

THOMPSON SCHOOL DISTRICT R2-J

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2006

Prepared by the
Financial Services Department

Executive Director
Stephen Towne

Manager of Accounting & Reporting
Jason Loveland

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Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

TABLE OF CONTENTS

Introductory Section

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

Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis.....	2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance	
Sheet with the Statement of Net Assets.....	18
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds.....	19
Reconciliation of the Governmental Funds	
Statement of Revenues, Expenditures, and Changes in	
Fund Balances with the Government-wide Statement of	
Activities	20
Statement of Net Assets – Proprietary Funds	21
Statement of Revenues, Expenses, and Changes	
in Fund Net Assets – Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds.....	23
Reconciliation of Operating Loss to Net Cash	
Used By Operating Activities.....	24
Statement of Fiduciary Assets and Liabilities	25
Notes to the Financial Statements.....	26

Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

TABLE OF CONTENTS

Financial Section (Continued)

Required Supplementary Information:	
General Fund:	
Budgetary Comparison Schedule.....	48
Government Designated-Purpose Fund:	
Budgetary Comparison Schedule.....	51
Notes to Required Supplementary Information	52
Combining and Individual Fund Financial Statements and Schedules:	
Debt Service:	
Bond Redemption Fund:	
Budgetary Comparison Schedule.....	56
Capital Projects:	
Building Fund:	
Budgetary Comparison Schedule.....	58
Non-Major Governmental Funds:	
Combining Balance Sheet.....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	62
Capital Reserve Fund:	
Budgetary Comparison Schedule	64
Land Reserve Fund:	
Budgetary Comparison Schedule	65
Severance Incentive Fund:	
Budgetary Comparison Schedule	66
Interscholastic Athletic and Activity Fund:	
Budgetary Comparison Schedule	67
Fee Supported Programs Fund:	
Budgetary Comparison Schedule	68
Enterprise Fund:	
Nutrition Services Fund:	
Budgetary Comparison Schedule	70
Internal Services Fund:	
Risk Management:	
Budgetary Comparison Schedule	72
Fiduciary Fund Type:	
Combining Statement of Fiduciary Net Assets.....	74
Combining Schedule of Changes in Assets and Liabilities	75
Education Memorial Fund:	
Budgetary Comparison Schedule	76
Interscholastic Athletic and Activity:	
Budgetary Comparison Schedule	77

Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

TABLE OF CONTENTS

Statistical Section

Financial Trends

Schedule of Net Assets	78
Schedule of Changes in Net Assets.....	80
Schedule of Fund Balances, Governmental Funds	82
Schedule of Changes in Fund Balances	84

Revenue Capacity Information

Property Values and Construction	86
Schedule for Property Tax Rates – Direct & Overlapping Governments.....	87
Principal Tax Payers	89
Property Tax Levies and Collections.....	90

Debt Capacity Information

Ratio of Outstanding Debt by Type	91
Ratio of Net General Bonded Debt to Estimated Actual Valuation and Net General Bonded Debt per Capita	92
Computation of Direct and Overlapping Bonded Debt.....	93
Computation of Legal Debt Margin.....	94

Demographic and Economic Information

List of Principal Employers	95
Demographic Statistics	96

Operating Information

Number of Employees by Function	97
Operating Indicators.....	99
School Building Information	100

Compliance Section

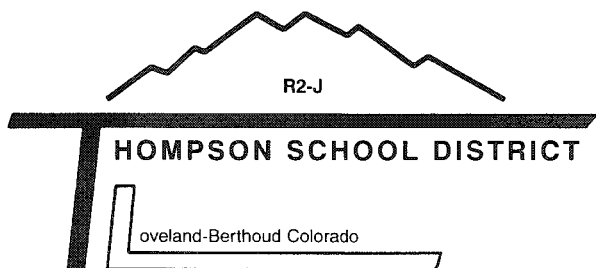
Independent Auditors' Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.....	101
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	102
Schedule of Findings and Questioned Costs.....	104
Independent Auditors' Report on Schedule of Expenditures of Federal Awards.....	105
Schedule of Expenditures of Federal Awards.....	106
Independent Auditors' Report on Auditors' Integrity Report	107
Auditor's Integrity Report.....	108

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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



Financial Services
800 S. Taft Avenue
Loveland, Colorado 80537
Phone: (970) 613-5000
Fax: (970) 613-5085

October 21, 2006

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, 2006.

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, 2006.

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, 2006, 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, 2006, 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 28 schools: five high schools, five middle schools, and eighteen elementary schools. All of the schools are located in the City of Loveland 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 15,108 students for the 2005-06 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. Though the District has been impacted by a slowing economy in recent years, there seems to be growing optimism about the near-term economic future. Loss of technology jobs in the recent past remains a concern but sectors like health care and retail sales appear poised to help offset that. Governmental agencies provide a major source of employment, including the City of Loveland and Colorado State University, which has over 6,700 employees. Agilent, Hewlett Packard and Kodak continue to be large non-governmental employers.

Long-term financial planning. Because the General Fund revenues for all public schools in Colorado are almost entirely determined by the state, total revenues will normally not fluctuate significantly, especially in years of tight state level budgets. School Districts are also subject to the provisions of an amendment to Article X, Section 20 of the State Constitution called the TABOR Amendment (Taxpayer's 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 the 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 future years.

Also in November 2000, voters statewide approved an amendment to the State Constitution that set the minimum funding level for public schools over the next ten years. Known as Amendment 23, this amendment establishes a reserve at the state level from state surplus dollars. The reserves along with the state's general fund budget are to be used to guarantee annual increased funding for public schools at a rate equal to inflation plus one percent for the next ten years beginning with fiscal year 2001-02. This amendment will give District management more information to make long-range

financial goals and plans. However a downturn in the State's economy may put the funding of this amendment at risk.

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 daily 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 primarily in two AAA-rated investment pools: the Colorado Government Liquid Assets Trust (ColoTrust) and the Colorado Diversified Trust (CDT). The investment pools operate similar to a money market fund, providing secure investments with high liquidity, allowing the District to meet cash flow needs for payroll and vendor payments on a timely basis.

The District's cash flow pattern is not steady throughout the year. Expenditures are consistent; however, revenues fluctuate since property taxes are received during the last part of the fiscal year. The District did not need to utilize the interest free state loan program for its short term borrowing needs in 2005-06.

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 self-insurance pools with other school districts. Two separate pools are incorporated, one for each type of coverage.

The District's shares of pool premiums are 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 2006 are shown below for the Colorado Self Insurance Pool (CSDSIP):

	Pool/District Self-Insured Retention*	Excess Insurance
Property Pool	\$1,000,000/\$5,000	\$500,000,000
Liability Pool	\$600,000/\$10,000 **	\$ 4,000,000

* Shown on a per claim or incident basis

** \$600,000 represents the upper limit for government liability based on governmental immunity statutes. This level is based on a retention amount (\$150,000 per claim, \$600,000 per incident) consistent with Colorado governmental immunity statutes.

Pension and Other Postemployment Benefits

The District contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). CSSDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. 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 (CSSDTF) 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, 2005. This was the seventeenth 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 eighth 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.

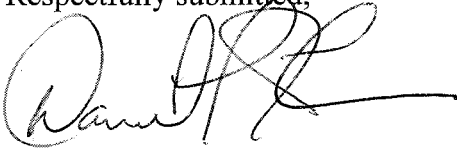
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

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. Daniel Johnson
Superintendent of Schools



Stephen Towne
Executive Director of Business Services



Jason Loveland
Manager of Accounting & Reporting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Thompson School District,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



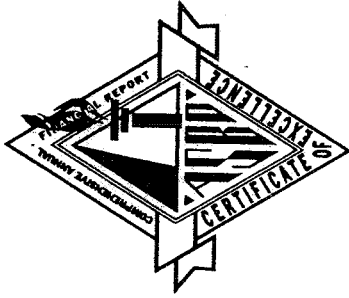
Carla E. Perry

President

Jeffrey R. Enos

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Thompson R2-J School District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2005

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

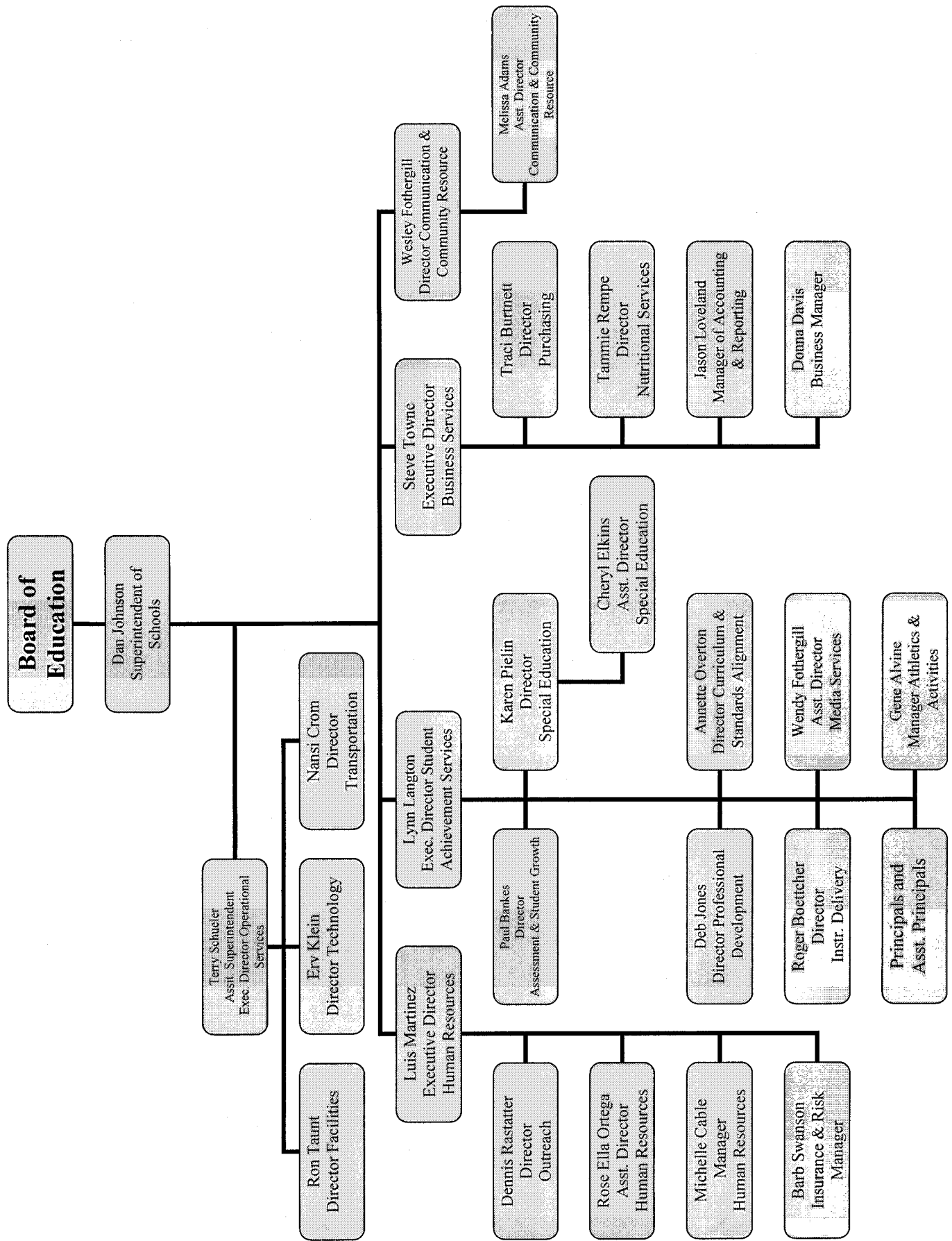
Melody Jorjor

President

John D. Musso

Executive Director

Thompson School District R2-J



Board of Education

Robert Towles, President	Term Expires 2007
Jeff Swanty, Vice President	Term Expires 2007
Marcia Venzke, Secretary/Treasurer	Term Expires 2009
Dennis Breitbarth	Term Expires 2009
Becky Jay	Term Expires 2007
Lola Johnson	Term Expires 2007
Bill McCreary	Term Expires 2009

Superintendent's Executive Staff

July 2006

Dr. Daniel Johnson	Superintendent
Terry Schueler	Assistant Superintendent, Operational Services
Lynn Langton	Executive Director, Student Achievement
Louis Martinez	Executive Director, Human Resources
Stephen Towne	Executive Director, Business Services

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 remaining fund information of the Thompson School District R2-J, as of and for the year ended June 30, 2006, 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 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.

In our opinion, 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 remaining fund information of the Thompson School District R2-J, as of June 30, 2006, 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 October 20, 2006, 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 information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



October 20, 2006

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Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

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, 2006. 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 2006 are as follows:

- In total, net assets increased by \$10,180,239 for the year ended June 30, 2006. The net increase was composed of the following elements:

	Increase (Decrease)
Invested in Capital Assets, net of Related Debt	\$ 6,686,846
Restricted for:	
Debt Services	2,595,637
Capital Projects	(214,666)
TABOR	(598,641)
Other Purposes	(55,649)
Unrestricted	1,766,712
Net Increase	\$ 10,180,239

The amount "invested in Capital Assets, net of related debt" decreased as a result of the issuance of \$89,215,000 of bonded debt. Net assets restricted for Debt Service increased due to the 2005 bond issuance. The Colorado Revised Statute Article X, Section 20 (Taxpayer Bill of Rights (TABOR)) requires the district to establish reserves for this Amendment. The decrease is due to the calculation factors. Net assets restricted for other purposes decreased due to the net change in the Land Reserve fund balance. The Land Reserve fund balance decreased due to the purchase of water rights. The Unrestricted Net Assets increased overall as a result of the changes in fund balance for the general, severance, fee supported and risk management funds.

- Total assets of governmental activities increased by \$101,210,086 attributed to the following elements:

	Increase (Decrease)
Cash	\$ 93,713,622
Receivables	(494,174)
Due from Other Governments	450,388
Bond Issuance Costs	1,088,829
Capital Assets, net of Accumulated Depreciation	6,451,421
Net Increase	\$101,210,086

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

The increase in cash was due to the proceeds from the issuance of the 2005 Bonds. The decrease in Due from Other Governments is from federal grants such as Title I, Headstart and Title VI-B grants. Payments were received during the year instead of being recorded as a receivable. Capital assets increased as a result of building projects funded by the 2005 Bonds.

Total assets of business type activities increased by \$119,134 attributed to the following elements:

	Increase (Decrease)
Cash	\$ 200,421
Due from Other Governments	4,247
Inventory	5,580
Capital Assets, net of Accumulated Depreciation	(91,114)
Net Increase	\$ 119,134

The most significant increase is cash. The Nutrition Services program reduced operating cost while maintaining and slightly increasing revenues in order to improve the financial stability of the Nutrition Services Fund. The most significant decrease is in Capital Assets, net of Accumulated Depreciation. Fewer assets were purchased during the fiscal year and the decrease reflects the change in annual depreciation expense, which was greater than the addition of capital assets. Other changes in the assets are due to the normal operations of the Nutritional Services Fund.

- Total Liabilities of governmental activities increased by \$91,140,868 due to the following items:

	Increase (Decrease)
Accounts Payable	\$ 3,137,171
Payroll Withholding Payable	(993,941)
Accrued Salaries and Benefits	83,621
Due to Other Governments	17,326
Liabilities due within one year	377,112
Liabilities due in more than one year	88,519,579
Net Increase	\$ 91,140,868

Accounts payable increased due to the amount of large bond related construction projects in progress. Payroll withholding payable decreased as the District made its June Public Employee Retirement Association payment prior to June 30. Accrued salaries and benefits changed reflecting the annual differences in salaries and benefits for all employee groups. The decrease in Due to Other Governments is due to deferred revenue in the Government Designated

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

Purpose Grants Fund. The change in short term and long-term debt is due to the issuance of the 2005 Bonds.

Total liabilities for business type activities increased by \$8,113. The increase is due to the timing of accounts payable occurring at year-end.

- General revenues accounted for \$108.9 million in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$15.1 million or 12 percent of total revenues of \$123.9 million.
- The District had \$110.1 million in expenses related to governmental activities; only \$11.3 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$108.9 million were adequate to provide for these programs.
- Among major funds, the general fund had \$96.8 million in revenues and \$95.4 million in expenditures. The general fund's fund balance increased to \$14.0 million from \$12.6 million.
- Net assets for enterprise funds increased slightly. This increase resulted from operating revenue of \$2.2 million and Federal grants of \$1.5 million exceeding operating expenses of \$3.6 million. However, pricing of sales items was insufficient to meet expenses.

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 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, 2006

- 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 of 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, you need 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:

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying 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. The District uses *internal service funds* (the other kind of proprietary funds) to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund, the Insurance Reserve Fund.
- *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 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 increased \$101.3 million. Cash and cash equivalents increased \$93.9 million. The District's receivables decreased \$.5 million due to the recognized receivable of property taxes for collections from September through December 2006. The District's Capital Assets Net of Accumulated Depreciation increased \$6.6 million. The District capitalized assets during the year of \$10.0 million compared to depreciation of \$3.5 million.

The District's *combined* net assets were more than June 30, 2005 by 19.7% to \$61,949,944. Most of this change in the District's financial position came from its governmental activities, the net assets of which increased \$10.0 million to \$61,000,920. The Colorado Amendment X to the State Constitution (Taxpayer Bill of Rights (TABOR)) requires the district to establish reserves for this

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

Amendment. The decrease is due to the reduction in reserves needed for the District's Severance plan. Net assets restricted for other purposes increased slightly. The Unrestricted Net Assets was increased overall as a result of the general, severance, athletic and activity, fee supported funds and The Thompson Education Foundation change in excess revenue over expenditures from the previous fiscal year. The net assets of the District's business-type activities increased \$111,021 to \$949,024.

Table 1 provides a summary of the District's net assets for 2006 compared to 2005:

Table 1
Condensed Statement of Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Assets							
Current assets	\$ 136.990	\$ 43.320	\$ 0.689	\$ 0.479	\$ 137.679	\$ 43.799	\$ 214.34%
Capital assets	104.196	96.655	0.378	0.469	104.574	97.124	7.67%
Total Assets	241.186	139.975	1.067	0.948	242.253	140.923	71.90%
Liabilities							
Current Liabilities	22.466	19.845	0.114	0.106	22.580	19.951	13.18%
Long-Term Liabilities	157.719	69.199	0.004	0.004	157.723	69.203	127.91%
Total Liabilities	180.185	89.044	0.118	0.110	180.303	89.154	102.24%
Net Assets							
Invested in Capital net of related debt	34.937	28.159	0.379	0.470	35.316	28.629	23.36%
Restricted	21.873	20.148	0.069	0.068	21.942	20.216	8.54%
Unrestricted (Deficit)	4.191	2.624	0.501	0.300	4.692	2.924	60.47%
Total Net Assets	\$ 61.001	\$ 50.931	\$ 0.949	\$ 0.838	\$ 61.950	\$ 51.769	\$ 19.67%

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

Table 2 shows the changes in net assets for fiscal year 2006 compared to 2005:

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total School District	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues						
Charges for services	\$ 1.500	\$ 1.579	\$ 2.242	\$ 2.215	\$ 3.742	\$ 3.794
Operating Grants & Contributions	9.824	9.544	1.496	1.367	11.320	10.911
Capital Grants & Contributions	0.007	0.095	-	-	0.007	0.095
General revenues						
Property taxes	44.792	42.091	-	-	44.792	42.091
State revenue	54.738	53.573	-	-	54.738	53.573
Other	9.322	6.970	0.003	0.001	9.325	6.971
Total Revenues	<u>120.183</u>	<u>113.852</u>	<u>3.741</u>	<u>3.583</u>	<u>123.924</u>	<u>117.435</u>
Expenses						
Instruction	62.223	63.012	-	-	62.223	63.012
Pupil & instructional Services	14.977	14.488	-	-	14.977	14.488
Administration & Business	9.646	9.424	-	-	9.646	9.424
Maintenance & Operations	12.039	9.943	-	-	12.039	9.943
Transportation	2.719	2.916	-	-	2.719	2.916
Other	8.510	8.475	3.630	3.582	12.140	12.057
Total expenses	<u>110.114</u>	<u>108.258</u>	<u>3.630</u>	<u>3.582</u>	<u>113.744</u>	<u>111.840</u>
Increase (decrease) in net assets	<u>\$ 10.069</u>	<u>\$ 5.594</u>	<u>\$ 0.111</u>	<u>\$ 0.001</u>	<u>\$ 10.180</u>	<u>\$ 5.595</u>

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 44 cents and 36 cents of every dollar raised respectively. (See Table 3.) Another 9 percent came from state and federal grants for specific programs and the remainder from fees charged for services and miscellaneous sources.

The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (72 percent). (See Table 4.) The District's administrative and business activities accounted for 9 percent of total costs.

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

Table 3

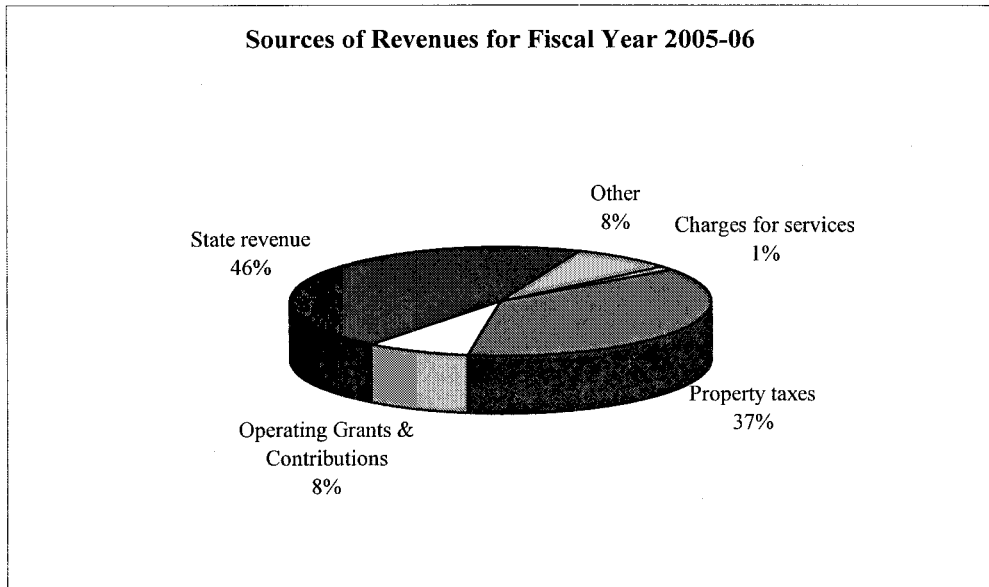
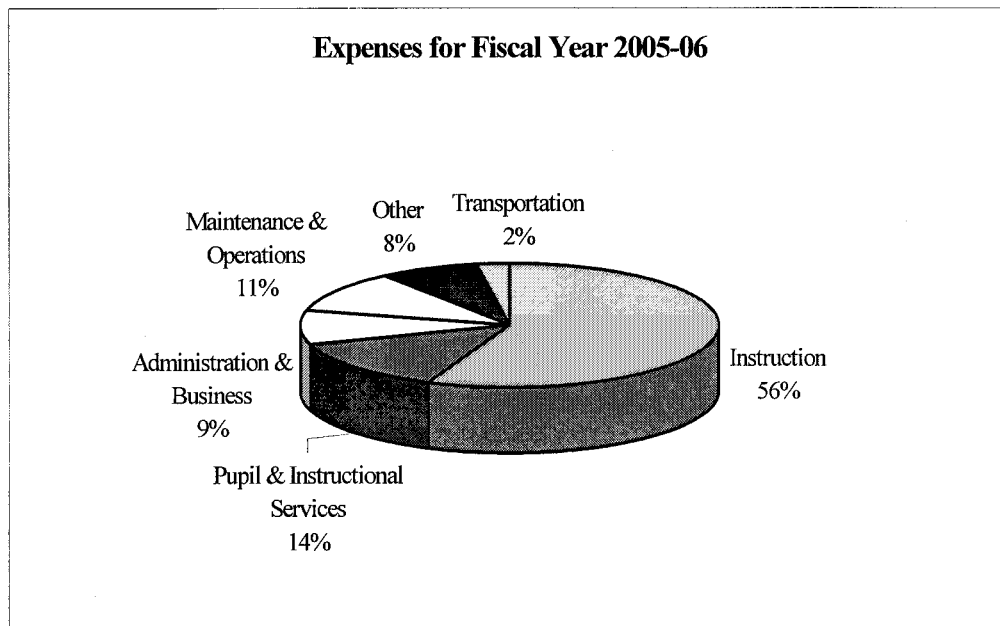


Table 4



Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

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 \$5,798 per funded student. In fiscal year 2005-06 the funded pupil count was 14,304.6. For the 2005-06 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 55 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 the District passed the lesser of 8.5 mills or \$7.5 million mill levy override. Its main purpose was to add additional teachers, instructional supplies and textbooks, and to provide operating revenue for Mountain View High School. The District's assessed valuation generated \$7.5 million in property taxes in fiscal year 2005-06. As expected, during the 2005-06 fiscal year the District's assessed valuation grew large enough that 8.5 mills generated more than the \$7.5 million revenue maximum and therefore the Board of Education reduced the mills to 6.755. In the first few years of the mill levy override revenues exceeded expenditures, creating reserves. It has been the Board of Education's primary intention to use those reserves in later years when the \$7.5 million maximum revenue will no longer cover inflationary increases of the associated programs. Original projections indicated the reserves would last until the 2006-07 fiscal year before additional resources or cuts in programs will be necessary.

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.

Table 5
Governmental Activities
(In Millions)

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Instruction	\$ 62.223	\$ 63.012	\$ 54.199	\$ 55.321
Pupil & Instructional Services	14.977	14.488	13.512	12.958
Administration & Business	9.646	9.424	9.402	9.276
Maintenance & Operations	12.039	9.942	12.032	9.932
Transportation	2.719	2.916	1.945	2.111
Other	8.510	8.476	7.693	7.442
Total expenses	\$ 110.114	\$ 108.258	\$ 98.783	\$ 97.040

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

The cost of all *governmental* activities this year was \$110.1 million.

- Some of the cost was financed by the users of the District's programs (\$1.50 million).
- The federal and state government subsidized certain programs with grants and contributions (\$9.82 million).
- Most of the District's costs (\$98.78 million), however, were financed by State and District taxpayers.
- A portion of governmental activities was financed with \$ 54.74 million in state equalization from the School Finance Act of 1994 (SFA) and \$44.79 million in property taxes, (\$25.70 million from the SFA, \$7.48 from the 1999 voter approved mill levy override; and \$11.61 million raised to repay the District's annual payment on Bonded debt.)

Business-Type Activities

Business-type activities are made up of the nutritional services fund. This program had revenues of \$3.74 million and expenses of \$3.63 million. As discussed earlier, management has reviewed this program and operations have been restructured for efficiencies and cost effectiveness for fiscal year 2005-06. 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 \$120.26 million and expenditures of \$122.66 million.

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 \$700,057 greater than expected. This is an insignificant variance compared to the budgeted amount of \$96.08 million.
- The actual expenditures were \$2,090,018 below budget. Schools are allowed to carryover unused dollars, which were approximately \$2.11 million at June 30, 2006. The 2005-06 budget reflects all carryover from the previous year being spent, which was approximated at \$1.50 million.

Capital Assets and Debt Administration

By the end of 2006, the District had invested \$103.5 million in land, buildings, equipment, and transportation vehicles, \$103.1 million, which was in governmental activities. Table 6 shows fiscal 2006 compared to 2005:

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

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

Additional information on the District's capital assets can be found in the Notes to the Financial Statements.

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Site	\$ 10.438	\$ 8.337	\$ -	\$ -	\$ 10.438	\$ 8.337	25.20%
Water Rights	1.050	-	-	-	1.050	-	100.00%
Construction in Progress	5.531	-	-	-	5.531	-	100.00%
Buildings	81.642	84.139	-	-	81.642	84.139	-2.97%
Equipment	0.858	0.904	0.378	0.469	1.236	1.373	-9.98%
Transportation	3.588	3.069	-	-	3.588	3.069	16.91%
Totals	\$ 103.107	\$ 96.449	\$ 0.378	\$ 0.469	\$ 103.485	\$ 96.918	6.78%

Long-Term Debt

At year-end, the District had \$156.16 million in bonds and capital leases payable, \$5.62 million due within one year. The District issued \$89,215,000 in general obligation bonds in 2005. The proceeds are being used for new buildings, additions to existing buildings and several capital maintenance projects. See Table 7 and 8 for additional information on bonds and capital leases outstanding.

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

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements.

	Governmental Activities 2006	Governmental Activities 2005
General Obligation Bonds	\$ 150.234	\$ 61.595
Certificates of Participation	4.160	4.325
Capital Lease Obligation Payable	1.768	2.162
Total	\$ 156.162	\$ 68.082

Factors Bearing on the District's Future

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

- In January 2004 the District adopted a Management Plan for District Resources. This Plan will be used in future budget years to help prioritize program funding

Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006

based on the District's Strategic Plan. The budget process will be tied directly to The Management Plan for District Resources and the Strategic Plan, based on recommendations by The District Accountability and Advisory Committee.

- 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.
- Annually, in December, the state issues school report cards for every public school in the state. The report card gives each school an academic performance rating based on the state Colorado Student Assessment Program (CSAP) tests given to all students third through tenth grades. Eleventh graders are required to take the American College Test (ACT). Schools, receiving an unsatisfactory rating for two or more years may convert to a charter school under state law. The 2006 state report cards indicate two schools receiving a low rating, with the rest rating average or high for the 2005-2006 school year. The district currently believes that it is in compliance with the federal "No Child Left Behind" law. The district is continuously monitoring the rules and regulations of the law to ensure that the District is in compliance with all new rules and regulations.

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, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 133,081,361	\$ 418,818	\$ 133,500,179
Receivables	2,400,346	-	2,400,346
Due from Other Governments	1,508,618	153,101	1,661,719
Inventory	-	117,070	117,070
Total Current Assets	<u>136,990,325</u>	<u>688,989</u>	<u>137,679,314</u>
Noncurrent Assets:			
Bond Issuance Costs, (net of Accumulated Amortization)	1,088,829	-	1,088,829
Capital Assets (net of Accumulated Depreciation - where applicable):			
Site	10,438,442	-	10,438,442
Water Rights	1,050,000	-	1,050,000
Construction in Progress	5,531,210	-	5,531,210
Buildings	81,641,600	-	81,641,600
Equipment	857,840	378,465	1,236,305
Transportation	3,587,744	-	3,587,744
Total Noncurrent Assets	<u>104,195,665</u>	<u>378,465</u>	<u>104,574,130</u>
Total Assets	<u>241,185,990</u>	<u>1,067,454</u>	<u>242,253,444</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,085,605	14,630	4,100,235
Payroll Withholding Payable	118,134	-	118,134
Accrued Salaries and Benefits	9,285,594	55,783	9,341,377
Due to Other Governments	52,500	-	52,500
Deferred Revenue	-	40,590	40,590
Current Portion of Long-Term Debt	8,924,573	2,500	8,927,073
Total Current Liabilities	<u>22,466,406</u>	<u>113,503</u>	<u>22,579,909</u>
Noncurrent Liabilities:			
Bonds Payable	134,174,736	-	134,174,736
Loss on Reissuance Cost	(2,629,527)	-	(2,629,527)
Premium on Bond Financing	7,169,075	-	7,169,075
Deferred Interest Bonds Payable	7,148,908	-	7,148,908
Capital Lease Obligations	5,595,868	-	5,595,868
Compensated Absences	101,110	4,927	106,037
Early Retirement Stipends	6,158,494	-	6,158,494
Total Noncurrent Liabilities	<u>157,718,664</u>	<u>4,927</u>	<u>157,723,591</u>
Total Liabilities	<u>180,185,070</u>	<u>118,430</u>	<u>180,303,500</u>
Net Assets:			
Invested in Capital Assets, net of Related Debt	34,936,956	378,465	35,315,421
Restricted for:			
Debt Service	12,481,416	-	12,481,416
TABOR	3,926,963	69,313	3,996,276
Other Purposes	5,464,698	-	5,464,698
Unrestricted	4,190,887	501,246	4,692,132
Total Net Assets	<u>\$ 61,000,920</u>	<u>\$ 949,024</u>	<u>\$ 61,949,944</u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2006

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction				
Salaries and Benefits	\$ 56,309,900	\$ 345,547	\$ 6,555,646	\$ -
Purchased Services	2,246,775	30,095	272,894	-
Supplies and Materials	2,827,116	521,886	222,446	-
Capital Outlay	702,815	11,815	32,856	-
Other	136,843	18,542	12,814	-
				-
Total Instruction	62,223,449	927,887	7,096,656	-
Support Services:				
Pupil Services	7,227,057	2,420	1,049,228	-
Instructional Staff	7,749,997	30,216	382,952	-
General Administration	925,276	-	-	-
School Administration	7,026,788	41,068	164,734	-
Business Services	1,693,037	37,191	-	-
Maintenance/Operations	12,039,281	352	6,562	-
Pupil Transportation	2,718,558	-	773,287	-
Central Supporting Services	2,778,997	460,476	-	-
Community Services	1,210,399	-	350,674	6,731
Interest on Long-term Debt	4,521,000	-	-	-
				-
Total Support Services	47,890,390	571,723	2,727,438	6,731
Total Governmental Activities	110,113,839	1,499,610	9,824,094	6,731
Business-Type Activities:				
Nutritional Services	3,630,472	2,242,292	1,496,030	-
Total Business-Type Activities	3,630,472	2,242,292	1,496,030	-
Total School District	\$ 113,744,311	\$ 3,741,902	\$ 11,320,124	\$ 6,731

General Revenues:
Property taxes levied for:
 General Purposes
 Mill Levy Override
 Debt Services
Specific Ownership Taxes levied for:
 General Purposes
 Mill Levy Override
Equalization Entitlement
Payment in Lieu of Land Dedication
Interest and Investment Earnings
Miscellaneous

Total general revenues

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
\$ (49,408,707)	\$ -	\$ (49,408,707)
(1,943,786)	-	(1,943,786)
(2,082,784)	-	(2,082,784)
(658,143)	-	(658,143)
(105,487)	-	(105,487)
<u>(54,198,907)</u>	<u>-</u>	<u>(54,198,907)</u>
(6,175,409)	-	(6,175,409)
(7,336,829)	-	(7,336,829)
(925,276)	-	(925,276)
(6,820,985)	-	(6,820,985)
(1,655,846)	-	(1,655,846)
(12,032,367)	-	(12,032,367)
(1,945,271)	-	(1,945,271)
(2,318,521)	-	(2,318,521)
(852,994)	-	(852,994)
(4,521,000)	-	(4,521,000)
<u>(44,584,497)</u>	<u>-</u>	<u>(44,584,497)</u>
<u>(98,783,404)</u>	<u>-</u>	<u>(98,783,404)</u>
<u>-</u>	<u>107,850</u>	<u>107,850</u>
<u>-</u>	<u>107,850</u>	<u>107,850</u>
<u>(98,783,404)</u>	<u>107,850</u>	<u>(98,675,554)</u>
25,704,275	-	25,704,275
7,480,274	-	7,480,274
11,607,605	-	11,607,605
3,608,215	-	3,608,215
843,186	-	843,186
54,738,055	-	54,738,055
927,293	-	927,293
3,264,484	3,171	3,267,655
679,235	-	679,235
<u>108,852,622</u>	<u>3,171</u>	<u>108,855,793</u>
10,069,218	111,021	10,180,239
<u>50,931,702</u>	<u>838,003</u>	<u>51,769,705</u>
<u>\$ 61,000,920</u>	<u>\$ 949,024</u>	<u>\$ 61,949,944</u>

Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS				
Cash and Investments	\$ 21,108,450	\$ 636,814	12,422,327	\$ 91,233,042
Receivables	1,786,442	-	612,851	-
Due from Other Governments	-	1,508,618	-	-
Due from Other Funds	998,032	-	-	-
Total Assets	<u>\$ 23,892,924</u>	<u>\$ 2,145,432</u>	<u>13,035,178</u>	<u>\$ 91,233,042</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 715,397	\$ 25,958	-	\$ 3,226,237
Payroll Withholding Payable	118,134	-	-	-
Accrued Salaries and Benefits	8,280,775	930,302	-	-
Due to Other Government	-	52,500	-	-
Deferred Revenue	823,352	-	423,762	-
Due to Other Funds	-	693,161	130,000	13,953
Total Liabilities	<u>9,937,658</u>	<u>1,701,921</u>	<u>553,762</u>	<u>3,240,190</u>
Fund Balances:				
Reserve for TABOR	3,644,088	63,793	-	-
Reserved for Debt Services	-	-	12,481,416	-
Reserved for Capital Projects	-	-	-	87,992,852
Reserved for Other Purposes	-	379,718	-	-
Unreserved, reported in:				
Designated General Fund (mill levy)	5,759,505	-	-	-
Undesignated General Fund	4,551,673	-	-	-
Undesignated Special revenue funds	-	-	-	-
Total Fund Balances	<u>13,955,266</u>	<u>443,511</u>	<u>12,481,416</u>	<u>87,992,852</u>
Total Liabilities and Fund Balances	<u>\$ 23,892,924</u>	<u>\$ 2,145,432</u>	<u>13,035,178</u>	<u>\$ 91,233,042</u>

The accompanying notes are an integral part of this statement

**Thompson School District R2-J
Reconciliation of the Governmental Funds Balance Sheet
With the Statement of Net Assets
June 30, 2006**

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 7,474,774	\$ 132,875,407
1,053	2,400,346
-	1,508,618
-	998,032
<u>\$ 7,475,827</u>	<u>\$ 137,782,403</u>
\$ 61,928	\$ 4,029,520
-	118,134
74,517	9,285,594
-	52,500
-	1,247,114
160,918	998,032
<u>297,363</u>	<u>15,730,894</u>
194,349	3,902,229
-	12,481,416
-	87,992,852
5,084,980	5,464,698
-	5,759,505
-	4,551,673
1,899,135	1,899,135
<u>7,178,464</u>	<u>122,051,509</u>
-	-
<u>\$ 7,475,827</u>	<u>\$ 137,782,403</u>

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

Total Fund Balance - Governmental Funds \$ 122,051,509

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

The cost of capital assets is	166,092,216	
Accumulated depreciation is	<u>(62,985,380)</u>	103,106,836

An internal service fund is used by the District's management to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net assets.

149,869

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds

1,247,114

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 consist of:

Bonds Payable	139,634,737	
Bond Issuance Costs	(1,088,829)	
Loss on Reissuance Cost	(2,629,527)	
Premium on Bond Financing	7,169,075	
Deferred Interest	7,148,908	
Capital Lease Obligations and Certificates of Participation	5,928,368	
Compensated Absences	501,108	
Early Retirement Stipends	<u>8,890,568</u>	(165,554,408)

Total Net Assets - Governmental Activities \$ 61,000,920

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	General	Government Designated- Purpose Grants	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 37,477,665	\$ -	\$ 11,607,605	\$ -
Intergovernmental	58,017,606	6,289,798	-	-
Investment earnings	611,445	16,598	374,529	2,068,243
Other	671,641	-	-	30,000
TOTAL REVENUES	96,778,357	6,306,396	11,982,134	2,098,243
Expenditures:				
Current:				
Instruction:				
Salaries and Benefits	45,915,349	5,336,874	-	-
Purchased Services	1,879,866	224,058	-	-
Supplies and Materials	2,258,018	138,499	-	-
Capital Outlay	486,657	16,473	-	-
Other Expenditures	91,209	10,665	-	-
Total Instruction	50,631,099	5,726,569	-	-
Support Services:				
Pupil Services	5,719,639	1,299,089	-	-
Instructional Staff	5,881,782	474,148	-	-
General Administration	683,755	-	-	118,543
School Administration	6,535,827	203,964	-	-
Business Services	2,199,208	-	-	-
Maintenance/Operations	9,084,043	8,125	-	1,444,863
Pupil Transportation	3,039,135	-	-	-
Central Supporting Services	1,804,341	-	525	-
Community Services	2,972	82,292	-	-
Capital Projects	-	-	-	6,013,573
Bond Issuance Costs	-	-	-	982,798
Debt Service - Principal	-	-	5,110,000	-
Debt Service - Interest	-	-	4,275,972	-
Total Support Services	34,950,702	2,067,618	9,386,497	8,559,777
TOTAL EXPENDITURES	85,581,801	7,794,187	9,386,497	8,559,777
Excess (Deficiency) of Revenues Over/(Under) Expenditures	11,196,556	(1,487,791)	2,595,637	(6,461,534)
Other Financing Sources (Uses):				
Transfers In	-	1,661,770	-	-
Transfers Out	(9,847,703)	-	-	-
Issuance of Debt	-	-	-	89,215,000
Premium on Bond Financing	-	-	-	5,024,720
Total Other Financing Sources (Uses)	(9,847,703)	1,661,770	-	94,239,720
Net Change in Fund Balances	1,348,853	173,979	2,595,637	87,778,186
Fund Balances - Beginning of the Year	12,606,413	269,532	9,885,779	214,666
Fund Balances - End of the Year	\$ 13,955,266	\$ 443,511	\$ 12,481,416	\$ 87,992,852

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, 2006

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 49,085,270
-	64,307,404
192,019	3,262,834
2,906,537	3,608,178
3,098,556	120,263,686
3,370,760	54,622,983
78,877	2,182,801
350,406	2,746,923
1,547,929	2,051,059
31,004	132,878
5,378,976	61,736,644
2,970	7,021,698
1,208,367	7,564,297
122,918	925,216
87,308	6,827,099
45,639	2,244,847
1,160,195	11,697,226
398,520	3,437,655
1,019,187	2,824,053
1,090,646	1,175,910
-	6,013,573
-	982,798
558,989	5,668,989
263,837	4,539,809
5,958,576	60,923,170
11,337,552	122,659,814
(8,238,996)	(2,396,128)
8,515,292	10,177,062
(329,359)	(10,177,062)
-	89,215,000
-	5,024,720
8,185,933	94,239,720
(53,063)	91,843,592
7,231,527	30,207,917
\$ 7,178,464	\$ 122,051,509

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

Total net change in fund balances - governmental funds \$ 91,843,592

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	(3,376,582)	
Capital Outlays	10,049,964	
Net effect of deleted Assets	(15,067)	6,658,315

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (206,762)

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 (\$2,488,494) were more than the amounts earned (\$2,403,147) by \$85,347. Vacation used (\$544,131) was less than the amounts earned (\$564,132) by (\$20,001). 65,346

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 \$5,110,000, Issuance of Debt (\$89,215,000), Premium on Issuance (\$5,024,720), Bond Issuance Costs, net of amortization \$881,935, deferred interest on 1996 Bonds (\$714,891), Bond and and amortization of Premium and Loss on refunding of \$323,585. (88,639,091)

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

Principal Payment of Debt	558,989
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An internal service fund is used by the District's management to charge the costs fund is reported with governmental activities. (211,171)

Change in net assets of governmental activities \$ 10,069,218

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Net Assets
Proprietary Funds
June 30, 2006

	<u>Business-type Activities</u> Enterprise Fund	<u>Governmental</u> Activities - Internal Service	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 418,818	\$ 205,954	\$ 624,772
Due from Other Governments	153,101	-	153,101
Inventory	117,070	-	117,070
Total current assets	<u>688,989</u>	<u>205,954</u>	<u>894,943</u>
Noncurrent Assets:			
Capital Assets, Net of Accumulated Depreciation (where applicable)	<u>378,465</u>	-	<u>378,465</u>
TOTAL ASSETS	<u>1,067,454</u>	<u>205,954</u>	<u>1,273,408</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	14,630	56,085	70,715
Accrued Salaries and Benefits	55,783	-	55,783
Deferred Revenue	40,590	-	40,590
Current portion of Long-Term Debt	<u>2,500</u>	-	<u>2,500</u>
Total Current Liabilities	<u>113,503</u>	<u>56,085</u>	<u>169,588</u>
Noncurrent Liabilities:			
Compensated Absences	<u>4,927</u>	-	<u>4,927</u>
Total Noncurrent Liabilities	<u>4,927</u>	-	<u>4,927</u>
Total Liabilities	<u>118,430</u>	<u>56,085</u>	<u>174,515</u>
NET ASSETS			
Invested in Capital Assets	378,465	-	378,465
Restricted for TABOR	69,313	24,734	94,047
Unrestricted	<u>501,246</u>	<u>125,135</u>	<u>626,381</u>
Total Net Assets	<u>\$ 949,024</u>	<u>\$ 149,869</u>	<u>\$ 1,098,893</u>

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 Funds
For The Year Ended June 30, 2006

	<u>Business-type Activities</u> Enterprise Fund	<u>Governmental</u> Activities - Internal Service	<u>Totals</u>
Operating Revenue:			
Food Sales	\$ 2,242,292	\$ -	\$ 2,242,292
Charges for Services	-	600,000	600,000
TOTAL OPERATING REVENUES	2,242,292	600,000	2,842,292
Operating Expenses:			
Salaries and Benefits	1,602,624	-	1,602,624
Purchased Services	75,670	-	75,670
Insurance Premiums	-	1,035,680	1,035,680
Supplies and Materials	1,844,081	-	1,844,081
Depreciation	108,097	-	108,097
TOTAL OPERATING EXPENSES	3,630,472	1,035,680	4,666,152
Operating Loss	(1,388,180)	(435,680)	(1,823,860)
Non-Operating Revenue:			
Federal Aid:			
USDA Reimbursements	1,261,167	-	1,261,167
Donated Commodities	152,040	-	152,040
State Categorical Reimbursement	42,635	-	42,635
Interest Earnings	3,171	1,650	4,821
Other Revenue	40,188	222,859	263,047
TOTAL NON-OPERATING REVENUES	1,499,201	224,509	1,723,710
Change in Net Assets	111,021	(211,171)	(100,150)
Net Assets			
Beginning of the Year	838,003	361,040	1,199,043
Net Assets			
End of the Year	\$ 949,024	\$ 149,869	\$ 1,098,893

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2006

	<u>Business-Type Activities Enterprise</u>	<u>Governmental Activities - Internal Service</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,266,418	\$ 600,000	\$ 2,866,418
Cash Payments to Suppliers for Goods and Services	(1,769,394)	(646,893)	(2,416,287)
Cash Payments to Employees for Services	(1,599,319)	(109,843)	(1,709,162)
Net Cash Used by Operating Activities	<u>(1,102,295)</u>	<u>(156,736)</u>	<u>(1,259,031)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Federal Government	1,256,920	-	1,256,920
Cash Received from State	42,625	-	42,625
Net Cash Provided by Non-capital Financing Activities	<u>1,299,545</u>	<u>-</u>	<u>1,299,545</u>
Cash Flows from Investing Activities:			
Interest Received	<u>3,171</u>	<u>1,650</u>	<u>4,821</u>
Net Increase (Decrease) in Cash and Cash Equivalents	200,421	(155,086)	45,335
Cash and Cash Equivalents at the Beginning of the Year	<u>218,397</u>	<u>361,040</u>	<u>579,437</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 418,818</u>	<u>\$ 205,954</u>	<u>\$ 624,772</u>

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, 2006**

	<u>Business-Type Activities Enterprise</u>	<u>Governmental Activities - Internal Service</u>	<u>Totals</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	\$ (1,385,009)	\$ (435,680)	\$ (1,820,689)
Miscellaneous Non-Operating Revenue	3,171	222,859	226,030
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation	108,097	-	108,097
USDA Commodities Food Used	152,040	-	152,040
Changes in Assets and Liabilities			
Increase (Decrease) in Due from Other Governments	(4,247)	-	(4,247)
Increase (Decrease) in Accounts Payable	8,143	56,085	64,228
Increase (Decrease) in Accrued Salaries	2,352	-	2,352
Decrease (Increase) in Inventory	(5,580)	-	(5,580)
Increase (Decrease) in Compensated Absences	953	-	953
Increase (Decrease) in Deferred Revenue	(3,335)	-	(3,335)
Net Cash Used by Operating Activities	<u>\$ (1,123,414)</u>	<u>\$ (156,736)</u>	<u>\$ (1,280,150)</u>
Non-cash Investing, Capital and Financing Activities:			
Federal Aid:			
Donated Commodities	<u>\$ 152,040</u>	<u>\$ -</u>	<u>\$ 152,040</u>
Total Non-cash Investing, Capital and Financing Activities	<u>\$ 152,040</u>	<u>\$ -</u>	<u>\$ 152,040</u>

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, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,075,845
TOTAL ASSETS	<u>1,075,845</u>
LIABILITIES	
Liabilities:	
Accounts Payable	25,641
Undistributed Monies	1,050,204
TOTAL LIABILITIES	<u>\$ 1,075,845</u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

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 Components Unit:

Thompson Education Foundation

The Thompson Education Foundation (Foundation) is a nonprofit corporation as defined by Internal Revenue Code Section 501(c) (3). The Foundation's sole function is to advance the interests of education within the Thompson School District. Funds raised by the Foundation exclusively benefit the District. Management considers the Foundation to be a related entity and their exclusion in the financial statements would be misleading to users; therefore the Foundation is shown in the financial statements as a blended unit.

There are no individual financial statements for the Foundation, but the Internal Revenue Service Form 990 is prepared annually and a copy is available at the District offices.

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.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (1) **Summary of Significant Accounting Policies** (continued)

(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.

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, general long-term debt principal, interest and related costs. The fund’s primary revenue source is local property taxes levied specifically for debt service.

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.

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, Fee Supported Program Funds, Thompson Education Foundation.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (1) (B) **Fund Accounting** (continued)

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:

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

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District (Insurance Reserve Fund) accounts for risk management activities.

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. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. 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.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (1) (C) **Basis of Presentation** (continued)

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. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. 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.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

(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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (1) (D) **Basis of Accounting** (continued)

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.

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 and internal service 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, 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.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

(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.

(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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

(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 some other means. 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.

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.

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. Payments under the severance plan will continue until fiscal year 2010. 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 on June 30, 2006.

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

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 encumbrances, and 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.

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. However, Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The market value of the assets in the pool must be at least

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (2) **Cash and Investments** (Continued)

equal to the uninsured deposits. At June 30, 2006, all financial institutions holding deposits for the District are eligible public depositories.

(B) Investments

The District is required to comply with State statutes, which specify investment instruments meeting defined rating, maturity 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

State statutes do not address custodial risk.

At June 30, 2006, the District had deposits of \$13,632,887 collateralized with securities held by the financial institutions agent, but not in the Districts' name.

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 commercial paper to five years from date of purchase.

Credit risk – State statutes limit investments in U.S. Agency securities and commercial paper to the highest rating issued by nationally recognized statistical rating organizations. Money market investments are limited to funds with a constant share price, or to funds that invest only in specified securities.

Concentration Risk – At June 30, 2006 the District's investment in a repurchase agreement with a financial institution represented 74% of the total investments. State statutes do not limit the amount the District may invest in a single issuer.

Local government investment pools – Colorado Liquid Asset Trust (COLOTRUST) and the Colorado Diversified Trust (CDT), which are 2a7-like investment pools. Investments are valued at amortized cost with each share valued at \$1.00. The Colorado Division of Securities with regard to operations and investments routinely monitors the investment pools. Investments consist of U. S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The securities owned by each pooled investment are held by the Federal Reserve

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (2) Cash and Investments (Continued)

Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment owned by each pool investor. COLOTRUST is rated Aaa and CSAFE is rated AAAM by Standard and Poor's.

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	\$ 82	\$ -	\$ -	\$ 82	\$ -	\$ 82
Money Market Funds	AAA	7,061	-	-	-	7,061	7,061
Money Market Funds	N/A	130,718	-	-	130,718	-	130,718
Local Government Investment Pool	AAA	30,426,690	-	-	-	30,426,690	30,426,690
Repurchase Agreement	N/A	90,956,369	-	-	-	90,956,369	90,956,369
Commercial Paper	AAA	336,136	-	-	-	336,136	336,136
U.S. Agency Securities	AAA	-	-	444,944	444,944	-	444,944
		<u>\$ 121,857,056</u>	<u>\$ -</u>	<u>\$ 444,944</u>	<u>\$ 575,744</u>	<u>\$ 121,726,256</u>	<u>\$ 122,302,000</u>

The Thompson Education Foundation had \$130,718 invested in money market accounts, which were not rated. This may be a violation of State statute.

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

Cash and Deposits	\$ 12,274,024
Investments	<u>122,302,000</u>
	<u>\$ 134,576,024</u>
<u>Statement of Net Assets:</u>	
Cash and Investments	\$ 133,500,179
<u>Statement of Fiduciary Net Assets:</u>	
Cash and Investments	<u>1,075,845</u>
Total	<u>\$ 134,576,024</u>

NOTE (3) Receivables

Property taxes are certified on December 15 and attached as a lien on property 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. By District policy and as allowed by State statute, the Debt Service Fund transfers its investment income to the Capital Reserve Fund each year.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (4) Due To/From Other Funds (Continued)

Individual balances due to/from other funds at June 30, 2006, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Major Funds:</u>		
General Fund	\$ 998,032	\$ -
Capital Projects		13,953
Government Designated Purpose		693,161
Bond Redemption Fund		<u>130,000</u>
Sub-total		837,114
<u>Non-Major Funds:</u>		
Land Reserve		32,277
Thompson Education Foundation		<u>128,641</u>
Sub-total		160,918
 Total	 <u>\$ 998,032</u>	 <u>\$ 998,032</u>

NOTE (5) Interfund Transfers

Interfund transfers at June 30, 2006, were composed of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
<u>Major Funds:</u>			
Government Designated-Purpose Grants	General		<u>\$ 1,661,770</u>
<u>Non-Major Funds:</u>			
Interscholastic Athletic & Activity	General		1,253,748
Severance Incentive	General		2,550,000
Fee Supported Programs	General		323,126
Capital Reserve	General		4,059,059
Building Corporation Debt Service	Capital Reserve		<u>329,359</u>
	Sub-total		8,515,292
	Total		<u>\$ 10,177,062</u>

The General Fund routinely subsidizes programs from other funds.

The General Fund is required by State statute to transfer \$271 per funded pupil to the Capital Reserve and Insurance Reserve Funds to be used for those specific purposes. The Capital Reserve Fund transferred to the Building Corporation Debt Service Fund the amount of debt service requirements.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (6) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Capital Assets July 1, 2005	Additions	Deletions Inventory Adjustments/ Transfers	Capital Assets June 30, 2006
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 8,336,675	\$ 2,101,767	\$ -	\$ 10,438,442
Water Rights		1,050,000	-	1,050,000
Construction in Progress	-	<u>5,531,210</u>	-	<u>5,531,210</u>
Total capital assets, not being depreciated	<u>8,336,675</u>	<u>8,682,977</u>	-	<u>17,019,652</u>
Capital assets, being depreciated:				
Buildings	136,637,479	-	-	136,637,479
Equipment	3,250,149	133,875	(58,251)	3,325,773
Transportation	<u>8,165,280</u>	<u>1,233,112</u>	<u>(289,080)</u>	<u>9,109,312</u>
Total capital assets, being depreciated	<u>148,052,908</u>	<u>1,366,987</u>	<u>(347,331)</u>	<u>149,072,564</u>
Less accumulated depreciation for:				
Buildings	(52,498,674)	(2,497,205)	-	(54,995,879)
Equipment	(2,346,248)	(178,544)	56,859	(2,467,933)
Transportation	<u>(5,096,140)</u>	<u>(700,833)</u>	<u>275,405</u>	<u>(5,521,568)</u>
Total accumulated depreciation	<u>(59,941,062)</u>	<u>(3,376,582)</u>	<u>332,264</u>	<u>(62,985,380)</u>
Total capital assets, being depreciated, net	<u>88,111,846</u>	<u>(2,009,595)</u>	<u>(15,067)</u>	<u>86,087,184</u>
Governmental Activities Capital Assets, Net	<u>\$ 96,448,521</u>	<u>\$ 6,673,382</u>	<u>\$ (15,067)</u>	<u>\$ 103,106,836</u>
Business-Type Activities				
Furniture and Equipment	\$ 2,499,988	\$ 16,983	\$ -	\$ 2,516,971
Less Accumulated Depreciation	<u>(2,030,409)</u>	<u>(108,097)</u>	-	<u>(2,138,506)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 469,579</u>	<u>\$ (91,114)</u>	<u>\$ -</u>	<u>\$ 378,465</u>

Depreciation expense for the year ended June 30, 2006 was charged to the following governmental functions:

Instruction	\$ 1,933,242
Support:	
Pupil Services	205,359
Instructional Staff	221,265
General Administration	26,300
School Administration	199,689
Business Services	48,190
Maintenance/Operations	342,055
Pupil Transportation	77,325
Central Supporting Services	288,668
Community Services	<u>34,489</u>
Total	<u>\$ 3,376,582</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

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, 2006, are estimated to be \$9,251,217. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements. In addition, the District had a liability of \$90,160 for salaries and benefits related to work performed by hourly employees. This work was completed, but not paid for at June 30, 2006.

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 two tables are the remaining principal and interest due from the portion of the 1996 Series Bonds, which were not refunded. The third table identifies the remaining principal and interest due on the 2003 bond issue as of June 30, 2006. 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 4 details the remaining principal and interest due on the 2004 bond issue as of June 30, 2006. On December 20, 2005, the District issued \$89,215,000 in general obligation bonds. Table 5 details the remaining principal and interest due on the 2005 bond issue as of June 30, 2006.

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>2,912,114</u>	<u>4,002,886</u>	<u>6,915,000</u>
Totals	<u>\$ 9,284,738</u>	<u>\$11,430,262</u>	<u>\$20,715,000</u>

Table 2
Series 1996 Current Interest Bonds
Interest Rate 3.7% to 5.45%

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,245,000	\$ 115,297	\$ 1,360,297
2008	<u>1,340,000</u>	<u>39,363</u>	<u>1,379,363</u>
Total	<u>\$ 2,585,000</u>	<u>\$ 154,660</u>	<u>\$ 2,739,660</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (8) General Obligation Bonds Payable (Continued)

Table 3

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>
2007	\$ -	\$ 927,313	\$ 927,313
2008	-	927,312	927,312
2009	805,000	916,244	1,721,244
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	5,045,000	132,431	5,177,431
Total	<u>\$ 20,350,000</u>	<u>\$ 8,186,494</u>	<u>\$28,536,494</u>

Table 4

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>
2007	\$ 4,215,000	\$ 804,625	\$ 5,019,625
2008	4,430,000	588,500	5,018,500
2009	4,670,000	361,000	5,031,000
2010	<u>4,885,000</u>	<u>122,125</u>	<u>5,007,125</u>
Total	<u>\$ 18,200,000</u>	<u>\$ 1,876,250</u>	<u>\$ 20,076,250</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (8) General Obligation Bonds Payable (Continued)

Table 5

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>
2007	\$ -	\$ 4,431,600	\$ 4,431,600
2008	-	4,431,600	4,431,600
2009	100,000	4,429,600	4,529,600
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>\$89,215,000</u>	<u>\$68,554,600</u>	<u>\$157,769,600</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.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (9) Certificates of Participation (Continued)

The table below identifies the remaining principal and interest due on the 2004 COP issue as of June 30, 2006.

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>
2007	\$ 170,000	\$ 160,724	\$ 330,724
2008	175,000	156,964	331,964
2009	180,000	152,076	332,076
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>\$4,160,000</u>	<u>\$1,756,587</u>	<u>\$5,916,587</u>

NOTE (10) Capital Leases

The District has the following capital leases, which are all 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>\$ 1,768,368</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, 2006

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, 2006:

	July 1, 2005	Additions	Deletions	June 30, 2006	Amount Due in One Year
Governmental activities:					
General Obligation Bond	\$ 61,802,167	\$ 94,954,611	\$ 5,433,585	\$151,323,193	\$ 5,460,000
Certificates of Participation	4,325,000	-	165,000	4,160,000	170,000
Capital Lease Obligations Payable	2,162,357	-	393,989	1,768,368	162,499
Compensated Absences *	481,107	564,132	544,131	501,108	400,000
Severance-Incentive Stipend Payable*	8,975,915	2,403,147	2,488,494	8,890,568	2,732,074
Governmental activities Long-term liabilities	\$ 77,746,546	\$ 97,921,890	\$ 9,025,199	\$166,643,237	\$ 8,924,573
Business-type activities:					
Compensated Absences	\$ 6,474	\$ 10,412	\$ 9,458	\$ 7,427	\$ 2,500

* The General Fund liquidates the 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:

Year Ending June 30,	General Obligation Bonds	Capital Lease/COP Obligations	Compensated Absences	Severance Incentive Stipends	Total
2007	\$ 11,738,835	\$ 575,983	\$ -	\$ 2,732,074	\$ 15,046,892
2008	11,756,775	577,223	-	2,205,908	14,539,906
2009	11,281,844	577,335	-	1,953,686	13,812,865
2010	11,299,775	576,629	-	1,281,537	13,157,941
2011	12,277,425	575,298	-	517,342	13,370,065
2012-2016	56,988,544	2,189,755	-	200,021	59,378,320
2017-2021	55,916,806	1,634,620	-	-	57,551,426
2022-2026	58,577,000	978,112	-	-	59,555,112
Due in accordance with District leave policies	-	-	501,108	-	501,108
Less amounts representing interest	(90,202,266)	(1,756,587)	-	-	(91,958,854)
Principal Due	\$139,634,736	\$5,928,368	\$ 501,108	\$ 8,890,568	\$154,954,780

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

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 \$12,481,416 have been reserved for future debt service payments. Fund balance of \$5,759,505 has been designated for future mill levy override projects. Other Purpose Reserves of \$5,464,698 is made up of reserves from the following funds: Land Reserve Fund (\$3,724,376), Government Designated Purpose Grants Fund (\$379,718), Building Corporation Debt Service Fund (\$336,136) and The Thompson Education Foundation (\$1,024,468).

As more fully described in Note (16), the TABOR Amendment to the Colorado Constitution requires the pledging of cash for any multiple year debt or obligation. The District entered into one multiple year obligations for which fund balance is reserved. The District offered a severance incentive program to its administrators, certified and support staff. The plan for support staff and administrators spans several fiscal years and the payments after June 30, 2006 are included in reserved fund balance of the General Fund. The certified staff has the option to renew the plan annually. Therefore, the District does not believe that this constitutes multiple year debt.

NOTE (13) Defined Benefit Pension Plan

(A) Plan Description

The District contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). CSSDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. 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 CSSDTF. 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 member 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 is 8.0% and for the District is 10.65% of covered salary at June 30, 2006. A portion of the District's contribution 1.02% of covered salary is allocated for the Health Care Trust Fund. The District's contributions to CSSDTF for the years ending June 30, 2006, 2005, and 2004 were \$6,923,289, \$5,714,755 and \$5,288,474 respectively equal to their required contributions for each year.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

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. 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 2005/2006, 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, 2006, 2005, 2004 were \$665,262, \$694,611 and \$1,019,165, respectively, equal to their required contributions for each year.

NOTE (15) Risk Management

(A) Insurance Reserve Fund

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 District 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 through property claims in excess of \$1,000,000 and liability claims in excess of \$500,000. Property coverage is provided by CSDSIP up to \$256,479,614 for the District and can be provided up to \$600,000,000 Total Insured Value (TIV). Liability coverage is provided by CSDSIP up to \$2,000,000 per occurrence limits with an annual aggregate limit of \$5,000,000. Under Colorado statutes, the District has the protection of the Colorado Governmental Immunity Act (CGIA) for state claims including the \$150,000 per person and \$600,000 per occurrence caps. Thereafter, under Colorado statutes, the District has the protection of governmental immunity.

The District's contribution to the pools mentioned above is funded by premium contributions from the Insurance Reserve Fund. The Fund is also used to cover the purchase of commercial insurance for property, liability and worker's compensation coverage not provided in the pool agreements, and to partially fund salaries and other costs for risk management and loss control. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (15) Risk Management (Continued)

Complete financial statements for CSDSIP can be obtained from CSDSIP, 455 Sherman Street, Suite 455, Denver, Colorado 80203-4427.

(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 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 2005-06 fiscal year, the administrative, operations and contingency percentage the District contribution is approximately 40%. Complete financial statements can be obtained from CBOCES, 830 S. Lincoln, Longmont, Colorado 80501.

The District made a \$729,921 contribution to CBOCES during fiscal year 2005-06.

(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 percent. 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 \$23,360 contribution to LCBOCES during fiscal year 2005-06.

NOTE (16) Commitments and Contingencies

(A) Refunded Debt

At various dates in prior years, the District has placed proceeds from refunding bond issues and district cash contributions in irrevocable escrow accounts. The moneys deposited in the irrevocable escrow accounts are invested in U. S. Treasury obligations that, together with interest earned thereon, should provide amounts sufficient for payment of all remaining principal and interest on the following issues. The likelihood of the funds in these escrow accounts not being sufficient to pay the refunded bond issues appears remote. At June 30, 2006 the outstanding balance of the defeased debt was \$33,330,000.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2006

NOTE (16) **Commitments and Contingencies** (Continued)

(B) 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.

(C) Grants and State Funding

The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material affect on the financial statements of the District at June 30, 2006.

(D) TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 2000. At June 30, 2006, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as a restricted fund balance.

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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
Budgetary Comparison Schedule
Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Local Property- School Finance Act	\$ 25,120,719	\$ 25,120,719	\$ 25,545,990	\$ 425,271
Local Property- Mill Levy Override	7,500,000	7,500,000	7,480,274	(19,726)
Specific Ownership	3,963,539	3,963,539	3,608,215	(355,324)
Specific Ownership - Mill Levy Override	800,000	800,000	843,186	43,186
Intergovernmental				
Equalization Entitlements	55,070,042	55,070,042	54,738,055	(331,987)
Special Education	1,774,000	1,774,000	2,338,452	564,452
Vocational Education	325,000	325,000	138,347	(186,653)
Transportation	800,000	800,000	773,287	(26,713)
Other	15,000	15,000	29,465	14,465
Investment Earnings	175,000	175,000	438,871	263,871
Investment Earnings - Mill Levy	100,000	100,000	172,574	72,574
Other	435,000	435,000	671,641	236,641
TOTAL REVENUES	96,078,300	96,078,300	96,778,357	700,057
TOTAL EXPENDITURES	87,903,108	87,903,108	85,581,801	2,321,307
 Excess revenues over expenditures	 8,175,192	 8,175,192	 11,196,556	 3,021,364
Other Financing Sources (Uses):				
Transfers Out:				
Interscholastic Athletic & Activity Fund	(1,253,748)	(1,253,748)	(1,253,748)	-
Governmental Designated-Purpose				
Grants Fund	(1,662,770)	(1,662,770)	(1,661,770)	1,000
Severance Incentive Fund	(2,550,000)	(2,550,000)	(2,550,000)	-
Fee Supported Programs Fund	(361,782)	(361,782)	(323,126)	38,656
Capital Reserve Fund	(4,659,059)	(4,659,059)	(4,059,059)	600,000
Total Other Financing Sources (Uses)	(10,487,359)	(10,487,359)	(9,847,703)	639,656
 Net Change in Fund Balance	 \$ (2,312,167)	 \$ (2,312,167)	 1,348,853	 \$ 3,661,020
 Fund Balance - Beginning of Year			 12,606,413	
 Fund Balance - End of Year			 \$ 13,955,266	

See independent auditor's report

**Thompson School District R2-J
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	<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	\$ 48,449,866	\$ 48,449,866	\$ 45,915,349	\$ 2,534,517
Purchased Services	2,069,793	2,069,793	1,879,866	189,927
Supplies and Materials	3,125,454	3,125,454	2,258,018	867,436
Other	104,138	104,138	91,209	12,929
Total Instruction	53,749,251	53,749,251	50,144,442	3,604,809
Supporting Services:				
Pupil Personnel	4,647,116	4,647,116	5,719,639	(1,072,523)
Instructional Staff	5,589,281	5,589,281	5,881,782	(292,501)
General Administration	782,327	782,327	683,755	98,572
School Administration	6,221,673	6,221,673	6,535,827	(314,154)
Maintenance/Operations	9,276,612	9,276,612	9,084,043	192,569
Transportation	2,778,566	2,778,566	3,039,135	(260,569)
Other Business Services	2,212,290	2,212,290	2,199,208	13,082
Central Supporting Services	2,017,024	2,017,024	1,804,341	212,683
Community Service	2,033	2,033	2,972	(939)
Contingency	202,925	202,925	-	202,925
Total Supporting Services	33,729,847	33,729,847	34,950,702	(1,220,855)
Capital Outlay	424,010	424,010	486,657	(62,647)
Total Expenditures	\$ 87,903,108	\$ 87,903,108	\$ 85,581,801	\$ 2,321,307

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
Budgetary Comparison Schedule
Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Budget		
Revenues:				
Intergovernmental				
Federal Sources	\$ 6,500,000	\$ 6,500,000	\$ 5,841,748	\$ (658,252)
State/Local Sources	957,000	957,000	448,050	(508,950)
Investment Earnings	-	-	16,598	16,598
TOTAL REVENUES	7,457,000	7,457,000	6,306,396	(1,150,604)
Expenditures:				
Instruction				
Salaries and Benefits	6,342,847	6,342,847	5,336,874	1,005,973
Purchased Services	250,000	250,000	224,058	25,942
Supplies and Materials	236,000	236,000	138,499	97,501
Capital Outlay	25,000	25,000	16,473	8,527
Other Expenditures	87,933	87,933	10,665	77,268
Total Instruction	<u>6,941,780</u>	<u>6,941,780</u>	<u>5,726,569</u>	<u>1,215,211</u>
Support Services:				
Pupil Services	1,496,384	1,496,384	1,299,089	197,295
Instructional Staff	607,055	607,055	474,148	132,907
General Administration	-	-	-	-
School Administration	235,815	235,815	203,964	31,851
Business Services	-	-	-	-
Maintenance/Operations	17,862	17,862	8,125	9,737
Pupil Transportation	-	-	-	-
Central Supporting Services	-	-	-	-
Community Services	101,104	101,104	82,292	18,812
Total Support Services	<u>2,458,220</u>	<u>2,458,220</u>	<u>2,067,618</u>	<u>390,602</u>
Total Expenditures	9,400,000	9,400,000	7,794,187	1,605,813
Excess Revenues Over/(Under) Expenditures	(1,943,000)	(1,943,000)	(1,487,791)	455,209
Other Financing Sources (Uses)				
Operating Transfer In	1,662,770	1,662,770	1,661,770	(1,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (280,230)	\$ (280,230)	173,979	\$ 454,209
Fund Balances - Beginning of Year			<u>269,532</u>	
Fund Balances - End of Year			<u>\$ 443,511</u>	

See independent auditor's report

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Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2006

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 and Insurance Reserve Funds. The Nutritional Services Fund budgets for capital outlay and not for depreciation expense. The Insurance Reserve Fund budgets for premiums on a cash basis. The budget does not include the expense for the changes in the equity in insurance pools.
- 6) Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the year. Following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets in fiscal year 2006:

	Original Budget	Total Revisions	Revised Budget
Governmental Funds:			
Debt Service Fund	\$ 7,233,722	\$ 3,150,000	\$ 10,383,722
Capital Projects Fund	120,078	12,500,000	12,620,078
Education Memorial Fund	60,000	50,000	110,000
Interscholastic Athletic and Activity Fund	2,550,000	380,000	2,930,000

The increase in the Debt Service and Capital Projects Funds were due to the passing of the 2005 Bonds. The Educational Memorial Fund increase was caused by a large donation made during the year. The Interscholastic Athletic and Activity Fund received greater participation fees and gate receipts than expected, elevating the need to increase budgeted expenditures.

Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2006

Budgets and Budgetary Accounting (Continued)

- 7) Appropriations lapse at year-end.
- 8) No budgetary information is presented for the Thompson Education Foundation. The Foundation is a component unit of the District; however, it is not required under state law to have a budget. For fiscal year 2006, the Thompson Education Foundation's board did not adopt a budget.
- 9) No Budgetary information is presented for the Building Corporation Debt Service 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.

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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
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,000,000	\$ 10,150,000	\$ 11,607,605	\$ 1,457,605
Investment Earnings	200,000	200,000	374,529	174,529
TOTAL REVENUES	7,200,000	10,350,000	11,982,134	1,632,134
Expenditures:				
Other Charges	2,000	2,000	525	1,475
Debt Service:				
Principal retirement	5,110,000	5,110,000	5,110,000	-
Interest and Fiscal Charges	2,121,722	5,271,722	4,275,972	995,750
TOTAL EXPENDITURES	7,233,722	10,383,722	9,386,497	997,225
Excess revenues over (under) expenditures	(33,722)	(33,722)	2,595,637	5,779,359
Other Financing (Uses):				
Transfer Out	(130,000)	(130,000)	-	130,000
Total Other Financing Sources (Uses)	(130,000)	(130,000)	-	130,000
Net Change in Fund Balance	\$ (163,722)	\$ (163,722)	2,595,637	\$ 2,759,359
Fund Balance - Beginning of Year			9,885,779	
Fund Balance - End of Year			\$ 12,481,416	

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
Capital Projects Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Earnings	\$ -	\$ -	\$ 2,068,243	\$ 2,068,243
Other	30,000	30,000	30,000	-
TOTAL REVENUES	30,000	30,000	2,098,243	2,068,243
Expenditures:				
Bond Issuance Costs			982,798	(982,798)
Project Administration	-	212,327	118,543	93,784
New or Addition to Schools	-	8,153,000	5,871,555	2,281,445
MVHS Pool Addition	-	96,700	61,888	34,812
Maintenance Projects	120,078	3,400,000	1,444,863	1,955,137
Technology Projects	-	758,051	80,130	677,921
TOTAL EXPENDITURES	120,078	12,620,078	8,559,777	5,043,099
Excess revenues over (under) expenditures	(90,078)	(12,590,078)	(6,461,534)	6,128,544
Other Financing Sources (Uses):				
Issuance of Debt	-	12,500,000	89,215,000	76,715,000
Bond Premium	-	-	5,024,720	5,024,720
Total Other Financing Sources	-	12,500,000	94,239,720	81,739,720
Net Change in Fund Balance	\$ (90,078)	\$ (90,078)	87,778,186	\$ 87,868,264
Fund Balance - Beginning of the Year			<u>214,666</u>	
Fund Balance - End of the Year			<u>\$ 87,992,852</u>	

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.

Thompson Education Foundation

Accounts for all of the activity for the Thompson Education Foundation

Building Corporation Debt Service

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

**Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006**

	<u>Capital Reserve</u>	<u>Land Reserve</u>	<u>Severance Incentive</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,191,106	\$ 3,796,713	\$ 232,620
Receivables	-	-	-
Total Assets	<u>\$ 1,191,106</u>	<u>\$ 3,796,713</u>	<u>\$ 232,620</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 38,724	\$ 7,338	\$ -
Accrued Salaries and Benefits	-	-	-
Due to Other Funds	-	32,277	-
Total Liabilities	38,724	39,615	-
Fund Balances:			
Reserve for TABOR	-	32,722	76,576
Reserve for Other Purposes	-	3,724,376	-
Unreserved, Reported in Special Revenue Funds	1,152,382	-	156,044
Total Fund Balances	<u>1,152,382</u>	<u>3,757,098</u>	<u>232,620</u>
Total Liabilities and Fund Balances	<u>\$ 1,191,106</u>	<u>\$ 3,796,713</u>	<u>\$ 232,620</u>

See independent auditor's report

Interscholastic Athletic & Activity	Fee Supported Programs	Thompson Education Foundation	Building Corporation Debt Service	Total Nonmajor Governmental Funds
\$ 70,738	\$ 694,352	\$ 1,153,109	\$ 336,136	\$ 7,474,774
-	1,053	-	-	1,053
<u>\$ 70,738</u>	<u>\$ 695,405</u>	<u>\$ 1,153,109</u>	<u>\$ 336,136</u>	<u>\$ 7,475,827</u>
\$ 320	\$ 15,546	\$ -	-	\$ 61,928
-	74,517	-	-	74,517
-	-	128,641	-	160,918
320	90,063	128,641	-	297,363
37,667	47,383	-	-	194,349
-	-	1,024,468	336,136	5,084,980
32,751	557,959	-	-	1,899,135
<u>70,418</u>	<u>605,342</u>	<u>1,024,468</u>	<u>336,136</u>	<u>7,178,464</u>
<u>\$ 70,738</u>	<u>\$ 695,405</u>	<u>\$ 1,153,109</u>	<u>\$ 336,136</u>	<u>\$ 7,475,827</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, 2006

	<u>Capital Reserve</u>	<u>Land Reserve</u>	<u>Severance Incentive</u>
Revenues:			
Investment earnings	\$ 12,357	\$ 163,453	\$ 2,549
Other	-	927,293	-
TOTAL REVENUES	12,357	1,090,746	2,549
Expenditures:			
Instruction			
Salaries and Benefits	-	-	1,817,873
Purchased Services	30,013	-	-
Supplies and Materials	-	-	-
Capital Outlay	228,920	1,300,160	-
Other Expenditures	-	-	-
Total Instruction	<u>258,933</u>	<u>1,300,160</u>	<u>1,817,873</u>
Support Services:			
Pupil Services	-	-	-
Instructional Staff	1,171,288	-	-
General Administration	122,918	-	-
School Administration	-	-	-
Business Services	-	-	-
Maintenance/Operations	1,159,763	-	-
Pupil Transportation	398,520	-	-
Central Supporting Services	75,831	272,735	670,621
Community Services	35,181	-	-
Principal and Interest	493,467	-	-
Total Support Services	<u>3,456,968</u>	<u>272,735</u>	<u>670,621</u>
TOTAL EXPENDITURES	<u>3,715,901</u>	<u>1,572,895</u>	<u>2,488,494</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,703,544)	(482,149)	(2,485,945)
Other Financing Sources (Uses):			
Transfers in	4,059,059	-	2,550,000
Transfers out	(329,359)	-	-
Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>3,729,700</u>	<u>-</u>	<u>2,550,000</u>
Net Change in Fund Balances	26,156	(482,149)	64,055
Fund Balances - Beginning of the Year	<u>1,126,226</u>	<u>4,239,247</u>	<u>168,565</u>
Fund Balances - End of the Year	<u>\$ 1,152,382</u>	<u>\$ 3,757,098</u>	<u>\$ 232,620</u>

See independent auditor's report

Interscholastic Athletic & Activity	Fee Supported Programs	Thompson Education Foundation	Building Corporation Debt Service	Total Nonmajor Governmental Funds
\$ 1,823	\$ 1,440	\$ 10,397	\$ -	\$ 192,019
-	1,254,880	724,364	-	2,906,537
1,823	1,256,320	734,761	-	3,098,556
1,128,945	423,942	-	-	3,370,760
11,941	36,923	-	-	78,877
10,371	340,035	-	-	350,406
4,353	14,496	-	-	1,547,929
8,255	22,749	-	-	31,004
1,163,865	838,145	-	-	5,378,976
-	2,970	-	-	2,970
-	37,079	-	-	1,208,367
-	-	-	-	122,918
36,911	50,397	-	-	87,308
-	45,639	-	-	45,639
-	432	-	-	1,160,195
-	-	-	-	398,520
-	-	-	-	1,019,187
-	565,071	490,394	-	1,090,646
-	-	-	329,359	822,826
36,911	701,588	490,394	329,359	5,958,576
1,200,776	1,539,733	490,394	329,359	11,337,552
(1,198,953)	(283,413)	244,367	(329,359)	(8,238,996)
1,253,748	323,126	-	329,359	8,515,292
-	-	-	-	(329,359)
-	-	-	-	-
1,253,748	323,126	-	329,359	8,185,933
54,795	39,713	244,367	-	(53,063)
15,623	565,629	780,101	336,136	7,231,527
\$ 70,418	\$ 605,342	\$ 1,024,468	\$ 336,136	\$ 7,178,464

**Thompson School District R2-J
Capital Reserve Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 12,357	\$ 2,357
TOTAL REVENUES	10,000	10,000	12,357	2,357
Expenditures:				
Instruction				
Purchased Services	53,439	53,439	30,013	23,426
Capital Outlay	319,943	319,943	228,920	91,023
Total Instruction	373,382	373,382	258,933	114,449
Support Services:				
Instructional Staff	1,199,409	1,199,409	1,171,288	28,121
General Administration	125,000	125,000	122,918	2,082
Maintenance/Operations	1,435,907	1,435,907	1,159,763	276,144
Pupil Transportation	400,000	400,000	398,520	1,480
Central Supporting Services	1,159,373	1,159,373	75,831	1,083,542
Community Services	36,000	36,000	35,181	819
Principal Payments	393,988	393,988	393,988	-
Interest Payments	99,479	99,479	99,479	-
Total Support Services	4,849,156	4,849,156	3,456,968	1,392,188
TOTAL EXPENDITURES	5,222,538	5,222,538	3,715,901	1,506,637
Excess revenues over (under) expenditures	(5,212,538)	(5,212,538)	(3,703,544)	1,508,994
Other Financing Sources (Uses):				
Transfer In	4,659,059	4,659,059	4,059,059	(600,000)
Transfer Out	(351,569)	(351,569)	(329,359)	22,210
Total Other Financing Sources (Uses)	4,307,490	4,307,490	3,729,700	(577,790)
Net Change in Fund Balance	<u>\$ (905,048)</u>	<u>\$ (905,048)</u>	26,156	<u>\$ 931,204</u>
Fund Balance - Beginning of Year			1,126,226	
Fund Balance - End of Year			<u>\$ 1,152,382</u>	

See independent auditor's report

**Thompson School District R2-J
Land Reserve Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 75,000	\$ 75,000	\$ 163,453	\$ 88,453
Payments in lieu of Land Dedication	949,800	949,800	927,293	(22,507)
TOTAL REVENUES	1,024,800	1,024,800	1,090,746	65,946
Expenditures:				
Instruction				
Capital Outlay	4,235,300	4,235,300	1,300,160	2,935,140
Support				
Central Supporting Services	-	-	272,735	(272,735)
Total Support Services	4,235,300	4,235,300	1,572,895	2,662,405
TOTAL EXPENDITURES	4,235,300	4,235,300	1,572,895	2,662,405
Net Change in Fund Balance	\$ (3,210,500)	\$ (3,210,500)	(482,149)	\$ 2,728,351
Fund Balance - Beginning of Year			4,239,247	
Fund Balance - End of Year			\$ 3,757,098	

See independent auditor's report

**Thompson School District R2-J
Severance Incentive Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 2,549	\$ 2,549
TOTAL REVENUES	-	-	2,549	2,549
Expenditures:				
Instruction				
Salaries and Benefits	1,885,000	1,885,000	1,817,873	67,127
Total Instruction	1,885,000	1,885,000	1,817,873	67,127
Support Services:				
Central Supporting Services	675,000	675,000	670,621	4,379
Total Support Services	675,000	675,000	670,621	4,379
TOTAL EXPENDITURES	2,560,000	2,560,000	2,488,494	71,506
Excess revenues over (under) expenditures	(2,560,000)	(2,560,000)	(2,485,945)	74,055
Other Financing Sources (Uses):				
Transfer in	2,550,000	2,550,000	2,550,000	-
Total Other Financing Sources (Uses)	2,550,000	2,550,000	2,550,000	-
Net Change in Fund Balance	\$ (10,000)	\$ (10,000)	64,055	\$ 74,055
Fund Balance - Beginning of Year			168,565	
Fund Balance - End of Year			\$ 232,620	

See independent auditor's report

**Thompson School District R2-J
Interscholastic Athletic and Activity Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 1,823	\$ 1,823
TOTAL REVENUES	-	-	1,823	1,823
Expenditures:				
Instruction				
Salaries and Benefits	1,238,600	1,238,600	1,128,945	109,655
Purchased Services	17,000	17,000	11,941	5,059
Supplies and Materials	2,000	2,000	10,371	(8,371)
Capital Outlay	-	-	4,353	(4,353)
Other Expenditures	23,000	23,000	8,255	14,745
Total Instruction	1,280,600	1,280,600	1,163,865	116,735
Support Services:				
School Administration	36,600	36,600	36,911	(311)
Total Support Services	36,600	36,600	36,911	(311)
Total Expenditures	1,317,200	1,317,200	1,200,776	116,424
Excess of Revenues Over (Under) Expenditures	(1,317,200)	(1,317,200)	(1,198,953)	118,247
Other Financing Sources (Uses):				
Transfers In	1,253,748	1,253,748	1,253,748	-
Total Other Financing Sources (Uses)	1,253,748	1,253,748	1,253,748	-
Net Change in Fund Balance	\$ (63,452)	\$ (63,452)	54,795	\$ 118,247
Fund Balance Beginning of the Year			15,623	
Fund Balance End of The Year			\$ 70,418	

See independent auditor's report

Thompson School District R2-J
Fee Supported Programs Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 1,200,000	\$ 1,200,000	\$ 1,254,880	\$ 54,880
Investment Earnings	-	-	1,440	1,440
Total Revenue	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,256,320</u>	<u>56,320</u>
Expenditures:				
Instruction				
Salaries and Benefits	358,100	358,100	423,942	(65,842)
Purchased Services	130,600	130,600	36,923	93,677
Supplies and Materials	314,500	314,500	340,035	(25,535)
Capital Outlay	-	-	14,496	(14,496)
Other Expenditures	-	-	22,749	(22,749)
Total Instruction	<u>803,200</u>	<u>803,200</u>	<u>838,145</u>	<u>(34,945)</u>
Support Services:				
Pupil Services	-	-	2,970	(2,970)
Instructional Staff	-	-	37,079	(37,079)
School Administration	100,000	100,000	50,397	49,603
Business Services	45,500	45,500	45,639	(139)
Maintenance/Operations	-	-	432	(432)
Community Services	601,300	601,300	565,071	36,229
Total Support Services	<u>746,800</u>	<u>746,800</u>	<u>701,588</u>	<u>48,182</u>
Total Expenditures	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,539,733</u>	<u>13,237</u>
Excess of Revenues Over (Under)				
Expenditures	(350,000)	(350,000)	(283,413)	69,557
Other Financing Sources (Uses)				
Transfers In	323,126	323,126	323,126	-
Total Other Financing Sources (Uses)	<u>323,126</u>	<u>323,126</u>	<u>323,126</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (26,874)</u>	<u>\$ (26,874)</u>	39,713	<u>\$ 69,557</u>
Fund Balance - Beginning of the Year			<u>565,629</u>	
Fund Balance - End of the Year			<u>\$ 605,342</u>	
See independent auditor's report				

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, 2006

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenue:				
Food Sales	\$ 2,245,155	\$ 2,245,155	\$ 2,242,292	\$ (2,863)
TOTAL OPERATING REVENUES	2,245,155	2,245,155	2,242,292	(2,863)
Expenses:				
Salaries and Benefits	1,597,915	1,597,915	1,602,624	(4,709)
Purchased Services	71,000	71,000	75,670	(4,670)
Supplies and Materials	1,816,000	1,816,000	1,821,611	(5,611)
Capital Outlay	10,000	10,000	-	10,000
Other	20,000	20,000	22,470	(2,470)
TOTAL OPERATING EXPENSE	3,514,915	3,514,915	3,522,375	(7,460)
Operating Income (Loss)	(1,269,760)	(1,269,760)	(1,280,083)	(10,323)
Non-Operating Revenues:				
Federal Aid:				
USDA Reimbursements	1,074,200	1,074,200	1,279,025	204,825
Commodities	130,000	130,000	152,040	22,040
State Categorical Reimbursement	41,000	41,000	42,625	1,625
Interest Earnings	-	-	3,171	3,171
Other Revenue	79,200	79,200	22,340	(56,860)
TOTAL NON-OPERATING REVENUES	1,324,400	1,324,400	1,499,201	174,801
Change in Net Assets	\$ 54,640	\$ 54,640	219,118	\$ 164,478
Less: Depreciation Expense			(108,097)	
Change in Net Assets			111,021	
Net Assets - Beginning of the Year			838,003	
Net Assets - End of the Year			\$ 949,024	
See independent auditor's report				

INTERNAL SERVICE 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 internal service fund.

Internal service funds account for the financing goods or service provided by one department to another department or school within the District. The services provided are reimbursed by charges to user groups. An internal service fund normally recovers the complete cost of operations without producing any significant profit. The District has one internal service fund, the Insurance Reserve Fund.

This fund is provided for by state statute so that school districts can provide or accumulate funds to pay for commercial insurance, co-insurance participation, or self-insurance pool participation, including related administrative expenses. Revenue is provided by statutory transfer from the General Fund. This fund is supported by charges to other user funds.

Thompson School District
Risk Management
Budgetary Comparison Schedule
Year Ended June 30, 2006

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenue:				
Charges for Services	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
TOTAL OPERATING REVENUES	600,000	600,000	600,000	-
Expenses:				
Contribution to Pool	382,000	382,000	385,487	(3,487)
Worker Compensation Premiums	560,000	560,000	521,246	38,754
Miscellaneous Premiums	5,000	5,000	12,896	(7,896)
Uninsured Losses	30,000	30,000	6,208	23,792
Administrative	110,000	110,000	109,843	157
TOTAL OPERATING EXPENSES	1,087,000	1,087,000	1,035,680	51,320
Operating Income (loss)	(487,000)	(487,000)	(435,680)	51,320
Non-Operating Revenues:				
Investment Earnings	-	-	1,650	1,650
Other Revenue	262,500	262,500	222,859	(39,641)
TOTAL NON-OPERATING REVENUES	262,500	262,500	224,509	(37,991)
Change in Net Assets	<u>\$ (224,500)</u>	<u>\$ (224,500)</u>	(211,171)	<u>\$ 13,329</u>
Net Assets - Beginning of the Year			<u>361,040</u>	
Net Assets - End of the Year			<u>\$ 149,869</u>	
See independent auditor's report				

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, 2006

	<u>Educational Memorial</u>	<u>Interscholastic Athletic and Activity</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 88,654	\$ 987,191	\$ 1,075,845
TOTAL ASSETS	<u>\$ 88,654</u>	<u>\$ 987,191</u>	<u>\$ 1,075,845</u>
LIABILITIES			
Liabilities:			
Accounts Payable	-	25,641	25,641
Undistributed Monies	88,654	961,550	1,050,204
TOTAL LIABILITES	<u>\$ 88,654</u>	<u>\$ 987,191</u>	<u>\$ 1,075,845</u>

See independent auditor's report

Thompson School District R2-J
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
For The year Ended June 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Educational Memorial</u>				
Assets:				
Cash and Investments	\$ 68,525	\$ 85,272	\$ 65,143	\$ 88,654
Liabilities:				
Accounts Payable	\$ 875	\$ -	\$ 875	\$ -
Undistributed Monies	67,650	85,272	64,268	88,654
Total Liabilities	\$ 68,525	\$ 85,272	\$ 65,143	\$ 88,654
<u>Interscholastic Athletic and Activity</u>				
Assets:				
Cash and Investments	\$ 925,297	\$ 2,718,164	\$ 2,656,270	\$ 987,191
Liabilities:				
Accounts Payable	\$ 39,498	\$ -	\$ 13,857	\$ 25,641
Undistributed Monies	885,798	2,718,164	2,642,412	961,550
Total Liabilities	\$ 925,296	\$ 2,718,164	\$ 2,656,269	\$ 987,191
<u>Combined</u>				
Assets:				
Cash and Investments	\$ 993,822	\$ 2,803,436	\$ 2,721,413	\$ 1,075,845
Liabilities:				
Accounts Payable	\$ 40,373	\$ -	\$ 14,732	\$ 25,641
Undistributed Monies	953,448	2,803,436	2,706,680	1,050,204
Total Liabilities	\$ 993,821	\$ 2,803,436	\$ 2,721,412	\$ 1,075,845

See independent auditor's report

**Thompson School District R2-J
Education Memorial Fund
Budgetary Comparison Schedule
Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Additions:				
Investment Earnings	\$ 1,200	\$ 1,000	\$ 2,272	\$ 1,272
Other Revenue	33,000	33,000	83,000	50,000
Total Additions	34,200	34,000	85,272	51,272
Deductions:				
Other Trust exp	60,000	110,000	64,268	45,732
Total Deductions	60,000	110,000	64,268	45,732
Change in Undistributed Monies	<u>\$ (25,800)</u>	<u>\$ (76,000)</u>	21,004	<u>\$ 97,004</u>
Undistributed Monies - Beginning of Year			67,650	
Undistributed Monies - End of Year			<u>\$ 88,654</u>	

See independent auditor's report

Thompson School District R2-J
Interscholastic Athletic and Activity Fund
Budgetary Comparison Schedules
Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Additions:				
Fund Raising and Events	\$ 2,300,000	\$ 2,680,000	\$ 2,691,118	\$ 11,118
Investment Earnings	-	-	27,046	27,046
Total Additions	2,300,000	2,680,000	2,718,164	38,164
Deductions:				
Athletic Expenditures	550,000	930,000	791,437	138,563
Pupil Activity Expenditures	2,000,000	2,000,000	1,850,975	149,025
Total Deductions	2,550,000	2,930,000	2,642,412	287,588
Change in Undistributed Monies	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	75,752	<u>\$ 325,752</u>
Undistributed Monies Beginning of the Year			885,798	
Undistributed Monies End of The Year			<u>\$ 961,550</u>	

See independent auditor's report

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STATISTICAL SECTION

The Statistical Section of the Comprehensive Annual Financial Report (CAFR) is intended to familiarize readers with the historical structure of the District. Data in the majority of the tables cover the last ten fiscal years to provide demographic and financial trend information.

While the District is part of three counties, county-wide values are shown for Larimer County, only. This is due to the amount of assessed valuation in each county. Larimer County comprises 99.1% of the District's entire assessed value. Boulder and Weld counties comprise .30% and .60%, respectively.

Two of the fifteen tables recommended by the Government Accounting Standards Board (GASB) have not been included in this report for the following reasons:

Special Assessment Collections – The District collects no money for special assessments

Revenue Bond Coverage – The District is not allowed by law to issue revenue bonds. All bonded indebtedness is general obligation.

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Thompson School District R2-J

Schedule of Net Assets

Last Six Years

(Accrual basis of accounting)

(unaudited)

	<u>2001</u>	<u>2002</u>
Governmental Activities		
Invested in Capital Assets, Net of Related Debt	\$ 14,532,576	\$ 16,953,856
Restricted	20,985,539	23,423,807
Unrestricted	1,828,795	6,161,147
Total Governmental Activities Net Assets	<u>\$ 37,346,910</u>	<u>\$ 46,538,810</u>
Business-type Activities		
Invested in Capital Assets, Net of Related Debt	\$ 906,051	\$ 782,714
Restricted	52,841	68,791
Unrestricted	58,982	40,000
Total Business-type Activities Net Assets	<u>\$ 1,017,874</u>	<u>\$ 891,505</u>
Primary Government		
Invested in Capital Assets, Net of Related Debt	\$ 15,438,627	\$ 17,736,570
Restricted	21,038,380	23,492,598
Unrestricted	1,887,777	6,201,147
Total Primary Government Net Assets	<u>\$ 38,364,784</u>	<u>\$ 47,430,315</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	15,941,849	\$ 21,077,951	\$ 28,158,995	\$ 34,936,956
	27,854,128	20,577,871	20,147,743	21,873,077
	5,261,814	3,680,860	2,624,964	4,190,887
\$	<u>49,057,791</u>	<u>\$ 45,336,682</u>	<u>\$ 50,931,702</u>	<u>\$ 61,000,920</u>
\$	663,779	\$ 558,228	\$ 469,579	\$ 378,465
	71,200	69,964	67,967	69,313
	30,959	208,535	300,456	501,246
\$	<u>765,938</u>	<u>\$ 836,727</u>	<u>\$ 838,002</u>	<u>\$ 949,024</u>
\$	16,605,628	\$ 21,636,179	\$ 28,628,574	\$ 35,315,421
	27,925,328	20,647,835	20,215,711	21,942,390
	5,292,773	3,889,395	2,925,420	4,692,133
\$	<u>49,823,729</u>	<u>\$ 46,173,409</u>	<u>\$ 51,769,705</u>	<u>\$ 61,949,944</u>

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

	2001	2002	2003	2004	2005	2006
Expenses						
Governmental Activities:						
Instruction						
Salaries and Benefits	\$ 47,351,124	\$ 51,376,252	\$ 55,053,064	\$ 56,767,053	\$ 56,974,652	\$ 56,309,900
Purchased Services	1,640,518	1,755,485	1,986,887	2,171,762	2,283,706	2,246,775
Supplies and Materials	3,026,643	3,435,828	3,563,658	3,358,345	3,170,412	2,827,116
Capital Outlay	1,504,476	724,507	538,049	638,247	456,262	702,815
Other	154,288	218,231	203,317	242,329	127,293	136,843
Total Instruction	<u>\$ 53,677,049</u>	<u>\$ 57,510,303</u>	<u>\$ 61,344,975</u>	<u>\$ 63,177,736</u>	<u>\$ 63,012,325</u>	<u>\$ 62,223,449</u>
Support Services						
Pupil Services	5,397,320	6,395,337	6,924,508	6,612,481	6,948,277	7,227,057
Instructional Staff	5,712,664	6,488,963	8,072,644	7,828,193	7,540,045	7,749,997
General Administration	539,693	636,396	535,449	750,238	919,514	925,276
School Administration	5,622,636	6,092,669	6,590,527	6,641,734	6,863,529	7,026,788
Business Services	1,195,569	1,340,104	1,559,503	1,632,314	1,641,331	1,693,037
Maintenance/Operations	8,490,877	9,416,543	13,953,782	10,901,991	9,942,999	12,039,281
Pupil Transportation	2,247,890	1,682,457	2,464,000	3,032,800	2,916,150	2,718,558
Central Supporting Services	2,889,483	3,746,070	3,827,622	5,066,225	3,928,544	2,778,997
Community Services	305,054	406,469	936,233	1,325,831	1,152,881	1,210,399
Interest on Long-term Debt	5,838,662	5,909,556	6,610,993	8,632,902	3,393,072	4,521,000
Depreciation - unallocated	3,007,983	-	-	-	-	-
Total Support Services	<u>\$ 41,247,831</u>	<u>\$ 42,114,564</u>	<u>\$ 51,475,261</u>	<u>\$ 52,424,709</u>	<u>\$ 45,246,342</u>	<u>\$ 47,890,390</u>
Total Governmental Activities Expenses	<u>\$ 94,924,880</u>	<u>\$ 99,624,867</u>	<u>\$ 112,820,236</u>	<u>\$ 115,602,445</u>	<u>\$ 108,258,667</u>	<u>\$ 110,113,839</u>
Business-type Activities:						
Nutritional Services						
Total Primary Government Expenses	\$ 3,102,775	\$ 3,521,504	\$ 3,581,246	\$ 3,503,514	\$ 3,582,130	\$ 3,630,472
Total Business-type Expenses	<u>\$ 98,027,655</u>	<u>\$ 103,146,371</u>	<u>\$ 116,401,482</u>	<u>\$ 119,105,959</u>	<u>\$ 111,840,797</u>	<u>\$ 113,744,311</u>

Program Revenues												
Governmental Activities:												
Charges for Services	\$	959,098	\$	1,041,168	\$	1,209,390	\$	1,425,861	\$	1,579,770	\$	1,499,610
Operating Grants and Contributions		7,193,080		9,030,381		9,845,561		9,376,242		9,543,859		9,824,094
Capital Grants and Contributions		2,950,000		149,055		666,222		28,970		94,556		6,731
Total Governmental Activities Program Revenues		<u>11,102,178</u>		<u>10,220,604</u>		<u>11,721,173</u>		<u>10,831,073</u>		<u>11,218,185</u>		<u>11,330,435</u>
Business-type Activities:												
Nutritional Services		2,978,189		3,393,021		3,452,585		3,573,607		3,581,938		3,738,322
Total Primary Government Program Revenues		<u>14,080,367</u>		<u>13,613,625</u>		<u>15,173,758</u>		<u>14,404,680</u>		<u>14,800,123</u>		<u>15,068,757</u>
Net (Expense)/Revenue												
Governmental Activities	\$	(83,822,702)	\$	(89,404,263)	\$	(101,099,063)	\$	(104,771,372)	\$	(97,040,482)	\$	(98,783,404)
Business-type Activities		(124,586)		(128,483)		(128,661)		70,093		(192)		107,850
Total Primary Government Net Expense		<u>(83,947,288)</u>		<u>(89,532,746)</u>		<u>(101,227,724)</u>		<u>(104,701,279)</u>		<u>(97,040,674)</u>		<u>(98,675,554)</u>
General Revenues												
Governmental Activities:												
Property Tax Levied For:												
General Purpose	\$	22,527,718	\$	23,608,076	\$	25,457,040	\$	26,556,635	\$	24,432,966	\$	25,704,275
Mill Levy Override		6,158,550		7,240,226		7,459,483		7,454,021		7,463,272		7,480,274
Debt Services		9,430,136		11,216,909		11,932,524		12,509,394		10,195,101		11,607,605
Specific Ownership Taxes Levied For:												
General Purpose		2,678,737		3,939,999		3,821,176		4,008,797		3,866,971		3,608,215
Mill Levy Override		727,757		786,518		788,540		803,842		784,202		843,186
Debt Services		1,123,951		-		-		-		-		-
Intergovernmental												
Equalization		43,869,213		47,140,244		51,539,947		53,208,893		53,573,154		54,738,055
Payments in Lieu of Land Dedication		571,984		838,416		981,415		876,004		831,031		927,293
Interest and Investment Earnings		1,335,083		1,182,788		507,403		372,367		758,603		3,264,484
Gain on Sale of Capital Asset		-		-		-		-		415,401		-
Miscellaneous		633,000		933,051		1,130,516		264,545		314,801		679,235
Total Governmental Activities		<u>89,056,129</u>		<u>96,886,227</u>		<u>103,618,044</u>		<u>106,054,498</u>		<u>102,635,502</u>		<u>108,852,622</u>
Business-type Activities:												
Interest and Investment Earnings		2,754		950		842		696		1,468		3,171
Miscellaneous		-		1,164		2,252		-		-		-
Total Business-type Activities		<u>2,754</u>		<u>2,114</u>		<u>3,094</u>		<u>696</u>		<u>1,468</u>		<u>3,171</u>
Total Primary Government		<u>89,058,883</u>		<u>96,888,341</u>		<u>103,621,138</u>		<u>106,055,194</u>		<u>102,636,970</u>		<u>108,855,793</u>
Change in Net Assets												
Governmental Activities	\$	5,233,427	\$	7,481,964	\$	2,518,981	\$	1,283,126	\$	5,595,020	\$	10,069,218
Business-type Activities		(121,832)		(126,369)		(125,567)		70,789		1,276		111,021
Total Primary Government		<u>5,111,595</u>		<u>7,355,595</u>		<u>2,393,414</u>		<u>1,353,915</u>		<u>5,596,296</u>		<u>10,180,239</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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund					
Reserved	\$ 2,107,017	\$ 2,394,909	\$ 3,260,231	\$ 8,198,098	\$ 3,178,711
Unreserved	(455,402)	797,185	(36,645)	(1,062,544)	5,491,267
Total General Fund	<u>1,651,615</u>	<u>3,192,094</u>	<u>3,223,586</u>	<u>7,135,554</u>	<u>8,669,978</u>
All Other Governmental Funds					
Reserved	52,264,105	37,528,935	25,432,905	14,398,566	17,309,323
Unreserved:					
Undesignated, reported in:					
Capital Reserve	1,213,068	2,624,340	1,659,940	2,114,487	2,495,501
Severance Incentive	7,902	3,109	13,247	4	13,205
Interscholastic Athletic and Activity	404,590	(10,368)	1,969	(10,605)	1,537
Fee Supported Programs	240,043	218,482	285,711	291,267	331,423
Total All Other Governmental Funds	<u>54,129,708</u>	<u>40,364,498</u>	<u>27,393,772</u>	<u>16,793,719</u>	<u>20,150,989</u>
Total Governmental Funds	<u>\$ 55,781,323</u>	<u>\$ 43,556,592</u>	<u>\$ 30,617,358</u>	<u>\$ 23,929,273</u>	<u>\$ 28,820,967</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	3,477,354	\$ 3,417,314	\$ 3,899,450	\$ 4,230,904	\$ 3,644,088
	7,502,040	9,143,617	8,930,981	8,375,509	10,311,178
	<u>10,979,394</u>	<u>12,560,931</u>	<u>12,830,431</u>	<u>12,606,413</u>	<u>13,955,266</u>
	19,931,437	24,408,997	16,645,409	15,881,936	106,197,107
	2,704,952	2,380,170	868,657	1,126,226	1,152,382
	(3,130)	80,584	10,093	97,275	156,044
	28,276	68,306	106,049	(21,197)	32,751
	400,739	414,429	471,811	517,264	557,959
	<u>23,062,274</u>	<u>27,352,486</u>	<u>18,102,019</u>	<u>17,601,504</u>	<u>108,096,243</u>
\$	<u><u>34,041,668</u></u>	<u><u>39,913,417</u></u>	<u><u>30,932,450</u></u>	<u><u>30,207,917</u></u>	<u><u>122,051,509</u></u>

Thompson School District R2-J

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(unaudited)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Revenues				
Taxes	\$ 28,042,128	\$ 30,197,750	\$ 31,638,866	\$ 38,985,473
Intergovernmental	42,355,702	43,861,531	45,705,301	47,329,392
Investment Earnings	1,505,507	2,917,664	2,258,933	1,462,685
Other	2,930,006	3,070,583	3,365,237	4,579,418
Total Revenues	<u>74,833,343</u>	<u>80,047,528</u>	<u>82,968,337</u>	<u>92,356,968</u>
Expenditures				
Current:				
Instruction	39,145,217	38,896,831	44,188,714	46,821,196
Salaries and Benefits	-	-	-	-
Purchased Services	-	-	-	-
Supplies and Materials	-	-	-	-
Other	3,218,108	3,234,482	1,414,343	675,374
Supporting Services	21,695,928	23,727,975	24,182,352	25,757,306
Pupil Services	-	-	-	-
Instructional Staff	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Business Services	-	-	-	-
Maintenance/Operations	-	-	-	-
Pupil Transportation	-	-	-	-
Central Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	5,893,982	19,788,206	18,333,720	18,586,373
Bond Issuance Costs	-	-	-	-
Debt Service:				
Principal	3,014,349	2,428,209	2,609,511	2,628,398
Interest	3,204,599	5,066,874	5,106,757	5,175,677
Total Expenditures	<u>76,172,183</u>	<u>93,142,577</u>	<u>95,835,397</u>	<u>99,644,324</u>
Excess (deficiency) of Revenues over Expenditures	<u>(1,338,840)</u>	<u>(13,095,049)</u>	<u>(12,867,060)</u>	<u>(7,287,356)</u>
Other Financing Sources (Uses)				
Transfers In	4,790,481	5,145,349	5,646,782	6,803,417
Transfers Out	(4,822,281)	(5,145,349)	(5,646,782)	(6,803,417)
Proceeds from Capital Lease	975,000	1,000,000	-	1,250,000
Issuance of Debt	48,729,068	-	-	-
Transfer to Bond Escrow	-	-	-	-
Premium on Bond Financing	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>49,672,268</u>	<u>1,000,000</u>	<u>-</u>	<u>1,250,000</u>
Net Change to Fund Balance	<u>\$ 48,333,428</u>	<u>\$ (12,095,049)</u>	<u>\$ (12,867,060)</u>	<u>\$ (6,037,356)</u>
Debt Service as a Percentage of				
Non-Capital Expenditures	8.85%	10.22%	9.96%	9.63%

Note: From 1997-2000 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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	42,646,848	\$ 46,791,728	\$ 48,677,114	\$ 49,314,672	\$ 47,881,408	\$ 49,085,270
	51,062,293	56,119,346	60,939,434	62,003,232	62,832,803	64,307,404
	1,333,774	1,182,235	507,060	371,980	757,768	3,262,834
	4,918,352	4,370,368	4,797,990	3,206,253	3,041,789	3,608,178
	<u>99,961,267</u>	<u>108,463,677</u>	<u>114,921,598</u>	<u>114,896,137</u>	<u>114,513,768</u>	<u>120,263,686</u>
	46,698,517	49,530,112	52,742,724	54,271,472	55,316,035	54,622,983
	1,619,408	1,692,550	1,903,506	2,076,288	2,221,777	2,182,801
	2,986,064	3,312,747	3,414,106	3,210,706	3,122,051	2,746,923
	153,292	211,137	194,785	231,676	122,580	132,878
	5,343,667	6,173,161	6,633,916	6,321,785	6,761,203	7,021,698
	5,646,503	6,266,194	7,760,087	7,516,507	7,444,139	7,564,297
	537,760	612,976	512,979	5,821,374	896,903	925,216
	5,537,666	5,869,595	6,313,951	6,349,752	6,680,383	6,827,099
	1,177,047	1,787,754	2,119,057	2,660,555	2,709,954	2,244,847
	8,694,689	9,177,770	14,129,970	10,434,325	10,080,023	11,697,226
	2,715,761	2,621,154	2,731,259	3,323,739	3,041,299	3,437,655
	2,897,292	3,090,305	2,802,815	3,565,282	2,542,102	2,824,053
	305,054	1,751,460	1,527,067	1,283,364	1,112,527	1,175,910
	3,208,192	5,246,376	1,073,283	879,514	882,134	8,064,632
	-	-	-	-	258,618	982,798
	1,710,000	1,923,000	1,695,035	14,685,732	10,225,047	5,668,988
	5,838,662	5,907,560	6,715,422	6,023,451	2,495,545	4,539,810
	<u>95,069,574</u>	<u>105,173,851</u>	<u>112,269,962</u>	<u>128,655,522</u>	<u>115,912,320</u>	<u>122,659,814</u>
	<u>4,891,693</u>	<u>3,289,826</u>	<u>2,651,636</u>	<u>(13,759,385)</u>	<u>(1,398,552)</u>	<u>(2,396,128)</u>
	7,265,234	7,773,529	9,127,797	10,311,254	9,332,428	10,177,062
	(7,265,234)	(7,773,529)	(9,127,797)	(10,311,254)	(9,332,428)	(10,177,062)
	-	220,939	3,220,113	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	-
	-	220,939	3,220,113	4,778,418	674,019	94,239,720
\$	<u>4,891,693</u>	<u>\$ 3,510,765</u>	<u>\$ 5,871,749</u>	<u>\$ (8,980,967)</u>	<u>\$ (724,533)</u>	<u>\$ 91,843,592</u>
	8.22%	7.84%	7.56%	16.21%	11.06%	8.91%

Thompson School District R2-J
Property Values and Construction
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Number of Units	Residential	Industrial	Commercial	Assessed Valuation
1996	678	\$ 62,803,700	\$ 2,016,900	\$ 10,524,100	501,667,480
1997	682	64,911,100	2,634,300	9,097,600	562,263,220
1998	731	76,321,000	3,009,200	9,847,300	589,777,130
1999	972	97,869,100	2,523,300	21,666,900	678,127,029
2000	1,111	117,126,700	15,723,000	7,406,400	721,846,710
2001	1,279	116,408,100	11,497,200	30,977,800	862,347,980
2002	953	104,775,600	16,960,200	42,957,900	915,165,300
2003	1,013	118,208,100	2,832,400	12,476,200	975,725,363
2004	1,003	131,929,800	5,982,400	46,147,600	1,015,859,622
2005	872	120,024,900	4,906,100	208,186,900	1,110,237,368

Source: City of Loveland December 31, 2005 Comprehensive Annual Financial Report.

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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	1996	1997	1998	1999
Collection Year	1997	1998	1999	2000
School District				
General Fund	38.131	34.954	34.948	31.170
Mill Levy Override	-	-	-	8.500
Debt Services	13.126	13.126	13.126	13.126
School District Total	<u>51.257</u>	<u>48.080</u>	<u>48.074</u>	<u>52.796</u>
City of Loveland	9.564	8.634	8.997	8.997
Town of Berthoud	6.921	7.047	6.673	6.673
City of Fort Collins	-	-	-	-
Town of Johnstown	-	-	-	-
Town of Windsor	-	-	-	-
Larimer County	21.432	21.620	21.293	21.293
Berthoud Fire District	8.128	8.128	8.128	8.128
Loveland Fire District	6.760	6.682	6.674	6.674
Pinewood Lake Fire District	-	-	-	-
Poudre Valley Fire District	-	-	-	-
Lyons Fire District	-	-	-	-
Windsor-Severance Fire District	-	-	-	-
Thompson Valley Hospital District	1.257	1.702	1.712	1.712
Health District of Northern Larimer Co.	-	-	-	-
No. Colorado Water Conservancy District	1.000	1.000	1.000	1.000
Aims Junior College District	6.326	6.322	6.253	6.253
Loveland Downtown Dev. Auth	5.000	4.190	5.000	5.000
West Loveland Recreation	5.167	5.167	5.557	5.557
Estes Valley Park Recreation	-	-	-	-
West Loveland Water and Sanitation	12.382	12.382	12.382	12.382
Spring Canyon Water and Sanitation	-	-	-	-
Larimer Pest Control	0.420	0.136	0.124	0.124
Loveland General Improvement District	2.684	2.112	2.684	2.684
Lincoln Place Metropolitan District	-	-	-	-
Waterfront Metropolitan District	-	-	-	-
Centerra Metropolitan District	-	-	-	-
Van De Water Metropolitan District	-	-	-	-
Windsor Highlands Metropolitan District	-	-	-	-

Source: Larimer County Assessor's office

2000	2001	2002	2003	2004	2005
2001	2002	2003	2004	2005	2006
31.460	27.542	27.141	25.858	25.304	22.985
8.500	8.500	8.195	7.687	7.383	6.755
13.126	13.126	13.126	13.126	10.000	10.510
<u>53.086</u>	<u>49.168</u>	<u>48.462</u>	<u>46.671</u>	<u>42.687</u>	<u>40.250</u>
9.564	9.564	9.564	9.564	9.564	9.564
6.673	6.673	6.673	6.673	6.409	6.664
-	-	-	-	-	9.797
-	-	-	-	-	23.9347
-	-	-	-	-	12.030
21.656	21.614	22.461	22.560	22.517	22.541
8.128	8.128	8.128	8.128	15.274	15.274
6.674	6.674	6.674	6.674	5.808	5.808
-	-	-	-	-	6.446
-	-	-	-	-	9.301
-	-	-	-	-	7.148
-	-	-	-	-	4.944
1.673	1.669	1.564	1.564	1.519	1.509
-	-	-	-	-	2.167
1.000	1.000	1.000	1.000	1.000	1.000
6.253	6.253	6.253	6.253	6.328	6.357
5.000	-	-	-	-	-
5.557	5.557	5.557	5.557	-	-
-	-	-	-	-	1.331
12.382	12.382	12.382	12.382	-	-
-	-	-	-	-	2.966
0.124	0.124	0.124	0.124	0.142	0.142
2.684	2.684	-	-	2.684	2.684
-	-	-	-	55.000	55.000
-	-	-	-	-	45.979
-	-	-	-	-	35.000
-	-	-	-	-	45.980
-	-	-	-	-	30.000

Thompson School District R2-J
Principal Taxpayers
June 30, 2006
(unaudited)

Taxpayer	Assessed Valuation	Percent Total 2006 Valuation
Wal-Mart Properties Inc	\$ 15,067,700	2.38%
Agilent Technologies	12,485,600	1.97%
Craig Realty Group - Loveland L.L.C.	8,018,500	1.26%
Qwest	6,585,800	1.04%
Water Pik, Inc.	4,181,000	0.66%
Taft Carlisle, LLC	3,739,600	0.59%
Public Service Company	3,419,600	0.54%
Orchard Shopping Center Partnership	3,238,500	0.51%
Woodward Governor Company	2,875,400	0.45%
Comcast Cablevision	2,801,700	0.44%
	\$ 62,413,400	9.84%

Source: Larimer County Assessor

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

Year Ended June 30,	Total Tax Levy	Total Tax Collections (1)	Percent of Levy Collected
1997	\$ 25,714,241	\$ 25,282,373	98.3%
1998	27,123,578	27,134,138	100.0%
1999	27,362,716	28,273,729	103.3%
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%

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

(2) Percentages are for Larimer County as a whole

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)
1997	\$ 86,544,738	\$ -	\$ 1,177,900	\$ 87,722,638	7.25%	\$ 1,729
1998	84,537,738	-	1,751,910	86,289,648	6.61%	1,644
1999	82,446,738	-	1,215,026	83,661,764	5.59%	1,544
2000	80,230,738	-	2,052,628	82,283,366	5.23%	1,484
2001	78,520,738	-	1,839,066	80,359,804	4.71%	1,375
2002	76,597,738	-	1,875,058	78,472,796	4.34%	1,310
2003	75,168,738	-	4,829,136	79,997,874	4.35%	1,315
2004	70,461,009	4,485,000	2,667,404	77,613,413	3.94%	1,244
2005	61,802,167	4,325,000	2,162,357	68,289,524	-	1,039
2006	151,323,193	4,160,000	1,768,368	157,251,561	-	2,346

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

- (1) See page XXXXX for personal income and population data.
The percentage of personal income information is not available for 2005 and 2006.

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
1997	\$ 86,544,738	\$ 5,443,726	\$ 81,101,012	16.17%	\$ 1,041
1998	84,537,738	5,841,274	78,696,464	14.00%	994
1999	82,446,738	6,521,355	75,925,383	12.87%	926
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

Source: Larimer, Weld and Boulder County Assessors

(1) Assessed Value is \$1,110,237,368 for 2006.

Thompson School District R2-J
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 June 30, 2006
 (unaudited)

	General Obligation Long-Term Debt Outstanding	Percent Applicable to the District (1)	Net Direct and Overlapping Debt
School District R2-J	\$ 151,323,193	100.00%	\$ 151,323,193
Town of Berthoud	4,833,000	100.00%	4,833,000
Berthoud Fire District	1,745,000	31.43%	548,454
Total	\$ 157,901,193		\$ 156,704,647

(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, 2006
(unaudited)

Assessed Value		\$ 1,110,237,368
		<u>222,047,474</u>
Debt Limit (20% of Assessed Valuation)		222,047,474
Total Bonded Debt	\$ 151,323,193	
		<u>151,323,193</u>
Total Amount Applicable to Debt Limit		151,323,193
		<u>70,724,281</u>
Legal Debt Margin		\$ 70,724,281

Thompson School District R2-J

List of Principal Employers

June 30, 2006

(unaudited)

<u>Employer</u>	<u>2006</u> <u># of Employees</u>		<u>1997</u> <u># of Employees</u>
Thompson School District R2-J	2,030	Hewlett-Packard	1,600
Promenade Shops at Centerra	1,489	Thompson School District R2-J	1,500
Wal-Mart Distribution Center	964	McKee Medical Center	800
McKee Medical Center	950	Colorado Memory Systems	775
Hach Company	838	Wal-Mart Distribution Center	636
Woodward Governor	831	Hach Company	594
City of Loveland	702	City of Loveland	465
Group Publishing	400	Woodward Governor	450
The Outlets at Loveland	343	Sam's Club	200
Kroll Factual Data	254	Teledyne Water Pik	200

Source: Loveland Chamber of Commerce

Thompson School District R2-J
Demographics Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year (1)	Estimated Population (2)	Per Capita Personal Income (3)	Personal Income (4)	Unemployment Rate (5)
1997	50,724	\$ 23,841	\$ 1,209,310,884	3.80%
1998	52,496	24,852	1,304,630,592	3.20%
1999	54,169	27,607	1,495,443,583	3.80%
2000	55,431	28,386	1,573,464,366	3.10%
2001	58,426	29,178	1,704,753,828	2.90%
2002	59,883	30,198	1,808,346,834	4.10%
2003	60,837	30,220 a	1,838,494,140	4.80%
2004	62,397	31,543 a	1,968,188,571	5.20%
2005	65,752	-	-	5.30%
2006	67,023	-	-	4.10%

Sources: Population provided by Larimer County Planning Department. Per Capita Personal Income provided by Bureau of Economic Analysis. Unemployment rate provided by U.S. Department of Labor, Bureau of Labor Statistics.

- (1) Data available as of December 31 of the previous calendar year.
- (2) Estimates for Loveland and Berthoud only.
- (3) Data presented from information for Larimer County as a whole.
 - a. Forecasted by the Colorado Department of Local Affairs, Demography Office.
 - b. Information not available.
- (4) Computatin of per capita personal income multiplied by population.
- (5) Larimer County, separate City statistics not available.

*Note: Population info from Larimer County Planning Dept. annual report on-line; per capital personal income and unemployment rate from Larimer County CAFR.

Thompson School District R2-J
Number of Employees by Function
June 30, 2006
(unaudited)

<u>Employees: (Full and Part Time Positions)</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Administration					
Instructional Central Office Administrators	10	10	10	10	10
Principals & Asst. Principals	45	45	35	35	35
Support Central Office Administrators	10	10	5	5	5
Teaching Staff					
Teachers	985	1,015	850	850	845
Substitute Teachers	350	380	255	255	255
Guidance Counselors	40	45	25	25	25
Media Specialist	10	10	10	10	10
Teacher Aides	180	170	175	175	175
Support Services					
Nurses, Psychologists, and Social Workers	30	30	20	20	20
Pupil Transportation	125	115	100	100	100
Personnel Services	10	10	10	10	10
Operations and Maintenance	155	150	165	165	165
Fiscal Services and Data Processing	10	10	5	5	5
School Building Clerical	140	140	120	120	120
Other Professional Support Staff	130	145	45	45	45
Other Clerical Support	30	35	30	30	30
Food Services	115	115	150	150	150
Total	2,375	2,435	2,010	2,010	2,005

Source: Thompson School District Human Resources Department

2001 2000 1999 1998 1997

10 10 10 10 10
 35 35 35 35 35
 5 5 5 5 5

845 845 845 800 770
 255 255 255 280 225
 25 25 25 25 30
 10 10 10 10 10
 175 175 175 155 130

20 20 20 20 20
 100 100 100 95 80
 10 10 10 10 10
 165 165 165 155 155
 5 5 5 5 10
 120 120 120 125 120
 45 45 45 35 30
 30 30 30 35 30
 150 150 150 130 125

2,005 2,005 2,005 1,930 1,795

Thompson School District R2-J
 Operating Indicators
 June 30, 2006
 (unaudited)

	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>	
Funding per Student	\$	5,103	\$	5,441	\$	5,595	\$	5,721	\$	5,798
Funded Pupil Count		14,335.0		14,495.0		14,445.5		14,352.5		14,304.6
Total Funding per School Finance Act		<u>73,151,505</u>		<u>78,867,295</u>		<u>80,822,573</u>		<u>82,110,653</u>		<u>82,938,071</u>

Thompson School District R2-J
School Building Information
 June 30, 2006
 (unaudited)

<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>									
			<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Elementary Schools												
Berthoud	52,300	550	404	415	406	399	415	458	452	452	447	487
BF Kitchen	33,700	310	233	244	260	279	275	282	256	277	277	297
Big Thompson	32,400	255	212	211	224	231	257	267	290	289	294	323
Carrie Martin	32,400	315	307	285	281	265	258	239	231	246	288	318
Centennial	30,000	295	343	409	362	340	335	328	283	280	282	272
Cottonwood Plain:	57,400	580	529	485	463	464	469	457	437	410	359	349
Garfield	34,700	355	246	253	247	298	295	321	329	319	322	301
Ivy Stockwell	36,000	425	376	359	365	365	385	393	390	397	391	389
Laurene Edmonds:	32,600	320	310	304	315	320	311	309	296	307	291	268
Lincoln	38,100	380	431	327	306	308	300	290	292	304	322	328
Mary Blair	49,300	545	461	445	433	444	451	471	468	520	493	511
Monroe	51,100	550	409	430	411	441	387	388	392	399	405	416
Namaqua	51,200	590	603	580	591	626	649	625	598	568	550	494
Sarah Milner	35,800	420	345	353	381	405	463	474	454	467	440	405
Stansberry	31,400	245	235	246	273	288	314	340	349	355	346	342
Truscott	45,700	290	267	207	209	220	222	218	223	197	212	237
Van Buren	32,200	295	272	271	286	280	285	261	279	289	301	306
Winona	33,000	345	382	411	396	359	322	273	247	250	262	259
Middle Schools												
Bill Reed	128,800	925	645	697	693	727	707	714	695	704	1,054	1,010
Conrad Ball	96,100	750	794	784	809	781	764	749	721	672	955	934
Lucile Erwin	112,500	1,015	800	801	801	782	777	777	774	735	N/A	N/A
Turner	70,800	575	437	467	495	508	504	493	494	486	501	472
Walt Clark	104,300	870	770	789	753	756	741	811	751	797	868	893
High Schools												
Berthoud	129,800	780	673	681	704	689	685	667	659	663	630	644
Ferguson	10,200	100	97	105	94	102	112	120	140	116	131	94
Loveland	191,380	1,365	1,536	1,493	1,477	1,464	1,467	1,554	1,842	1,910	1,876	1,748
Mountain View	156,100	1,070	1,179	1,195	1,221	1,147	965	718	N/A	N/A	N/A	N/A
Thompson Valley	215,400	1,310	1,477	1,435	1,425	1,503	1,536	1,585	1,812	1,663	1,702	1,670

Source: Thompson School District Master Plans

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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 Thompson School District R2-J as of and for the year ended June 30, 2006, and have issued our report thereon dated October 20, 2006. 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.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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*.

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.

October 20, 2006

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, 2006. 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 on the Thompson School District R2-J's compliance with those requirements.

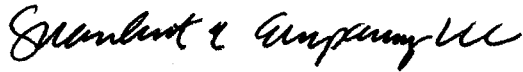
In our opinion, the Thompson School District R2-J complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.



October 20, 2006

Thompson School District R2-J
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes no

- Reportable conditions 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

- Reportable conditions 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
- 93.600 Head Start

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

Auditee qualified as low-risk auditee? yes _____ no

Financial Statement Findings

The audit of the financial statements did not disclose reportable conditions in the internal control that would be considered material weaknesses, and did not disclose fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose reportable conditions 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.



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 Thompson School District R2-J, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 20, 2006. 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.

October 20, 2006

Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA Number	Accrued (Deferred) Revenue June 30, 2005	Grant Receipt	Grant Expenditures	Accrued (Deferred) Revenue June 30, 2006
U.S. Department of Education					
Passed Through State Department of Education					
Title I	84.010	\$ 248,340	\$ 1,025,026	\$ 1,158,487	\$ 381,801
Comprehensive School Reform Demonstration	84.332	(674)	-	-	(674)
Migrant Education	84.011	(9,563)	23,645	52,656	19,448
Special Education	84.027	341,685	2,257,995	2,609,664	693,354
Special Education Preschool	84.173	14,338	75,274	81,452	20,516
Improving Teacher Quality	84.367	112,335	410,255	435,749	137,829
Innovative Education	84.298	18,917	45,377	39,589	13,129
Safe and Drug Free Schools	84.186	14,642	44,130	47,924	18,436
Vocational Rehabilitation	84.126	12,572	110,338	109,024	11,258
Education Technology	84.318	47,876	52,653	27,254	22,477
English Language Acquisition	84.365	11,193	48,767	68,407	30,833
Hurricane Education Recovery	84.938	-	8,080	9,835	1,755
Passed Through State Community Colleges & Occupational Education System:					
Vocational Education	84.048	25,668	65,880	56,257	16,045
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>837,329</u>	<u>4,167,420</u>	<u>4,696,298</u>	<u>1,366,207</u>
U.S. Department of Agriculture					
Passed through State Department of Human Services:					
Food Distribution	10.550	-	152,040	152,040	-
Passed Through State Department of Education:					
School Breakfast Program	10.553	17,530	178,032	181,786	21,284
National School Lunch	10.555	107,084	1,051,462	1,056,598	112,220
Summer Food Service Program for Children	10.559	24,240	43,909	39,266	19,597
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>148,854</u>	<u>1,425,443</u>	<u>1,429,690</u>	<u>153,101</u>
U.S. Department of Health and Human Services					
Direct Program					
Headstart	93.600	186,249	915,691	871,160	141,718
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>186,249</u>	<u>915,691</u>	<u>871,160</u>	<u>141,718</u>
U.S. Department of Veteran Affairs					
Passed Through State Department of Education					
Learn and Serve America	94.004	(4,749)	20,000	21,407	(3,342)
TOTAL U.S. DEPARTMENT OF VETERAN AFFAIRS		<u>(4,749)</u>	<u>20,000</u>	<u>21,407</u>	<u>(3,342)</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 1,167,683</u>	<u>\$ 6,528,554</u>	<u>\$ 7,018,555</u>	<u>\$ 1,657,684</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.

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 Thompson School District R2-J, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 20, 2006. 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

October 20, 2006

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001 - 0999 Total Expenditures & Other Uses	6700 - 6799 & Prior Per Adj (6880*) & Ending Fund Balance
Governmental				
10 General Fund	12,575,724	86,123,439	84,825,550	13,873,612
11 Charter School Fund	0	0	0	0
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	30,688	207,215	156,248	81,655
20 Special Revenue Fund	6,111,848	7,957,397	8,097,795	5,971,451
21 Capital Reserve Spec Revenue Fund	1,126,226	3,742,057	3,715,901	1,152,382
22 Govt Designated-Purpose Grants Fund	-82,374	5,961,872	5,787,908	91,589
23 Pupil Activity Special Revenue Fund	15,623	1,255,571	1,200,776	70,419
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	336,136	329,359	329,359	336,136
31 Bond Redemption Fund	9,885,780	11,982,133	9,386,497	12,481,416
41 Building Fund	214,666	96,337,963	8,559,778	87,992,851
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	30,214,316	213,897,006	122,059,810	122,051,512
Proprietary				
51 Food Service Fund	838,002	3,741,493	3,630,472	949,023
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	361,040	824,509	1,035,681	149,869
60, 65-69 Other Internal Service Funds	0	0	0	0
TOTALS	1,199,042	4,566,002	4,666,152	1,098,892
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	67,651	85,271	64,268	88,654
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	885,798	2,719,733	2,643,980	961,551
85 Foundations	0	0	0	0
TOTALS	953,449	2,805,004	2,708,248	1,050,205

*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.