort Collins, Colorado. The Center provides the vocational training for District students. At the current time, the LCBOCES retains title to the assets at the Voc-Tech Center, but has no day-to-day operations. On July 1, 1988, LCBOCES and the three related school districts contracted with the State of Colorado for the operation and management of the Center. Under these arrangements, the Center became a satellite campus of Front Range Community College and the name was changed to Front Range Community College/Larimer County Center. The District is not responsible for deficits, nor is the District entitled to operating surplus. The District has no moral or other responsibility for debt. The District's share of original contribution was 35.44%. Poudre R-1's original contribution share was 64.56%, and Park School District made no original contribution. Complete financial statements can be obtained from LCBOCES, 830 S. Lincoln, Longmont, Colorado 80501.

The District made a \$5,052 contribution to LCBOCES during fiscal year 2008-09.

NOTE (16) Commitments and Contingencies

(A) Litigation

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

(B) Grants and State Funding

The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2009.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2009

(C) TABOR Amendment

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

In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 2000. At June 30, 2009, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as a reserved fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

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

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Taxes				
Local Property- School Finance Act	\$ 28,467,790	\$ 29,503,782	\$ 29,166,954	\$ (336,828)
Local Property- Mill Levy Override	12,793,488	12,793,488	12,774,017	(19,471)
Specific Ownership	4,177,800	4,490,321	4,339,660	(150,661)
Intergovernmental				
Equalization Entitlements	64,676,042	62,758,819	62,255,043	(503,776)
Special Education	2,449,751	2,449,751	2,730,768	281,017
Vocational Education	247,000	247,000	393,204	146,204
Transportation	728,055	728,055	752,676	24,621
Other	665,037	665,037	1,007,077	342,040
Investment Earnings	548,466	548,466	86,667	(461,799)
TOTAL REVENUE	114,753,429	114,184,719	113,506,066	(678,653)
TOTAL EXPENDITURES	109,935,107	110,989,701	103,816,732	7,172,969
Excess revenues over expenditures	4,818,322	3,195,018	9,689,334	6,494,316
Other Financing Sources (Uses)				
Transfers Out:				
Interscholastic Athletic & Activity Fund	(1,390,461)	(1,390,461)	(1,390,461)	-
Governmental Designated-Purpose		-		
Grants Fund	(667,423)	(667,423)	(667,423)	-
Severance Incentive Fund	(2,610,000)	(2,610,000)	(2,610,000)	-
Fee Supported Programs Fund	(447,826)	(447,826)	(326,526)	121,300
Capital Reserve Fund	(3,770,942)	(3,904,850)	(3,904,850)	-
Total Other Financing Sources (Uses)	(8,886,652)	(9,020,560)	(8,899,260)	121,300
Net Change in Fund Balance	\$ <u>(4,068,330)</u>	\$ <u>(5,825,542)</u>	790,074	\$ <u>6,615,616</u>
Fund Balance - Beginning of Year			23,326,421	
Fund Balance - End of Year			\$ <u>24,116,495</u>	

See independent auditor's report

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instruction:				
Salaries and Benefits	\$ 56,581,843	\$ 56,742,244	\$ 53,522,867	\$ 3,219,377
Purchased Services	1,827,728	1,827,728	1,652,251	175,477
Supplies and Materials	4,579,965	4,506,018	2,818,550	1,687,468
Other	90,095	90,095	81,649	8,446
Total Instruction	63,079,631	63,166,085	58,075,317	5,090,768
Supporting Services				
Pupil Services	5,331,970	5,361,597	6,735,444	(1,373,847)
Instructional Staff	10,233,643	10,747,335	8,925,372	1,821,964
General Administration	769,769	815,644	719,144	96,500
School Administration	7,583,071	7,587,718	7,280,676	307,042
Business Services	2,031,615	2,386,547	2,205,827	180,720
Maintenance/Operations	10,719,503	10,718,874	10,173,217	545,657
Pupil Transportation	3,708,976	3,712,832	3,251,451	461,382
Central Supporting Services	3,419,784	3,435,924	2,999,478	436,447
Community Services	-	-	8,703	(8,703)
Charter School	2,697,368	2,697,368	2,722,161	(24,793)
Total Supporting Services	46,495,699	47,463,839	45,021,472	2,442,369
Capital Outlay	359,776	359,776	719,943	(360,167)
TOTAL EXPENDITURES	\$ 109,935,107	\$ 110,989,701	\$ 103,816,732	\$ 7,172,969

See independent auditor's report

GOVERNMENT DESIGNATED-PURPOSE FUND

The Government Designated-Purpose 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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Budget		
Revenue				
Intergovernmental				
Federal Sources	\$ 6,695,277	\$ 6,695,277	\$ 6,119,280	\$ (575,997)
State/Local Sources	512,501	512,501	654,282	141,781
Investment Earnings	-	-	3,095	3,095
TOTAL REVENUE	7,207,778	7,207,778	6,776,657	(431,121)
Expenditures				
Instruction				
Salaries and Benefits	6,937,078	5,944,519	4,084,914	1,859,605
Purchased Services	114,308	106,016	149,381	(43,365)
Supplies and Materials	183,191	152,752	190,685	(37,933)
Equipment	46,173	44,673	20,262	24,411
Other Expenditures	523,297	487,415	11,334	476,081
Total Instruction	<u>7,804,047</u>	<u>6,735,375</u>	<u>4,456,576</u>	<u>2,278,799</u>
Support Services				
Pupil Services	575,704	575,704	1,795,835	(1,220,131)
Instructional Staff	378,788	378,788	653,311	(274,523)
School Administration	-	-	533,975	(533,975)
Maintenance/Operations	-	-	15,050	(15,050)
Pupil Transportation	-	-	4,831	(4,831)
Community Services	-	-	117,435	(117,435)
Total Support Services	<u>954,492</u>	<u>954,492</u>	<u>3,120,437</u>	<u>(2,165,945)</u>
Total Expenditures	<u>8,758,539</u>	<u>7,689,867</u>	<u>7,577,013</u>	<u>112,854</u>
Excess Revenues Over/(Under) Expenditures	(1,550,761)	(482,089)	(800,356)	(318,267)
Other Financing Sources (Uses)				
Operating Transfer In	<u>1,736,095</u>	<u>667,423</u>	<u>667,423</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 185,334</u>	<u>\$ 185,334</u>	(132,933)	<u>\$ (318,267)</u>
Fund Balances - Beginning of Year			<u>1,065,916</u>	
Fund Balances - End of Year			<u>\$ 932,983</u>	

See independent auditor's report

Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2009

Budgets and Budgetary Accounting

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

- 1) Budgets are required by state law for all funds. Prior to May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- 3) Prior to June 30, the budget is adopted by formal resolution.
- 4) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the Superintendent of Schools, or department directors. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- 5) Budgets for all funds are adopted on a basis consistent with US GAAP, with the exception of the Nutritional Services. The Nutritional Services Fund budgets for capital outlay and not for depreciation expense.
- 6) Appropriations lapse at year-end.
- 7) No Budgetary information is presented for the Building Corporation Debt Service Fund as this is presented as a component unit of the District and there is no legal requirement to adopt a budget for this fund.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

DEBT SERVICE FUND

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

Thompson School District R2-J
 Bond Redemption Fund - 31
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Local Property Taxes	\$ 11,200,000	\$ 11,200,000	\$ 11,265,715	\$ 65,715
Investment Earnings	<u>350,000</u>	<u>350,000</u>	<u>155,017</u>	<u>(194,983)</u>
TOTAL REVENUE	11,550,000	11,550,000	11,420,732	(129,268)
Expenditures				
Other Charges	5,000	5,000	449	4,551
Debt Service:				
Principal retirement	5,575,000	5,575,000	5,575,000	-
Interest and Fiscal Charges	<u>5,706,844</u>	<u>5,706,844</u>	<u>5,706,844</u>	<u>-</u>
TOTAL EXPENDITURES	<u>11,286,844</u>	<u>11,286,844</u>	<u>11,282,293</u>	<u>4,551</u>
Excess revenues over (under) expenditures	263,156	263,156	138,439	(124,717)
Other Financing (Uses)				
Transfer Out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(155,000)</u>	<u>145,000</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(155,000)</u>	<u>145,000</u>
Net Change in Fund Balance	<u>\$ (36,844)</u>	<u>\$ (36,844)</u>	(16,561)	<u>\$ 20,283</u>
Fund Balance - Beginning of Year			<u>12,481,784</u>	
Fund Balance - End of Year			<u>\$ 12,465,223</u>	

See independent auditor's report

CAPITAL PROJECTS FUND

The District has one capital projects fund, the Building Fund. This fund accounts for the financial resources to be used to construct, renovate and equip capital facilities.

Thompson School District R2-J
 Building Fund - 41
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Investment Earnings	\$ 1,820,000	\$ 1,820,000	\$ 883,711	\$ (936,289)
Other	-	-	1,000,000	1,000,000
TOTAL REVENUES	1,820,000	1,820,000	1,883,711	63,711
Expenditures				
Project Administration	361,966	361,966	336,615	25,351
New or Addition to Schools	12,800,000	12,800,000	14,376,064	(1,576,064)
Maintenance Projects	10,000,000	10,000,000	5,975,453	4,024,547
Technology Projects	500,000	500,000	402,572	97,428
TOTAL EXPENDITURES	23,661,966	23,661,966	21,090,704	2,571,262
Net Change in Fund Balance	\$ (21,841,966)	\$ (21,841,966)	(19,206,993)	\$ 2,634,973
Fund Balance - Beginning of the Year			38,202,410	
Fund Balance - End of the Year			\$ 18,995,417	

See independent auditor's report

NON-MAJOR FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The District has the following Non-major Funds:

Capital Reserve Fund

This fund is authorized by Colorado state law. Under state law, funds must be reported as a special revenue fund type, not a capital projects fund type. It is used to fund ongoing capital needs such as site acquisitions, building additions, equipment purchases and technology. Funding was provided by a property tax through 1988. Funding is now provided by a transfer from the General Fund, as mandated by the Public School Finance Act of 1994.

Land Reserve Fund

This fund is provided to maintain a separate accounting for cash in lieu of land dedication assessed on newly constructed homes that have an impact on the District's financial resources. This revenue is to provide facilities for learning due to the increased amount of student population.

Severance Incentive Fund

This fund pays benefits to District employees who elect to take advantage of the severance plan. Funding is provided by a transfer from the General Fund.

Interscholastic Athletic and Activity Fund

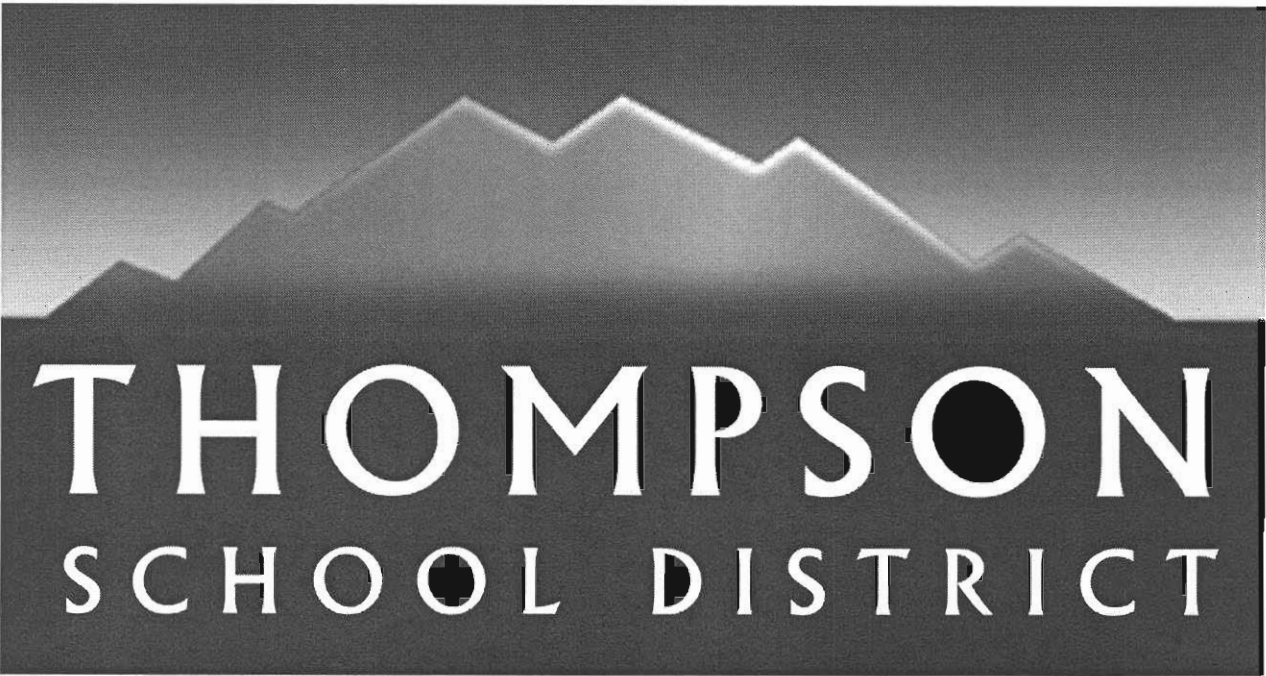
This fund accounts for the coaches and sponsors of the interscholastic athletic programs and student organizations at all secondary schools in the District. Funding is provided by transfers from the General Fund.

Fee Supported Programs Fund

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

Building Corporation Debt Service

Accounts for the transactions related to the debt service of the Building Corporation



THOMPSON
SCHOOL DISTRICT

Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	<u>Capital Reserve</u>	<u>Land Reserve</u>	<u>Severance Incentive</u>	<u>Interscholastic Athletic & Activity</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,408,288	\$ 935,226	\$ 182,795	\$ 64,905
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,408,288</u>	<u>\$ 935,226</u>	<u>\$ 182,795</u>	<u>\$ 64,905</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 379,702	\$ 5,997	\$ -	\$ 3,793
Retainage Payable	14,322	-	-	-
Accrued Salaries and Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>394,024</u>	<u>5,997</u>	<u>-</u>	<u>3,793</u>
Fund Balances				
Reserved for TABOR	-	9,625	78,304	41,714
Reserved for Debt Service	-	-	-	-
Reserved for Other Purposes	-	919,604	-	-
Unreserved, Reported in Special Revenue Funds	<u>2,014,264</u>	<u>-</u>	<u>104,491</u>	<u>19,398</u>
Total Fund Balances	<u>2,014,264</u>	<u>929,229</u>	<u>182,795</u>	<u>61,112</u>
Total Liabilities and Fund Balances	<u>\$ 2,408,288</u>	<u>\$ 935,226</u>	<u>\$ 182,795</u>	<u>\$ 64,905</u>

See independent auditor's report

<u>Fee Supported Programs</u>	<u>Building Corporation Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,297,203	\$ 336,136	\$ 5,224,553
722	-	722
<u>\$ 1,297,925</u>	<u>\$ 336,136</u>	<u>\$ 5,225,275</u>
\$ 53,956	\$ -	\$ 443,448
-	-	14,322
71,277	-	71,277
<u>125,233</u>	<u>-</u>	<u>529,047</u>
55,513	-	185,156
-	336,136	336,136
-	-	919,604
1,117,179	-	3,255,332
<u>1,172,692</u>	<u>336,136</u>	<u>4,696,228</u>
<u>\$ 1,297,925</u>	<u>\$ 336,136</u>	<u>\$ 5,225,275</u>

Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	<u>Capital Reserve</u>	<u>Land Reserve</u>	<u>Severance Incentive</u>	<u>Interscholastic Athletic & Activity</u>
Revenue				
Investment earnings	\$ 31,378	\$ 7,265	\$ 126	\$ -
Other	<u>3,586</u>	<u>313,552</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	34,964	320,817	126	-
Expenditures				
Instruction				
Salaries and Benefits	-	-	2,143,262	1,327,694
Purchased Services	5,157	-	-	17,242
Supplies and Materials	123	-	-	4,509
Equipment	440,814	-	-	372
Other Expenditures	-	-	-	13,845
Total Instruction	<u>446,094</u>	<u>-</u>	<u>2,143,262</u>	<u>1,363,662</u>
Support Services				
Pupil Services	-	-	-	-
Instructional Staff	810,906	-	-	-
School Administration	-	-	-	37,604
Business Services	-	-	-	-
Maintenance/Operations	1,161,345	-	-	-
Pupil Transportation	804,085	-	-	-
Central Supporting Services	292,495	14,371	447,796	-
Community Services	-	-	-	-
Debt Service - Principal	178,065	-	-	-
Debt Service - Interest	95,922	-	-	-
Total Support Services	<u>3,342,818</u>	<u>14,371</u>	<u>447,796</u>	<u>37,604</u>
TOTAL EXPENDITURES	<u>3,788,912</u>	<u>14,371</u>	<u>2,591,058</u>	<u>1,401,266</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,753,948)	306,446	(2,590,932)	(1,401,266)
Other Financing Sources (Uses)				
Transfers in	4,059,850	-	2,610,000	1,390,461
Transfers out	<u>(332,076)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,727,774</u>	<u>-</u>	<u>2,610,000</u>	<u>1,390,461</u>
Net Change in Fund Balances	(26,174)	306,446	19,068	(10,805)
Fund Balances - Beginning of the Year	<u>2,040,438</u>	<u>622,783</u>	<u>163,727</u>	<u>71,917</u>
Fund Balances - End of the Year	<u>\$ 2,014,264</u>	<u>\$ 929,229</u>	<u>\$ 182,795</u>	<u>\$ 61,112</u>

See independent auditor's report

<u>Fee Supported Programs</u>	<u>Building Corporation Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 8,492	\$ -	\$ 47,261
<u>1,515,430</u>	<u>-</u>	<u>1,832,568</u>
1,523,922	-	1,879,829
377,676	-	3,848,631
6,379	-	28,778
281,526	-	286,158
54,361	-	495,547
21,939	-	35,784
<u>741,881</u>	<u>-</u>	<u>4,694,898</u>
1,397	-	1,397
37,221	-	848,127
75,287	-	112,891
37,880	-	37,880
-	-	1,161,345
-	-	804,085
-	-	754,662
647,779	-	647,779
-	180,000	358,065
-	152,076	247,998
<u>799,564</u>	<u>332,076</u>	<u>4,974,229</u>
<u>1,541,445</u>	<u>332,076</u>	<u>9,669,127</u>
(17,523)	(332,076)	(7,789,298)
326,526	332,076	8,718,913
<u>-</u>	<u>-</u>	<u>(332,076)</u>
<u>326,526</u>	<u>332,076</u>	<u>8,386,837</u>
309,003	-	597,538
<u>863,689</u>	<u>336,136</u>	<u>4,098,690</u>
<u>\$ 1,172,692</u>	<u>\$ 336,136</u>	<u>\$ 4,696,228</u>

**Thompson School District R2-J
Capital Reserve Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 31,378	\$ 21,378
Other	-	-	3,586	3,586
TOTAL REVENUE	10,000	10,000	34,964	24,964
Expenditures				
Instruction				
Purchased Services	-	-	5,157	(5,157)
Supplies and Materials	-	-	123	(123)
Equipment	582,000	582,000	440,814	141,186
Total Instruction	582,000	582,000	446,094	135,906
Support Services				
Instructional Staff	922,500	922,500	810,906	111,594
Maintenance/Operations	923,000	923,000	1,161,345	(238,345)
Pupil Transportation	450,000	450,000	804,085	(354,085)
Central Supporting Services	2,894,000	2,760,092	292,495	2,467,597
Principal Payments	162,499	162,499	178,065	(15,566)
Interest Payments	82,760	82,760	95,922	(13,162)
Total Support Services	5,434,759	5,300,851	3,342,818	1,958,033
TOTAL EXPENDITURES	6,016,759	5,882,851	3,788,912	2,093,939
Excess revenues over (under) expenditures	(6,006,759)	(5,872,851)	(3,753,948)	2,118,903
Other Financing Sources (Uses)				
Transfer In	4,970,942	5,104,850	4,059,850	(1,045,000)
Transfer Out	(900,000)	(900,000)	(332,076)	567,924
Total Other Financing Sources (Uses)	4,070,942	4,204,850	3,727,774	(477,076)
Net Change in Fund Balance	\$ (1,935,817)	\$ (1,668,001)	(26,174)	\$ 1,641,827
Fund Balance - Beginning of Year			2,040,438	
Fund Balance - End of Year			\$ 2,014,264	

See independent auditor's report

Thompson School District R2-J
Land Reserve Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 7,265	\$ (2,735)
Payments in lieu of Land Dedication	480,500	480,500	313,552	(166,948)
TOTAL REVENUE	490,500	490,500	320,817	(169,683)
Expenditures				
Instruction				
Equipment	1,090,000	1,090,000	-	1,090,000
Support Services				
Central Supporting Services	-	-	14,371	(14,371)
TOTAL EXPENDITURES	1,090,000	1,090,000	14,371	1,075,629
Net Change in Fund Balance	\$ (599,500)	\$ (599,500)	306,446	\$ 905,946
Fund Balance - Beginning of Year			622,783	
Fund Balance - End of Year			\$ 929,229	
Sec independent auditor's report				

Thompson School District R2-J
Severance Incentive Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Investment Earnings	\$ -	\$ -	\$ 126	\$ 126
TOTAL REVENUE	-	-	126	126
Expenditures				
Instruction				
Salaries and Benefits	2,624,026	2,624,026	2,143,262	480,764
Total Instruction	2,624,026	2,624,026	2,143,262	480,764
Support Services				
Salaries and Benefits	-	-	447,796	(447,796)
Total Support Services	-	-	447,796	(447,796)
TOTAL EXPENDITURES	2,624,026	2,624,026	2,591,058	32,968
Excess revenues over (under) expenditures	(2,624,026)	(2,624,026)	(2,590,932)	33,094
Other Financing Sources (Uses)				
Transfer in	2,610,000	2,610,000	2,610,000	-
Net Change in Fund Balance	\$ (14,026)	\$ (14,026)	19,068	\$ 33,094
Fund Balance - Beginning of Year			163,727	
Fund Balance - End of Year			\$ 182,795	

See independent auditor's report

**Thompson School District R2-J
Interscholastic Athletic and Activity Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Investment Earnings	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
TOTAL REVENUE	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Expenditures				
Instruction				
Salaries and Benefits	1,334,000	1,334,000	1,327,694	6,306
Purchased Services	17,000	17,000	17,242	(242)
Supplies and Materials	2,000	2,000	4,509	(2,509)
Equipment	-	-	372	(372)
Other Expenditures	23,000	23,000	13,845	9,155
Total Instruction	<u>1,376,000</u>	<u>1,376,000</u>	<u>1,363,662</u>	<u>12,338</u>
Support Services				
School Administration	37,600	37,600	37,604	(4)
Total Support Services	<u>37,600</u>	<u>37,600</u>	<u>37,604</u>	<u>(4)</u>
TOTAL EXPENDITURES	<u>1,413,600</u>	<u>1,413,600</u>	<u>1,401,266</u>	<u>12,334</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,411,600)</u>	<u>(1,411,600)</u>	<u>(1,401,266)</u>	<u>10,334</u>
Other Financing Sources (Uses)				
Transfers In	<u>1,390,461</u>	<u>1,390,461</u>	<u>1,390,461</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (21,139)</u>	<u>\$ (21,139)</u>	<u>(10,805)</u>	<u>\$ 10,334</u>
Fund Balance Beginning of the Year			<u>71,917</u>	
Fund Balance End of The Year			<u>\$ 61,112</u>	

See independent auditor's report

**Thompson School District R2-J
 Fee Supported Programs Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Charges for Services	\$ 1,377,000	\$ 1,377,000	\$ 1,515,430	\$ 138,430
Investment Earnings	-	-	8,492	8,492
TOTAL REVENUE	1,377,000	1,377,000	1,523,922	146,922
Expenditures				
Instruction				
Salaries and Benefits	588,009	588,009	377,676	210,333
Purchased Services	125,600	125,600	6,379	119,221
Supplies and Materials	279,600	279,600	281,526	(1,926)
Equipment	7,500	7,500	54,361	(46,861)
Other Expenditures	-	-	21,939	(21,939)
Total Instruction	1,000,709	1,000,709	741,881	258,828
Support Services				
Pupil Services	-	-	1,397	(1,397)
Instructional Staff	-	-	37,221	(37,221)
School Administration	76,500	76,500	75,287	1,213
Business Services	35,000	35,000	37,880	(2,880)
Community Services	609,540	609,540	647,779	(38,239)
Total Support Services	721,040	721,040	799,564	(78,524)
TOTAL EXPENDITURES	1,721,749	1,721,749	1,541,445	180,304
Excess of Revenues Over (Under)				
Expenditures	(344,749)	(344,749)	(17,523)	327,226
Other Financing Sources (Uses)				
Transfers In	447,826	447,826	326,526	(121,300)
Net Change in Fund Balance	\$ 103,077	\$ 103,077	309,003	\$ 205,926
Fund Balance - Beginning of the Year			863,689	
Fund Balance - End of the Year			\$ 1,172,692	

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ENTERPRISE FUND

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

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

The District has one enterprise fund, the Nutrition Services Fund.

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

**Thompson School District R2-J
Nutrition Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenue				
Food Sales and Catering Sales	\$ 2,396,918	\$ 2,396,918	\$ 1,939,873	\$ (457,045)
TOTAL OPERATING REVENUE	2,396,918	2,396,918	1,939,873	(457,045)
Operating Expenses				
Salaries and Benefits	1,806,853	1,806,853	1,867,848	(60,995)
Purchased Services	83,400	83,400	85,681	(2,281)
Supplies and Materials	2,248,200	2,248,200	1,963,002	285,198
Equipment	10,000	10,000	-	10,000
Other	120,500	120,500	-	120,500
TOTAL OPERATING EXPENSES	4,268,953	4,268,953	3,916,531	352,422
Operating Income (Loss)	(1,872,035)	(1,872,035)	(1,976,658)	(104,623)
Non-Operating Revenue (Expenses)				
Federal Aid:				
USDA Reimbursements	1,675,000	1,675,000	1,692,999	17,999
Commodities	188,000	188,000	231,842	43,842
State Categorical Reimbursement	41,000	41,000	60,773	19,773
Interest Earnings	-	-	1,584	1,584
TOTAL NON-OPERATING REVENUE	1,904,000	1,904,000	1,987,198	83,198
Change in Net Assets, Budgetary Basis	\$ 31,965	\$ 31,965	10,540	\$ (21,425)
Less: Depreciation Expense			(94,905)	
Capital Contributions			302,826	
Change in Net Assets, GAAP Basis			218,461	
Net Assets - Beginning of the Year			654,427	
Net Assets - End of the Year			\$ 872,888	

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FIDUCIARY FUND TYPE

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

Thompson School District R2-J
Combining Statement of Fiduciary Net Assets
June 30, 2009

	<u>Education Memorial</u>	<u>Interscholastic Athletic and Activity</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 76,165	\$ 893,873	\$ 970,038
TOTAL ASSETS	<u>\$ 76,165</u>	<u>\$ 893,873</u>	<u>\$ 970,038</u>
LIABILITIES			
Accounts Payable	-	50,020	50,020
Accrued Salaries and Benefits	-	2,508	2,508
Undistributed Monies	<u>76,165</u>	<u>841,345</u>	<u>917,510</u>
TOTAL LIABILITES	<u>\$ 76,165</u>	<u>\$ 893,873</u>	<u>\$ 970,038</u>

See independent auditor's report

Thompson School District R2-J
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Education Memorial</u>				
Assets				
Cash and Investments	\$ 53,525	\$ 94,669	\$ 72,029	\$ 76,165
Liabilities				
Undistributed Monies	53,525	94,669	72,029	76,165
Total Liabilities	\$ 53,525	\$ 94,669	\$ 72,029	\$ 76,165
<u>Interscholastic Athletic and Activity</u>				
Assets				
Cash and Investments	\$ 917,626	\$ 2,811,301	\$ 2,835,054	\$ 893,873
Liabilities				
Accounts Payable	\$ 15,991	\$ 34,029	\$ -	\$ 50,020
Accrued Salaries and Benefits	4,023	-	1,515	2,508
Undistributed Monies	897,612	2,777,272	2,833,539	841,345
Total Liabilities	\$ 917,626	\$ 2,811,301	\$ 2,835,054	\$ 893,873
<u>Combined</u>				
Assets				
Cash and Investments	\$ 971,151	\$ 2,905,970	\$ 2,907,083	\$ 970,038
Liabilities				
Accounts Payable	\$ 15,991	\$ 34,029	\$ -	\$ 50,020
Accrued Salaries and Benefits	4,023	-	1,515	2,508
Undistributed Monies	951,137	2,871,941	2,905,568	917,510
Total Liabilities	\$ 971,151	\$ 2,905,970	\$ 2,907,083	\$ 970,038

See independent auditor's report

Thompson School District R2-J
 Education Memorial Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Investment Earnings	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Other Revenue	<u>30,000</u>	<u>95,000</u>	<u>94,669</u>	<u>(331)</u>
Total Additions	32,000	97,000	94,669	(2,331)
Deductions				
Other Trust Expense	<u>65,000</u>	<u>90,000</u>	<u>72,029</u>	<u>17,971</u>
Total Deductions	<u>65,000</u>	<u>90,000</u>	<u>72,029</u>	<u>17,971</u>
Change in Undistributed Monies	<u>\$ (33,000)</u>	<u>\$ 7,000</u>	22,640	<u>\$ 15,640</u>
Undistributed Monies - Beginning of Year			53,525	
Undistributed Monies - End of Year			<u>\$ 76,165</u>	

See independent auditor's report

Thompson School District R2-J
Interscholastic Athletic and Activity Fund
Budgetary Comparison Schedules
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Fund Raising and Events	\$ 3,300,000	\$ 3,300,000	\$ 2,777,745	\$ (522,255)
Investment Earnings	<u>25,000</u>	<u>25,000</u>	<u>(473)</u>	<u>(25,473)</u>
Total Additions	3,325,000	3,325,000	2,777,272	(547,728)
Deductions				
Athletic Expenditures	1,100,000	1,100,000	1,010,505	89,495
Pupil Activity Expenditures	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,823,034</u>	<u>376,966</u>
Total Deductions	<u>3,300,000</u>	<u>3,300,000</u>	<u>2,833,539</u>	<u>466,461</u>
Change in Undistributed Monies	<u>\$ 25,000</u>	<u>\$ 25,000</u>	(56,267)	<u>\$ (81,267)</u>
Undistributed Monies Beginning of the Year			897,612	
Undistributed Monies End of The Year			<u>\$ 841,345</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 one charter school administrative unit: New Vision Charter School and Thompson Education Foundation. These entities have separate governing boards.

Thompson School District R2-J
Combining Statement of Net Assets
Component Units
As of June 30, 2009

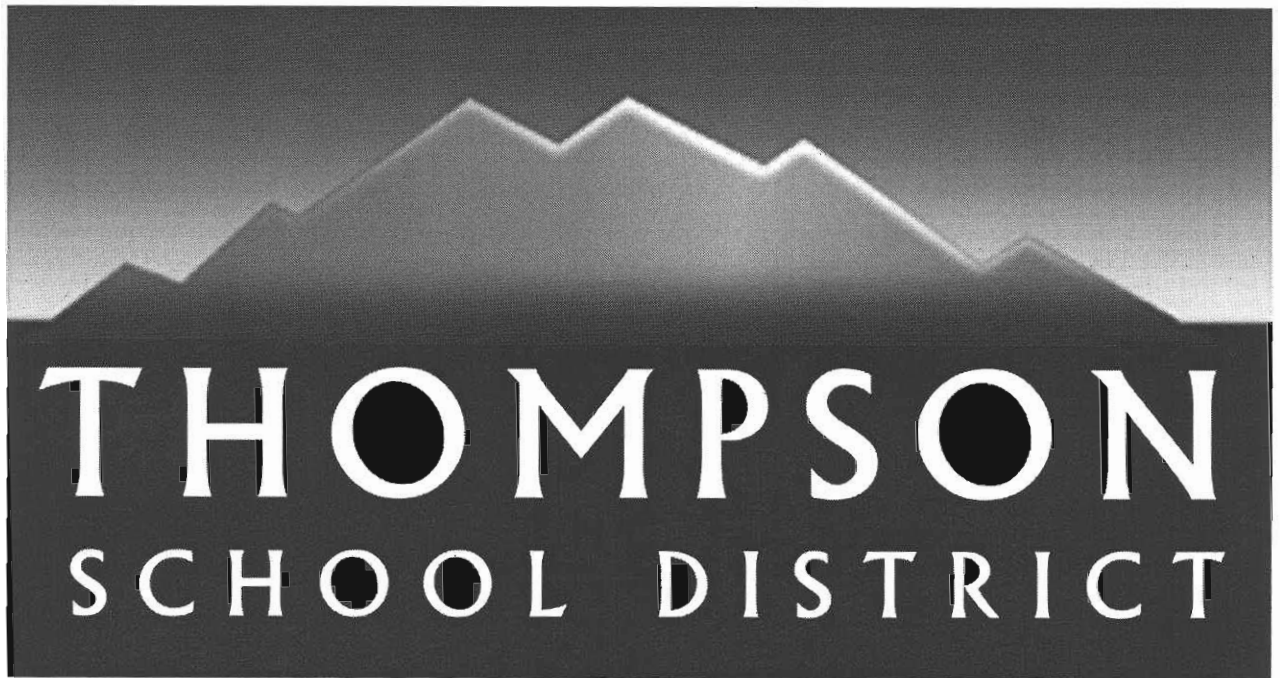
	<u>New Vision Charter School</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
ASSETS			
Cash and Investments	\$ 799,210	\$ 905,402	\$ 1,704,612
Restricted Cash and Cash Equivalents	499,230	-	499,230
Receivables	11,777	-	11,777
Prepaid Expense	585,000	-	585,000
Debt Issuance Costs, Net of Accumulated Depreciation	175,735	-	175,735
Capital Assets, Net of Accumulated Depreciation	<u>3,595,791</u>	<u>-</u>	<u>3,595,791</u>
Total Assets	<u>\$ 5,666,743</u>	<u>\$ 905,402</u>	<u>\$ 6,572,145</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 21,730	\$ 11,233	\$ 32,963
Accrued Salaries and Benefits	97,289	-	97,289
Accrued Interest Payable	81,466	-	81,466
Total Current Liabilities	<u>200,485</u>	<u>11,233</u>	<u>211,718</u>
Noncurrent Liabilities			
Due Within One Year	10,000	-	10,000
Due in More Than One Year	4,800,000	-	4,800,000
Total Noncurrent Liabilities	<u>4,810,000</u>	<u>-</u>	<u>4,810,000</u>
Total Liabilities	<u>5,010,485</u>	<u>11,233</u>	<u>5,021,718</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	(1,214,209)	-	(1,214,209)
Restricted for Debt Service	475,878	-	475,878
Restricted for Repairs and Replacement	23,352	-	23,352
Restricted for Emergencies	90,600	-	90,600
Unrestricted	<u>1,280,637</u>	<u>894,169</u>	<u>2,174,806</u>
Total Net Assets	<u>656,258</u>	<u>894,169</u>	<u>1,550,427</u>
Total Liabilities and Net Assets	<u>\$ 5,666,743</u>	<u>\$ 905,402</u>	<u>\$ 6,572,145</u>

See independent auditor's report

Thompson School District R2-J
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2009

	<u>New Vision Charter School</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
Expenses			
Total Instruction	<u>1,583,866</u>	<u>-</u>	<u>1,583,866</u>
Total Support Services	<u>1,089,872</u>	<u>514,451</u>	<u>1,604,323</u>
Interest Expense	<u>330,777</u>	<u>-</u>	<u>330,777</u>
Total Expenses	<u>3,004,515</u>	<u>514,451</u>	<u>3,518,966</u>
Program Revenues			
Charges for Services	57,200	-	57,200
Operating Grants and Contributions	<u>65,481</u>	<u>386,758</u>	<u>452,239</u>
Total Program Revenues	<u>122,681</u>	<u>386,758</u>	<u>509,439</u>
General Revenues			
Per Pupil Revenues	2,692,354	-	2,692,354
Grants and Contributions not Restricted to Specific Programs	256,522	-	256,522
Investment Income	6,635	(18,173)	(11,538)
Miscellaneous	<u>10,943</u>	<u>-</u>	<u>10,943</u>
Total General Revenues	<u>2,966,454</u>	<u>(18,173)</u>	<u>2,948,281</u>
Changes in Net Assets	84,620	(145,866)	(61,246)
Net Assets - Beginning, As Restated	<u>571,638</u>	<u>1,040,035</u>	<u>1,611,673</u>
Net Assets - Ending	<u>\$ 656,258</u>	<u>\$ 894,169</u>	<u>\$ 1,550,427</u>

See independent auditor's report



STATISTICAL SECTION

This part of the Thompson School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	80-87
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources.	88-92
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	93-96
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	97-98
Operating Information These schedules contain personnel and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	99-103

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 15,941,849	\$ 21,077,951	\$ 28,158,995
Restricted	27,854,128	20,577,871	20,147,743
Unrestricted	<u>5,261,814</u>	<u>3,680,860</u>	<u>2,624,964</u>
Total Governmental Activities Net Assets	<u>\$ 49,057,791</u>	<u>\$ 45,336,682</u>	<u>\$ 50,931,702</u>
Business-type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 663,779	\$ 558,228	\$ 469,579
Restricted	71,200	69,964	67,967
Unrestricted	<u>30,959</u>	<u>208,535</u>	<u>300,456</u>
Total Business-type Activities Net Assets	<u>\$ 765,938</u>	<u>\$ 836,727</u>	<u>\$ 838,002</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 16,605,628	\$ 21,636,179	\$ 28,628,574
Restricted	27,925,328	20,647,835	20,215,711
Unrestricted	<u>5,292,773</u>	<u>3,889,395</u>	<u>2,925,420</u>
Total Primary Government Net Assets	<u>\$ 49,823,729</u>	<u>\$ 46,173,409</u>	<u>\$ 51,769,705</u>

Note: Accrual-basis financial information for the District as a whole is only available back to 2001, the year GASB 34 was implemented.

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

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

	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
Total Instruction	61,344,975	63,177,736	63,012,325	62,223,449	66,529,278	67,834,944	69,893,81
Support Services							
Pupil Services	6,924,508	6,612,481	6,948,277	7,227,057	7,570,257	8,717,227	8,823,14
Instructional Staff	8,072,644	7,828,193	7,540,045	7,749,997	7,944,486	10,425,291	10,651,344
General Administration	535,449	750,238	919,514	925,276	1,113,179	1,213,567	1,097,467
School Administration	6,590,527	6,641,734	6,863,529	7,026,788	6,999,468	8,046,845	8,196,100
Business Services	1,559,503	1,632,314	1,641,331	1,693,037	1,706,322	1,785,422	2,286,161
Maintenance/Operations	13,955,782	10,901,991	9,942,999	12,039,281	6,188,899	11,122,270	13,799,484
Pupil Transportation	2,464,000	3,032,800	2,916,150	2,718,558	3,220,776	4,012,223	4,153,388
Central Supporting Services	3,827,622	5,066,225	3,928,544	2,778,997	8,767,469	7,592,656	3,979,585
Community Services	936,233	1,325,831	1,152,881	1,210,399	694,139	785,524	831,718
Interest on Long-term Debt	6,610,993	8,632,902	3,593,072	4,521,000	6,088,520	6,759,440	6,679,897
Depreciation - unallocated	-	-	-	-	-	-	-
Total Support Services	51,475,261	52,424,709	45,246,342	47,890,390	50,293,515	60,460,465	60,498,290
Total Governmental Activities Expenses	112,820,236	115,602,445	108,258,667	110,113,839	116,822,793	128,295,409	130,392,101
Business-type Activities:							
Nutritional Services	3,581,246	3,503,514	3,582,150	3,630,472	3,681,340	4,170,018	4,011,456
Total Primary Government Expenses	116,401,482	119,105,959	111,840,797	113,744,311	120,504,095	132,465,428	134,403,537
Program Revenues							
Governmental Activities:							
Charges for Services	1,209,390	1,425,861	1,579,770	1,499,610	1,531,268	1,313,771	1,519,932
Operating Grants and Contributions	9,845,361	9,376,242	9,543,859	9,824,094	11,584,333	10,766,875	12,656,371
Capital Grants and Contributions	666,222	288,970	94,556	6,731	427,774	-	-
Total Governmental Activities Program Revenues	11,721,173	10,831,073	11,218,185	11,330,435	13,543,375	12,080,646	14,176,303

Business-type Activities:									
Nutritional Services	3,452,585	3,573,607	3,581,938	3,738,322	3,690,798	3,857,119	3,925,487		
Total Primary Government Program Revenues	<u>\$ 15,173,758</u>	<u>\$ 14,404,680</u>	<u>\$ 14,800,123</u>	<u>\$ 15,068,757</u>	<u>\$ 17,234,175</u>	<u>\$ 15,937,765</u>	<u>\$ 18,101,790</u>		
Net (Expense)/Revenue									
Governmental Activities	\$ (101,099,063)	\$ (104,771,372)	\$ (97,040,482)	\$ (98,783,404)	\$ (103,279,378)	\$ (116,214,763)	\$ (116,215,798)		
Business-type Activities	(128,661)	70,093	(192)	107,850	9,458	(312,900)	(85,949)		
Total Primary Government Net Expense	<u>\$ (101,227,724)</u>	<u>\$ (104,701,279)</u>	<u>\$ (97,040,674)</u>	<u>\$ (98,675,554)</u>	<u>\$ (103,269,920)</u>	<u>\$ (116,527,663)</u>	<u>\$ (116,301,747)</u>		
General Revenues									
Governmental Activities:									
Property Taxes Levied For:									
General Purpose	\$ 25,457,040	\$ 26,556,635	\$ 24,432,966	\$ 25,704,275	\$ 26,228,693	\$ 28,363,669	\$ 30,242,965		
Mill Levy Override	7,459,483	7,454,021	7,463,272	7,480,274	12,058,082	12,456,986	12,774,017		
Debt Services	11,932,524	12,509,394	10,195,101	11,607,605	11,811,769	11,119,912	11,265,715		
Specific Ownership Taxes Levied For									
General Purpose	3,821,176	4,008,797	3,866,971	3,608,215	3,873,082	4,271,504	4,339,660		
Mill Levy Override	788,540	803,842	784,202	843,186	705,116	687,375	-		
Intergovernmental									
Equalization	51,539,947	53,208,893	53,573,154	54,738,055	57,847,052	59,874,117	62,255,043		
Payments in Lieu of Land Dedication	981,415	876,004	831,031	927,293	733,693	499,858	313,552		
Interest and Investment Earnings	507,403	372,367	758,603	3,264,484	5,249,371	4,071,983	1,175,751		
Gain on Sale of Capital Asset	-	-	415,401	-	-	-	-		
Miscellaneous	1,130,516	264,545	314,801	679,235	914,492	817,438	-		
Total Governmental Activities	<u>\$ 103,618,044</u>	<u>\$ 106,051,498</u>	<u>\$ 102,635,502</u>	<u>\$ 108,852,622</u>	<u>\$ 119,421,350</u>	<u>\$ 122,162,842</u>	<u>\$ 122,366,703</u>		
Business-type Activities:									
Interest and Investment Earnings	842	696	1,468	3,171	4,587	4,258	1,584		
Miscellaneous	2,252	-	-	-	-	-	-		
Grants and Contributions not Restricted to Specific Programs	3,094	696	1,468	3,171	4,587	4,258	1,584		
Total Business-type Activities	<u>\$ 103,621,138</u>	<u>\$ 106,055,194</u>	<u>\$ 102,636,970</u>	<u>\$ 108,855,793</u>	<u>\$ 119,425,937</u>	<u>\$ 122,167,099</u>	<u>\$ 122,368,287</u>		
Change in Net Assets									
Governmental Activities	\$ 2,518,981	\$ 1,283,126	\$ 5,595,020	\$ 10,069,218	\$ 16,141,972	\$ 5,948,079	\$ 6,150,905		
Business-type Activities	(125,567)	70,789	1,276	111,021	14,045	(308,642)	(84,365)		
Total Primary Government	<u>\$ 2,393,414</u>	<u>\$ 1,353,915</u>	<u>\$ 5,596,296</u>	<u>\$ 10,180,239</u>	<u>\$ 16,156,017</u>	<u>\$ 5,639,436</u>	<u>\$ 6,066,540</u>		

Note: Accrual-basis financial information for the District as a whole is only available back to 2001.
the year GASB 34 was implemented

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund				
Reserved	\$ 8,198,098	\$ 3,178,711	\$ 3,477,354	\$ 3,417,314
Unreserved	(1,062,544)	5,491,267	7,502,040	9,143,617
Total General Fund	<u>7,135,554</u>	<u>8,669,978</u>	<u>10,979,394</u>	<u>12,560,931</u>
All Other Governmental Funds				
Reserved	14,398,566	17,309,323	19,931,437	24,408,997
Unreserved:				
Undesignated, reported in:				
Special Revenue Funds	<u>2,395,153</u>	<u>2,841,666</u>	<u>3,130,837</u>	<u>2,943,489</u>
Total All Other Governmental Funds	<u>16,793,719</u>	<u>20,150,989</u>	<u>23,062,274</u>	<u>27,352,486</u>
Total Governmental Funds	<u>\$ 23,929,273</u>	<u>\$ 28,820,967</u>	<u>\$ 34,041,668</u>	<u>\$ 39,913,417</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	3,899,450	\$ 4,230,904	\$ 3,644,088	\$ 3,599,242	\$ 4,517,882	\$ 4,821,889
	<u>8,930,981</u>	<u>8,375,509</u>	<u>10,311,178</u>	<u>17,783,886</u>	<u>18,808,539</u>	<u>19,294,606</u>
	<u>12,830,431</u>	<u>12,606,413</u>	<u>13,955,266</u>	<u>21,383,128</u>	<u>23,326,421</u>	<u>24,116,495</u>
	16,645,409	15,881,936	106,197,107	79,919,801	52,872,901	33,834,519
	<u>1,456,610</u>	<u>1,719,568</u>	<u>1,899,136</u>	<u>2,710,309</u>	<u>2,975,899</u>	<u>3,255,332</u>
	<u>18,102,019</u>	<u>17,601,504</u>	<u>108,096,243</u>	<u>82,630,110</u>	<u>55,848,800</u>	<u>37,089,851</u>
\$	<u>30,932,450</u>	<u>30,207,917</u>	<u>122,051,509</u>	<u>104,013,238</u>	<u>79,175,221</u>	<u>61,206,346</u>

Thompson School District R2-J

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues				
Taxes	\$ 38,985,473	\$ 42,646,848	\$ 46,791,728	\$ 48,677,114
Intergovernmental	47,329,392	51,062,293	56,119,346	60,939,434
Investment Earnings	1,462,685	1,333,774	1,182,235	507,060
Other	4,579,418	4,918,352	4,370,368	4,797,990
Total Revenues	<u>92,356,968</u>	<u>99,961,267</u>	<u>108,463,677</u>	<u>114,921,598</u>
Expenditures				
Current:				
Instruction	46,821,196			
Salaries and Benefits	-	46,698,517	49,530,112	52,742,724
Purchased Services	-	1,619,408	1,692,550	1,903,506
Supplies and Materials	-	2,986,064	3,312,747	3,414,106
Other	675,374	153,292	211,137	194,785
Supporting Services	25,757,306			
Pupil Services	-	5,343,667	6,173,161	6,633,916
Instructional Staff	-	5,646,503	6,266,194	7,760,087
General Administration	-	537,760	612,976	512,979
School Administration	-	5,537,666	5,869,595	6,313,951
Business Services	-	1,177,047	1,787,754	2,119,057
Maintenance/Operations	-	8,694,689	9,177,770	14,129,970
Pupil Transportation	-	2,715,761	2,621,154	2,731,259
Central Supporting Services	-	2,897,292	3,090,305	2,802,815
Community Services	-	305,054	1,751,460	1,527,067
Capital Projects	18,586,373	3,208,192	5,246,376	1,073,283
Charter School	-	-	-	-
Bond Issuance Costs	-	-	-	-
Debt Service:				
Principal	2,628,398	1,710,000	1,923,000	1,695,035
Interest	5,175,677	5,838,662	5,907,560	6,715,422
Total Expenditures	<u>99,644,324</u>	<u>95,069,574</u>	<u>105,173,851</u>	<u>112,269,962</u>
Excess (deficiency) of Revenues over Expenditures	<u>(7,287,356)</u>	<u>4,891,693</u>	<u>3,289,826</u>	<u>2,651,636</u>
Other Financing Sources (Uses)				
Transfers In	6,803,417	7,265,234	7,773,529	9,127,797
Transfers Out	(6,803,417)	(7,265,234)	(7,773,529)	(9,127,797)
Proceeds from Capital Lease	1,250,000	-	220,939	3,220,113
Issuance of Debt	-	-	-	-
Transfer to Bond Escrow	-	-	-	-
Premium on Bond Financing	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,250,000</u>	<u>-</u>	<u>220,939</u>	<u>3,220,113</u>
Net Change to Fund Balance	<u>\$ (6,037,356)</u>	<u>\$ 4,891,693</u>	<u>\$ 3,510,765</u>	<u>\$ 5,871,749</u>

Debt Service as a Percentage of

Non-Capital Expenditures	9.63%	8.22%	7.84%	7.56%
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Note: From 1998-2000 the District reported expenditures only by Instruction, Support Services and Other. In 2001, the District adopted GASB 34 and began reporting expenditures by function.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	49,314,672	\$ 47,881,408	\$ 49,085,270	\$ 54,301,144	\$ 56,727,661	\$ 57,546,346
	62,003,232	62,832,803	64,307,404	69,298,311	70,640,991	73,912,330
	371,980	757,768	3,262,834	5,249,371	4,071,983	1,175,751
	3,206,253	3,041,789	3,608,178	2,910,865	2,631,068	2,832,568
	<u>114,896,137</u>	<u>114,513,768</u>	<u>120,263,686</u>	<u>131,759,691</u>	<u>134,071,703</u>	<u>135,466,995</u>
	54,271,472	55,316,035	54,622,983	55,096,973	59,207,799	61,456,412
	2,076,288	2,221,777	2,182,801	2,230,932	2,062,371	1,830,410
	3,210,706	3,122,051	2,746,923	3,161,315	3,312,954	3,295,393
	231,676	122,580	132,878	126,311	133,708	128,767
	6,321,785	6,761,203	7,021,698	7,349,203	8,477,310	8,532,676
	7,516,507	7,444,139	7,564,297	7,712,504	10,230,511	10,426,810
	5,821,374	896,903	925,216	1,081,439	1,179,122	1,055,759
	6,349,752	6,680,383	6,827,099	6,795,081	7,825,018	7,927,542
	2,660,555	2,709,954	2,244,847	1,674,017	1,750,356	2,243,707
	10,434,325	10,080,023	11,697,226	23,696,567	20,064,310	17,325,065
	3,323,739	3,041,299	3,437,655	3,149,984	3,935,390	4,060,367
	3,565,282	2,542,102	2,824,053	3,637,045	3,874,845	3,754,589
	1,283,364	1,112,527	1,175,910	650,149	737,782	773,917
	879,514	882,134	8,064,632	18,386,234	21,550,163	16,014,388
	-	-	-	1,868,346	2,257,196	2,722,161
	-	258,618	982,798	-	-	-
	14,685,732	10,225,047	5,668,988	5,787,500	6,115,104	5,933,065
	6,023,451	2,495,545	4,539,810	6,519,762	6,195,782	5,954,842
	<u>128,655,522</u>	<u>115,912,320</u>	<u>122,659,814</u>	<u>148,923,362</u>	<u>158,909,721</u>	<u>153,435,869</u>
	<u>(13,759,385)</u>	<u>(1,398,552)</u>	<u>(2,396,128)</u>	<u>(17,163,671)</u>	<u>(24,838,018)</u>	<u>(17,968,874)</u>
	10,311,254	9,332,428	10,177,062	10,044,571	10,256,580	9,386,336
	(10,311,254)	(9,332,428)	(10,177,062)	(10,044,571)	(10,256,580)	(9,386,336)
	4,485,000	-	-	-	-	-
	25,660,000	22,215,000	89,215,000	-	-	-
	(27,407,353)	(23,276,594)	-	-	-	-
	2,040,771	1,320,212	5,024,720	-	-	-
	-	415,401	-	-	-	-
	<u>4,778,418</u>	<u>674,019</u>	<u>94,239,720</u>	<u>-</u>	<u>-</u>	<u>0</u>
\$	<u>(8,980,967)</u>	<u>(724,533)</u>	<u>\$ 91,843,592</u>	<u>\$ (17,163,671)</u>	<u>\$ (24,838,018)</u>	<u>\$ (17,968,874)</u>
	16.21%	11.06%	8.91%	9.43%	8.96%	8.65%

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property

(Unaudited)

<u>Year Ended December 31,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural</u>	<u>Natural Resources Oil & Gas, & Utilities</u>
1999	1,050,518,500	503,429,610	79,385,520	41,028,630	65,586,800
2000	1,221,485,100	624,936,370	81,224,490	19,665,180	73,533,880
2001	1,288,723,030	650,552,360	96,424,380	19,555,940	75,664,210
2002	1,549,649,830	803,155,060	105,173,350	19,693,910	79,068,070
2003	1,627,889,490	826,707,590	109,967,760	19,856,750	94,106,880
2004	1,702,909,960	915,101,040	111,710,270	15,291,010	88,390,920
2005	1,765,704,970	935,712,490	113,792,070	15,556,060	81,237,808
2006	1,913,606,420	1,042,005,600	111,003,590	16,403,560	86,809,902
2007	1,998,127,240	1,087,444,240	111,954,530	17,243,500	87,703,917
2008	2,113,390,350	1,310,626,770	119,666,640	18,747,970	101,024,495

From 1998 to 2008, commercial real property, undeveloped land, personal property and utilities were assessed at 29% of replacement cost calculated on the base year's appraised value.

Residential real property was assessed as follows:

	<u>Assessment Percentage</u>	<u>Base Year</u>
1999	9.74%	1997 appraised value
2000	9.74%	1999 appraised value
2001	9.74%	1999 appraised value
2002	9.15%	2001 appraised value
2003	9.15%	2001 appraised value
2004	7.96%	2003 appraised value
2005	7.96%	2003 appraised value
2006	7.96%	2005 appraised value
2007	7.96%	2006 appraised value
2008	7.96%	2007 appraised value

Source: Larimer County Assessor's Office - Larimer County December 31, 2008 Comprehensive Annual Financial Report

Note. All residential and commercial real properties are reappraised every two years in the odd year cycle bringing properties to the current market level of valuation. The residential assess rate is set by the Legislature and coincides with changes in the level of value. This is constitutionally required and designed to stabilize the tax burden on residential property.

<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Tax Exempt Property</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
249,985,710	1,989,934,770	959,164,640	21.417	14,024,977,331	14.19%
303,920,650	2,324,765,670	1,030,163,860	21.798	16,345,330,543	14.22%
299,078,820	2,429,998,740	1,014,089,890	21.756	18,019,838,182	13.49%
292,583,570	2,849,323,790	934,372,150	22.603	21,417,698,061	13.30%
280,954,090	2,959,482,560	883,309,680	22.563	22,382,842,209	13.22%
274,798,890	3,108,202,090	965,980,430	22.565	26,239,176,137	11.85%
273,690,849	3,185,694,247	509,850,250	22.659	27,078,737,989	11.76%
283,537,320	3,453,366,392	1,056,157,790	22.552	29,349,798,804	11.77%
282,913,948	3,585,387,375	1,177,190,260	22.552	30,575,411,815	11.73%
322,040,632	3,985,496,857	1,204,106,620	22.556	33,005,669,705	12.08%

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

Last Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Collection Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
School District										
General Fund	31,170	31,460	27,542	27,141	25,858	25,304	22,985	22,523	32,438	32,194
Mill Levy Override	8,500	8,500	8,500	8,195	7,687	7,383	6,755	10,636	0,198	0,112
Debt Services	13,126	13,126	13,126	13,126	13,126	10,000	10,510	10,298	9,021	8,668
School District Total	52,796	53,086	49,168	48,462	46,671	42,687	40,250	43,457	41,657	40,974
Larimer County	21,293	21,656	21,614	22,461	22,560	22,517	22,541	22,410	22,414	22,395
Town of Berthoud	6,673	6,673	6,673	6,673	6,673	6,409	6,664	10,735	11,551	9,162
City of Fort Collins	-	-	-	-	-	-	9,797	9,797	9,797	9,797
City of Loveland	8,997	9,564	9,564	9,564	9,564	9,564	9,564	9,564	9,564	9,564
Town of Windsor	-	-	-	-	-	-	12,030	12,030	12,030	12,030
Town of Johnstown	-	-	-	-	-	-	23,9347	23,947	23,947	23,947
Johnstown Fire Protection District	-	-	-	-	-	-	-	8,796	9,478	9,524
Berthoud Fire Protection District	8,128	8,128	8,128	8,128	8,128	15,274	15,274	15,274	15,274	15,274
Loveland Fire District	6,674	6,674	6,674	6,674	6,674	5,808	5,808	5,808	5,808	5,808
Poudre Valley Fire District	-	-	-	-	-	-	9,301	9,301	9,301	9,301
Windsor-Severance Fire District	-	-	-	-	-	-	4,944	4,944	4,944	6,119
Lyons Fire District	-	-	-	-	-	-	7,148	7,193	7,196	5,531
Pinewood Lake Fire District	-	-	-	-	-	-	6,446	5,944	6,373	6,373
Health District of Northern Larimer Co.	-	-	-	-	-	-	2,167	2,167	2,167	2,167
Thompson Valley Hospital District	1,712	1,673	1,669	1,564	1,564	1,519	1,509	1,492	1,471	1,716
Larimer County P.I.D. No. 27	-	-	-	-	-	-	-	56,695	55,946	55,946
Larimer County P.I.D. No. 35	-	-	-	-	-	-	-	104,222	29,208	29,208
Larimer County P.I.D. No. 36	-	-	-	-	-	-	-	13,485	13,580	13,580
Larimer Pest Control	0,124	0,124	0,124	0,124	0,124	0,142	0,142	0,142	0,142	0,142
Larimer County G.I.D. No. 8 Namaqua Hills	-	-	-	-	-	-	-	8,145	8,382	8,382
Loveland Downtown Dev. Auth	5,000	5,000	-	-	-	-	-	0,000	0,000	0,000
Loveland General Improvement District	2,684	2,684	2,684	-	-	2,684	2,684	2,684	2,684	2,676
Estes Valley Park Recreation	-	-	-	-	-	-	1,331	1,472	1,404	2,393
West Loveland Recreation District	5,557	5,557	5,557	5,557	5,557	-	-	-	-	-
South Fort Collins Sanitation District	-	-	-	-	-	-	-	0,500	0,500	0,487
Fort Collins - Loveland Water District	-	-	-	-	-	-	-	1,500	1,500	1,500
Fort Collins Regional Library District	-	-	-	-	-	-	-	3,000	3,000	3,000
North Carter Lake Water District	-	-	-	-	-	-	-	10,756	10,225	10,750
No. Colorado Water Conservancy District	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Spring Canyon Water and Sanitation	-	-	-	-	-	-	2,966	3,118	3,000	3,050
West Loveland Water and Sanitation	12,382	12,382	12,382	12,382	12,382	-	-	-	-	-
Thompson Crossing Metropolitan No. 2	-	-	-	-	-	-	-	20,000	20,000	20,000
Van De Water Metropolitan District No. 2	-	-	-	-	-	-	45,980	45,980	45,980	45,980
Van De Water Metropolitan District No. 3	-	-	-	-	-	-	-	45,980	40,000	40,000
Windsor Highlands Metropolitan No. 3	-	-	-	-	-	-	30,000	35,000	35,000	35,000
Windsor Highlands Metropolitan No. 4	-	-	-	-	-	-	-	35,000	35,000	35,000
Centerra Metropolitan District No. 2	-	-	-	-	-	-	35,000	35,000	52,600	42,600
Waterfront Metropolitan District	-	-	-	-	-	-	45,979	45,979	45,979	45,979
Lincoln Place Metropolitan District	-	-	-	-	-	55,000	55,000	50,000	-	-
Loveland Midtown Metropolitan No. 1	-	-	-	-	-	-	-	40,000	40,000	40,000
Larimer County P.I.D. No. 31	-	-	-	-	-	-	-	137,932	121,967	31,384
Thompson Crossing Metropolitan No. 4	-	-	-	-	-	-	-	76,000	60,000	60,000
Highpointe Vista Metropolitan No. 2	-	-	-	-	-	-	-	26,000	32,000	35,000
Deer Meadows Metropolitan District	-	-	-	-	-	-	-	40,000	45,000	45,000
Thompson Rivers Park & Rec. District	-	-	-	-	-	-	-	3,594	3,594	3,594
Thompson Crossing Metropolitan No. 3	-	-	-	-	-	-	-	-	60,000	60,000
Thompson Crossing Metropolitan No. 5	-	-	-	-	-	-	-	-	60,000	60,000
Thompson Crossing Metropolitan No. 6	-	-	-	-	-	-	-	-	60,000	60,000
Johnstown North Metropolitan No. 1	-	-	-	-	-	-	-	-	20,000	25,000
Johnstown North Metropolitan No. 2	-	-	-	-	-	-	-	-	20,000	25,000
Johnstown North Metropolitan No. 3	-	-	-	-	-	-	-	-	20,000	25,000
Centerra Metropolitan District No. 2 Bond	-	-	-	-	-	-	-	-	-	6,655
Centerra Metropolitan District No. 3	-	-	-	-	-	-	-	-	-	5,000
Windsor Highlands Metropolitan No. 1	-	-	-	-	-	-	-	-	-	30,000
Windsor Highlands Metropolitan No. 2	-	-	-	-	-	-	-	-	-	35,000
Windsor Highlands Metropolitan No. 5	-	-	-	-	-	-	-	-	-	35,000
Berthoud Community Library	-	-	-	-	-	-	-	-	-	2,400

Source: Larimer County Assessor's Office

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

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Centerra Lifestyle Center, LLC	\$ 23,680,400	1	0.59%	\$ -	-	-
Wal-Mart Stores East, LP	19,133,350	2	0.48%	10,344,160	2	1.53%
Qwest Corporation	11,798,100	3	0.30%	-	-	-
Agilent Technologies, Incorporated	10,561,420	4	0.26%	22,036,200	1	3.25%
Public Service Company of Colorado	8,401,970	5	0.21%	2,178,630	9	0.32%
Craig Realty Group-Loveland, LLC	8,018,500	6	0.20%	-	-	-
HC Development	4,715,980	7	0.12%	-	-	-
Quebecor World Incorporated	4,306,380	8	0.11%	5,055,140	6	0.75%
Taft Carlisle, LLC	4,174,530	9	0.10%	-	-	-
Waterbury Orchards, LLC	3,332,870	10	0.08%	-	-	-
Loveland Factory Shops LP	-	-	-	10,251,720	3	1.51%
Woodward Governor Company	-	-	-	5,473,110	5	0.81%
U.S. West Communications	-	-	-	7,452,500	4	1.10%
Hach Company	-	-	-	4,174,670	7	0.62%
Teledyne Industries	-	-	-	3,911,470	8	0.58%
Twenty Ninth Street Investment	-	-	-	1,942,520	10	0.29%
	\$ <u>98,123,500</u>		<u>2.46%</u>	\$ <u>72,820,120</u>		<u>10.74%</u>
Total assessed valuation	\$ <u>3,985,496,857</u>			\$ <u>678,127,029</u>		

Source: Larimer County Assessor's Office

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

Year Ended June 30,	Taxes Levied for the Year (1)	Collected within the Year of the Levy	
		Amount	Percentage of Levy
2000	35,714,316	34,910,900	97.8%
2001	37,797,337	38,116,403	100.8%
2002	42,399,981	42,065,211	99.2%
2003	44,143,219	44,067,398	99.8%
2004	45,329,848	44,502,033	98.2%
2005	43,366,318	43,230,235	99.7%
2006	44,331,015	44,262,935	99.8%
2007	50,059,218	47,530,029	94.9%
2008	55,222,130	51,940,567	94.1%
2009	57,074,070	54,282,697	95.1%

Notes:

(1) This column does not include abatements and reappraisals during the year

Source: Larimer County Treasurer's Office

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

Year	General Obligation Bonds	Certificate of Participation Bonds	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2000	80,230,738	-	2,052,628	82,283,366	5.99%	1,700
2001	78,520,738	-	1,839,066	80,359,804	5.44%	1,588
2002	76,597,738	-	1,875,058	78,472,796	4.81%	1,453
2003	75,168,738	-	4,829,136	79,997,874	4.79%	1,399
2004	70,461,009	4,485,000	2,667,404	77,613,413	4.30%	1,300
2005	61,802,167	4,325,000	2,162,357	68,289,524	3.62%	1,136
2006	151,323,193	4,160,000	1,768,368	157,251,561	7.99%	2,540
2007	146,254,499	3,990,000	1,605,869	151,850,368	7.20%	2,369
2008	128,404,737	3,815,000	1,435,765	133,655,502	5.92%	2,031
2009	122,829,737	3,635,000	1,257,700	127,722,437	5.33%	1,971

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

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

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

Year Ended December 31,	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Due to Assessed Value (1)	Net Bonded Debt per Capita
2000	80,230,738	7,977,272	72,253,466	10.65%	844
2001	78,520,738	10,105,819	68,414,919	9.48%	764
2002	76,597,738	13,572,046	63,025,692	7.31%	661
2003	75,168,738	17,499,748	57,668,990	6.30%	644
2004	70,461,009	11,431,587	59,029,422	6.05%	632
2005	61,802,167	9,885,779	51,916,388	5.09%	538
2006	151,323,193	12,481,416	138,841,777	12.51%	2,072
2007	146,254,499	12,939,805	133,314,694	11.53%	2,080
2008	128,404,737	12,481,784	115,922,953	3.23%	1,762
2009	122,829,737	12,465,223	110,364,514	2.77%	1,703

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

(1) Assessed Value is \$3,985,496,857 for 2009.

Thompson School District R2-J
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 June 30, 2009
 (Unaudited)

	<u>General Obligation Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
Thompson School District R2-J	\$ 122,829,737	100.00%	\$ 122,829,737
Town of Berthoud	7,584,207	100.00%	7,584,207
Berthoud Fire District	<u>1,560,000</u>	31.43%	<u>490,308</u>
Total	<u>\$ 131,973,944</u>		<u>\$ 130,904,252</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, 2009
(Unaudited)

Assessed Value		\$ <u>3,985,496,857</u>
Debt Limit (20% of Assessed Valuation)		797,099,371
Total Bonded Debt	\$ 122,829,737	
Total Amount Applicable to Debt Limit		<u>122,829,737</u>
Legal Debt Margin		<u>\$ 674,269,634</u>

Source: Larimer County Assessor's Office

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

Employer	2008			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Thompson School District R2-J	1,620	1	4.95%	1,660	2	6.26%
McKee Medical Center	950	2	2.90%	775	4	2.92%
Hach Company	888	3	2.71%	551	6	2.08%
Wal-Mart Distribution Center	799	4	2.44%	1,000	3	3.77%
Medical Center of the Rockies	695	5	2.12%			
City of Loveland	695	6	2.12%	572	5	2.16%
Agilent Technologies	550	7	1.68%			
LPR Construction	350	8	1.07%			
Kroll Factual Data	330	9	1.01%			
Group Publishing	316	10	0.97%			
Hewlett-Packard				2,400	1	9.06%
Woodward Governor				525	7	1.98%
Merix-Loveland				357	8	1.35%
Summit Crest Homes				260	9	0.98%
Teledyne Water Pik				250	10	0.94%
Total	7,193 (a)		21.97%	8,350		31.50%

(a) The number for 2009 was not available, therefore, the 2008 number was used

Source: City of Loveland December 31, 2008 Comprehensive Annual Financial Report

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

Fiscal Year	Population <i>(thousands)</i>	Personal Income <i>(millions)</i>	County Per Capita Income (b) <i>(thousands)</i>	Median Age	Unemployment Percentage (a)
1999	48.4	1,374.60	28.4	33.8	3.1
2000	50.6	1,477.50	29.2	34.1	2.9
2001	54.0	1,630.80	30.2	33.3	4.1
2002	57.2	1,670.20	29.2	33.4	4.8
2003	59.7	1,802.90	30.2	34.0	5.2
2004	60.1	1,887.10	31.4	34.4	5.3
2005	61.9	1,968.40	31.8	36.0	4.1
2006	64.1	2,108.90	32.9	33.9	3.5
2007	65.8	2,256.90	34.3	33.2	3.4
2008	64.8	2,394.75	37.0	35.9	3.4

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

(b) Larimer County, separate City statistics not available

Source: City of Loveland December 31, 2008 Comprehensive Annual Financial Report

Thompson School District R2-J
 Number of Employees by Function
 June 30, 2009
 (Unaudited)

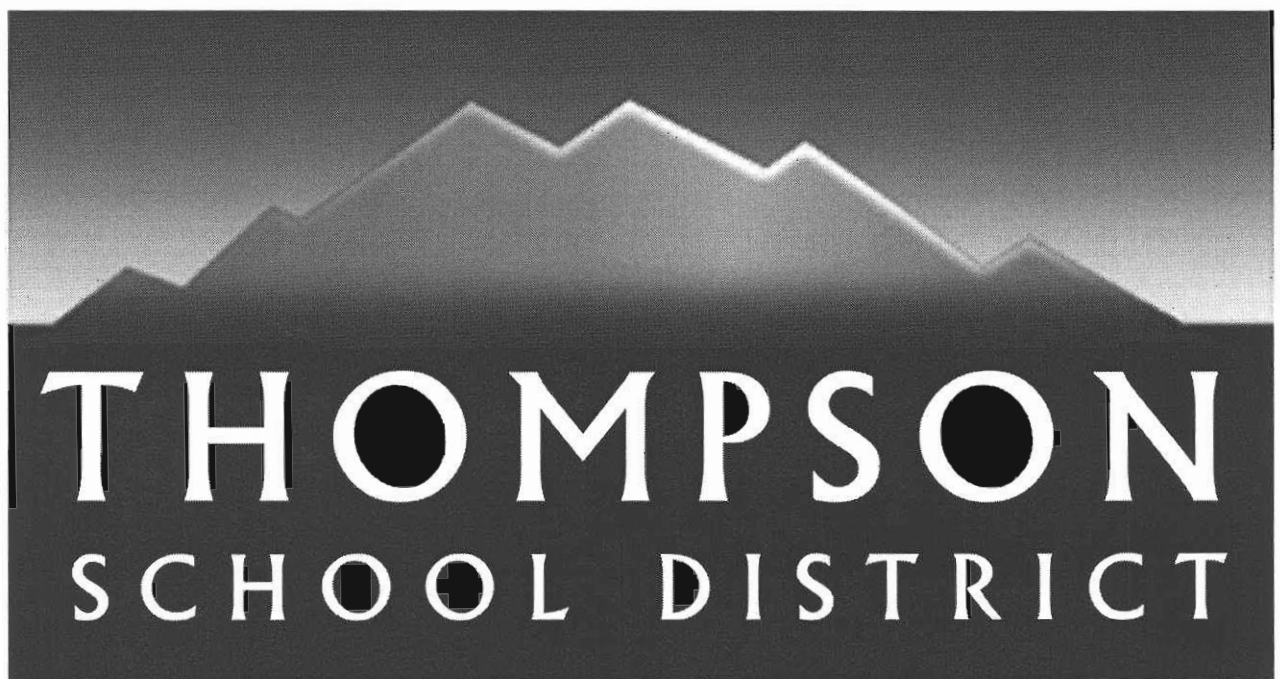
<u>Employees: (Full and Part Time Positions)</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Administration										
Instructional Central Office Administrators	10	10	10	10	10	10	10	12	12	12
Principals & Asst. Principals	35	35	35	35	35	45	45	42	46	47
Support Central Office Administrators	5	5	5	5	5	10	10	11	11	11
Teaching Staff										
Teachers	845	845	845	850	850	1,015	985	995	1024	1031
Substitute Teachers	255	255	255	255	255	380	350	304	375	254
Guidance Counselors	25	25	25	25	25	45	40	45	43	44
Media Specialist	10	10	10	10	10	10	10	9	9	9
Teacher Aides	175	175	175	175	175	170	180	198	187	195
Support Services										
Nurses, Psychologists, and Social Workers	20	20	20	20	20	30	30	35	31	35
Pupil Transportation	100	100	100	100	100	115	125	112	118	125
Personnel Services	10	10	10	10	10	10	10	9	12	12
Operations and Maintenance	165	165	165	165	165	150	155	153	160	173
Fiscal Services and Data Processing	5	5	5	5	5	10	10	9	15	14
School Building Clerical	120	120	120	120	120	140	140	130	141	147
Other Professional Support Staff	45	45	45	45	45	145	130	122	152	152
Other Clerical Support	30	30	30	30	30	35	30	31	31	30
Food Services	150	150	150	150	150	115	115	105	112	117
Total	2,005	2,005	2,005	2,010	2,010	2,435	2,375	2,322	2,479	2,408

Source: Thompson School District Human Resources Department

Thompson School District R2-J
 Operating Indicators
 June 30, 2009
 (Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Funding per Student	\$ 4,677	\$ 4,831	\$ 5,103	\$ 5,441	\$ 5,595	\$ 5,721	\$ 5,798	\$ 5,988	\$ 6,279	\$ 6,530
Funded Pupil Count	13,824.0	14,180.0	14,335.0	14,495.0	14,445.5	14,352.5	14,304.6	14,402.0	14,419.5	14,486.4
Total Funding per School Finance Act	64,654,848	68,499,751	73,151,505	78,867,295	80,822,573	82,110,653	82,938,071	86,239,176	90,540,041	94,596,192

Source: Thompson School District Finance Department



Thompson School District R2-J
School Building Information
June 30, 2009
(Unaudited)

Schools	Sq. Ft.	Capacity	Enrollment History by Fiscal Year						
			2009	2008	2007	2006	2005	2004	2003
Elementary Schools									
Berthoud	52,300	460	453	424	404	404	415	406	399
BF Kitchen	33,700	250	207	194	185	233	244	260	279
Big Thompson	32,400	240	178	192	200	212	211	224	231
Carrie Martin	32,400	300	343	322	299	307	285	281	265
Centennial	58,000	535	409	343	319	343	409	362	340
Cottonwood Plains	57,400	470	458	555	517	529	485	463	464
Coyote Ridge	53,000	305	270	-	-	-	-	-	-
Garfield	34,700	300	280	261	271	246	253	247	298
Ivy Stockwell	36,000	350	314	342	363	376	359	365	365
Laurene Edmondson	32,600	315	248	289	302	310	304	315	320
Lincoln	38,100	360	353	393	391	431	327	306	308
Mary Blair	49,300	475	472	496	471	461	445	433	444
Monroe	51,100	365	394	393	420	409	430	411	441
Namaqua	51,200	460	471	509	516	603	580	591	626
Sarah Milner	35,800	390	344	336	366	345	353	381	405
Stansberry	31,400	240	245	241	216	235	246	273	288
Truscott	45,700	275	273	282	285	267	207	209	220
Van Buren	32,200	240	241	269	266	272	271	286	280
Winona	60,100	550	424	407	364	382	411	396	359
Middle Schools									
Bill Reed	128,800	900	622	604	612	645	697	693	727
Conrad Ball	96,100	810	640	703	783	794	784	809	781
Lucile Ervin	114,400	900	881	836	736	800	801	801	782
Turner	70,800	770	413	426	434	437	467	495	508
Walt Clark	104,300	900	643	683	708	770	789	753	756
High Schools									
Berthoud	129,800	935	630	656	675	673	681	704	689
Ferguson	43,006	185	104	99	102	97	105	94	102
Loveland	198,300	1,470	1,604	1,596	1,578	1,536	1,493	1,477	1,464
Mountain View	201,100	1,400	1,090	1,141	1,126	1,179	1,195	1,221	1,147
Thompson Valley	215,400	1,370	1,418	1,406	1,413	1,477	1,435	1,425	1,503
Totals	2,119,406	16,520	14,422	14,398	14,322	14,773	14,682	14,681	14,791

Source: Thompson School District Master Plans

<u>2002</u>	<u>2001</u>	<u>2000</u>
415	458	452
275	282	256
257	267	290
258	239	231
335	328	283
469	457	437
-	-	-
295	321	329
385	393	390
311	309	296
300	290	292
451	471	468
387	388	392
649	625	598
463	474	454
314	340	349
222	218	223
285	261	279
322	273	247
707	714	695
764	749	721
777	777	774
504	493	494
741	811	751
685	667	659
112	120	140
1,467	1,554	1,842
965	718	N/A
1,536	1,585	1,812
<u>14,651</u>	<u>14,582</u>	<u>14,154</u>

COMPLIANCE SECTION

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated December 18, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the New Vision Charter School, a discretely presented component unit of the Thompson School District R2-J, as described in our report on the Thompson School District R2-J's financial statements. This report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Thompson School District R2-J's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Thompson School District R2-J's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over financial reporting.

Our consideration of the Thompson School District R2-J's internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Thompson School District R2-J's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Thompson School District R2-J's financial statements that is more than inconsequential will not be prevented or detected by the Thompson School District R2-J's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Thompson School District R2-J's internal control.

Our consideration of the Thompson School District R2-J's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above as item 2009-1 is considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thompson School District R2-J's financial statements are free of 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*.

The Thompson School District R2-J's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the Thompson School District R2-J's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 18, 2009

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Thompson School District R2-J with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Thompson School District R2-J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Thompson School District R2-J's management. Our responsibility is to express an opinion on the Thompson School District R2-J's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Thompson School District R2-J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Thompson School District R2-J's compliance with those requirements.

In our opinion, the Thompson School District R2-J complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Thompson School District R2-J is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Thompson School District R2-J's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over compliance.

A control deficiency in the Thompson School District R2-J's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Thompson School District R2-J's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Thompson School District R2-J's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Thompson School District R2-J's internal control.

Our consideration of the Thompson School District R2-J's internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Swanbuntz Company LLC

December 18, 2009

Thompson School District R2-J
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

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

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

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

yes no

Identification of major programs:

- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.559 Summer Food Service Program for Children
- 84.027 Special Education
- 84.173 Special Education-Preschool

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

Auditee qualified as low-risk auditee? yes no

Federal Awards Findings and Questioned Costs

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

(Continued)

Thompson School District R2-J
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

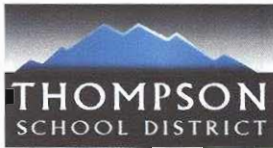
Financial Statement Findings

2009-1 Financial Reporting

Criteria	The District is responsible to implement internal controls designed to ensure that financial information is accurate and timely.
Condition	The District's accounting records required significant adjustments to present financial statements in accordance with generally accepted accounting principles.
Context	During the audit process, we identified several invoices paid by the District subsequent to year end that represented work performed during the year. The largest of these invoices related to building construction and remodeling projects. We proposed adjustments to the District's accounting records to report these accounts payable. In addition, we proposed adjustments to properly report interest expenditures, donated commodities, and taxes receivable.
Effect	Financial information presented by the District could be inaccurate.
Cause	At year end, the District did not perform a comprehensive review and reconciliation of detailed accounting schedules and the general ledger. Procedures in place to identify and record payables at year end were not adequate.
Recommendation	The District should implement procedures to ensure that transactions are properly and timely recorded in the accounting records, and that accounting principles are properly applied on an ongoing basis. Specifically, we recommend that the District design and implement procedures to identify and record payables at year end. District personnel should receive continued training in the accounting standards for governmental entities. Additional review and oversight processes should be implemented over the preparation of financial statements.

Views of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.



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**Corrective Action Plan
Year Ended June 30, 2009**

December 14, 2009

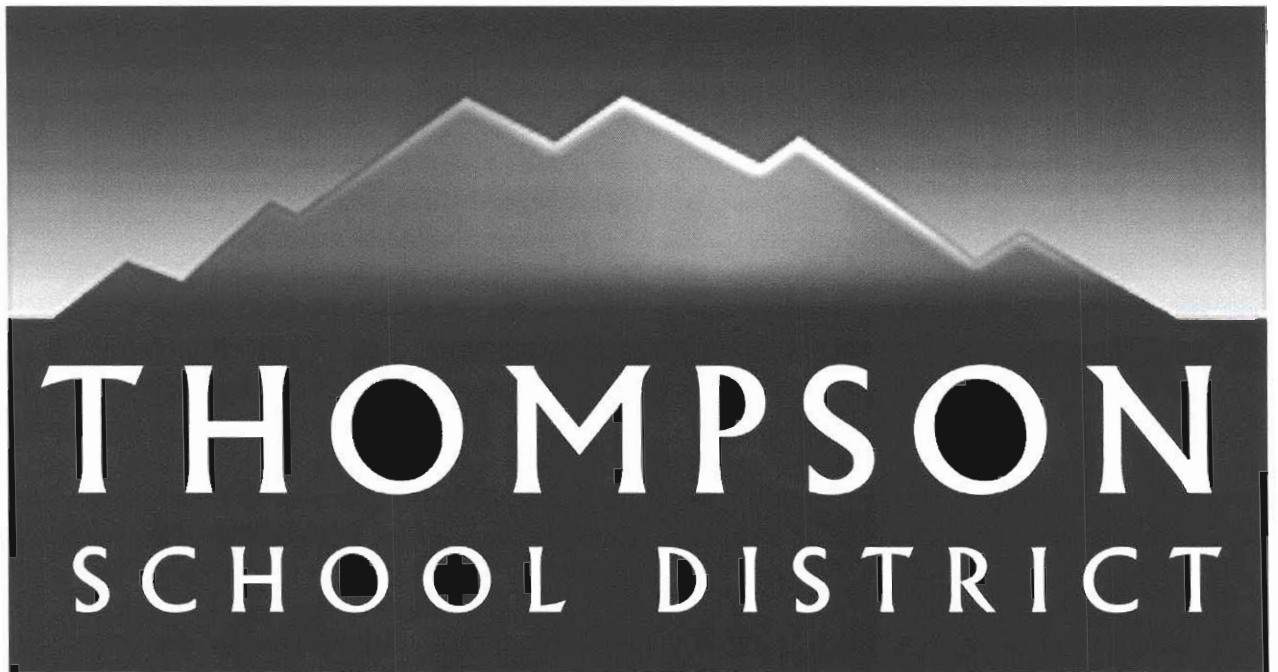
In response to the findings of Swanhorst & Company, LLC, the District will take the following steps to rectify identified weaknesses in correctly identifying and recording payables at year end.

1. The Manager of Accounting & Reporting will train all district Accounts Payable staff by January 31, 2010, to ensure that invoice dates, as they appear on vendor generated invoices, are recorded in the IFAS software system using that exact date. This date, in most cases, is indicative of precisely when product or services were rendered to the district.
2. District IFAS staff will write a system report by May 31, 2010, designed to capture a complete list of vendor invoices which meeting following criteria:
 - a system entry date (accounting period) in the newly opened fiscal year, and...
 - a vendor invoice date within the fiscal year just completed.

It is this resulting list of vendor invoices which will be used by the Manager of Accounting & Reporting as the primary accrual list for the fiscal period being closed.

3. The District's Manager of Accounting & Reporting will also prepare a detailed list of all vendor invoices entered but unpaid as of June 30th of the fiscal year being closed.
4. The lists described in items 2 & 3 above must agree in total to the Accounts Payable balance as shown in the general ledger. The resulting reconciliation will be reviewed and approved by the District's Chief Financial Officer.

The above procedures will be documented as standard operating procedures for use at fiscal year end by applicable staff as identified above.





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

**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated December 18, 2009. These financial statements are the responsibility of the Thompson School District R2-J's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Swanhorst & Company LLC

December 18, 2009

Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA Number	Accrued (Deferred) Revenue June 30, 2008	Grant Receipt	Grant Expenditures	Accrued (Deferred) Revenue June 30, 2009
U.S. Department of Education					
Passed Through State Department of Education					
Title I	84.010	\$ 503,801	\$ 1,440,781	\$ 1,527,433	\$ 590,453
Title I - Advanced Placement Program	84.330	-	2,933	2,933	-
Special Education	84.027	1,120,427	3,216,704	2,589,432	493,155
Special Education Preschool	84.173	10,683	71,731	79,891	18,843
Improving Teacher Quality	84.367	149,834	364,954	331,177	116,057
Innovative Programs	84.298	8,857	16,767	12,395	4,485
Safe and Drug Free Schools and Communities	84.186	13,345	35,641	34,129	11,833
Education Technology	84.318	7,672	19,463	24,993	13,202
English Language Acquisition	84.365	16,115	42,454	45,767	19,428
Passed Through State Department of Human Services					
Vocational Rehabilitation	84.126	4,095	113,184	115,332	6,243
Passed Through State Community Colleges System:					
Career and Technical Education	84.048	41,424	57,795	81,382	65,011
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,876,253</u>	<u>5,382,407</u>	<u>4,844,864</u>	<u>1,338,710</u>
U.S. Department of Agriculture					
Passed through State Department of Human Services:					
Food Donation	10.555	-	231,842	231,842	-
Passed Through State Department of Education:					
School Breakfast Program	10.553	31,776	302,584	305,654	34,846
National School Lunch Program	10.555	132,550	1,330,321	1,340,762	142,991
Summer Food Service Program for Children	10.559	-	36,736	36,736	-
Passed Through State Department of Public Health & Environment:					
Child and Adult Care Food Program	10.558	-	9,847	9,847	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>164,326</u>	<u>1,911,330</u>	<u>1,924,841</u>	<u>177,837</u>
U.S. Department of Labor					
Passed through Denver Metro Chamber of Commerce:					
WIA Pilots, Demonstrations, and Research Projects	17.261	58,244	51,874	(4,483)	1,887
		<u>58,244</u>	<u>51,874</u>	<u>(4,483)</u>	<u>1,887</u>
U.S. Department of Health and Human Services					
Direct Program					
Head Start	93.600	158,912	947,856	993,362	204,418
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>158,912</u>	<u>947,856</u>	<u>993,362</u>	<u>204,418</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 2,257,735</u>	<u>\$ 8,293,467</u>	<u>\$ 7,758,584</u>	<u>\$ 1,722,852</u>

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

June 20, 2008 balance was \$2,278,591; we removed the Migrant Education Grant in the amount of \$17,085 and the Comprehensive School Reform Demonstration Grant in the amount of \$3,771. To correct incorrect balances from prior year.



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

**INDEPENDENT AUDITORS' REPORT ON
AUDITOR'S INTEGRITY REPORT**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated December 18, 2009. These financial statements are the responsibility of the Thompson School District R2-J's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying auditor's integrity report is presented for purposes of additional analysis as required by State of Colorado statutes and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Swanhorst & Company LLC

December 18, 2009



Colorado Department of Education

Automated Data Exchange View Report

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Colorado Department of Education
Fiscal Year 2008-2009
Colorado School District/BOCES
Auditor's Integrity Report

LARIMER THOMPSON R-2J
District Code: 1560

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	& Prior Per Adj (6880*) & Ending Fund Balance
Governmental				
10 General Fund	22,925,812	100,613,762	99,837,083	23,702,491
18 Risk Mgmt Sub-Fund of General Fund	290,170	906,758	945,737	251,190
19 Colorado Preschool Program Fund	110,437	364,126	311,750	162,813
Subtotal	23,326,419	101,884,646	101,094,570	24,116,494
11 Charter School Fund	571,638	3,089,135	3,004,515	656,258
20.26-29 Special Revenue Fund	2,556,246	5,996,203	5,424,984	3,127,464
21 Capital Reserve Spec Revenue Fund	2,040,438	3,762,738	3,788,912	2,014,264
22 Govt Designated-Purpose Grants Fund	159,862	6,229,269	6,298,896	90,234
23 Pupil Activity Special Revenue Fund	71,917	1,390,461	1,401,265	61,113
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	336,136	332,076	332,076	336,136
31 Bond Redemption Fund	12,481,784	11,265,732	11,282,294	12,465,223
41 Building Fund	38,202,410	1,883,711	21,050,704	18,995,418
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	79,746,850	135,833,972	153,718,217	61,862,605
TOTALS				
Proprietary				
50 Food Service Fund	654,427	4,229,897	4,011,436	872,888
51 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60.65-69 Other Internal Service Funds	0	0	0	0
TOTALS	654,427	4,229,897	4,011,436	872,888
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	53,525	94,669	72,029	76,165
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	897,612	2,777,272	2,833,538	841,346
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,040,034	368,585	514,451	894,169
TOTALS	1,991,171	3,240,526	3,420,018	1,811,679

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