



**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2010**  
**Thompson R2-J School District**  
**[www.thompsonschoools.org](http://www.thompsonschoools.org)**

# **THOMPSON SCHOOL DISTRICT R2-J**

Loveland, Berthoud, & Fort Collins Colorado

## **Comprehensive Annual Financial Report**

For the Year Ended  
**June 30, 2010**

Prepared by the  
Financial Services Department

Chief Financial Officer  
Stephen Towne

Manager of Accounting and Reporting  
Luke Gonzales

**Thompson School District R2-J  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

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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



November 15, 2010

**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, 2010.

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, 2010.

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, 2010, 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, 2010, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

The District, reorganized in 1960, now comprised of 30 schools: five high schools, five middle schools, and nineteen elementary schools. During 2006-07 the District added its' first charter school. All of the schools are located in the City of Loveland, City of Fort Collins or the Town of Berthoud in Northern Colorado. The geographic area of the District is 362 square miles located mainly in southern Larimer County. Student enrollment has steadily increased over the past two decades; the enrollment was 14,492 students for the 2009-10 school year. The District's Board of Education is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

The annual budget serves as the foundation of the District's financial planning and control. The District maintains extensive budgetary controls, to ensure compliance with legal requirements, Board of Education policies and District administration guidelines. The legal level of budgetary control is the fund level. The District's budget must be adopted by June 30 prior to the budget year, but may be revised for any reason prior to October 15 of the budget year. Budgets are developed and monitored for compensation costs, utilities and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

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

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

## **Factors Affecting Financial Condition**

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

**Local economy.** The District has been negatively impacted by the loss of technology jobs in the past several years. In addition, the current national and statewide recession has had a predictable impact on



the local area as well. Local healthcare and retail sales opportunities remain the likely growth leaders once economic recovery begins.

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

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

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

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

Beginning in 08/09 however, a significant state and national economic downturn has negatively impacted school funding in Colorado irregardless of this amendment.

During 08/09 and 09/10, rescissions to School Finance Act funding resulted in lost revenue to the district of approximately \$500,000 and \$2.3 million respectively against original state formula driven appropriations.

And in 10/11 original appropriations by the state were approximately \$5.9 million less than original 09/10 appropriations for the district.

Clearly, as long as the state budget shortfalls continue, k-12 funding will continue in its current state of flux.

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

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that of local property taxes for approximately 1/3 of its School Finance Act revenues. Those property tax revenues are collected mostly during the latter part of the fiscal year. The district continues to maintain sufficient internal reserves, which prevent any cash flow concerns.

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

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

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

\* Shown on a per claim or incident basis

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

### **Pension and Other Postemployment Benefits**

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

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

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

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

### **Awards and Acknowledgements**

The Government Finance Officers Association's (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty-first consecutive year that the government has received this prestigious award. The District also received the Association of School Business Officials

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, 2009. This was the twenty-first 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 twelfth 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.

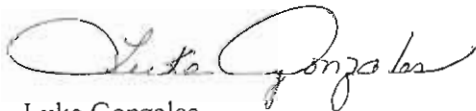
Respectfully submitted,



Dr. Ron Cabrera  
Superintendent of Schools



Stephen Towne  
Chief Financial Officer



Luke Gonzales  
Manager of Accounting & Reporting

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Thompson R2-J School District  
Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



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

President

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

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**THOMPSON R2-J SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

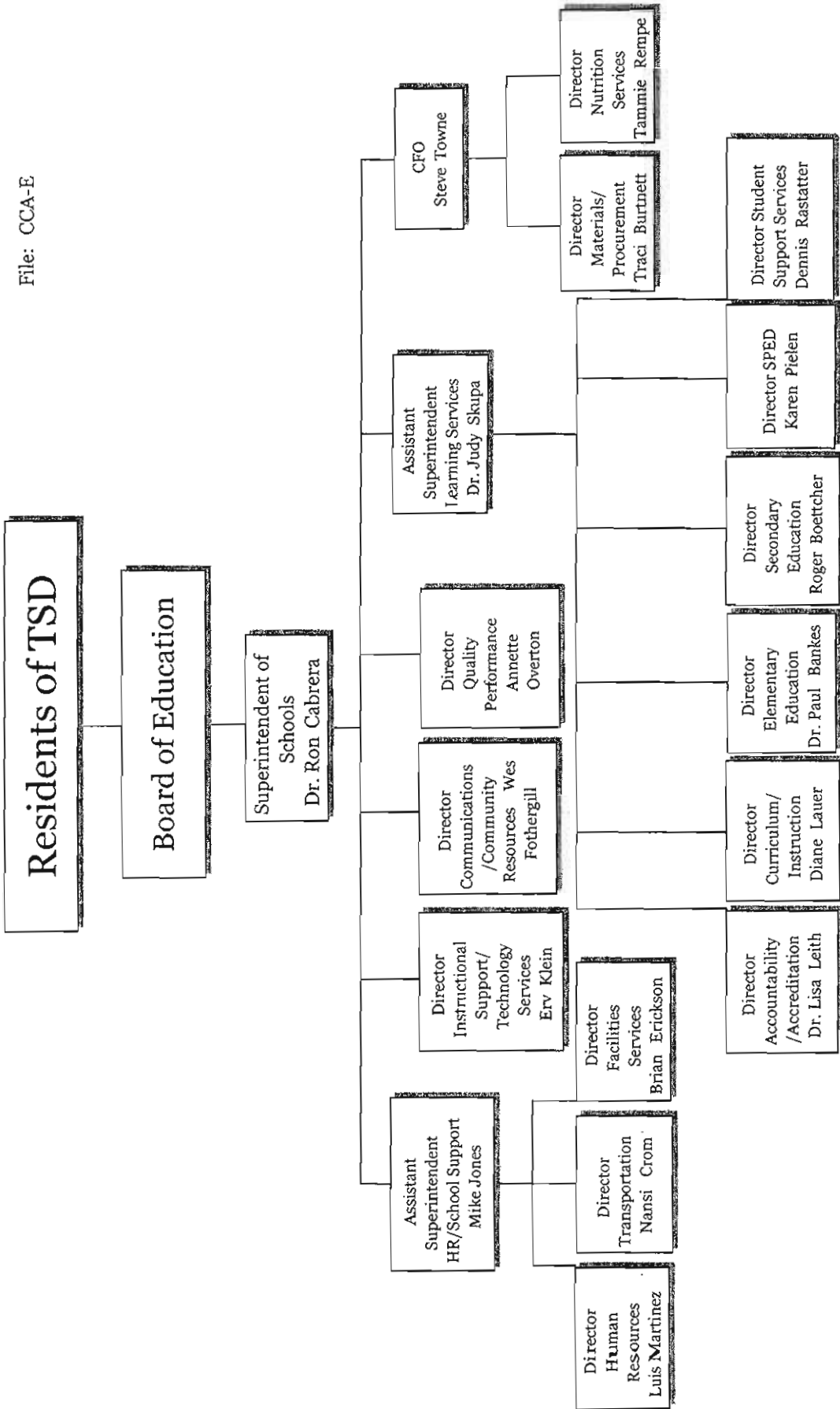
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*Erin Green*

President

*John D. Munson*

Executive Director



### **Board of Education**

Lucille Steiner, President	Term Expires 2011
Lola Johnson, Vice President	Term Expires 2011
Karen Stockley, Treasurer	Term Expires 2011
Sharon Olson, Secretary	Term Expires 2013
Dennis Breitbarth	Term Expires 2013
Leonard Sherman	Term Expires 2013
Leslie Young	Term Expires 2011

### **Superintendent's Executive Staff**

Dr. Ronald G. Cabrera	Superintendent
Michael Jones	Assistant Superintendent, HR/School Support
Dr. Judy Skupa	Assistant Superintendent, Learning Services
Stephen Towne	Chief Financial Officer
Wes Fothergill	Director of Communications/Community Resources
Erv Klein	Director of Instructional Support/Technology Services
Annette Overton	Director of Quality Performance
Shana Garcia	Executive Assistant to Superintendent/BOE Secretary

## **FINANCIAL SECTION**

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

The levels of the pyramid are:

### **Financial Section**

#### **Independent Auditors’ Report:**

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

#### **Management’s Discussion and Analysis:**

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

#### **Basic Financial Statements**

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

#### **Required Supplemental Information**

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

#### **Combining of Non-major Funds and Individual Fund Statements**

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





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

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the Thompson School District R2-J, as listed in the table of contents. These financial statements are the responsibility of the Thompson School District R2-J's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Vision Charter School, which represent 85 percent and 86 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts included for the New Vision Charter School, is based solely upon the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of June 30, 2010, 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 required 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 November 15, 2010, on our consideration of the Thompson School District R2-J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

A handwritten signature in cursive script, appearing to read "J. M. [unclear]".

November 15, 2010

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

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, 2010. 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 2010 are as follows:

- In total, net assets increased by \$2,752,748 for the year ended June 30, 2010. The net increase was composed of the following elements:

Invested in Capital Assets, net of Related Debt	\$ 2,113,289
Restricted for:	
Debt Services	1,178,707
TABOR	8,797
Other Purposes	(821,364)
Unrestricted	273,319
Net Increase	\$ 2,752,748

The amount "invested in Capital Assets, net of related debt" increased as a result of activity in the Building Fund. Net assets restricted for Debt Service increased due to the increase in balance in the Bond Redemption Fund. The Colorado Revised Statute Article X, Section 20 (Taxpayer Bill of Rights (TABOR)) requires the district to establish reserves for this Amendment. The increase is due to the revenue growth. Net assets restricted for other purposes increased due to the net change in the Grants fund balance. The Unrestricted Net Assets increased overall as a result of the change in the General Fund.

- Total assets of governmental activities decreased by \$4,444,191 attributed to the following elements:

	Increase (Decrease)
Cash	\$ (12,384,393)
Receivables	1,022,106
Due from Other Governments	588,928
Bond Issuance Costs	(49,139)
Capital Assets, net of Accumulated Depreciation	6,378,307
Net Decrease	\$ (4,444,191)

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

The decrease in cash was due to the spending of Bond dollars for construction projects. The increase in receivables was primarily due to the increase in the year-end property tax receivable. The increase in Due from Other Governments was from federal grants such as Title I Improvements, ARRA and Special Education grants. Capital assets increased as a result of building projects funded by the 2005 Bonds. Highlights of the spending include the additions to Berthoud High School and Mountain View High School, the full renovation of Ferguson High School and Coyote Ridge Elementary being completed. Along with the in-process projects of Thompson Valley High School, Bill Reed Middle School, Lucille Erwin Middle School, Centennial Elementary, Lincoln elementary, Van Buren elementary, and Winona Elementary.

- Total assets of business type activities increased by \$147,633 attributed to the following elements:

	Increase (Decrease)
Cash	\$ 160,197
Due from Other Governments	(102,346)
Inventory	103,268
Capital Assets, net of Accumulated Depreciation	(13,486)
Net Increase	<u>\$ 147,633</u>

The most significant increases were Cash due to the Nutrition Services program improved operating results and increased inventory levels. The most significant decrease was Due from Other Governments as a result of reimbursements timing for the Food Service program.

- Total Liabilities of governmental activities decreased by \$7,067,453 due to the following items:

	Increase (Decrease)
Accounts Payable	\$ (1,398,450)
Accrued Salaries and Benefits	286,185
Retainage Payable	102,837
Accrued Interest Payable	(730)
Due to Other Governments	70,504
Liabilities due within one year	675,783
Liabilities due in more than one year	(6,803,582)
Net Decrease	<u>\$ (7,067,453)</u>

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

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

- The short-term and long-term debt changes of significance are due to fluctuations in the annual debt payment schedules. Other changes in liabilities are minimal variations expected during the course of business.
- Total liabilities for business type activities increased by \$18,146. An increase in the accounts payable and accrued salaries and benefits of \$3,615 and \$16,521 respectively makes up the majority of the change.
- Governmental-activities general revenues accounted for \$125.0 million in revenue or 90 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions, accounted for \$16.0 million or 10 percent of total revenues of \$139.4 million.
- The District had \$138.4 million in expenses related to governmental activities; only \$16.0 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$125.0 million were adequate to provide for these programs.
- Among major funds, the general fund had \$117.5 million in revenues and \$116.4 million in expenditures and transfers out. The general fund's fund balance increased to \$25.3 million from \$24.1 million.
- Net assets for Enterprise funds increased over last year as a result of significant decrease in expenses during the year, while pricing to the fund's customers went up slightly as a result of the board authorized price increases effective for the 2009-10 school year.

**Overview of the Financial Statements**

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

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

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

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

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

***Government-wide Statements***

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

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

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

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

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

***Fund Financial Statements***

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

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

**Thompson School District R2-J  
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- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

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

### **Financial Analysis of the District as a Whole**

Total assets decreased \$4.4 million. Cash and cash equivalents decreased \$12.4 million. The District's receivables increased \$1.0 million due to the growth in property taxes assessed versus last year. The District's Capital Assets Net of Accumulated Depreciation increased \$6.4 million. The District capitalized assets during the year of \$48.3 million compared to depreciation of \$6.7 million.

The District's *combined* net assets increased by 3.10% over the previous year to \$91.5 million. Most of this change in the District's financial position came from its governmental activities, the net assets of which increased \$2.6 million to \$90.5 million.

The Colorado Amendment X to the State Constitution (Taxpayer Bill of Rights (TABOR)) requires the district to establish certain reserves. The increase is due to the revenue increase calculation of TABOR. Net assets reserved for other purposes decreased due to the reduction in the Government Designated – Purpose Grants Fund balance. The Unrestricted Net Assets was increased overall, mainly due to the increase in the General Fund's fund balance.

The net assets of the District's business-type activities increased \$129,487 to \$1,002,375.

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

Table 1 provides a summary of the District's net assets for 2010 compared to 2009:

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2009-2010
	2010	2009	2010	2009	2010	2009	
<b>Assets</b>							
Current assets	\$ 69.307	\$ 80.080	\$ 0.872	\$ 0.710	\$ 70.179	\$ 80.790	\$ -13.13%
Non-current assets	178.262	171.933	0.387	0.401	178.649	172.334	3.66%
<b>Total Assets</b>	<b>247.569</b>	<b>252.013</b>	<b>1.259</b>	<b>1.111</b>	<b>248.828</b>	<b>253.124</b>	<b>-1.70%</b>
<b>Liabilities</b>							
Current Liabilities	24.773	25.037	0.245	0.227	25.018	25.264	-0.97%
Long-Term Liabilities	132.258	139.061	0.011	0.011	132.269	139.072	-4.89%
<b>Total Liabilities</b>	<b>157.031</b>	<b>164.098</b>	<b>0.256</b>	<b>0.238</b>	<b>157.287</b>	<b>164.336</b>	<b>-4.29%</b>
<b>Net Assets</b>							
Invested in Capital net of related debt	52.399	50.272	0.387	0.401	52.786	50.673	4.17%
Restricted	20.718	20.345	0.062	0.069	20.780	20.413	1.80%
Unrestricted	17.421	17.298	0.553	0.403	17.974	17.701	1.54%
<b>Total Net Assets</b>	<b>\$ 90.538</b>	<b>\$ 87.915</b>	<b>\$ 1.002</b>	<b>\$ 0.873</b>	<b>\$ 91.540</b>	<b>\$ 88.787</b>	<b>\$ 3.10%</b>

Table 2 shows the changes in net assets for fiscal year 2010 compared to 2009:

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

	Governmental Activities		Business-Type Activities		Total School District	
	2010	2009	2,010	2,009	2010	2009
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,325	\$ 1,520	\$ 1,952	\$ 1,940	\$ 3,277	\$ 3,460
Operating Grants & Contributions	14.720	12.656	2.467	1.986	17.187	14.642
<b>General revenues</b>						
Property taxes	59.700	58.622	-	-	59.700	58.622
State revenue	64.803	62.255	-	-	64.803	62.255
Other	0.492	1.186	-	-	0.492	1.186
<b>Total Revenues</b>	<b>141.040</b>	<b>136.239</b>	<b>4.419</b>	<b>3.926</b>	<b>145.459</b>	<b>140.165</b>
<b>Expenses</b>						
Instruction	72.939	69.894	-	-	72.939	69.894
Pupil & Instructional Services	22.688	19.474	-	-	22.688	19.474
Administration & Business	13.502	11.580	-	-	13.502	11.580
Maintenance & Operations	5.885	13.799	-	-	5.885	13.799
Transportation	12.243	4.153	-	-	12.243	4.153
Other	11.160	11.491	4.348	4.011	15.508	15.502
<b>Total expenses</b>	<b>138.417</b>	<b>130.391</b>	<b>4.348</b>	<b>4.011</b>	<b>142.765</b>	<b>134.402</b>
<b>Transfers</b>						
			0.058	0.303	0.058	0.303
<b>Increase (decrease) in net assets</b>	<b>\$ 2.623</b>	<b>\$ 5.848</b>	<b>\$ 0.129</b>	<b>\$ 0.218</b>	<b>\$ 2.752</b>	<b>\$ 6.066</b>

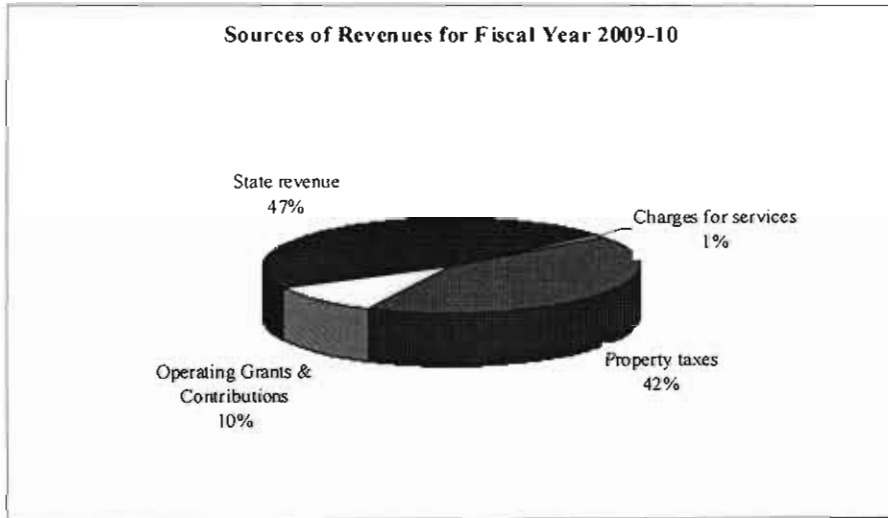


**Thompson School District R2-J  
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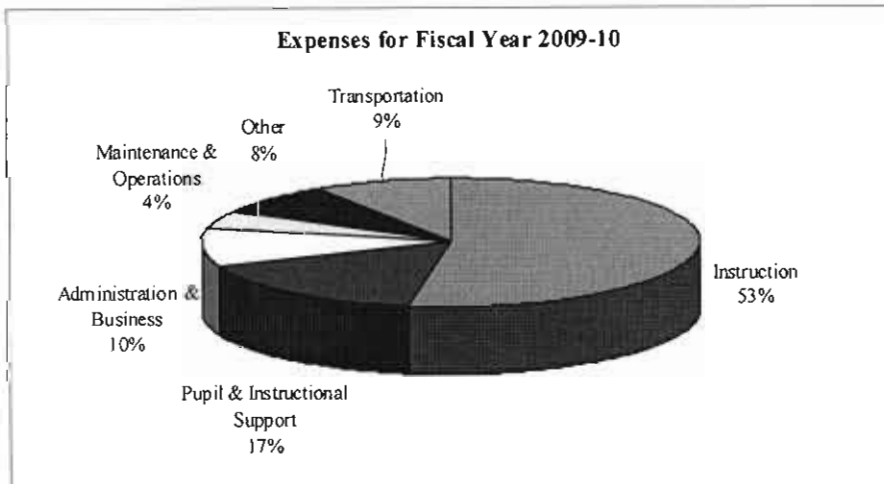
State equalization and property taxes accounted for most of the District's total revenue, with each contributing 47 cents and 42 cents of every dollar raised respectively (Table 3). Another 10 percent came from state and federal grants for specific programs and the remainder from fees charged for services.

The District's expenses (78 percent) are predominantly related to instructing, caring for (pupil services) and transporting students (Table 4). The District's administrative and business activities accounted for 10 percent of total costs, while maintenance and other operations cost 12 percent.

**Table 3**



**Table 4**



**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

*Governmental Activities*

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$6,714 per funded pupil. In fiscal year 2009-10 the funded pupil count was 14,492. For the 2009-10 fiscal year the District continued to be one of the lowest funded districts in the state. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The District receives approximately 67 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax. State law allows school districts to obtain an additional 25 percent of SFA program funding from local property taxes. This is accomplished by successfully passing a mill levy override ballot question.

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

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

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

This particular override allows for maximum annual revenue of \$6,540,000 in property taxes with annual mills levied not exceeding 4.15 in any year. For 2009-2010 the expected revenues from this mill levy were just under \$5.5 million. Conservative growth projections (3.5% per year) on future District assessed valuations suggest this override will not reach its annual revenue maximum until the 2015-2016 fiscal year. The initial years of the override are still expected to generate reserves which will remain designated for use on the override's primary objectives until such time as inflation requires use of other ongoing resources to balance this fund's budget on an annual basis.

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

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

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

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction	\$ 72.939	\$ 69.894	\$ 60.942	\$ 59.474
Pupil & Instructional Support	22.688	19.474	20.594	17.596
Administration & Business	13.502	11.580	13.296	11.314
Maintenance & Operations	5.882	13.799	5.822	13.746
Transportation	12.243	4.153	11.200	3.224
Other	11.160	11.491	10.518	10.862
<b>Total expenses</b>	<b>\$ 138.414</b>	<b>\$ 130.391</b>	<b>\$ 122.372</b>	<b>\$ 116.216</b>

The cost of all *governmental* activities this year was \$138.4 million.

- Some of the cost was financed by the users of the District's programs (\$1.3 million).
- The federal and state government subsidized certain programs with grants and contributions (\$14.7 million).
- Most of the District's costs (\$122.4 million), however, were financed by State and District taxpayers.
- A portion of governmental activities was financed with \$64.8 million in state equalization from the School Finance Act of 1994 (SFA) and \$55.6 million in property taxes, (\$30.4 million from the SFA, \$13.2 from the 1999 and 2006 voter approved mill levy overrides; and \$12.1 million raised to repay the District's annual payment on Bonded debt.)

***Business-Type Activities***

Business-type activities of the district are limited to the nutritional services fund. This program had revenues of \$4.4 million and expenses of \$4.3 million. 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 \$139.4 million and expenditures of \$150.9 million. The general funds' fund balance increased by \$1.1 million due to improved performance versus budget. Revenue was lower than anticipated in two areas; equalization entitlements were less than budget by \$2.3 million (state rescission) and property taxes were lower by \$423,000. Actual expenditures were \$5.9 million below budget. The building fund is spending the 2005 Bond proceeds; this causes the total expenditures to be higher than total revenues.

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

**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 1.4 million lower than expected due to the state's rescission of \$2.3 million.
- The actual expenditures were \$5.9 million below budget. Schools and departments are allowed to carryover certain unused dollars, which were approximately \$4.03 million at June 30, 2010. The 2009-10 budget reflects all carryover from the previous year (\$3.36 million) being spent.

**Capital Assets and Debt Administration**

By the end of 2010, the District had invested \$177.9 million in land, buildings, equipment, and transportation vehicles, \$177.5 million, of which was in governmental activities. Table 6 shows a comparison of fiscal years 2010 and 2009:

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

	Governmental Activities		Business-Type Activities		Total School District	
	2010	2009	2010	2009	2010	2009
Land	\$ 14.811	\$ 14.811	\$ -	\$ -	\$ 14.811	\$ 14.811
Water Rights	1.050	1.050	-	-	1.050	1.050
Construction in Progress	21.194	44.897	-	-	21.194	44.897
Buildings	134.522	104.559	-	-	134.522	104.559
Equipment	2.972	2.198	0.387	0.401	3.359	2.599
Transportation	2.976	3.632	-	-	2.976	3.632
<b>Totals</b>	<u>\$ 177.525</u>	<u>\$ 171.147</u>	<u>\$ 0.387</u>	<u>\$ 0.401</u>	<u>\$ 177.912</u>	<u>\$ 171.548</u>

Construction in Progress decreased as a result of the additions to Berthoud High School and Mountain View High School, the full renovation of Ferguson High School and Coyote Ridge Elementary being completed. Along with the in-process projects of Thompson Valley High School, Bill Reed Middle School, Lucille Erwin Middle School, Centennial Elementary, Lincoln elementary, Van Buren elementary, and Winona Elementary.

Additional information on the District's capital assets can be found in Note 5 of the Notes to Financial Statements report, page 37.

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

***Long-Term Debt***

At year-end, the District had \$135.2 million in bonds, certificates of participation and capital leases payable, \$7.4 million due within one year (Table 7).

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

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
General Obligation Bonds	\$ 130.638	\$ 135.763
Certificates of Participation	3.450	3.635
Capital Lease Obligation Payable	1.071	1.258
<b>Total</b>	<b>\$ 135.159</b>	<b>\$ 140.656</b>

Additional information on the District's long-term debt can be found in Notes 7 through 10 of this report.

**Factors Bearing on the District's Future**

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

- With a significant economic downturn across the state and across the nation, the state budget for Colorado has suffered tremendously. Despite federal efforts to stimulate the economy and provide supplementary one-time funds to states to help offset revenue decreases a portion of K-12 funding in 2009-10 (\$2.3 million) was rescinded by the state. 2010-11 district funding was reduced by \$5.9 million versus 2009-10 original appropriations. It appears likely further funding cuts loom for 2011-12. While the District has done well to build its General Fund reserves in recent years significant expenditure reductions from current levels will nevertheless be required for the near term future.

In November 2000 the voters of the State of Colorado passed a statewide referendum, Amendment 23. This amendment established a school funding reserve from state surplus dollars. This reserve has helped fund the School Finance Act who's funding, by this amendment was guaranteed for 10 years to equal inflation plus one percent. 2010-11 is the final year of guaranteed increase. This guarantee did not ultimately ensure the expected increases for k-12 funding, as evidenced by the recent years declines.

**Thompson School District R2-J  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2010**

**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, 2010**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 61,944,189	\$ 524,508	\$ 62,468,697	\$ 1,880,252
Restricted Cash and Cash Equivalents	-	-	-	523,019
Receivables	5,213,358	-	5,213,358	3,844
Prepaid Expense	-	-	-	570,000
Due from Other Governments	2,148,985	77,605	2,226,590	-
Inventory	-	269,318	269,318	-
<b>Total Current Assets</b>	<b>69,306,532</b>	<b>871,431</b>	<b>70,177,963</b>	<b>2,977,115</b>
<b>Noncurrent Assets</b>				
Bond Issuance Costs, (net of Accumulated Amortization)	737,100	-	737,100	167,512
Capital Assets (net of Accumulated Depreciation - where applicable):				
Land	14,810,666	-	14,810,666	-
Water Rights	1,050,000	-	1,050,000	-
Construction in Progress	21,193,974	-	21,193,974	-
Buildings	134,522,329	-	134,522,329	3,571,019
Equipment	2,972,346	387,092	3,359,438	-
Transportation	2,975,909	-	2,975,909	-
<b>Total Noncurrent Assets</b>	<b>178,262,324</b>	<b>387,092</b>	<b>178,649,416</b>	<b>3,738,531</b>
<b>Total Assets</b>	<b>247,568,856</b>	<b>1,258,523</b>	<b>248,827,379</b>	<b>6,715,646</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	1,960,310	37,093	1,997,403	25,002
Accrued Salaries and Benefits	12,336,531	134,139	12,470,670	102,212
Retainage Payable	525,372	-	525,372	-
Accrued Interest Payable	232,156	-	232,156	81,466
Due to Other Governments	241,900	-	241,900	-
Unearned Revenue	-	69,566	69,566	-
Current Portion of Long-Term Debt	9,476,958	4,500	9,481,458	37,485
<b>Total Current Liabilities</b>	<b>24,773,228</b>	<b>245,298</b>	<b>25,018,526</b>	<b>246,165</b>
<b>Noncurrent Liabilities</b>				
Loan Payable	-	-	-	4,803,371
Bonds Payable	123,657,310	-	123,657,310	-
Certificates of Participation	3,260,000	-	3,260,000	-
Capital Lease Obligations	876,179	-	876,179	-
Compensated Absences	230,287	10,850	241,137	-
Early Retirement Stipends	4,234,009	-	4,234,009	-
<b>Total Noncurrent Liabilities</b>	<b>132,257,785</b>	<b>10,850</b>	<b>132,268,635</b>	<b>4,803,371</b>
<b>Total Liabilities</b>	<b>157,031,013</b>	<b>256,148</b>	<b>157,287,161</b>	<b>5,049,536</b>
<b>Net Assets</b>				
Invested in Capital Assets, net of Related Debt	52,399,048	387,092	52,786,140	(1,269,837)
Restricted for:				
Debt Service	14,663,788	-	14,663,788	479,651
TABOR	4,648,188	62,547	4,710,735	90,600
Repairs and Replacements	-	-	-	43,368
Land and Land Improvements	972,729	-	972,729	-
Grants	297,406	-	297,406	-
Colorado Preschool Program	135,347	-	135,347	-
Unrestricted	17,421,337	552,736	17,974,073	2,322,328
<b>Total Net Assets</b>	<b>\$ 90,537,843</b>	<b>\$ 1,002,375</b>	<b>\$ 91,540,218</b>	<b>\$ 1,666,110</b>

The accompanying notes are an integral part of this statement



**Thompson School District R2-J  
Statement of Activities  
For the Year Ended June 30, 2010**

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>
<b>Primary Government</b>			
<b>Government Activities</b>			
Total Instruction	\$ 72,938,988	\$ 716,533	\$ 11,280,491
<b>Support Services</b>			
Pupil Services	10,866,456	-	1,460,581
Instructional Staff	11,821,156	39,125	594,183
General Administration	1,123,991	-	-
School Administration	8,790,951	-	199,807
Business Services	3,587,229	6,288	-
Maintenance/Operations	5,882,278	-	60,057
Pupil Transportation	12,242,873	-	1,042,751
Central Supporting Services	4,045,434	562,606	-
Community Services	925,487	-	79,154
Interest on Long-term Debt	6,188,909	-	-
<b>Total Support Services</b>	<u>65,474,766</u>	<u>608,019</u>	<u>3,436,533</u>
<b>Total Governmental Activities</b>	<u>138,413,754</u>	<u>1,324,552</u>	<u>14,717,024</u>
<b>Business-Type Activities</b>			
Nutritional Services	4,348,417	1,952,303	2,466,807
<b>Total Business-Type Activities</b>	<u>4,348,417</u>	<u>1,952,303</u>	<u>2,466,807</u>
<b>Total School District</b>	<u>142,762,171</u>	<u>3,276,855</u>	<u>17,183,831</u>
<b>Component Units</b>			
Charter School	2,915,571	62,297	10,455
Thompson Education Foundation	359,904	-	403,401
	<u>\$ 3,275,475</u>	<u>\$ 62,297</u>	<u>\$ 413,856</u>

**General Revenues**

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

**Total General Revenues and Transfers**

**Changes in Net Assets**

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of this statement

Net (Expenses) Revenues  
And Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Units
(60,941,964)	-	(60,941,964)	-
(9,405,875)	-	(9,405,875)	-
(11,187,848)	-	(11,187,848)	-
(1,123,991)	-	(1,123,991)	-
(8,591,145)	-	(8,591,145)	-
(3,580,941)	-	(3,580,941)	-
(5,822,221)	-	(5,822,221)	-
(11,200,122)	-	(11,200,122)	-
(3,482,828)	-	(3,482,828)	-
(846,333)	-	(846,333)	-
(6,188,909)	-	(6,188,909)	-
(61,430,214)	-	(61,430,214)	-
(122,372,178)	-	(122,372,178)	-
-	70,693	70,693	-
-	70,693	70,693	-
(122,372,178)	70,693	(122,301,485)	-
-	-	-	(2,842,819)
-	-	-	43,497
-	-	-	(2,799,322)
30,378,658	-	30,378,658	-
13,209,662	-	13,209,662	-
12,053,521	-	12,053,521	-
4,058,837	-	4,058,837	-
64,803,052	-	64,803,052	-
232,579	-	232,579	-
317,332	592	317,924	81,281
-	-	-	42,688
-	-	-	2,791,036
(58,202)	58,202	-	-
124,995,439	58,794	125,054,233	2,915,005
2,623,261	129,487	2,752,748	115,683
87,914,582	872,888	88,787,470	1,550,427
\$ 90,537,843	\$ 1,002,375	\$ 91,540,218	\$ 1,666,110

**Thompson School District R2-J**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	<b>General</b>	<b>Government Designated- Purpose Grants</b>	<b>Bond Redemption</b>	<b>Building</b>
<b>ASSETS</b>				
Cash and Investments	\$ 35,963,099	\$ 297,337	\$ 13,248,792	\$ 6,989,977
Receivables	4,134,498	-	1,078,860	-
Due from Other Governments	-	2,148,985	-	-
	-	2,148,985	-	-
<b>Total Assets</b>	<b>\$ 40,097,597</b>	<b>\$ 2,446,322</b>	<b>\$ 14,327,652</b>	<b>\$ 6,989,977</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 720,505	\$ 55,451	\$ -	\$ 814,889
Accrued Salaries and Benefits	11,166,896	1,052,486	-	-
Due to Other Government	-	241,900	-	-
Deferred Revenue	2,951,750	750,571	838,665	-
Retainage Payable	-	-	-	483,558
	-	-	-	483,558
<b>Total Liabilities</b>	<b>14,839,151</b>	<b>2,100,408</b>	<b>838,665</b>	<b>1,298,447</b>
<b>Fund Balances</b>				
Reserved for TABOR	4,592,643	48,508	-	-
Reserved for Debt Services	-	-	13,488,987	-
Reserved for Capital Projects	-	-	-	5,691,530
Reserved for Other Purposes	135,347	297,406	-	-
Unreserved, reported in:				
Designated General Fund (mill levy)	3,279,923	-	-	-
Undesignated General Fund	17,250,534	-	-	-
Undesignated Special revenue funds	-	-	-	-
	-	-	-	-
<b>Total Fund Balances</b>	<b>25,258,446</b>	<b>345,914</b>	<b>13,488,987</b>	<b>5,691,530</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,097,597</b>	<b>\$ 2,446,322</b>	<b>\$ 14,327,652</b>	<b>\$ 6,989,977</b>

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, 2010**

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>			
\$ 5,444,984	\$ 61,944,189	Amounts reported for governmental activities in the statement of net assets are different because:		
-	5,213,358			
-	2,148,985			
\$ 5,444,984	\$ 69,306,532	Total Fund Balance - Governmental Funds	\$	49,701,433
		Capital assets used in governmental activities are not financial resources & therefore are not reported as assets in governmental funds.		
		The cost of capital assets is	259,741,033	
		Accumulated depreciation is	<u>(82,215,809)</u>	177,525,224
		Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds		4,540,986
\$ 369,465	\$ 1,960,310	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end in the funds. Long-term liabilities at year end consist of:		
117,149	12,336,531		Accrued Interest Payable	232,156
-	241,900		Bonds Payable	116,969,738
-	4,540,986		Bond Issuance Costs	(737,100)
41,814	525,372		Loss on Reissuance Cost	(1,414,999)
528,428	19,605,099	Premium on Bond Financing	4,788,929	
		Deferred Interest	10,293,642	
7,037	4,648,188	Capital Lease Obligations	1,071,301	
336,136	13,825,123	Certificates of Participation	3,450,000	
-	5,691,530	Compensated Absences	510,287	
972,729	1,405,482	Early Retirement Stipends	<u>6,065,845</u>	
-	3,279,923			(141,229,801)
-	17,250,534			
3,600,654	3,600,654			
4,916,556	49,701,433			
-	-			
\$ 5,444,984	\$ 69,306,532	Total Net Assets - Governmental Activities	\$	<u>90,537,843</u>

**Thompson School District R2-J**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Building</u>
<b>Revenue</b>				
Taxes	\$ 46,727,430	\$ -	\$ 12,053,521	\$ -
Intergovernmental	70,618,117	8,133,793	-	-
Investment earnings	198,062	1,919	67,950	25,429
Other	-	-	-	-
<b>TOTAL REVENUE</b>	<u>117,543,609</u>	<u>8,135,712</u>	<u>12,121,471</u>	<u>25,429</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
Salaries and Benefits	55,548,538	3,923,127	-	-
Purchased Services	1,630,625	278,682	-	-
Supplies and Materials	2,630,019	363,312	-	-
Equipment	593,237	49,448	-	-
Other Expenditures	85,477	10,584	-	-
Total Instruction	<u>60,487,896</u>	<u>4,625,153</u>	<u>-</u>	<u>-</u>
<b>Support Services</b>				
Pupil Services	7,233,494	3,235,514	-	-
Instructional Staff	9,429,967	966,869	-	-
General Administration	740,878	-	-	316,872
School Administration	7,996,515	405,103	-	-
Business Services	3,432,988	-	-	-
Maintenance/Operations	2,169,412	41,922	-	1,538,696
Pupil Transportation	10,759,812	11,294	-	-
Central Supporting Services	2,728,336	-	225	-
Community Services	-	91,981	-	-
Capital Projects	-	-	-	11,473,748
Charter School	2,764,792	-	-	-
Debt Service - Principal	-	-	5,860,000	-
Debt Service - Interest	-	-	5,201,482	-
Total Support Services	<u>47,256,194</u>	<u>4,752,683</u>	<u>11,061,707</u>	<u>13,329,316</u>
<b>TOTAL EXPENDITURES</b>	<u>107,744,090</u>	<u>9,377,836</u>	<u>11,061,707</u>	<u>13,329,316</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	9,799,519	(1,242,124)	1,059,764	(13,303,887)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	655,055	-	-
Transfers Out	(8,657,568)	-	(36,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(8,657,568)</u>	<u>655,055</u>	<u>(36,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,141,951	(587,069)	1,023,764	(13,303,887)
<b>Fund Balances - Beginning of the Year</b>	<u>24,116,495</u>	<u>932,983</u>	<u>12,465,223</u>	<u>18,995,417</u>
<b>Fund Balances - End of the Year</b>	<u>\$ 25,258,446</u>	<u>\$ 345,914</u>	<u>\$ 13,488,987</u>	<u>\$ 5,691,530</u>

The accompanying notes are an integral part of this statement

**Thompson School District R2-J**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balances with the Statement of Activities**  
**For The Year Ended June 30, 2010**

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
\$	-	\$ 58,780,951	Amounts reported for governmental activities in the	
	-	78,751,910	statement of activities are different because:	
	23,972	317,332	Total net change in fund balances - governmental funds	\$ (11,504,913)
	<u>1,574,546</u>	<u>1,574,546</u>	Capital outlays to purchase or build capital assets are reported in governmental funds	
	1,598,518	139,424,739	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	
			capital outlays exceed depreciation in the period.	
			Depreciation expense (6,624,127)	
			Capital Outlays <u>13,002,434</u>	6,378,307
	3,721,254	63,192,919	Revenues in the statement of activities that do not provide current financial resources	
	354,752	2,264,059	are not reported as revenues in the funds.	1,670,478
	200,736	3,194,067	In the statement of activities, certain operating expenses - compensated absences	
	899,165	1,541,850	(vacations) and special termination benefits (early retirement) - are measured by	
	29,145	125,206	the amounts earned during the year. In the governmental funds, however, expenditures	
	<u>5,205,052</u>	<u>70,318,101</u>	for these items are measured by the amount of financial resources used (essentially,	
			the amounts actually paid). This year, special termination benefits paid \$2,289,777	
			were more than the amounts earned (\$1,644,622) by \$645,155. Vacation used	
			\$712,589 was less than the amounts earned (\$727,633) by (\$15,044).	630,111
			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 \$5,860,000,	
			deferred interest on 1996 Bonds (\$928,572), Bond Issuance Costs, net of amortization	
			(\$49,140), amortization of Premium and Loss on refunding of \$194,862 and change in	
			accrued interest payable, \$730.	5,077,880
			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	
	(7,818,185)	(11,504,913)	Principal Payment of Debt	<u>371,399</u>
			Change in net assets of governmental activities	\$ <u>2,623,261</u>
	8,369,883	9,024,938		
	(331,370)	(9,024,938)		
	<u>8,038,513</u>	<u>0</u>		
	220,328	(11,504,913)		
	<u>4,696,228</u>	<u>61,206,346</u>		
\$	<u>4,916,556</u>	<u>\$ 49,701,433</u>		

**Thompson School District R2-J**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2010**

		<u>Nutrition Services Fund</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$	524,508
Due from Other Governments		77,605
Inventory		269,318
Total current assets		<u>871,431</u>
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation		<u>387,092</u>
<b>TOTAL ASSETS</b>		<u>1,258,523</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		37,093
Accrued Salaries and Benefits		134,139
Deferred Revenue		69,566
Current portion of Compensated Absences		4,500
Total Current Liabilities		<u>245,298</u>
Noncurrent Liabilities		
Compensated Absences		<u>10,850</u>
Total Noncurrent Liabilities		<u>10,850</u>
Total Liabilities		<u>256,148</u>
<b>NET ASSETS</b>		
Invested in Capital Assets		387,092
Restricted for TABOR		62,547
Unrestricted		552,736
Total Net Assets	\$	<u><u>1,002,375</u></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 Fund  
For The Year Ended June 30, 2010**

	<b>Nutrition Services Fund</b>
<b>Operating Revenue</b>	
Food Sales and Catering Sales	\$ 1,952,303
<b>TOTAL OPERATING REVENUE</b>	1,952,303
<b>Operating Expenses</b>	
Salaries and Benefits	2,026,284
Purchased Services	87,976
Supplies and Materials	2,157,217
Depreciation	76,940
<b>TOTAL OPERATING EXPENSES</b>	4,348,417
Operating Loss	(2,396,114)
<b>Non-Operating Revenue</b>	
Federal Aid:	
USDA Reimbursements	2,196,996
Donated Commodities	196,014
State Categorical Reimbursement	73,797
Interest Earnings	592
<b>TOTAL NON-OPERATING REVENUE</b>	2,467,399
Net Loss Before Capital Contributions	71,285
Capital Contributions	58,202
Change in Net Assets	129,487
<b>Net Assets</b>	
Beginning of the Year	872,888
<b>Net Assets</b>	
End of the Year	\$ 1,002,375

The accompanying notes are an integral part of this statement



**Thompson School District R2-J  
Statement of Cash Flows  
Proprietary Fund  
For The Year Ended June 30, 2010**

	<b>Nutrition Services Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 1,950,579
Cash Payments to Suppliers for Goods and Services	(2,148,832)
Cash Payments to Employees for Services	(2,010,029)
Net Cash Used by Operating Activities	(2,208,282)
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from Federal Government	2,297,228
Cash Received from State	75,911
Net Cash Provided by Non-capital Financing Activities	2,373,139
<b>Cash Flows from Capital Activities</b>	
Purchase of Capital Assets	(5,252)
<b>Cash Flows from Investing Activities</b>	
Interest Received	592
Net Increase (Decrease) in Cash and Cash Equivalents	160,197
Cash and Cash Equivalents at the Beginning of the Year	364,311
Cash and Cash Equivalents at the End of the Year	\$ 524,508

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, 2010**

		<u>Nutrition Services Fund</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>		
Operating Loss	\$	(2,396,114)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation		76,940
USDA Commodities Food Used		196,014
Changes in Assets and Liabilities		
Increase (Decrease) in Accounts Payable		3,615
Increase (Decrease) in Accrued Salaries		16,521
Decrease (Increase) in Inventory		(103,268)
Increase (Decrease) in Compensated Absences		(266)
Increase (Decrease) in Deferred Revenue		(1,724)
Net Cash Used by Operating Activities	\$	<u>(2,208,282)</u>
<b>Non-cash Investing, Capital and Financing Activities</b>		
Federal Aid:		
Donated Commodities	\$	196,014
Capital Assets Contributed by Other Funds		<u>58,202</u>
Total Non-cash Investing, Capital and Financing Activities	\$	<u>254,216</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, 2010**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>1,076,293</u>
<b>TOTAL ASSETS</b>	<u><u>1,076,293</u></u>
<b>LIABILITIES</b>	
Liabilities	
Accounts Payable	58,204
Accrued Salaries and Benefits	190
Undistributed Monies	<u>1,017,899</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,076,293</u></u>

The accompanying notes are an integral part of this statement

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

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

The financial statements of Thompson School District R2-J (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**(A) Reporting Entity**

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

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

**Blended Component Unit:**

**Thompson School Facilities Corporation**

The Thompson School Facilities Corporation (Corporation), a Colorado not-for-profit corporation, is included as a blended component unit in the accompanying basic financial statements. The Corporation was formed by the District solely for the purpose of acting as lessor, with the District as lessee, to finance the acquisition and/or construction of certain facilities used in District operations. The Corporation does not publish individual component unit financial statements.

**Discrete Component Units:**

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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

**(B) Fund Accounting**

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

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

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

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

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

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

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

**Building Fund** – The 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.

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.

**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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

results of operations. The District has two agency funds, The Education Memorial Fund and Interscholastic Athletic and Activity Fund.

**(C) Basis of Presentation**

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

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

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

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

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

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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**(D) Basis of Accounting**

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

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

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

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

**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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

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

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

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

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

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

**(F) Short-term Interfund Receivables/Payables**

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

**(G) Inventories**

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

**(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.



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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 the asset's life are not.

All reported capital assets are depreciated with the exception of land, water rights & construction-in-progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

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

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

Upon separation, all certified employees are entitled to unused sick leave at the substitute teacher daily rate. Unused sick leave is exchanged at the rate of one-half day for every day earned up to 120 days beyond the 30 accrued days, acquired prior to the end of the 1993 fiscal year. However, under the severance bonus plan, adopted in fiscal year 1993, teachers could choose a severance plan that would allow payment for all sick leave earned at one-half the substitute teacher daily rate up to a combined total of 120 days. For classified staff, unused sick leave is exchanged at the rate of one-half day for every day earned up to 120 days beyond the 30 accrued days, acquired prior to the end of the 1994 fiscal year.

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

During fiscal year 1993, the District initiated a severance bonus plan. Certified, classified and administrative personnel could choose from a number of options and payment plans when terminating from the District. Currently, payments under the severance plan are scheduled through fiscal year 2016. 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

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accumulated leave benefits. Therefore, the entire unpaid liability for early retirement and sick leave paid upon retirement for governmental funds is reported on the government-wide financial statements. Amounts for sick leave to be paid with the severance and early retirement bonus are included in severance incentive stipends payable. The compensated absences balance is the accrual for active employees. The amounts recorded as liabilities for all compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

**(J) Accrued Liabilities and Long-Term Obligations**

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

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

**(K) Fund Balance Reserves**

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

**(L) Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**Thompson School District R2-J**  
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reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

**NOTE (2) Cash and Investments**

**(A) Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. At June 30, 2010 the State regulatory commissioners had indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2010, the District had deposits of \$2,409,435 collateralized with securities held by the financial institutions' agents, but not in the District's name.

**(B) Investments**

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

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

*Interest rate risk* – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute generally limits investments to a maturity of 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 two or more nationally recognized statistical rating organizations (NRSROs). State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and

either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes require repurchase agreements to be collateralized at no less than 102% with U.S. Treasury or Agency securities.

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

*Local government investment pools* – At June 30, 2010, the District had \$62,308,190 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pool is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pool. The pool operates similarly to a money market fund with each share equal in value to \$1.00. The pool is rated AAAM by Standard and Poor’s. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

Investment Type	Rating	Investment Maturities (In Years)			Thompson	All	Fair Value
		Less than 1	1 - 3	3 +	Ed. Fnd.	Other Funds	
Uninvested Funds	N/A	\$ 93	\$ -	\$ -	\$ 93	\$ -	\$ 93
Money Market Funds	AAA	8,447	-	-	-	8,447	8,447
Money Market Funds	N/A	281,179	-	-	281,179	-	281,179
Local Government Investment Pool	AAAm	62,308,190	-	-	-	62,308,190	62,308,190
Corporate Bonds	N/A	52,934	81,033	247,866	381,833	-	381,833
Commercial Paper	A1/P1	336,136	-	-	-	336,136	336,136
U.S. Agency Securities	AAA	-	54,219	81,949	136,168	-	136,168
Municipal Bonds	AAA	-	-	52,826	52,826	-	52,826
		<u>\$ 62,986,979</u>	<u>\$ 135,252</u>	<u>\$ 382,641</u>	<u>\$ 852,099</u>	<u>\$ 62,652,773</u>	<u>\$ 63,504,872</u>

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

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

Cash and Deposits	\$ 1,059,821
Investments	<u>63,504,872</u>
Total	<u>\$ 64,564,693</u>
<b>Statement of Net Assets:</b>	
Primary Government Cash and Investments	\$ 62,468,697
Thompson Education Foundation Cash and Investments	1,019,703
Fiduciary Funds Cash and Investments	<u>1,076,293</u>
Total	<u>\$ 64,564,693</u>

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**Notes to Financial Statements**  
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**NOTE (3) Receivables**

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

**NOTE (4) Interfund Transfers**

Interfund transfers at June 30, 2010, were composed of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Major Funds:		
Government Designated-Purpose Grants	General	\$ <u>655,055</u>
	Sub-total	665,055
Non-Major Funds:		
Interscholastic Athletic & Activity	General	1,427,000
Severance Incentive	General	2,310,000
Fee Supported Programs	General	355,426
Capital Reserve	General	3,910,087
Building Corporation Debt Service	Capital Reserve	331,370
Capital Reserve	Bond Redemption	<u>36,000</u>
	Sub-total	8,369,883
	Total	<u>\$ 9,024,938</u>

The General Fund routinely subsidizes programs of other funds. The General Fund is no longer required by State statute to transfer monies per funded pupil to the Capital Reserve Fund or use it for insurance costs; however, the Board of Education approved approximately the same dollar amount as what per funded pupil amounts would have been if statute would have been in place for 2009-10. The Capital Reserve Fund transferred to the Building Corporation Debt Service Fund the amount of debt service requirements. By District policy and as allowed by State statute, the Debt Service Fund transfers its investment income to the Capital Reserve Fund each year.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
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**NOTE (5) Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Capital Assets July 1, 2009	Additions	Deletions / Transfers	Capital Assets June 30, 2010
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 14,810,666	\$ -	\$ -	\$ 14,810,666
Water Rights	1,050,000	-	-	1,050,000
Construction in Progress	44,897,780	11,505,895	(35,209,701)	21,193,974
Total capital assets, not being depreciated	<u>60,758,446</u>	<u>11,505,895</u>	<u>(35,209,701)</u>	<u>37,054,640</u>
Capital assets, being depreciated:				
Buildings	169,287,477	35,151,499	-	204,438,976
Equipment	5,848,414	1,483,286	-	7,331,700
Transportation	10,844,262	71,455	-	10,915,717
Total capital assets, being depreciated	<u>185,980,153</u>	<u>36,706,240</u>	<u>-</u>	<u>222,686,393</u>
Less accumulated depreciation for:				
Buildings	(64,728,927)	(5,187,720)	-	(69,916,647)
Equipment	(3,650,504)	(708,850)	-	(4,359,354)
Transportation	(7,212,251)	(727,557)	-	(7,939,808)
Total accumulated depreciation	<u>(75,591,682)</u>	<u>(6,624,127)</u>	<u>-</u>	<u>(82,215,809)</u>
Total capital assets, being depreciated, net	<u>110,388,471</u>	<u>30,082,113</u>	<u>-</u>	<u>140,470,584</u>
Governmental Activities Capital Assets, Net	<u>\$ 171,146,917</u>	<u>\$ 41,588,008</u>	<u>\$ (35,209,701)</u>	<u>\$ 177,525,224</u>
<b>Business-Type Activities</b>				
Furniture and Equipment	\$ 2,819,797	\$ 63,454	\$ -	\$ 2,883,251
Less Accumulated Depreciation	<u>(2,419,219)</u>	<u>(76,940)</u>	<u>-</u>	<u>(2,496,159)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 400,578</u>	<u>\$ (13,486)</u>	<u>\$ -</u>	<u>\$ 387,092</u>

Depreciation expense for the year ended June 30, 2010 was charged to the following governmental functions:

Instruction	\$3,643,270
Support:	
Pupil Services	397,448
Instructional Staff	397,448
General Administration	66,241
School Administration	331,206
Business Services	66,241
Maintenance/Operations	1,324,825
Pupil Transportation	132,483
Central Supporting Services	198,724
Other Central Support	66,241
Total	<u>\$6,624,127</u>

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE (6) 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, 2010, are estimated to be \$12,470,670. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**NOTE (7) General Obligation Bonds Payable**

On July 29, 2003, the District issued \$25,660,000 in general obligation bonds. The bond proceeds were used to refund the Series 1996. The first table is the remaining principal and interest due from the portion of the 1996 Series Bonds, which were not refunded. The second table identifies the remaining principal and interest due on the 2003 bond issue as of June 30, 2010. 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 these bonds were paid in full in fiscal year 2010. On December 20, 2005, the District issued \$89,215,000 in general obligation bonds. Table 3 details the remaining principal and interest due on the 2005 bond issue as of June 30, 2010.

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

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

Table 2  
*Series 2003A Refunding Bonds*  
*Interest Rate 2.75% to 5.25%*

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	878,925	\$ 878,925
2012	-	878,925	878,925
2013	-	878,925	878,925
2014	4,315,000	779,269	5,094,269
2015	4,550,000	591,238	5,141,238
2016	4,760,000	383,862	5,143,862
2017	<u>5,045,000</u>	<u>132,431</u>	<u>5,177,431</u>
Total	<u>\$ 18,670,000</u>	<u>\$ 4,523,575</u>	<u>\$23,193,575</u>

**Thompson School District R2-J**  
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Table 3

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>
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>\$89,015,000</u>	<u>\$50,836,200</u>	<u>\$139,851,200</u>

**NOTE (8) Certificates of Participation**

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

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

The table below identifies the remaining principal and interest due on the 2004 COP issue as of June 30, 2010.



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Table 1

Series 2004 Certificates of Participation

Interest Rate 1.85% to 4.50%

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 190,000	140,039	\$ 330,039
2012	200,000	132,964	332,964
2013	200,000	125,714	325,714
2014	210,000	118,329	328,329
2015	220,000	109,906	329,906
2016	230,000	100,769	330,769
2017	235,000	91,351	326,351
2018	245,000	81,174	326,174
2019	255,000	70,460	325,460
2020	270,000	59,300	329,300
2021	280,000	47,335	327,335
2022	290,000	34,650	324,650
2023	305,000	21,262	326,262
2024	<u>320,000</u>	<u>7,200</u>	<u>327,200</u>
Total	<u>\$3,450,000</u>	<u>\$1,140,453</u>	<u>\$4,590,453</u>

**NOTE (9) Capital Leases**

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

<u>Equipment</u>	<u>Original Lease Amount</u>	<u>Remaining Principal</u>	<u>Annual Payment</u>
1) Performance Contract	<u>\$ 2,233,253</u>	<u>\$ 1,071,301</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.

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**NOTE (10) 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, 2010:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>	<u>Amount Due in One Year</u>
<b>Governmental activities:</b>					
Bonds Payable (principal)	\$ 122,829,738	\$ -	\$ 5,860,000	\$ 116,969,738	\$ 3,376,194
Premium Bond Issuance '05	4,019,776	-	251,235	3,768,541	-
Premium Bond Issuance '03	1,166,157	-	145,769	1,020,388	-
Bond Reissuance Loss '03	(1,617,142)	-	(202,143)	(1,414,999)	-
Accrued Interest 1996	9,365,070	928,572	-	10,293,642	3,603,806
Certificates of Participation	3,635,000	-	185,000	3,450,000	190,000
Capital Lease Obligations Payable	1,257,700	-	186,399	1,071,301	195,122
Compensated Absences*	495,243	727,633	712,589	510,287	280,000
Severance-Incentive Payable*	6,711,000	1,644,622	2,289,777	6,065,845	1,831,836
Total	<u>\$ 147,862,542</u>	<u>\$ 3,300,827</u>	<u>\$ 9,428,626</u>	<u>\$ 141,734,744</u>	<u>\$ 9,476,958</u>
<b>Business-type activities:</b>					
Compensated Absences	<u>\$ 15,616</u>	<u>\$ 13,034</u>	<u>\$ 13,300</u>	<u>\$ 15,350</u>	<u>\$ 4,500</u>

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

**(B) Annual Requirements**

Listed below are the annual requirements to amortize all long-term debt at June 30, 2010:

Year Ending June 30,	General Obligation Bonds	Capital Lease/COP Obligations	Compensated Absences	Severance Incentive Stipends	Total
2011	\$ 12,280,425	\$ 575,298	\$ -	\$ 1,831,836	\$ 14,687,559
2012	12,326,225	578,223	-	1,633,765	14,538,213
2013	12,336,525	570,972	-	1,130,220	14,037,717
2014	10,685,169	573,587	-	824,877	12,083,633
2015	10,776,388	575,164	-	480,839	11,832,391
2016-2020	55,373,043	1,638,056	-	164,308	57,175,407
2021-2025	58,133,000	1,305,447	-	-	59,438,447
2026	11,849,000	-	-	-	11,849,000
Due in accordance with District leave policies	-	-	510,287	-	510,287
Less amounts representing interest	<u>(66,790,038)</u>	<u>(1,295,446)</u>	<u>-</u>	<u>-</u>	<u>(68,085,484)</u>
Principal Due	<u>\$116,969,738</u>	<u>\$4,521,301</u>	<u>\$ 510,287</u>	<u>\$ 6,065,845</u>	<u>\$128,067,170</u>

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE (11) 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 \$13,825,123 have been reserved for future debt service payments. Other reserve balances are: Land Reserve Fund (\$972,729), Government Designated Purpose Grants Fund (\$297,406), and the Colorado Preschool Program (\$135,347). Fund balance of \$3,279,923 has been designated for future mill levy override projects.

**NOTE (12) Defined Benefit Pension Plan**

**(A) Plan Description**

The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for SDTF. That report may be obtained by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**(B) Funding Policy**

Plan members and the District are required to contribute at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8%. The District's contribution rate for calendar years 2008, 2009 and 2010 was 12.05%, 12.95% and 13.85% of covered salaries, respectively. A portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 14). The District's contributions to SDTF for the years ending June 30, 2010, 2009, and 2008 were \$10,297,588, \$9,398,654 and \$8,322,105, respectively, equal to their required contributions for each year.

**NOTE (13) 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.

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

That report may be obtained by writing to PERA of Colorado, 1301 Pennsylvania 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 2009-2010, 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, 2010, 2009, 2008 were \$782,270, \$766,240, and \$731,055 respectively, equal to their required contributions for each year.

**NOTE (14) Risk Management**

**(A) Colorado School District Self Insurance Pool**

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

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

The District's contribution to CSDSIP is funded by premium contributions through a transfer from the General Fund to the Capital Reserve Fund. The fund is also used to cover the purchase of commercial insurance for workers' compensation coverage and other types of coverage not provided in the pool agreement; to partially fund salaries and other service costs for risk management and loss control (deductibles, security contracts, medical evaluation, controlled substance and alcohol testing, etc.). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Complete financial statements for CSDSIP can be obtained from CSDSIP, 6857 South Spruce Street, Centennial, Colorado 80112.

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

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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

contributed is based upon the number of students enrolled in each district. During the 2009-10 fiscal year, the contribution was approximately 8% for administrative, operations and support provided by CBOCES. Complete financial statements can be obtained from CBOCES, 830 S. Lincoln, Longmont, Colorado 80501.

The District made a \$255,274 contribution to CBOCES during fiscal year 2009-10.

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

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

The District made a \$5,052 contribution to LCBOCES during fiscal year 2009-10.

**NOTE (15) Commitments and Contingencies**

**(A) Litigation**

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

**(B) Grants and State Funding**

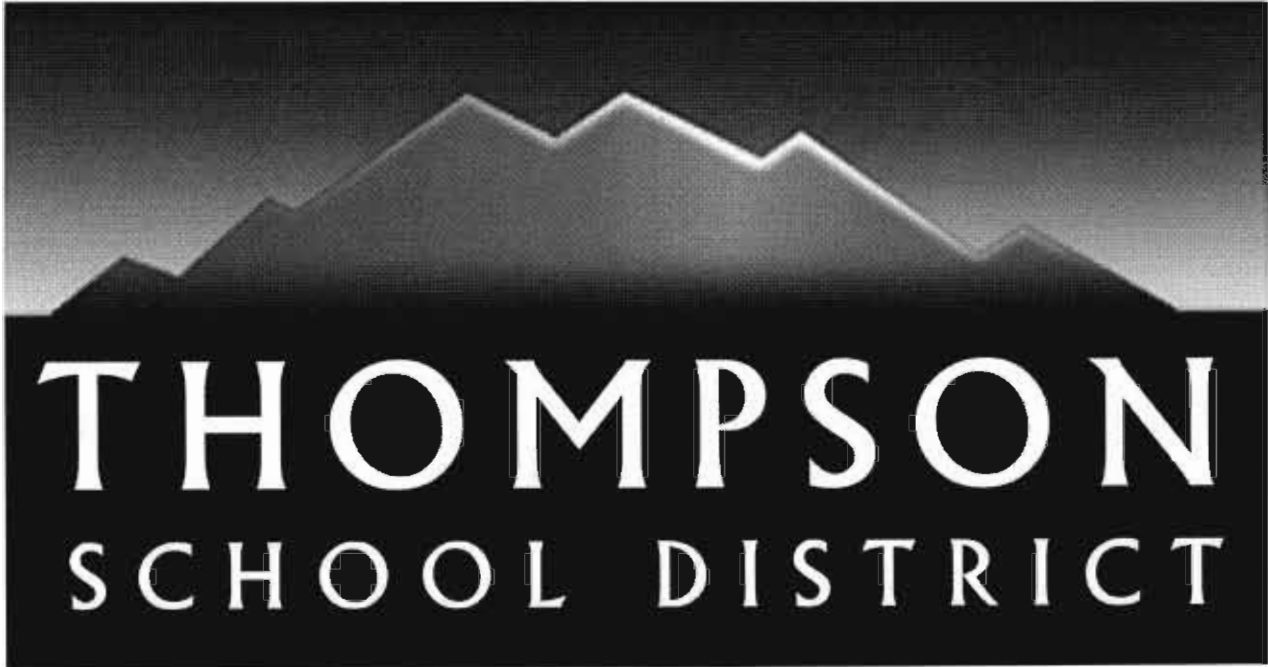
The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material affect on the financial statements of the District at June 30, 2010.

**(C) TABOR Amendment**

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

**Thompson School District R2-J**  
**Notes to Financial Statements**  
**June 30, 2010**

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, 2010, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as a reserved fund balance.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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



## **GENERAL FUND**

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

**Thompson School District R2-J  
General Fund - 10  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenue</b>				
Taxes				
Local Property- School Finance Act	\$ 29,838,815	\$ 30,112,878	\$ 29,734,849	\$ (378,029)
Local Property- Mill Levy Override	12,978,760	12,978,760	12,933,744	(45,016)
Specific Ownership	4,067,984	3,977,555	4,058,837	81,282
Intergovernmental				
Equalization Entitlements	67,107,651	67,101,409	64,803,052	(2,298,357)
Special Education	2,449,751	2,449,751	2,856,876	407,125
Vocational Education	247,000	247,000	545,397	298,397
Transportation	728,055	728,055	862,440	134,385
Other	655,037	1,215,037	1,550,352	335,315
Investment Earnings	109,693	109,693	198,062	88,369
<b>TOTAL REVENUE</b>	<u>118,182,746</u>	<u>118,920,138</u>	<u>117,543,609</u>	<u>(1,376,529)</u>
<b>TOTAL EXPENDITURES</b>	<u>112,152,377</u>	<u>113,616,500</u>	<u>107,744,090</u>	<u>5,872,410</u>
Excess revenues over expenditures	6,030,369	5,303,638	9,799,519	4,495,881
Other Financing Sources (Uses)				
Transfers Out:				
Interscholastic Athletic & Activity Fund	(1,427,000)	(1,427,000)	(1,427,000)	-
Governmental Designated-Purpose		-		
Grants Fund	(722,940)	(722,940)	(655,055)	67,885
Severance Incentive Fund	(2,310,000)	(2,310,000)	(2,310,000)	-
Fee Supported Programs Fund	(468,426)	(468,426)	(355,426)	113,000
Capital Reserve Fund	(3,695,087)	(3,910,087)	(3,910,087)	-
Total Other Financing Sources (Uses)	<u>(8,623,453)</u>	<u>(8,838,453)</u>	<u>(8,657,568)</u>	<u>180,885</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,593,084)</u>	<u>\$ (3,534,815)</u>	1,141,951	<u>\$ 4,676,766</u>
<b>Fund Balance - Beginning of Year</b>			<u>24,116,495</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 25,258,446</u>	

See independent auditor's report

**Thompson School District R2-J  
General Fund - 10  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Instruction:				
Salaries and Benefits	\$ 59,475,159	\$ 59,619,806	\$ 55,548,538	\$ 4,071,268
Purchased Services	1,676,341	1,676,341	1,630,625	45,716
Supplies and Materials	4,058,096	4,508,744	2,630,019	1,878,725
Other	11,145	11,145	85,477	(74,332)
<b>Total Instruction</b>	<b>65,220,741</b>	<b>65,816,036</b>	<b>59,894,659</b>	<b>5,921,377</b>
<b>Supporting Services</b>				
Pupil Services	5,088,386	5,251,116	7,233,494	(1,982,378)
Instructional Staff	10,209,291	10,446,927	9,429,967	1,016,960
General Administration	945,114	1,011,376	740,878	270,498
School Administration	7,650,114	7,837,013	7,996,515	(159,502)
Business Services	3,424,229	3,424,229	3,432,988	(8,759)
Maintenance/Operations	2,439,443	2,502,442	2,169,412	333,030
Pupil Transportation	11,035,382	11,050,928	10,759,812	291,116
Central Supporting Services	3,043,681	3,112,655	2,728,336	384,319
Charter School	2,767,697	2,775,478	2,764,792	10,686
<b>Total Supporting Services</b>	<b>46,603,337</b>	<b>47,412,164</b>	<b>47,256,194</b>	<b>155,971</b>
Capital Outlay	328,300	388,300	593,237	(204,937)
<b>TOTAL EXPENDITURES</b>	<b>\$ 112,152,378</b>	<b>\$ 113,616,500</b>	<b>\$ 107,744,090</b>	<b>\$ 5,872,410</b>

See independent auditor's report

## **GOVERNMENT DESIGNATED PURPOSE GRANTS FUND**

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

**Thompson School District  
Government Designated Purpose Grants Fund - 22 & 28  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Budget</u>		
<b>Revenue</b>				
Intergovernmental				
Federal Sources	\$ 10,258,702	\$ 10,258,702	\$ 7,173,836	\$ (3,084,866)
State/Local Sources	548,500	548,500	959,957	411,457
Investment Earnings	-	-	1,919	1,919
<b>TOTAL REVENUE</b>	<b>10,807,202</b>	<b>10,807,202</b>	<b>8,135,712</b>	<b>(2,671,490)</b>
<b>Expenditures</b>				
Instruction				
Salaries and Benefits	8,119,429	8,119,429	3,923,127	4,196,302
Purchased Services	118,519	118,519	278,682	(160,163)
Supplies and Materials	177,469	177,469	363,312	(185,843)
Equipment	42,598	42,598	49,448	(6,850)
Other Expenditures	578,837	578,837	10,584	568,253
Total Instruction	9,036,852	9,036,852	4,625,153	4,411,699
Support Services				
Pupil Services	226,000	226,000	3,235,514	(3,009,514)
Instructional Staff	291,848	291,848	966,869	(675,021)
School Administration	-	-	405,103	(405,103)
Maintenance/Operations	-	-	41,922	(41,922)
Pupil Transportation	-	-	11,294	(11,294)
Community Services	-	-	91,981	(91,981)
Total Support Services	517,848	517,848	4,752,683	(4,234,835)
<b>Total Expenditures</b>	<b>9,554,700</b>	<b>9,554,700</b>	<b>9,377,836</b>	<b>176,864</b>
<b>Excess Revenues Over/(Under) Expenditures</b>	<b>1,252,502</b>	<b>1,252,502</b>	<b>(1,242,124)</b>	<b>(2,494,626)</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In	723,108	723,108	655,055	(68,053)
<b>Net Change in Fund Balance</b>	<b>\$ 1,975,610</b>	<b>\$ 1,975,610</b>	<b>(587,069)</b>	<b>\$ (2,562,679)</b>
<b>Fund Balances - Beginning of Year</b>			<b>932,983</b>	
<b>Fund Balances - End of Year</b>			<b>\$ 345,914</b>	

See independent auditor's report

**Thompson School District R2-J**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

**Budgets and Budgetary Accounting**

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

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

**Thompson School District R2-J**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

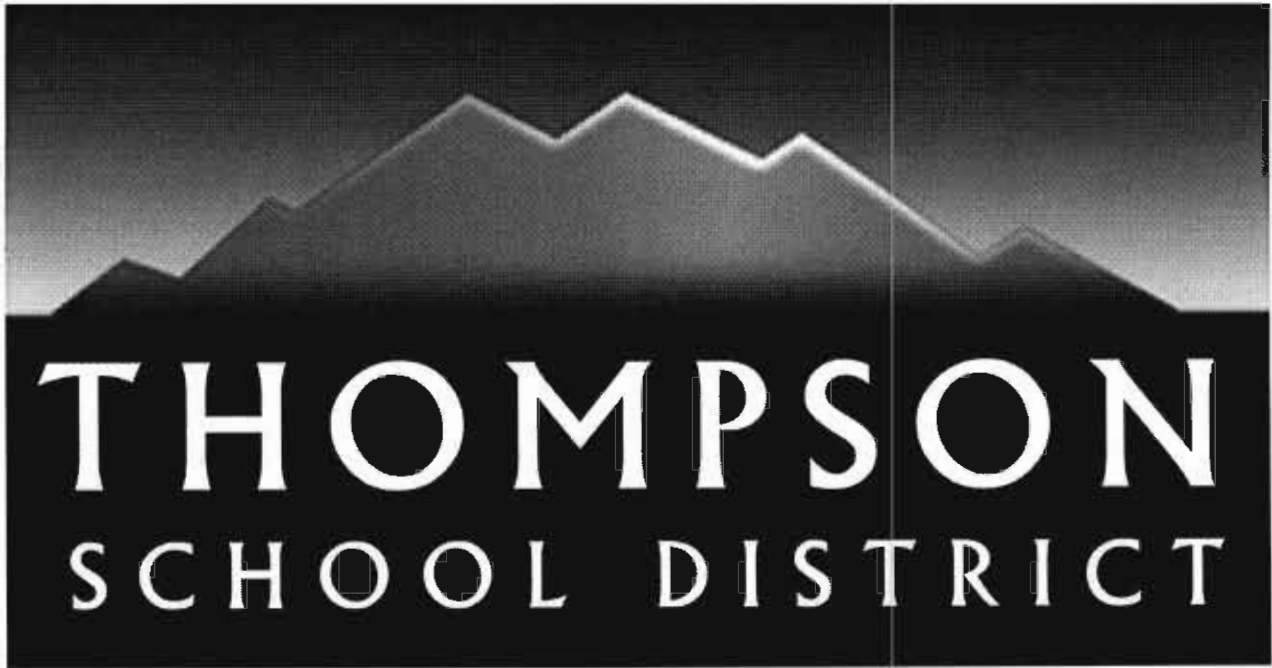
**Legal Compliance**

There was one fund overspent as compared to budget for 2010 - the Education Memorial Trust Fund, \$170. This funds' appropriations (which include expenditures plus beginning reserves) were greater than expenditures; therefore, the District believes it was in compliance with State budget statutes.

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

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





## **DEBT SERVICE FUND**

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

**Thompson School District R2-J  
Bond Redemption Fund - 31  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Local Property Taxes	\$ 12,280,425	\$ 12,280,425	\$ 12,053,521	\$ (226,904)
Investment Earnings	50,000	50,000	67,950	17,950
<b>TOTAL REVENUE</b>	12,330,425	12,330,425	12,121,471	(208,954)
<b>Expenditures</b>				
Other Charges	5,000	5,000	225	4,775
Debt Service:				
Principal retirement	5,860,000	5,860,000	5,860,000	-
Interest and Fiscal Charges	5,439,775	5,439,775	5,201,482	238,293
<b>TOTAL EXPENDITURES</b>	11,304,775	11,304,775	11,061,707	243,068
Excess revenues over (under) expenditures	1,025,650	1,025,650	1,059,764	34,114
<b>Other Financing (Uses)</b>				
Transfer Out	(50,000)	(50,000)	(36,000)	14,000
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(36,000)	14,000
<b>Net Change in Fund Balance</b>	<u>\$ 975,650</u>	<u>\$ 975,650</u>	1,023,764	<u>\$ 48,114</u>
<b>Fund Balance - Beginning of Year</b>			12,465,223	
<b>Fund Balance - End of Year</b>			<u>\$ 13,488,987</u>	
See independent auditor's report				

## **CAPITAL PROJECTS FUND**

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

**Thompson School District R2-J  
Building Fund - 41  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Investment Earnings	\$ 23,000	\$ 23,000	\$ 25,429	\$ 2,429
<b>Expenditures</b>				
Project Administration	381,788	381,788	316,872	64,916
New or Addition to Schools	17,100,000	17,100,000	10,936,042	6,163,958
Maintenance Projects	2,592,204	2,592,204	1,538,696	1,053,508
Technology Projects	1,340,559	1,340,559	537,706	802,853
<b>TOTAL EXPENDITURES</b>	<u>21,414,551</u>	<u>21,414,551</u>	<u>13,329,316</u>	<u>8,085,235</u>
<b>Net Change in Fund Balance</b>	<u>\$ (21,391,551)</u>	<u>\$ (21,391,551)</u>	(13,303,887)	<u>\$ 8,087,664</u>
<b>Fund Balance - Beginning of the Year</b>			<u>18,995,417</u>	
<b>Fund Balance - End of the Year</b>			<u>\$ 5,691,530</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 used to fund ongoing capital needs such as site acquisitions, building additions, equipment purchases and technology. Funding is provided by a transfer from the General Fund.

### **Land Reserve Fund**

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

### **Severance Incentive Fund**

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

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

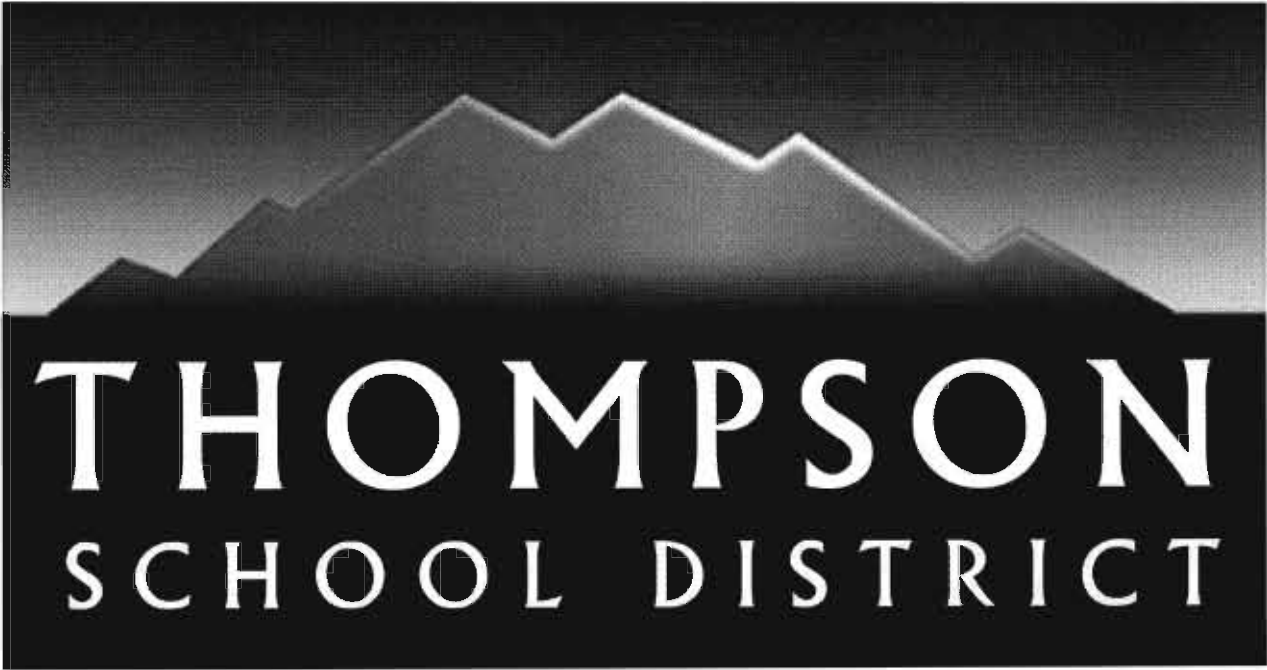
This fund accounts for the coaches and sponsors of the interscholastic athletic programs and student organizations at all secondary schools in the District. Funding is provided by transfers from the General Fund.

### **Fee Supported Programs Fund**

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

### **Building Corporation Debt Service**

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



**Thompson School District R2-J  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	<u>Capital Reserve</u>	<u>Land Reserve</u>	<u>Severance Incentive</u>	<u>Interscholastic Athletic &amp; Activity</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,556,743	\$ 979,766	\$ 186,167	\$ 120,870
<b>Total Assets</b>	<u>\$ 2,556,743</u>	<u>\$ 979,766</u>	<u>\$ 186,167</u>	<u>\$ 120,870</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 353,050	\$ -	\$ -	\$ 953
Retainage Payable	41,814	-	-	-
Accrued Salaries and Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,799</u>
<b>Total Liabilities</b>	<u>394,864</u>	<u>-</u>	<u>-</u>	<u>10,752</u>
<b>Fund Balances</b>				
Reserved for TABOR	-	7,037	-	-
Reserved for Debt Service	-	-	-	-
Reserved for Other Purposes	-	972,729	-	-
Unreserved, Reported in Special Revenue Funds	<u>2,161,879</u>	<u>-</u>	<u>186,167</u>	<u>110,118</u>
<b>Total Fund Balances</b>	<u>2,161,879</u>	<u>979,766</u>	<u>186,167</u>	<u>110,118</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,556,743</u>	<u>\$ 979,766</u>	<u>\$ 186,167</u>	<u>\$ 120,870</u>

See independent auditor's report



<u>Fee Supported Programs</u>	<u>Thompson School Facilities Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,265,302	\$ 336,136	\$ 5,444,984
<u>\$ 1,265,302</u>	<u>\$ 336,136</u>	<u>\$ 5,444,984</u>
\$ 15,462	-	\$ 369,465
-	-	41,814
<u>107,350</u>	<u>-</u>	<u>117,149</u>
<u>122,812</u>	<u>-</u>	<u>528,428</u>
-	-	7,037
-	336,136	336,136
-	-	972,729
<u>1,142,490</u>	<u>-</u>	<u>3,600,654</u>
<u>1,142,490</u>	<u>336,136</u>	<u>4,916,556</u>
<u>\$ 1,265,302</u>	<u>\$ 336,136</u>	<u>\$ 5,444,984</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, 2010**

	<u>Capital Reserve</u>	<u>Land Reserve</u>	<u>Severance Incentive</u>	<u>Interscholastic Athletic &amp; Activity</u>
<b>Revenue</b>				
Investment earnings	\$ 19,393	\$ 1,996	\$ 190	\$ 397
Other	<u>5,354</u>	<u>232,579</u>	<u>-</u>	<u>12,061</u>
<b>TOTAL REVENUES</b>	<b>24,747</b>	<b>234,575</b>	<b>190</b>	<b>12,458</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries and Benefits	-	-	1,804,401	1,355,145
Purchased Services	331,289	-	-	13,146
Supplies and Materials	21,379	-	-	13,218
Equipment	893,762	-	-	-
Other Expenditures	-	-	-	8,943
Total Instruction	<u>1,246,430</u>	<u>-</u>	<u>1,804,401</u>	<u>1,390,452</u>
<b>Support Services</b>				
Instructional Staff	1,084,251	-	-	-
School Administration	-	-	-	-
Business Services	-	-	-	-
Maintenance/Operations	807,423	-	-	-
Pupil Transportation	37,960	-	-	-
Central Supporting Services	70,449	184,038	502,417	-
Community Services	-	-	-	-
Debt Service - Principal	186,399	-	-	-
Debt Service - Interest	58,937	-	-	-
Total Support Services	<u>2,245,419</u>	<u>184,038</u>	<u>502,417</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>3,491,849</b>	<b>184,038</b>	<b>2,306,818</b>	<b>1,390,452</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,467,102)</b>	<b>50,537</b>	<b>(2,306,628)</b>	<b>(1,377,994)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,946,087	-	2,310,000	1,427,000
Transfers out	<u>(331,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<b>3,614,717</b>	<b>-</b>	<b>2,310,000</b>	<b>1,427,000</b>
<b>Net Change in Fund Balances</b>	<b>147,615</b>	<b>50,537</b>	<b>3,372</b>	<b>49,006</b>
<b>Fund Balances - Beginning of the Year</b>	<b>2,014,264</b>	<b>929,229</b>	<b>182,795</b>	<b>61,112</b>
<b>Fund Balances - End of the Year</b>	<b>\$ 2,161,879</b>	<b>\$ 979,766</b>	<b>\$ 186,167</b>	<b>\$ 110,118</b>

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<u>Fee Supported Programs</u>	<u>Thompson School Facilities Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,996	\$ -	\$ 23,972
<u>1,324,552</u>	<u>-</u>	<u>1,574,546</u>
1,326,548	-	1,598,518
561,708	-	3,721,254
10,317	-	354,752
166,139	-	200,736
5,403	-	899,165
<u>20,202</u>	<u>-</u>	<u>29,145</u>
763,769	-	5,205,052
35,015	-	1,119,266
58,127	-	58,127
88,000	-	88,000
-	-	807,423
-	-	37,960
-	-	756,904
767,265	-	767,265
-	185,000	371,399
-	<u>146,370</u>	<u>205,307</u>
<u>948,407</u>	<u>331,370</u>	<u>4,211,651</u>
1,712,176	331,370	9,416,703
(385,628)	(331,370)	(7,818,185)
355,426	331,370	8,369,883
<u>-</u>	<u>-</u>	<u>(331,370)</u>
<u>355,426</u>	<u>331,370</u>	<u>8,038,513</u>
(30,202)	-	220,328
<u>1,172,692</u>	<u>336,136</u>	<u>4,696,228</u>
<u>\$ 1,142,490</u>	<u>\$ 336,136</u>	<u>\$ 4,916,556</u>

**Thompson School District R2-J  
Capital Reserve Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Investment Earnings	\$ 5,000	\$ 5,000	\$ 19,393	\$ 14,393
Other	-	-	5,354	5,354
<b>TOTAL REVENUE</b>	<b>5,000</b>	<b>5,000</b>	<b>24,747</b>	<b>19,747</b>
<b>Expenditures</b>				
Instruction				
Purchased Services	-	-	331,289	(331,289)
Supplies and Materials	-	-	21,379	(21,379)
Equipment	281,297	281,297	893,762	(612,465)
Total Instruction	281,297	281,297	1,246,430	(965,133)
Support Services				
Instructional Staff	922,500	922,500	1,084,251	(161,751)
Maintenance/Operations	1,013,500	1,228,500	807,423	421,077
Pupil Transportation	450,000	450,000	37,960	412,040
Central Supporting Services	3,399,752	3,399,752	70,449	3,329,303
Principal Payments	162,499	162,499	186,399	(23,900)
Interest Payments	82,760	82,760	58,937	23,823
Total Support Services	6,031,011	6,246,011	2,245,419	4,000,592
<b>TOTAL EXPENDITURES</b>	<b>6,312,308</b>	<b>6,527,308</b>	<b>3,491,849</b>	<b>3,035,459</b>
Excess revenues over (under) expenditures	(6,307,308)	(6,522,308)	(3,467,102)	3,055,206
Other Financing Sources (Uses)				
Transfer In	4,730,087	4,945,087	3,946,087	(999,000)
Transfer Out	(985,000)	(985,000)	(331,370)	653,630
Total Other Financing Sources (Uses)	3,745,087	3,960,087	3,614,717	(345,370)
<b>Net Change in Fund Balance</b>	<b>\$ (2,562,221)</b>	<b>\$ (2,562,221)</b>	<b>147,615</b>	<b>\$ 2,709,836</b>
<b>Fund Balance - Beginning of Year</b>			<u>2,014,264</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 2,161,879</u>	

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**Thompson School District R2-J  
Land Reserve Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Investment Earnings	\$ 3,124	\$ 3,124	\$ 1,996	\$ (1,128)
Payments in lieu of Land Dedication	480,500	480,500	232,579	(247,921)
<b>TOTAL REVENUE</b>	<b>483,624</b>	<b>483,624</b>	<b>234,575</b>	<b>(249,049)</b>
<b>Expenditures</b>				
Instruction				
Equipment	1,225,000	1,225,000	-	1,225,000
Support Services				
Central Supporting Services	-	-	184,038	(184,038)
<b>TOTAL EXPENDITURES</b>	<b>1,225,000</b>	<b>1,225,000</b>	<b>184,038</b>	<b>1,040,962</b>
<b>Net Change in Fund Balance</b>	<b>\$ (741,376)</b>	<b>\$ (741,376)</b>	<b>50,537</b>	<b>\$ 791,913</b>
<b>Fund Balance - Beginning of Year</b>			<u>929,229</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 979,766</u>	

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**Thompson School District R2-J  
Severance Incentive Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Investment Earnings	\$ -	\$ -	\$ 190	\$ 190
<b>Expenditures</b>				
Instruction				
Salaries and Benefits	2,326,778	2,326,778	1,804,401	522,377
Support Services				
Salaries and Benefits	-	-	502,417	(502,417)
<b>TOTAL EXPENDITURES</b>	<u>2,326,778</u>	<u>2,326,778</u>	<u>2,306,818</u>	<u>19,960</u>
<b>Excess revenues over (under) expenditures</b>	(2,326,778)	(2,326,778)	(2,306,628)	20,150
<b>Other Financing Sources (Uses)</b>				
Transfer in	2,310,000	2,310,000	2,310,000	-
<b>Net Change in Fund Balance</b>	<u>\$ (16,778)</u>	<u>\$ (16,778)</u>	3,372	<u>\$ 20,150</u>
<b>Fund Balance - Beginning of Year</b>			<u>182,795</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 186,167</u>	

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**Thompson School District R2-J  
Interscholastic Athletic and Activity Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Athletic & Activity Passes	\$ -	\$ -	\$ 12,061	\$ 12,061
Investment Earnings	-	-	397	397
<b>TOTAL REVENUE</b>	<b>-</b>	<b>-</b>	<b>12,458</b>	<b>12,458</b>
<b>Expenditures</b>				
Instruction				
Salaries and Benefits	1,380,000	1,380,000	1,355,145	24,855
Purchased Services	17,000	17,000	13,146	3,854
Supplies and Materials	2,000	2,000	13,218	(11,218)
Equipment	-	-	-	-
Other Expenditures	23,000	23,000	8,943	14,057
Total Instruction	1,422,000	1,422,000	1,390,452	31,548
Support Services				
School Administration	2,297	2,297	-	2,297
Total Support Services	2,297	2,297	-	2,297
<b>TOTAL EXPENDITURES</b>	<b>1,424,297</b>	<b>1,424,297</b>	<b>1,390,452</b>	<b>33,845</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,424,297)</b>	<b>(1,424,297)</b>	<b>(1,377,994)</b>	<b>46,303</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,427,000	1,427,000	1,427,000	-
<b>Net Change in Fund Balance</b>	<b>\$ 2,703</b>	<b>\$ 2,703</b>	<b>49,006</b>	<b>\$ 46,303</b>
<b>Fund Balance Beginning of the Year</b>			<b>61,112</b>	
<b>Fund Balance End of The Year</b>			<b>\$ 110,118</b>	

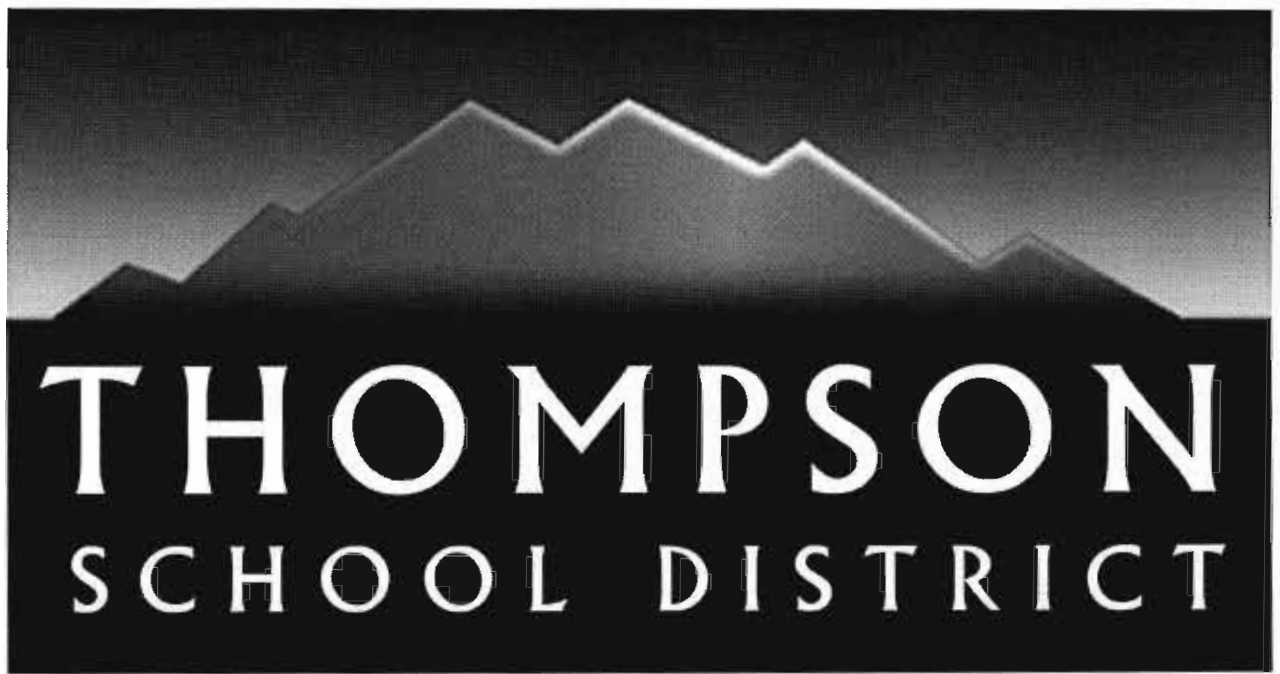
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**Thompson School District R2-J  
Fee Supported Programs Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Charges for Services	\$ 1,393,250	\$ 1,293,250	\$ 1,324,552	\$ 31,302
Investment Earnings	-	-	1,996	1,996
<b>TOTAL REVENUE</b>	<b>1,393,250</b>	<b>1,293,250</b>	<b>1,326,548</b>	<b>33,298</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries and Benefits	623,785	623,785	561,708	62,077
Purchased Services	202,200	202,200	10,317	191,883
Supplies and Materials	210,000	210,000	166,139	43,861
Equipment	33,000	33,000	5,403	27,597
Other Expenditures	-	-	20,202	(20,202)
Total Instruction	<u>1,068,985</u>	<u>1,068,985</u>	<u>763,769</u>	<u>305,216</u>
<b>Support Services</b>				
Instructional Staff	-	-	35,015	(35,015)
School Administration	76,500	76,500	58,127	18,373
Business Services	40,039	40,039	88,000	(47,961)
Community Services	<u>553,636</u>	<u>553,636</u>	<u>767,265</u>	<u>(213,629)</u>
Total Support Services	<u>670,175</u>	<u>670,175</u>	<u>948,407</u>	<u>(278,232)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,739,160</u></b>	<b><u>1,739,160</u></b>	<b><u>1,712,176</u></b>	<b><u>26,984</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(345,910)</b>	<b>(445,910)</b>	<b>(385,628)</b>	<b>60,282</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>439,526</u>	<u>439,526</u>	<u>355,426</u>	<u>(84,100)</u>
<b>Net Change in Fund Balance</b>	<b><u>\$ 93,616</u></b>	<b><u>\$ (6,384)</u></b>	<b>(30,202)</b>	<b><u>\$ (23,818)</u></b>
<b>Fund Balance - Beginning of the Year</b>			<u>1,172,692</u>	
<b>Fund Balance - End of the Year</b>			<b><u>\$ 1,142,490</u></b>	

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## **ENTERPRISE FUND ~**

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

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

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

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

**Thompson School District R2-J  
Nutrition Services Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating Revenue</b>				
Food Sales and Catering Sales	\$ 2,037,142	\$ 2,037,142	\$ 1,952,303	\$ (84,839)
<b>TOTAL OPERATING REVENUE</b>	<u>2,037,142</u>	<u>2,037,142</u>	<u>1,952,303</u>	<u>(84,839)</u>
<b>Operating Expenses</b>				
Salaries and Benefits	1,842,160	1,842,160	2,026,284	(184,124)
Purchased Services	92,500	92,500	87,976	4,524
Supplies and Materials	2,129,200	2,229,200	2,157,217	71,983
Equipment	10,000	10,000	5,252	4,748
Other	120,500	120,500	-	120,500
<b>TOTAL OPERATING EXPENSES</b>	<u>4,194,360</u>	<u>4,294,360</u>	<u>4,276,729</u>	<u>17,631</u>
Operating Income (Loss)	<u>(2,157,218)</u>	<u>(2,257,218)</u>	<u>(2,324,426)</u>	<u>(67,208)</u>
<b>Non-Operating Revenue (Expenses)</b>				
Federal Aid:				
USDA Reimbursements	1,940,000	1,940,000	2,196,996	256,996
Commodities	188,000	188,000	196,014	8,014
State Categorical Reimbursement	41,000	41,000	73,797	32,797
Interest Earnings	-	-	592	592
<b>TOTAL NON-OPERATING REVENUE</b>	<u>2,169,000</u>	<u>2,169,000</u>	<u>2,467,399</u>	<u>298,399</u>
Change in Net Assets, Budgetary Basis	<u>\$ 11,782</u>	<u>\$ (88,218)</u>	142,973	<u>\$ 231,191</u>
Less: Depreciation Expense			(76,940)	
Capital Outlay			5,252	
Capital Contributions			<u>58,202</u>	
Change in Net Assets, GAAP Basis			129,487	
<b>Net Assets - Beginning of the Year</b>			<u>872,888</u>	
<b>Net Assets - End of the Year</b>			<u>\$ 1,002,375</u>	

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## **FIDUCIARY FUND TYPE**

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

**Thompson School District R2-J**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2010**

	<u>Education Memorial</u>	<u>Interscholastic Athletic and Activity</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Investments	\$ <u>67,379</u>	\$ <u>1,008,914</u>	\$ <u>1,076,293</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>67,379</u></b>	<b>\$ <u>1,008,914</u></b>	<b>\$ <u>1,076,293</u></b>
<b>LIABILITIES</b>			
Accounts Payable	-	58,204	58,204
Accrued Salaries and Benefits	-	190	190
Undistributed Monies	<u>67,379</u>	<u>950,520</u>	<u>1,017,899</u>
<b>TOTAL LIABILITES</b>	<b>\$ <u>67,379</u></b>	<b>\$ <u>1,008,914</u></b>	<b>\$ <u>1,076,293</u></b>

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**Thompson School District R2-J**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2010**

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b><u>Education Memorial</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 76,165	\$ 64,641	\$ 73,427	\$ 67,379
<b>Liabilities</b>				
Undistributed Monies	76,165	64,641	73,427	67,379
<b>Total Liabilities</b>	<b>\$ 76,165</b>	<b>\$ 64,641</b>	<b>\$ 73,427</b>	<b>\$ 67,379</b>
<b><u>Interscholastic Athletic and Activity</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 893,873	\$ 2,691,318	\$ 2,576,277	\$ 1,008,914
<b>Liabilities</b>				
Accounts Payable	\$ 50,020	\$ 8,184	\$ -	\$ 58,204
Accrued Salaries and Benefits	2,508	-	2,318	190
Undistributed Monies	841,345	2,683,134	2,573,959	950,520
<b>Total Liabilities</b>	<b>\$ 893,873</b>	<b>\$ 2,691,318</b>	<b>\$ 2,576,277</b>	<b>\$ 1,008,914</b>
<b><u>Combined</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 970,038	\$ 2,755,959	\$ 2,649,704	\$ 1,076,293
<b>Liabilities</b>				
Accounts Payable	\$ 50,020	\$ 8,184	\$ -	\$ 58,204
Accrued Salaries and Benefits	2,508	-	2,318	190
Undistributed Monies	917,510	2,747,775	2,647,386	1,017,899
<b>Total Liabilities</b>	<b>\$ 970,038</b>	<b>\$ 2,755,959</b>	<b>\$ 2,649,704</b>	<b>\$ 1,076,293</b>

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**Thompson School District R2-J  
Education Memorial Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Additions</b>				
Investment Earnings	\$ 400	\$ 400	\$ -	\$ (400)
Other Revenue	<u>30,000</u>	<u>30,000</u>	<u>64,641</u>	<u>34,641</u>
<b>Total Additions</b>	30,400	30,400	64,641	34,241
<b>Deductions</b>				
Other Trust Expense	<u>73,257</u>	<u>73,257</u>	<u>73,427</u>	<u>(170)</u>
<b>Total Deductions</b>	<u>73,257</u>	<u>73,257</u>	<u>73,427</u>	<u>(170)</u>
Change in Undistributed Monies	<u>\$ (42,857)</u>	<u>\$ (42,857)</u>	(8,786)	<u>\$ 34,071</u>
<b>Undistributed Monies - Beginning of Year</b>			76,165	
<b>Undistributed Monies - End of Year</b>			<u>\$ 67,379</u>	

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**Thompson School District R2-J  
Interscholastic Athletic and Activity Fund  
Budgetary Comparison Schedules  
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Additions</b>				
Fund Raising and Events	\$ 3,300,000	\$ 3,300,000	\$ 2,682,994	\$ (617,006)
Investment Earnings	5,000	5,000	140	(4,860)
<b>Total Additions</b>	<u>3,305,000</u>	<u>3,305,000</u>	2,683,134	(621,866)
<b>Deductions</b>				
Athletic Expenditures	1,100,000	1,100,000	843,414	256,586
Pupil Activity Expenditures	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,730,545</u>	<u>469,455</u>
<b>Total Deductions</b>	<u>3,300,000</u>	<u>3,300,000</u>	<u>2,573,959</u>	<u>726,041</u>
Change in Undistributed Monies	<u>\$ 5,000</u>	<u>\$ 5,000</u>	109,175	<u>\$ 104,175</u>
<b>Undistributed Monies Beginning of the Year</b>			841,345	
<b>Undistributed Monies End of The Year</b>			<u>\$ 950,520</u>	

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## **COMPONENT UNITS**

Component Units are legal separate entities for which the primary government is financially accountable. Certain legal and organizational structures such as charter schools and foundations may result in an entity apart from, although connected to, the school district. When this happens the financial transactions of the charter school or foundation is usually not included in the school district's financial transaction database for normal day to day operations. However, districts are required to include the activity for revenues and expenditures in the financial statement presentation.

Thompson School District's component units consist of one charter school administrative unit: New Vision Charter School and Thompson Education Foundation. These entities have separate governing boards.

**Thompson School District R2-J  
Combining Statement of Net Assets  
Component Units  
As of June 30, 2010**

	<b>New Vision Charter School</b>	<b>Thompson Education Foundation</b>	<b>Total Component Units</b>
<b>ASSETS</b>			
Cash and Investments	\$ 860,549	\$ 1,019,703	\$ 1,880,252
Restricted Cash and Cash Equivalents	523,019	-	523,019
Receivables	3,844	-	3,844
Prepaid Expense	570,000	-	570,000
Debt Issuance Costs, Net of Accumulated Depreciation	167,512	-	167,512
Capital Assets, Net of Accumulated Depreciation	3,571,019	-	3,571,019
<b>Total Assets</b>	<b>\$ 5,695,943</b>	<b>\$ 1,019,703</b>	<b>\$ 6,715,646</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 24,284	\$ 718	\$ 25,002
Accrued Salaries and Benefits	102,212	-	102,212
Accrued Interest Payable	81,466	-	81,466
<b>Total Current Liabilities</b>	207,962	718	208,680
<b>Noncurrent Liabilities</b>			
Due Within One Year	37,485	-	37,485
Due in More Than One Year	4,803,371	-	4,803,371
<b>Total Noncurrent Liabilities</b>	4,840,856	-	4,840,856
<b>Total Liabilities</b>	5,048,818	718	5,049,536
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	(1,269,837)	-	(1,269,837)
Restricted for Debt Service	479,651	-	479,651
Restricted for Repairs and Replacement	43,368	-	43,368
Restricted for Emergencies	90,600	-	90,600
Unrestricted	1,303,343	1,018,985	2,322,328
<b>Total Net Assets</b>	647,125	1,018,985	1,666,110
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,695,943</b>	<b>\$ 1,019,703</b>	<b>\$ 6,715,646</b>

See independent auditor's report

**Thompson School District R2-J  
Combining Statement of Activities  
Component Units  
For the Year Ended June 30, 2010**

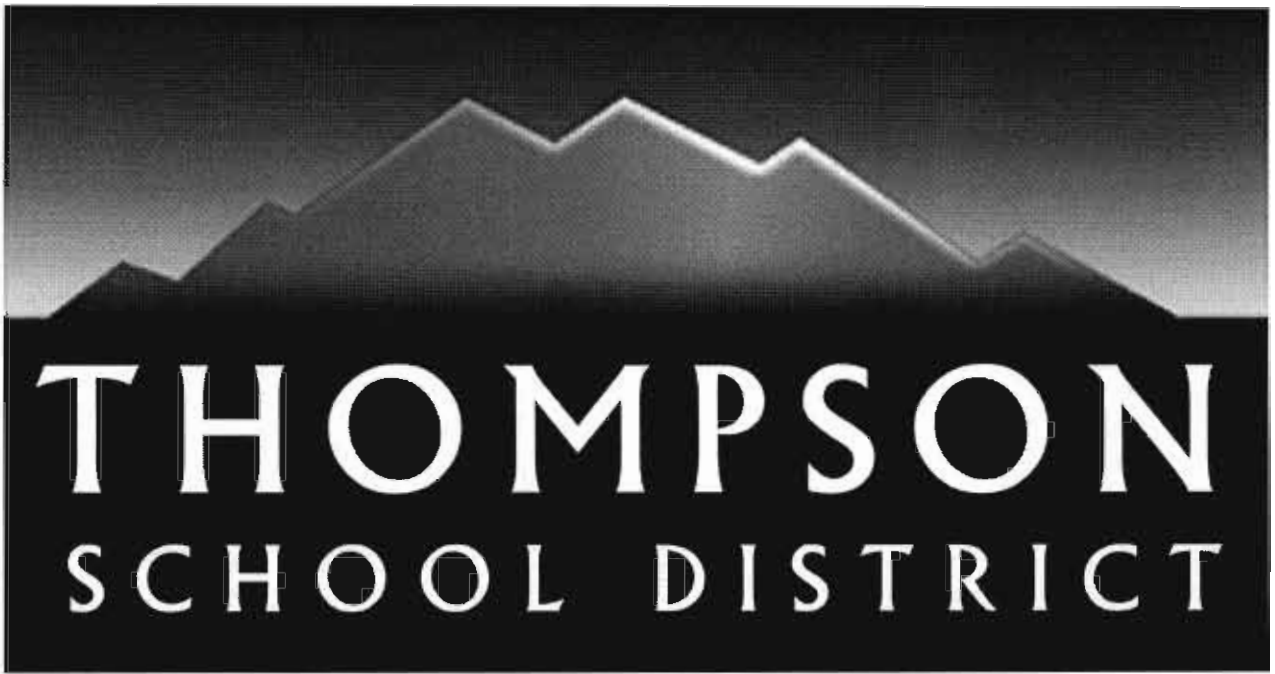
	<u>New Vision Charter School</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
<b>Expenses</b>			
Total Instruction	\$ 1,785,844	\$ -	\$ 1,785,844
Total Support Services	795,642	359,904	1,155,546
Interest Expense	334,085	-	334,085
<b>Total Expenses</b>	<u>2,915,571</u>	<u>359,904</u>	<u>3,275,475</u>
<b>Program Revenues</b>			
Charges for Services	62,297	-	62,297
Operating Grants and Contributions	10,455	403,401	413,856
<b>Total Program Revenues</b>	<u>72,752</u>	<u>403,401</u>	<u>476,153</u>
<b>General Revenues</b>			
Per Pupil Revenues	2,764,792	-	2,764,792
Grants and Contributions not Restricted to Specific Programs	42,688	-	42,688
Investment Income	949	80,332	81,281
Miscellaneous	25,257	987	26,244
<b>Total General Revenues</b>	<u>2,833,686</u>	<u>81,319</u>	<u>2,915,005</u>
<b>Changes in Net Assets</b>	(9,133)	124,816	115,683
Net Assets - Beginning, As Restated	656,258	894,169	1,550,427
Net Assets - Ending	<u>\$ 647,125</u>	<u>\$ 1,018,985</u>	<u>\$ 1,666,110</u>

See independent auditor's report

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	82-91
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue sources.	92-96
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	97-100
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	101-102
<b>Operating Information</b> These schedules contain personnel and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	103-107



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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 14,532,576	\$ 16,953,856	\$ 15,941,849	\$ 21,077,951
Restricted	20,985,539	23,423,807	27,854,128	20,577,871
Unrestricted	1,828,795	6,161,147	5,261,814	3,680,860
<b>Total Governmental Activities Net Assets</b>	<b>\$ <u>37,346,910</u></b>	<b>\$ <u>46,538,810</u></b>	<b>\$ <u>49,057,791</u></b>	<b>\$ <u>45,336,682</u></b>
<b>Business-type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 906,051	\$ 782,714	\$ 663,779	\$ 558,228
Restricted	52,841	68,791	71,200	69,964
Unrestricted	58,982	40,000	30,959	208,535
<b>Total Business-type Activities Net Assets</b>	<b>\$ <u>1,017,874</u></b>	<b>\$ <u>891,505</u></b>	<b>\$ <u>765,938</u></b>	<b>\$ <u>836,727</u></b>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 15,438,627	\$ 17,736,570	\$ 16,605,628	\$ 21,636,179
Restricted	21,038,380	23,492,598	27,925,328	20,647,835
Unrestricted	1,887,777	6,201,147	5,292,773	3,889,395
<b>Total Primary Government Net Assets</b>	<b>\$ <u>38,364,784</u></b>	<b>\$ <u>47,430,315</u></b>	<b>\$ <u>49,823,729</u></b>	<b>\$ <u>46,173,409</u></b>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	28,158,995	\$ 34,936,956	\$ 43,686,008	\$ 47,022,288	\$ 50,272,273	\$ 52,399,048
	20,147,743	21,873,077	19,230,832	19,710,398	20,344,714	20,717,458
	2,624,964	4,190,887	13,201,584	15,333,817	17,297,596	17,421,337
\$	<u>50,931,702</u>	<u>\$ 61,000,920</u>	<u>\$ 76,118,424</u>	<u>\$ 82,066,503</u>	<u>\$ 87,914,582</u>	<u>\$ 90,537,843</u>
\$	469,579	\$ 378,465	\$ 286,573	\$ 192,657	\$ 400,578	\$ 387,092
	67,967	69,313	65,516	65,286	69,152	62,547
	300,456	501,246	610,980	396,484	403,158	552,736
\$	<u>838,002</u>	<u>\$ 949,024</u>	<u>\$ 963,069</u>	<u>\$ 654,427</u>	<u>\$ 872,888</u>	<u>\$ 1,002,375</u>
\$	28,628,574	\$ 35,315,421	\$ 43,972,581	\$ 47,214,945	\$ 50,672,851	\$ 52,786,140
	20,215,711	21,942,390	19,296,348	19,775,684	20,413,865	20,780,004
	2,925,420	4,692,133	13,812,564	15,730,301	17,700,754	17,974,073
\$	<u>51,769,705</u>	<u>\$ 61,949,944</u>	<u>\$ 77,081,493</u>	<u>\$ 82,720,929</u>	<u>\$ 88,787,470</u>	<u>\$ 91,540,218</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Expenses				
Governmental Activities:				
Total Instruction	\$ 53,677,049	\$ 57,510,303	\$ 61,344,975	\$ 63,177,736
Support Services				
Pupil Services	5,397,320	6,395,337	6,924,508	6,612,481
Instructional Staff	5,712,664	6,488,963	8,072,644	7,828,193
General Administration	539,693	636,396	535,449	750,238
School Administration	5,622,636	6,092,669	6,590,527	6,641,734
Business Services	1,195,569	1,340,104	1,559,503	1,632,314
Maintenance/Operations	8,490,877	9,416,543	13,953,782	10,901,991
Pupil Transportation	2,247,890	1,682,457	2,464,000	3,032,800
Central Supporting Services	2,889,483	3,746,070	3,827,622	5,066,225
Community Services	305,054	406,469	936,233	1,325,831
Interest on Long-term Debt	5,838,662	5,909,556	6,610,993	8,632,902
Depreciation - unallocated	3,007,983	-	-	-
Total Support Services	41,247,831	42,114,564	51,475,261	52,424,709
Total Governmental Activities Expenses	94,924,880	99,624,867	112,820,236	115,602,445
Business-type Activities:				
Nutritional Services	3,102,775	3,521,504	3,581,246	3,503,514
Total Primary Government Expenses	\$ 98,027,655	\$ 103,146,371	\$ 116,401,482	\$ 119,105,959
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 657,627	\$ 723,969	\$ 820,969	\$ 815,357
Support Services				
Pupil Services	-	313	1,839	1,211
Instructional Staff	(42)	-	-	-
General Administration	2,378	59,218	63,095	51,517
School Administration	49,630	13,853	23,012	25,596
Business Services	18,584	782	918	901
Maintenance Operations	852	-	-	-
Central Supporting Services	-	243,033	299,557	531,279
Community Services	230,069	-	-	-
Operating Grants and Contributions	7,193,080	9,030,381	9,845,561	9,376,242
Capital Grants and Contributions	2,950,000	149,055	666,222	28,970
Total Governmental Activities Program Revenues	11,102,178	10,220,604	11,721,173	10,831,073
Business-type Activities:				
Nutritional Services	2,978,189	3,393,021	3,452,585	3,573,607
Total Primary Government Program Revenues	\$ 14,080,367	\$ 13,613,625	\$ 15,173,758	\$ 14,404,680
Net (Expense)/Revenue				
Governmental Activities	\$ (83,822,702)	\$ (89,404,263)	\$ (101,099,063)	\$ (104,771,372)
Business-type Activities	(124,586)	(128,483)	(128,661)	70,093
Total Primary Government Net Expense	\$ (83,947,288)	\$ (89,532,746)	\$ (101,227,724)	\$ (104,701,279)

Continued on next page



<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ <u>63,012,325</u>	\$ <u>62,223,449</u>	\$ <u>66,529,238</u>	\$ <u>67,834,944</u>	\$ <u>69,893,811</u>	\$ <u>72,938,988</u>
6,948,277	7,227,057	7,570,257	8,717,227	8,823,141	10,866,456
7,540,045	7,749,997	7,944,486	10,425,291	10,651,345	11,821,156
919,514	925,276	1,113,179	1,213,567	1,097,462	1,123,991
6,863,529	7,026,788	6,999,468	8,046,845	8,196,106	8,790,951
1,641,331	1,693,037	1,706,322	1,785,422	2,286,161	3,587,229
9,942,999	12,039,281	6,188,899	11,122,270	13,799,484	5,882,278
2,916,150	2,718,558	3,220,776	4,012,223	4,153,388	12,242,873
3,928,544	2,778,997	8,767,469	7,592,656	3,979,589	4,045,434
1,152,881	1,210,399	694,139	785,524	831,718	925,487
3,393,072	4,521,000	6,088,520	6,759,440	6,679,897	6,188,909
-	-	-	-	-	-
<u>45,246,342</u>	<u>47,890,390</u>	<u>50,293,515</u>	<u>60,460,465</u>	<u>60,498,290</u>	<u>65,474,766</u>
<u>108,258,667</u>	<u>110,113,839</u>	<u>116,822,753</u>	<u>128,295,409</u>	<u>130,392,101</u>	<u>138,413,754</u>
3,582,130	3,630,472	3,681,340	4,170,018	4,011,436	4,348,417
\$ <u>111,840,797</u>	\$ <u>113,744,311</u>	\$ <u>120,504,093</u>	\$ <u>132,465,428</u>	\$ <u>134,403,537</u>	\$ <u>142,762,171</u>
\$ 888,085	\$ 927,887	\$ 945,121	\$ 715,218	\$ 827,452	\$ 716,533
1,372	2,420	1,188	-	-	-
-	30,216	17,647	39,678	45,904	39,125
58,367	-	-	-	-	-
28,999	41,068	51,298	54,747	63,338	-
1,024	37,191	28,190	21,366	24,719	6,288
-	352	454	-	-	-
601,923	460,476	487,370	482,762	558,519	562,606
-	-	-	-	-	-
9,543,859	9,824,094	11,584,333	10,766,875	12,656,371	14,717,024
94,556	6,731	427,774	-	-	-
<u>11,218,185</u>	<u>11,330,435</u>	<u>13,543,375</u>	<u>12,080,646</u>	<u>14,176,303</u>	<u>16,041,576</u>
3,581,938	3,738,322	3,690,798	3,857,119	3,925,487	4,419,110
\$ <u>14,800,123</u>	\$ <u>15,068,757</u>	\$ <u>17,234,173</u>	\$ <u>15,937,765</u>	\$ <u>18,101,790</u>	\$ <u>20,460,686</u>
\$ (97,040,482)	\$ (98,783,404)	\$ (103,279,378)	\$ (116,214,763)	\$ (116,215,798)	\$ (122,372,178)
(192)	107,850	9,458	(312,900)	(85,949)	70,693
\$ <u>(97,040,674)</u>	\$ <u>(98,675,554)</u>	\$ <u>(103,269,920)</u>	\$ <u>(116,527,663)</u>	\$ <u>(116,301,747)</u>	\$ <u>(122,301,485)</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Revenues				
Governmental Activities:				
Property Taxes Levied For:				
General Purpose	\$ 22,527,718	\$ 23,608,076	\$ 25,457,040	\$ 26,556,635
Mill Levy Override	6,158,550	7,240,226	7,459,483	7,454,021
Debt Services	9,430,136	11,216,909	11,932,524	12,509,394
Specific Ownership Taxes Levied For:				
General Purpose	2,678,737	3,939,999	3,821,176	4,008,797
Mill Levy Override	727,757	786,518	788,540	803,842
Debt Services	1,123,951	-	-	-
Intergovernmental				
Equalization	43,869,213	47,140,244	51,539,947	53,208,893
Payments in Lieu of Land Dedication	571,984	838,416	981,415	876,004
Interest and Investment Earnings	1,335,083	1,182,788	507,403	372,367
Gain on Sale of Capital Asset	-	-	-	-
Miscellaneous	633,000	933,051	1,130,516	264,545
Transfer	-	-	-	-
Total Governmental Activities	<u>89,056,129</u>	<u>96,886,227</u>	<u>103,618,044</u>	<u>106,054,498</u>
Business-type Activities:				
Interest and Investment Earnings	2,754	950	842	696
Miscellaneous	-	1,164	2,252	-
Grants and Contributions not Restricted to Specific Programs	-	-	-	-
Transfer	-	-	-	-
Total Business-type Activities	<u>2,754</u>	<u>2,114</u>	<u>3,094</u>	<u>696</u>
Total Primary Government	<u>\$ 89,058,883</u>	<u>\$ 96,888,341</u>	<u>\$ 103,621,138</u>	<u>\$ 106,055,194</u>
Change in Net Assets				
Governmental Activities	\$ 5,233,427	\$ 7,481,964	\$ 2,518,981	\$ 1,283,126
Business-type Activities	(121,832)	(126,369)	(125,567)	70,789
Total Primary Government	<u>\$ 5,111,595</u>	<u>\$ 7,355,595</u>	<u>\$ 2,393,414</u>	<u>\$ 1,353,915</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	24,432,966	\$ 25,704,275	\$ 26,228,693	\$ 28,363,669	\$ 30,242,965	\$ 30,378,658
	7,463,272	7,480,274	12,058,082	12,456,986	12,774,017	13,209,662
	10,195,101	11,607,605	11,811,769	11,119,912	11,265,715	12,053,521
	3,866,971	3,608,215	3,873,082	4,271,504	4,339,660	4,058,837
	784,202	843,186	705,116	687,375	-	-
	-	-	-	-	-	-
	53,573,154	54,738,055	57,847,052	59,874,117	62,255,043	64,803,052
	831,031	927,293	733,693	499,858	313,552	232,579
	758,603	3,264,484	5,249,371	4,071,983	1,175,751	317,332
	415,401	-	-	-	-	-
	314,801	679,235	914,492	817,438	-	-
	-	-	-	-	-	(58,202)
	<u>102,635,502</u>	<u>108,852,622</u>	<u>119,421,350</u>	<u>122,162,842</u>	<u>122,366,703</u>	<u>124,995,439</u>
	1,468	3,171	4,587	4,258	1,584	592
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	58,202
	<u>1,468</u>	<u>3,171</u>	<u>4,587</u>	<u>4,258</u>	<u>1,584</u>	<u>58,794</u>
\$	<u>102,636,970</u>	<u>108,855,793</u>	<u>119,425,937</u>	<u>122,167,099</u>	<u>122,368,287</u>	<u>125,054,233</u>
\$	5,595,020	\$ 10,069,218	\$ 16,141,972	\$ 5,948,079	\$ 5,848,079	\$ 2,623,261
	1,276	111,021	14,045	(308,642)	218,461	129,487
\$	<u>5,596,296</u>	<u>10,180,239</u>	<u>16,156,017</u>	<u>5,639,436</u>	<u>6,066,540</u>	<u>2,752,748</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 3,178,711	\$ 3,477,354	\$ 3,417,314	\$ 3,899,450
Unreserved	<u>5,491,267</u>	<u>7,502,040</u>	<u>9,143,617</u>	<u>8,930,981</u>
Total General Fund	<u>8,669,978</u>	<u>10,979,394</u>	<u>12,560,931</u>	<u>12,830,431</u>
All Other Governmental Funds				
Reserved	17,309,323	19,931,437	24,408,997	16,645,409
Unreserved:				
Undesignated, reported in:				
Special Revenue Funds	<u>2,841,666</u>	<u>3,130,837</u>	<u>2,943,489</u>	<u>1,456,610</u>
Total All Other Governmental Funds	<u>20,150,989</u>	<u>23,062,274</u>	<u>27,352,486</u>	<u>18,102,019</u>
Total Governmental Funds	<u>\$ 28,820,967</u>	<u>\$ 34,041,668</u>	<u>\$ 39,913,417</u>	<u>\$ 30,932,450</u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	4,230,904	\$ 3,644,088	\$ 3,599,242	\$ 4,517,882	\$ 4,821,889	\$ 4,727,990
	<u>8,375,509</u>	<u>10,311,178</u>	<u>17,783,886</u>	<u>18,808,539</u>	<u>19,294,606</u>	<u>20,530,457</u>
	<u>12,606,413</u>	<u>13,955,266</u>	<u>21,383,128</u>	<u>23,326,421</u>	<u>24,116,495</u>	<u>25,258,446</u>
	15,881,936	106,197,107	79,919,801	52,872,901	33,834,519	20,842,333
	<u>1,719,568</u>	<u>1,899,136</u>	<u>2,710,309</u>	<u>2,975,899</u>	<u>3,255,332</u>	<u>3,600,654</u>
	<u>17,601,504</u>	<u>108,096,243</u>	<u>82,630,110</u>	<u>55,848,800</u>	<u>37,089,851</u>	<u>24,442,987</u>
\$	<u><u>30,207,917</u></u>	<u><u>122,051,509</u></u>	<u><u>104,013,238</u></u>	<u><u>79,175,221</u></u>	<u><u>61,206,346</u></u>	<u><u>49,701,433</u></u>

**Thompson School District R2-J**

Schedule of Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified accrual accounting)

(Unaudited)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>				
Taxes	\$ 42,646,848	\$ 46,791,728	\$ 48,677,114	\$ 49,314,672
Intergovernmental	51,062,293	56,119,346	60,939,434	62,003,232
Investment Earnings	1,333,774	1,182,235	507,060	371,980
Other	4,918,352	4,370,368	4,797,990	3,206,253
Total Revenues	<u>99,961,267</u>	<u>108,463,677</u>	<u>114,921,598</u>	<u>114,896,137</u>
<b>Expenditures</b>				
Current:				
Instruction				
Salaries and Benefits	46,698,517	49,530,112	52,742,724	54,271,472
Purchased Services	1,619,408	1,692,550	1,903,506	2,076,288
Supplies and Materials	2,986,064	3,312,747	3,414,106	3,210,706
Other	153,292	211,137	194,785	231,676
Supporting Services				
Pupil Services	5,343,667	6,173,161	6,633,916	6,321,785
Instructional Staff	5,646,503	6,266,194	7,760,087	7,516,507
General Administration	537,760	612,976	512,979	5,821,374
School Administration	5,537,666	5,869,595	6,313,951	6,349,752
Business Services	1,177,047	1,787,754	2,119,057	2,660,555
Maintenance/Operations	8,694,689	9,177,770	14,129,970	10,434,325
Pupil Transportation	2,715,761	2,621,154	2,731,259	3,323,739
Central Supporting Services	2,897,292	3,090,305	2,802,815	3,565,282
Community Services	305,054	1,751,460	1,527,067	1,283,364
Capital Projects	3,208,192	5,246,376	1,073,283	879,514
Charter School	-	-	-	-
Bond Issuance Costs	-	-	-	-
Debt Service:				
Principal	1,710,000	1,923,000	1,695,035	14,685,732
Interest	5,838,662	5,907,560	6,715,422	6,023,451
Total Expenditures	<u>95,069,574</u>	<u>105,173,851</u>	<u>112,269,962</u>	<u>128,655,522</u>
Excess (deficiency) of Revenues over Expenditures	<u>4,891,693</u>	<u>3,289,826</u>	<u>2,651,636</u>	<u>(13,759,385)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	7,265,234	7,773,529	9,127,797	10,311,254
Transfers Out	(7,265,234)	(7,773,529)	(9,127,797)	(10,311,254)
Proceeds from Capital Lease	-	220,939	3,220,113	4,485,000
Issuance of Debt	-	-	-	25,660,000
Transfer to Bond Escrow	-	-	-	(27,407,353)
Premium on Bond Financing	-	-	-	2,040,771
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>220,939</u>	<u>3,220,113</u>	<u>4,778,418</u>
Net Change to Fund Balance	<u>\$ 4,891,693</u>	<u>\$ 3,510,765</u>	<u>\$ 5,871,749</u>	<u>\$ (8,980,967)</u>
Debt Service as a Percentage of				
Non-Capital Expenditures	8.22%	7.84%	7.56%	16.21%

Note: In 2001, the District adopted GASB 34 and began reporting expenditures by function.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	47,881,408	\$ 49,085,270	\$ 54,301,144	\$ 56,727,661	\$ 57,546,346	\$ 58,780,951
	62,832,803	64,307,404	69,298,311	70,640,991	73,912,330	78,751,910
	757,768	3,262,834	5,249,371	4,071,983	1,175,751	317,332
	3,041,789	3,608,178	2,910,865	2,631,068	2,832,568	1,574,546
	<u>114,513,768</u>	<u>120,263,686</u>	<u>131,759,691</u>	<u>134,071,703</u>	<u>135,466,995</u>	<u>139,424,739</u>
	55,316,035	54,622,983	55,096,973	59,207,799	61,456,412	63,192,919
	2,221,777	2,182,801	2,230,932	2,062,371	1,830,410	2,264,059
	3,122,051	2,746,923	3,161,315	3,312,954	3,295,393	3,194,067
	122,580	132,878	126,311	133,708	128,767	125,206
	6,761,203	7,021,698	7,349,203	8,477,310	8,532,676	10,469,008
	7,444,139	7,564,297	7,712,504	10,230,511	10,426,810	11,516,102
	896,903	925,216	1,081,439	1,179,122	1,055,759	1,057,750
	6,680,383	6,827,099	6,795,081	7,825,018	7,927,542	8,459,745
	2,709,954	2,244,847	1,674,017	1,750,356	2,243,707	3,520,988
	10,080,023	11,697,226	23,696,567	20,064,310	17,325,065	4,557,453
	3,041,299	3,437,655	3,149,984	3,935,390	4,060,367	10,809,066
	2,542,102	2,824,053	3,637,045	3,874,845	3,754,589	3,485,465
	1,112,527	1,175,910	650,149	737,782	773,917	859,246
	882,134	8,064,632	18,386,234	21,550,163	16,014,388	13,015,598
	-	-	1,868,346	2,257,196	2,722,161	2,764,792
	258,618	982,798	-	-	-	-
	10,225,047	5,668,988	5,787,500	6,115,104	5,933,065	6,231,399
	2,495,545	4,539,810	6,519,762	6,195,782	5,954,842	5,406,789
	<u>115,912,320</u>	<u>122,659,814</u>	<u>148,923,362</u>	<u>158,909,721</u>	<u>153,435,869</u>	<u>150,929,652</u>
	<u>(1,398,552)</u>	<u>(2,396,128)</u>	<u>(17,163,671)</u>	<u>(24,838,018)</u>	<u>(17,968,874)</u>	<u>(11,504,913)</u>
	9,332,428	10,177,062	10,044,571	10,256,580	9,386,336	9,024,938
	(9,332,428)	(10,177,062)	(10,044,571)	(10,256,580)	(9,386,336)	(9,024,938)
	-	-	-	-	-	-
	22,215,000	89,215,000	-	-	-	-
	(23,276,594)	-	-	-	-	-
	1,320,212	5,024,720	-	-	-	-
	415,401	-	-	-	-	-
	<u>674,019</u>	<u>94,239,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
\$	<u>(724,533)</u>	<u>\$ 91,843,592</u>	<u>\$ (17,163,671)</u>	<u>\$ (24,838,018)</u>	<u>\$ (17,968,874)</u>	<u>\$ (11,504,913)</u>
	11.06%	8.91%	9.43%	8.96%	8.65%	8.44%

**Thompson School District R2-J**

Assessed Value and Estimated Value of Taxable Property

(Unaudited)

<b>Year Ended December 31,</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural</b>	<b>Natural Resources Oil &amp; Gas, &amp; Utilities</b>
2000	1,221,485,100	624,936,370	81,224,490	19,665,180	73,533,880
2001	1,288,723,030	650,552,360	96,424,380	19,555,940	75,664,210
2002	1,549,649,830	803,155,060	105,173,350	19,693,910	79,068,070
2003	1,627,889,490	826,707,590	109,967,760	19,856,750	94,106,880
2004	1,702,909,960	915,101,040	111,710,270	15,291,010	88,390,920
2005	1,765,704,970	935,712,490	113,792,070	15,556,060	81,237,808
2006	1,913,606,420	1,042,005,600	111,003,590	16,403,560	86,809,902
2007	1,998,127,240	1,087,444,240	111,954,530	17,243,500	87,703,917
2008	2,113,390,350	1,310,626,770	119,666,640	18,747,970	101,024,495
2009	2,160,609,780	1,384,794,970	121,315,930	18,988,750	102,501,701

From 1998 to 2009, commercial real property, undeveloped land, personal property and utilities were assessed at 29% of replacement cost calculated on the base year's appraised value.

Residential real property was assessed as follows:

	<b>Assessment Percentage</b>	<b>Base Year</b>
2000	9.74%	1999 appraised value
2001	9.74%	1999 appraised value
2002	9.15%	2001 appraised value
2003	9.15%	2001 appraised value
2004	7.96%	2003 appraised value
2005	7.96%	2003 appraised value
2006	7.96%	2005 appraised value
2007	7.96%	2006 appraised value
2008	7.96%	2007 appraised value
2009	7.96%	2007 appraised value

Source: Larimer County Assessor's Office - Larimer County December 31, 2009 Comprehensive Annual Financial Report

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



<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Tax Exempt Property</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
303,920,650	2,324,765,670	1,030,163,860	53.086	16,345,330,543	14.22%
299,078,820	2,429,998,740	1,014,089,890	49.168	18,019,838,182	13.49%
292,583,570	2,849,323,790	934,372,150	48.462	21,417,698,061	13.30%
280,954,090	2,959,482,560	883,309,680	46.671	22,382,842,209	13.22%
274,798,890	3,108,202,090	965,980,430	42.687	26,239,176,137	11.85%
273,690,849	3,185,694,247	509,850,250	40.250	27,078,737,989	11.76%
283,537,320	3,453,366,392	1,056,157,790	43.457	29,349,798,804	11.77%
282,913,948	3,585,387,375	1,177,190,260	41.657	30,575,411,815	11.73%
322,040,632	3,985,496,857	1,204,106,620	40.974	33,005,669,705	12.08%
333,629,268	4,121,840,399	1,179,516,220	41.295	33,906,203,149	12.16%

**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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Collection Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
School District										
General Fund	31.460	27.542	27.141	25.858	25.304	22.985	22.523	32.438	32.194	32.079
Mill Levy Override	8.500	8.500	8.195	7.687	7.383	6.755	10.636	0.198	0.112	0.096
Debt Services	13.126	13.126	13.126	13.126	10.000	10.510	10.298	9.021	8.668	9.120
School District Total	53.086	49.168	48.462	46.671	42.687	40.250	43.457	41.657	40.974	41.295
Larimer County	21.656	21.614	22.461	22.560	22.517	22.541	22.410	22.414	22.395	22.435
Town of Berthoud	6.673	6.673	6.673	6.673	6.409	6.664	10.735	11.551	9.162	9.630
City of Fort Collins	-	-	-	-	-	9.797	9.797	9.797	9.797	9.797
City of Loveland	9.564	9.564	9.564	9.564	9.564	9.564	9.564	9.564	9.564	9.564
Town of Windsor	-	-	-	-	-	12.030	12.030	12.030	12.030	12.030
Town of Johnstown	-	-	-	-	-	23.9347	23.947	23.947	23.947	23.947
Johnstown Fire Protection District	-	-	-	-	-	-	8.796	9.478	9.524	9.464
Berthoud Fire Protection District	8.128	8.128	8.128	8.128	15.274	15.274	15.274	15.274	15.274	15.274
Loveland Fire District	6.674	6.674	6.674	6.674	5.808	5.808	5.808	5.808	5.808	5.808
Poudre Valley Fire District	-	-	-	-	-	9.301	9.301	9.301	9.301	9.301
Windsor-Severance Fire District	-	-	-	-	-	4.944	4.944	4.944	6.119	6.684
Lyons Fire District	-	-	-	-	-	7.148	7.193	7.196	5.531	6.325
Pinewood Lake Fire District	-	-	-	-	-	6.446	5.944	6.373	6.373	6.271
Health District of Northern Larimer Co	-	-	-	-	-	2.167	2.167	2.167	2.167	2.167
Thompson Valley Hospital District	1.673	1.669	1.564	1.564	1.519	1.509	1.492	1.471	1.716	2.093
Larimer County P.I.D. No. 27	-	-	-	-	-	-	56.695	55.946	55.946	56.844
Larimer County P.I.D. No. 35	-	-	-	-	-	-	104.222	29.208	29.208	7.082
Larimer County P.I.D. No. 36	-	-	-	-	-	-	13.485	13.580	13.580	13.580
Larimer Pest Control	0.124	0.124	0.124	0.124	0.142	0.142	0.142	0.142	0.142	0.142
Larimer County G.I.D. No. 8 Namaqua Hills	-	-	-	-	-	-	8.145	8.382	8.382	8.382
Loveland Downtown Dev. Auth	5.000	-	-	-	-	-	-	-	-	-
Loveland General Improvement District	2.684	2.684	-	-	2.684	2.684	2.684	2.684	2.676	2.684
Estes Valley Park Recreation	-	-	-	-	-	1.331	1.472	1.404	2.393	2.311
West Loveland Recreation District	5.557	5.557	5.557	5.557	-	-	-	-	-	-
South Fort Collins Sanitation District	-	-	-	-	-	-	0.500	0.500	0.487	0.500
Fort Collins - Loveland Water District	-	-	-	-	-	-	1.500	1.500	1.500	1.500
Poudre River Public Library District	-	-	-	-	-	-	3.000	3.000	3.000	3.000
North Carter Lake Water District	-	-	-	-	-	-	10.756	10.225	10.750	8.783
No. Colorado Water Conservancy District	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Spring Canyon Water and Sanitation	-	-	-	-	-	2.966	3.118	3.000	3.050	2.811
West Loveland Water and Sanitation	12.382	12.382	12.382	12.382	-	-	-	-	-	-
Thompson Crossing Metropolitan No. 2	-	-	-	-	-	-	20.000	20.000	20.000	20.000
Van De Water Metropolitan District No. 2	-	-	-	-	-	45.980	45.980	45.980	45.980	45.980
Van De Water Metropolitan District No. 3	-	-	-	-	-	-	45.980	40.000	40.000	40.000
Windsor Highlands Metropolitan No. 3	-	-	-	-	-	30.000	35.000	35.000	35.000	35.000
Windsor Highlands Metropolitan No. 4	-	-	-	-	-	-	35.000	35.000	35.000	35.000
Centerra Metropolitan District No. 2	-	-	-	-	-	35.000	35.000	52.600	42.600	42.600
Waterfront Metropolitan District	-	-	-	-	-	45.979	45.979	45.979	45.979	45.979
Lincoln Place Metropolitan District	-	-	-	-	55.000	55.000	50.000	-	-	-
Loveland Midtown Metropolitan No. 1	-	-	-	-	-	-	40.000	40.000	40.000	40.000
Larimer County P.I.D. No. 31	-	-	-	-	-	-	137.932	121.967	31.384	24.314
Thompson Crossing Metropolitan No. 4	-	-	-	-	-	-	76.000	60.000	60.000	60.000
Highpointe Vista Metropolitan No. 2	-	-	-	-	-	-	26.000	32.000	35.000	35.000
Deer Meadows Metropolitan District	-	-	-	-	-	-	40.000	45.000	45.000	60.000
Thompson Rivers Park & Rec. District	-	-	-	-	-	-	3.594	3.594	3.594	3.594
Thompson Crossing Metropolitan No. 3	-	-	-	-	-	-	-	60.000	60.000	60.000
Thompson Crossing Metropolitan No. 5	-	-	-	-	-	-	-	60.000	60.000	60.000
Thompson Crossing Metropolitan No. 6	-	-	-	-	-	-	-	60.000	60.000	60.000
Johnstown North Metropolitan No. 1	-	-	-	-	-	-	-	20.000	25.000	25.000
Johnstown North Metropolitan No. 2	-	-	-	-	-	-	-	20.000	25.000	25.000
Johnstown North Metropolitan No. 3	-	-	-	-	-	-	-	20.000	25.000	25.000
Centerra Metropolitan District No. 2 Bond	-	-	-	-	-	-	-	-	6.655	6.655
Centerra Metropolitan District No. 3	-	-	-	-	-	-	-	-	5.000	5.000
Windsor Highlands Metropolitan No. 1	-	-	-	-	-	-	-	-	30.000	30.000
Windsor Highlands Metropolitan No. 2	-	-	-	-	-	-	-	-	35.000	35.000
Windsor Highlands Metropolitan No. 5	-	-	-	-	-	-	-	-	35.000	35.000
Berthoud Community Library	-	-	-	-	-	-	-	-	2.400	2.400

Source: Larimer County Assessor's Office

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

Taxpayer	2010			2000		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Centerra Lifestyle Center, LLC	\$ 23,680,400	1	0.57%	\$		
Wal-Mart Stores East, LP	19,117,330	2	0.46%	10,344,160	2	1.53%
Qwest Corporation	11,442,030	3	0.28%			
Agilent Technologies, Incorporated	9,612,020	4	0.23%	22,036,200	1	3.25%
Public Service Company of Colorado	8,537,630	5	0.21%	2,178,630	9	0.32%
Craig Realty Group-Loveland, LLC	8,018,500	6	0.19%			
MCR-MOB LLC	7,815,500	7	0.19%			
Quebecor World Incorporated	5,308,710	8	0.13%	5,055,140	6	0.75%
John Q. Hammons Hotels	5,205,500	9	0.13%			
Hach Company	4,663,870	10	0.11%	4,174,670	7	0.62%
Loveland Factory Shops LP				10,251,720	3	1.51%
Woodward Governor Company				5,473,110	5	0.81%
U.S. West Communications				7,452,500	4	1.10%
Teledyne Industries				3,911,470	8	0.58%
Twenty Ninth Street Investment				1,942,520	10	0.29%
	<u>\$ 103,401,490</u>		<u>2.51%</u>	<u>\$ 72,820,120</u>		<u>10.74%</u>
Total assessed valuation	<u>\$ 4,121,840,399</u>			<u>\$ 678,127,029</u>		

Source: Larimer County Assessor's Office

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

Year Ended June 30,	Taxes Levied for the Year (1)	Collected within the Year of the Levy	
		Amount	Percentage of Levy
2001	37,797,337	38,116,403	100.8%
2002	42,399,981	42,065,211	99.2%
2003	44,143,219	44,067,398	99.8%
2004	45,329,848	44,502,033	98.2%
2005	43,366,318	43,230,235	99.7%
2006	44,331,015	44,262,935	99.8%
2007	50,059,218	47,530,029	94.9%
2008	55,222,130	51,940,567	94.1%
2009	57,074,070	54,282,697	95.1%
2010	58,927,888	55,641,841	94.4%

Notes:

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

Source: Larimer County Assessor's Office

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

Year	General Obligation Bonds	Certificate of Participation Bonds	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2001	78,520,738	-	1,839,066	80,359,804	5.44%	1,588
2002	76,597,738	-	1,875,058	78,472,796	4.81%	1,453
2003	75,168,738	-	4,829,136	79,997,874	4.79%	1,399
2004	70,461,009	4,485,000	2,667,404	77,613,413	4.30%	1,300
2005	61,802,167	4,325,000	2,162,357	68,289,524	3.62%	1,136
2006	151,323,193	4,160,000	1,768,368	157,251,561	7.99%	2,540
2007	146,254,499	3,990,000	1,605,869	151,850,368	7.20%	2,369
2008	128,404,737	3,815,000	1,435,765	133,655,502	5.92%	2,031
2009	122,829,737	3,635,000	1,257,700	127,722,437	5.33%	1,971
2010	116,969,737	3,450,000	1,071,301	121,491,038	4.93%	1,846

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

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

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

Year Ended December 31,	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Due to Assessed Value (1)	Net Bonded Debt per Capita
2001	78,520,738	10,105,819	68,414,919	9.48%	764
2002	76,597,738	13,572,046	63,025,692	7.31%	661
2003	75,168,738	17,499,748	57,668,990	6.30%	644
2004	70,461,009	11,431,587	59,029,422	6.05%	632
2005	61,802,167	9,885,779	51,916,388	5.09%	538
2006	151,323,193	12,481,416	138,841,777	12.51%	2,072
2007	146,254,499	12,939,805	133,314,694	11.53%	2,080
2008	128,404,737	12,481,784	115,922,953	3.23%	1,762
2009	122,829,737	12,465,223	110,364,514	2.77%	1,703
2010	116,969,737	13,488,987	103,480,750	2.51%	1,573

Source: Larimer County Assessor's Office

(1) Assessed Value is \$4,121,840,399 for 2010.

**Thompson School District R2-J**  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 June 30, 2010  
 (Unaudited)

	<u>General Obligation Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
Thompson School District R2-J	\$ 116,969,737	100.00%	\$ 116,969,737
Town of Berthoud	7,144,751	100.00%	7,144,751
Berthoud Fire District	<u>1,460,000</u>	31.43%	<u>458,878</u>
 Total	 <u>\$ 125,574,488</u>		 <u>\$ 124,573,366</u>

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

**Thompson School District R2-J**  
Computation of Legal Debt Margin  
June 30, 2010  
**(Unaudited)**

Assessed Value		\$ <u>4,121,840,399</u>
Debt Limit (20% of Assessed Valuation)		824,368,080
Total Bonded Debt	\$ 116,969,737	
Total Amount Applicable to Debt Limit		<u>116,969,737</u>
Legal Debt Margin		<u>\$ 707,398,343</u>

Source: Larimer County Assessor's Office



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

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Thompson School District R2-J	2,113	1	6.45%	1,800	1	6.54%
Promenade Shops at Centerra	1,927	2	5.89%			
Hach Company	1,200	3	3.67%	640	6	2.33%
Medical Center of the Rockies	1,100	4	3.36%			
Wal-Mart Distribution Center	1,050	5	3.21%	1,395	3	5.07%
McKee Medical Center	950	6	2.90%	775	4	2.82%
City of Loveland	692	7	2.11%	599	7	2.18%
Group Publishing	311	8	0.95%	260	10	0.94%
Wal-Mart Super Center	307	9	0.94%			
Kroll Factual Data	262	10	0.80%			
Agilent Technologies				1,600	2	5.81%
Hewlett-Packard				750	5	2.73%
King Soopers Grocery Stores				280	9	1.02%
Teledyne Water Pik				290	8	1.05%
<b>Total</b>	<b>9,912 (a)</b>		<b>30.27%</b>	<b>8,389</b>		<b>30.49%</b>
<b>Total City Employment</b>	<b>32,740</b>			<b>27,518</b>		

(a) The number for 2010 was not available, therefore, the 2009 number was used

Source: City of Loveland December 31, 2009 Comprehensive Annual Financial Report

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

<b>Fiscal Year</b>	<b>Population</b> <i>(thousands)</i>	<b>Personal</b> <b>Income</b> <i>(millions)</i>	<b>County</b> <b>Per Capita</b> <b>Income (b)</b> <i>(thousands)</i>	<b>Median</b> <b>Age</b>	<b>Unemployment</b> <b>Percentage (a)</b>
2000	50.6	1,477.50	29.2	34.1	2.9
2001	54.0	1,630.80	30.2	33.3	4.1
2002	57.2	1,670.20	29.2	33.4	4.8
2003	59.7	1,802.90	30.2	34.0	5.2
2004	60.1	1,887.10	31.4	34.4	5.3
2005	61.9	1,968.40	31.8	36.0	4.1
2006	64.1	2,108.90	32.9	33.9	3.5
2007	65.8	2,256.90	34.3	33.2	3.4
2008	64.8	2,394.75	37.0	35.9	4.3
2009	65.8	2,466.25	37.5	36.9	6.2

Note: The Unemployment Percentage for 2008 was unavailable at the time of 2008 CAFR publication, so the most recent figure at the time (2007; 3.4%) was used. This data has now been updated to the subsequently documented 2008 figure of 4.3%.

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

(b) Larimer County, separate City statistics not available

Source: City of Loveland December 31, 2009 Comprehensive Annual Financial Report

**Thompson School District R2-J**  
 Number of Employees by Function  
 June 30, 2010  
 (Unaudited)

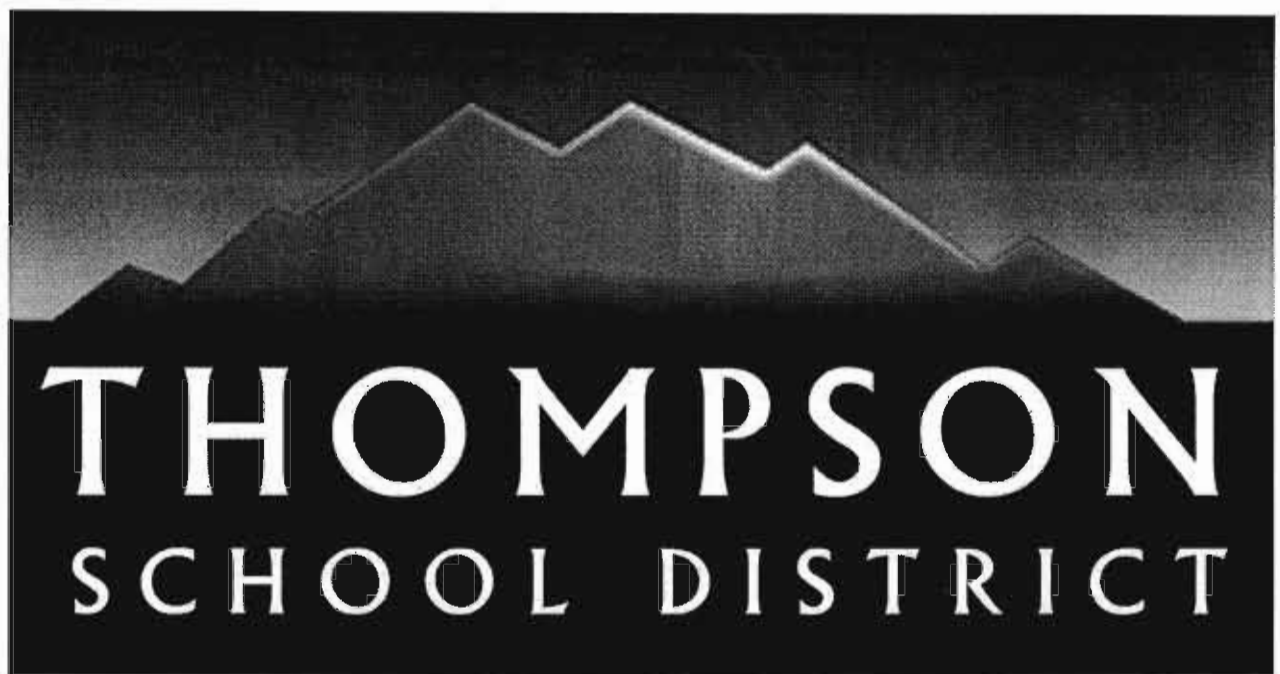
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Employees: (Full and Part Time Positions)</b>										
Administration										
Instructional Central Office Administrators	10	10	10	10	10	10	12	12	12	9
Principals & Asst. Principals	35	35	35	35	45	45	42	46	47	49
Support Central Office Administrators	5	5	5	5	10	10	11	11	11	12
Teaching Staff										
Teachers	845	845	850	850	1,015	985	995	1024	1031	1037
Substitute Teachers	255	255	255	255	380	350	304	375	254	408
Guidance Counselors	25	25	25	25	45	40	45	43	44	43
Media Specialist	10	10	10	10	10	10	9	9	9	9
Teacher Aides	175	175	175	175	170	180	198	187	195	212
Support Services										
Nurses, Psychologists, and Social Workers	20	20	20	20	30	30	35	31	35	32
Pupil Transportation	100	100	100	100	115	125	112	118	125	128
Personnel Services	10	10	10	10	10	10	9	12	12	11
Operations and Maintenance	165	165	165	165	150	155	153	160	173	164
Fiscal Services and Data Processing	5	5	5	5	10	10	9	15	14	16
School Building Clerical	120	120	120	120	140	140	130	141	147	148
Other Professional Support Staff	45	45	45	45	145	130	122	152	152	156
Other Clerical Support	30	30	30	30	35	30	31	31	30	31
Food Services	150	150	150	150	115	115	105	112	117	115
<b>Total</b>	<b>2,005</b>	<b>2,005</b>	<b>2,010</b>	<b>2,010</b>	<b>2,435</b>	<b>2,375</b>	<b>2,322</b>	<b>2,479</b>	<b>2,408</b>	<b>2,580</b>

Source: Thompson School District Human Resources Department

Thompson School District R2-J  
 Operating Indicators  
 June 30, 2010  
 (Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Funding per Student	\$ 4,831	\$ 5,103	\$ 5,441	\$ 5,595	\$ 5,721	\$ 5,798	\$ 5,988	\$ 6,279	\$ 6,530	\$ 6,714
Funded Pupil Count	14,180.0	14,335.0	14,495.0	14,445.5	14,352.5	14,304.6	14,402.0	14,419.5	14,486.4	14,491.7
Total Funding per School Finance Act	\$ 68,499,751	\$ 73,151,505	\$ 78,867,295	\$ 80,822,573	\$ 82,110,653	\$ 82,938,071	\$ 86,239,176	\$ 90,540,041	\$ 94,596,192	\$ 97,297,274

Source: Thompson School District Finance Department



**Thompson School District R2-J**  
**School Building Information**  
 June 30, 2010  
 (Unaudited)

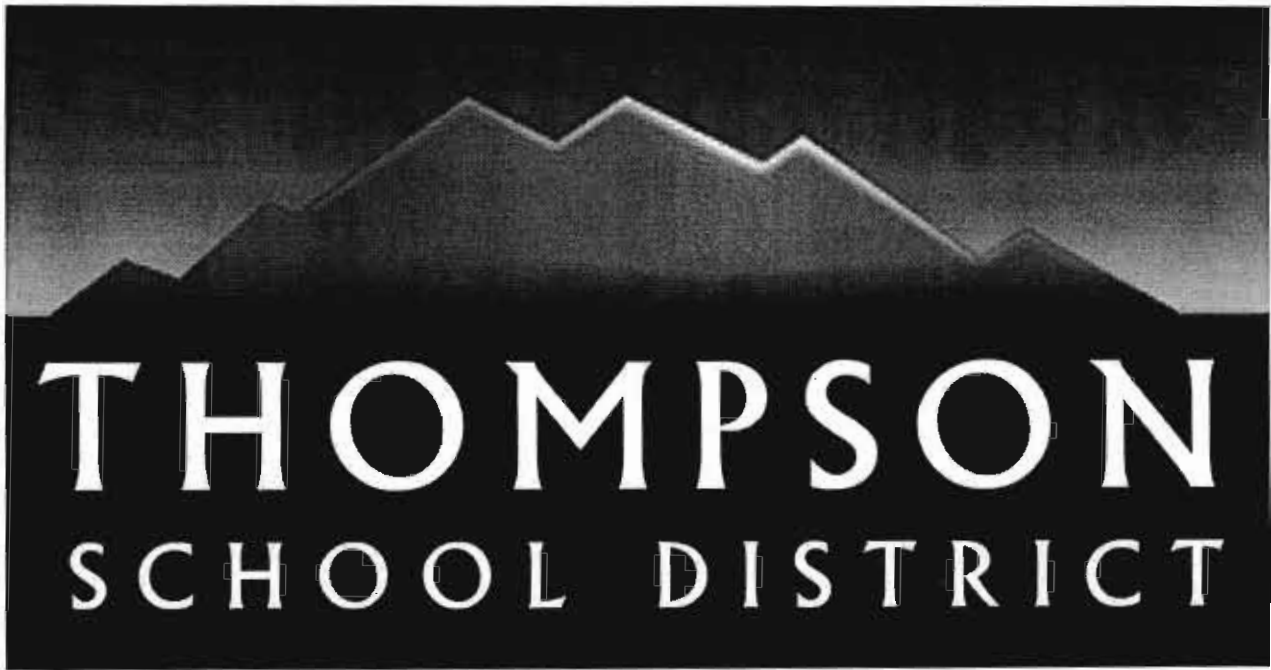
<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>					
			<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Elementary Schools								
Berthoud	60,050	550	419	453	424	404	404	415
BF Kitchen	33,800	250	215	207	194	185	233	244
Big Thompson	29,100	240	183	178	192	200	212	211
Carrie Martin	33,350	280	317	343	322	299	307	285
Centennial	57,750	535	418	409	343	319	343	409
Cottonwood Plains	57,400	470	433	458	555	517	529	485
Coyote Ridge	53,500	330	295	270	-	-	-	-
Garfield	34,900	305	294	280	261	271	246	253
Ivy Stockwell	36,050	350	334	314	342	363	376	359
Laurene Edmondson	32,650	315	246	248	289	302	310	304
Lincoln	40,500	360	366	353	393	391	431	327
Mary Blair	48,150	475	487	472	496	471	461	445
Monroe	61,050	365	352	394	393	420	409	430
Namaqua	51,550	460	480	471	509	516	603	580
Sarah Milner	36,700	390	328	344	336	366	345	353
Stansberry	31,800	235	253	245	241	216	235	246
Truscott	45,700	275	284	273	282	285	267	207
Van Buren	32,800	305	274	241	269	266	272	271
Winona	65,500	550	435	424	407	364	382	411
Middle Schools								
Bill Reed	146,500	900	618	622	604	612	645	697
Conrad Ball	96,100	810	621	640	703	783	794	784
Lucile Erwin	115,500	900	854	881	836	736	800	801
Turner	72,750	770	421	413	426	434	437	467
Walt Clark	96,850	900	586	643	683	708	770	789
High Schools								
Berthoud	129,200	990	615	630	656	675	673	681
Ferguson	43,000	185	122	104	99	102	97	105
Loveland	204,300	1,500	1,595	1,604	1,596	1,578	1,536	1,493
Mountain View	252,300	1,475	1,065	1,090	1,141	1,126	1,179	1,195
Thompson Valley	218,000	1,475	1,318	1,418	1,406	1,413	1,477	1,435
Totals	2,216,800	16,945	14,228	14,422	14,398	14,322	14,773	14,682

Source: Thompson School District Master Plans

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
406	399	415	458
260	279	275	282
224	231	257	267
281	265	258	239
362	340	335	328
463	464	469	457
-	-	-	-
247	298	295	321
365	365	385	393
315	320	311	309
306	308	300	290
433	444	451	471
411	441	387	388
591	626	649	625
381	405	463	474
273	288	314	340
209	220	222	218
286	280	285	261
396	359	322	273
693	727	707	714
809	781	764	749
801	782	777	777
495	508	504	493
753	756	741	811
704	689	685	667
94	102	112	120
1,477	1,464	1,467	1,554
1,221	1,147	965	718
1,425	1,503	1,536	1,585
<u>14,681</u>	<u>14,791</u>	<u>14,651</u>	<u>14,582</u>

## COMPLIANCE SECTION







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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated November 15, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the New Vision Charter School, as described in our report on the Thompson School District R2-J's financial statements. The financial statements of the New Vision Charter School were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

**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*.

We noted certain matters that we reported to management of the Thompson School District R2-J in a separate letter dated November 15, 2010.

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.



November 15, 2010

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Thompson School District R2-J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Thompson School District R2-J's management. Our responsibility is to express an opinion on the Thompson School District R2-J's compliance based on our audit.

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

In our opinion, the Thompson School District R2-J complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

Management of the Thompson School District R2-J is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over compliance.

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

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

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

*Ernst & Young LLP*

November 15, 2010

**Thompson School District R2-J  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes     no

*Federal Awards*

Internal control over major programs:

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

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

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

\_\_\_\_\_ yes     no

Identification of major programs:

- |                                    |   |
|------------------------------------|---|
| 84.010 Title I                     | 84.392 ARRA - Special Education Preschool |
| 84.389 ARRA - Title I              | 84.367 Improving Teacher Quality          |
| 84.027 Special Education           | 93.600 Head Start                         |
| 84.391 ARRA - Special Education    | 93.708 ARRA - Head Start                  |
| 84.173 Special Education Preschool |   |

Dollar threshold used to distinguish between type A and type B programs: \$303,702

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes     no

**Financial Statement Findings**

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

**Thompson School District R2-J  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010**

**2009-1 Financial Reporting**

Corrective action was taken regarding this prior audit finding.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated November 15, 2010. These financial statements are the responsibility of the Thompson School District R2-J's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Vision Charter School, which represent 85 percent and 86 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts included for the New Vision Charter School, is based solely upon the report of the other auditors.

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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

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.

November 15, 2010



**Thompson School District R2-J**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA Number	Grant Expenditures
U.S. Department of Education		
Passed Through State Department of Education		
Title I	84.010	\$ 1,679,534
ARRA Title I	84.389	403,068
School Improvement Grants	84.377	52,927
Special Education	84.027	2,498,825
ARRA Special Education	84.391	1,030,033
Special Education Preschool	84.173	74,572
ARRA Special Education Preschool	84.392	45,749
Improving Teacher Quality	84.367	556,966
Innovative Programs	84.298	1,008
Safe and Drug Free Schools and Communities	84.186	35,558
Education Technology	84.318	67,078
ARRA Education Technology	84.386	16,518
English Language Acquisition	84.365	42,573
ARRA State Fiscal Stabilization Fund	86.397	9,240
Passed Through State Department of Human Services		
Vocational Rehabilitation	84.126	114,715
Passed Through State Community Colleges System:		
Career and Technical Education	84.048	89,206
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>6,717,570</u>
U.S. Department of Agriculture		
Passed through State Department of Human Services:		
Food Donation	10.555	196,014
Passed Through State Department of Education:		
School Breakfast Program	10.553	380,505
National School Lunch Program	10.555	1,645,116
Summer Food Service Program for Children	10.559	130,154
Fresh Fruit/Vegetables Program	10.582	29,394
Passed Through State Department of Public Health & Environment:		
Child and Adult Care Food Program	10.558	11,827
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>2,393,010</u>
U.S. Department of Health and Human Services		
Direct Program		
Head Start	93.600	968,128
ARRA Head Start	93.708	44,708
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>1,012,836</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 10,123,416</u>

**Thompson School District R2-J**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2010**

**Note (1) Basic Presentation**

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 of 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 governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated November 15, 2010. These financial statements are the responsibility of the Thompson School District R2-J's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Vision Charter School, which represent 85 percent and 86 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts included for the New Vision Charter School, is based solely upon the report of the other auditors.

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

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.

November 15, 2010



# Colorado Department of Education

## Automated Data Exchange View Report

11/29/2010  
04:30 PM

Colorado Department of Education  
Fiscal Year 2009-2010  
Colorado School District/BOCES  
Auditor's Integrity Report

LARIMER THOMPSON R-2J  
District Code: 1560

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	23,702,489	104,542,097	103,295,977	24,948,609
18 Risk Mgmt Sub-Fund of General Fund	251,190	1,000,211	1,076,911	174,490
19 Colorado Preschool Program Fund	162,813	578,941	606,407	135,347
Subtotal	24,116,492	106,121,248	104,979,295	25,258,446
11 Charter School Fund	658,111	3,405,288	3,415,870	647,529
20,26-29 Special Revenue Fund	3,127,464	5,797,851	5,597,880	3,327,435
21 Capital Reserve Spec Revenue Fund	2,014,264	3,639,464	3,491,850	2,161,879
22 Govt Designated-Purpose Grants Fund	90,234	7,219,655	7,982,987	-673,098
23 Pupil Activity Special Revenue Fund	61,113	1,439,458	1,390,453	110,118
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	336,136	331,370	331,370	336,136
31 Bond Redemption Fund	12,465,223	12,085,471	11,061,707	13,488,987
41 Building Fund	18,995,418	25,429	13,329,316	5,691,530
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	61,864,456	140,065,234	151,580,728	50,348,962
<b>Proprietary</b>				
51 Food Service Fund	872,888	4,477,904	4,348,418	1,002,374
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	872,888	4,477,904	4,348,418	1,002,374
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	76,165	64,641	73,427	67,379
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	841,346	2,683,134	2,573,960	950,520
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	894,169	484,720	359,904	1,018,985
TOTALS	1,811,679	3,232,495	3,007,291	2,036,884

\*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.

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