

Annual Comprehensive Financial Report

Fiscal Year Ending
June 30, 2024



Thompson School District R2-J
www.thompsonschoools.org

THOMPSON SCHOOL DISTRICT R2-J

Loveland, Berthoud, & Fort Collins Colorado

Annual Comprehensive Financial Report

For the Year Ended
June 30, 2024

Prepared by the
Business Services Department

Chief Financial Officer
Gordon L. Jones

Director of Finance
Rusty Williams

**Thompson School District R2-J
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal.....	1-7
GFOA Certificate of Achievement	8
ASBO Certificate of Excellence	9
Organizational Chart.....	10
Board of Education and Superintendent’s Executive Staff	11

Financial Section

Independent Auditors’ Report	15-17
Management’s Discussion and Analysis.....	18-30

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position.....	33
Statement of Activities.....	34
Fund Financial Statements	
Balance Sheet – Governmental Funds	35-36
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37-38
Notes to Financial Statements	39-73

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions.....	77
Schedule of Proportionate Share of the Net OPEB Liability and Contributions.....	78
General Fund	
Budgetary Comparison Schedule	80-81
Government Designated-Purpose Grants Fund	
Budgetary Comparison Schedule	83
Notes to Required Supplementary Information.....	84-85

Other Supplementary Information

Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	90
Budgetary Comparison Schedules	
Bond Redemption Fund Budgetary Comparison Schedule.....	92
Nutrition Services Fund Budgetary Comparison Schedule.....	93
Interscholastic Athletic and Activity Fund Budgetary Comparison Schedule	94
Land Reserve Fund Budgetary Comparison Schedule.....	95
Fee Supported Programs Fund Budgetary Comparison Schedule	96

TABLE OF CONTENTS

**Thompson School District R2-J
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

Building Fund Budgetary Comparison Schedule	97
Capital Projects Fund Budgetary Comparison Schedule	98
Component Units	
Combining Statement of Net Position	100
Combining Statement of Activities.....	101

Statistical Section

Financial Trends	
Schedule of Net Position	105
Schedule of Changes in Net Position.....	106-107
Schedule of Fund Balances, Governmental Funds	108
Schedule of Changes in Fund Balances, Governmental Funds.....	109
Revenue Capacity	
Assessed Value and Estimated Value of Taxable Property	110
Property Tax Rates – Direct and Overlapping Governments	111
Principal Taxpayers	112
Property Tax Levies and Collections.....	113
Debt Capacity	
Ratios of Outstanding Debt by Type (Governmental Only).....	114
Ratio of Gross General Bonded Debt to Assessed Value and Gross Bonded Debt per Capita	115
Computation of Direct and Overlapping Debt	116
Computation of Legal Debt Margin.....	117
Demographic and Economic Information	
Principal Employers.....	118
Demographic and Economic Statistics	119
Operating Information	
Number of Employees by Function	120
Operating Indicators.....	121
School Building Information.....	122

**Thompson School District R2-J
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

Compliance Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	126-127
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	128-130
Schedule of Expenditures of Federal Awards.....	131
Schedule of Findings and Questioned Costs	133-140
Notes to Schedule of Expenditures of Federal Awards.....	141
Colorado Department of Education Auditors Integrity Report.....	142

EMMA, Continuing Disclosure Section

District Enrollment, Historical Enrollment as of October Student Counts.....	145
History of District's Mill Levy.....	146
History of District's Assessed Valuation	147
History of District's Property Tax Collections	148
History of General Fund Revenues, Expenditures and Fund Balances.....	149
General Fund Budget Summary and Comparison	150
General Obligation Debt Ratios, Historical Debt Ratios (as of June 30).....	151

INTRODUCTORY SECTION

Contents:

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

Business Services Department

December 16, 2024

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Thompson School District R2-J (District) for the year ended June 30, 2024.

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. In accordance with this deadline, we hereby issue the annual comprehensive financial report of the Thompson School District R2-J for the fiscal year ended June 30, 2024.

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

The District's financial statements have been audited by Plante & Moran, PLLC, 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, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2024, 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 included as part of this document.

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

Profile of the Government

The Thompson School District R2-J is the 16th largest school district in Colorado based on Funded Pupil Count (FPC), encompassing approximately 362 square miles in northern Colorado. The District includes the complete cities of Loveland and Berthoud and portions of city boundaries of Fort Collins, Windsor and Johnstown as well as parts of Larimer, Weld and Boulder counties.

Serving students pre-K through 12th grade, for the 2023-24 fiscal year the district operated 15 early childhood centers, 16 elementary schools, 4 middle schools, 3 K-8 schools, 5 high schools, 1 career and technical education (CTE) center and 2 charter schools. The average age of District owned facilities is approximately 49 years. Calculated Funded Pupil Count (FPC) for the 2023-24 school year was 14,778.3 students, which was a 1.5% decrease from the prior year.

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

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

The annual budget serves as the foundation of the District's financial planning and control. The District maintains extensive budgetary controls to ensure compliance with legal requirements, Board of Education policies and District administration guidelines. The legal level of budgetary control is the fund level. The District's budget must be adopted by June 30 prior to the budget year, but may be revised for any reason no later than January 31 of the current budget year. Budgets are developed and monitored for

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

Staffing levels are authorized for each site based on a combination of student ratios, site specific programs, student demographics, statutory requirements and supplemental grant funding. These staffing levels are tracked throughout the year to ensure usage within budgeted limits. On-line budget inquiry access is provided to each site's administrative staff via the District accounting software to allow monitoring of school and department based discretionary budgets.

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

Component units of the District as reported in this document include the two District charter schools (New Vision Charter School and Loveland Classical Schools) that have been approved by the District's Board of Education as of June 30, 2024. The charter schools' revenues from per pupil funding are included in District revenues and the transfer of those monies to the charter schools is considered a District expenditure, even while the charter schools are separate entities under the control and direction of their own respective governing boards. The District Board maintains oversight responsibility.

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.

State Economic Conditions and Outlook

On December 4, 2023, the Business Research Division of the Colorado Leeds School of Business presented the annual Colorado Business Economic Outlook, the economic outlook for calendar year 2024. The entire 2024 report can be found at <https://www.colorado.edu/business/business-research-division>. The following excerpts provide an overview of the economic information relevant to the District.

Economy

Colorado has arguably been a leading economy since the Great Recession, outperforming most other states in terms of employment, labor force, population, and GDP growth. On the surface, 2023 marked a notable slowdown in Colorado's pace of growth and overall ranking. The official statistics put Colorado's year-to-date job growth at 1.5%, ranking the state 42nd (9th-slowest). However, the Colorado Department of Labor and Employment has demonstrated that employment has been statistically underestimated in the state, suggesting upward adjustments when revisions are applied during the first quarter of 2024, moving Colorado up considerably in the national ranking. The state's GDP increased 2.2% in 2022 (16th-highest) and 1.5% (24th) in Q1 2023 year-over-year, compared to the simple average growth of 1.6% for the 50 states. Colorado's population growth ranked 12th in 2022 in absolute change and 19th in percentage change. Colorado's unemployment rate (3.3%) was tied at 26th. The state had the 5th-highest labor force

participation rate in the country, the 19th-highest labor force growth rate, and a labor force that is hovering around record levels for the state of Colorado.

Employment

Colorado employment stood at a record 2.9 million in October 2023. After losing 377,700 jobs due to the pandemic, Colorado added 473,500 jobs following the April 2020 trough (May 2020-October 2023). Growth in 2023 is estimated at 64,500 (2.2%), and the forecast for 2024 is for an additional 41,900 jobs (1.4%). Most businesses in the economy are small businesses - 97% of wage and salary establishments have fewer than 50 employees. These small businesses represent just under half (49%) of jobs in Colorado. The monthly unemployment rate improved from a record high 11.6% in May 2020 to a near-record low of 2.6% in August 2022. Since then, the employment rate ticked up to 3.3% as of October 2023, with an increase in both the labor force and number of unemployed. Colorado is projected to have both labor force growth and a higher number of people unemployed looking for work in 2024. Another measure of the labor market is the employment-to-population ratio. This measure of labor market performance is helpful because it tends to be less volatile than the unemployment rate, which has a fluctuating numerator (unemployed) and denominator (labor force). Colorado's employment-to-population ratio averaged 66.9% in 2019, decreased in 2020, and increased to 66.3% in 2022.

Population

Colorado's resident population as of July 2022 was 5.8 million, ranking 21st in size in the United States. Colorado's population increased by 27,710, or 0.5%, from July 2021 to July 2022, ranking Colorado 12th in total change and 19th in percentage change. This growth is very similar to the growth in 2021 and significantly slower than the 74,000 annual average during the previous decade. The growth rate is the slowest since the late-1980s. Births in Colorado were 62,500, up about 500 from the previous year but still lower than the peak of 70,700 in 2007. Births are the largest component of population change in Colorado. There were 49,700 deaths between July 2021 and 2022, an increase of 3,200 from 2021. Deaths have been increasing due to aging in Colorado but also due to COVID-19. Natural change (births minus deaths) was 12,800, about 2,600 lower than last year. Despite the lower levels of natural increase, it was the 7th-largest natural increase in the country. There are 24 states in a phase of natural decline, with more deaths than births.

Population growth by age group continues to be a defining factor for Colorado due to two primary influences. First, births have been declining since 2007 in both the United States and Colorado. The second significant impact is the growth in the 65+ population, which has increased by almost 29,000 between 2021 and 2022 and is forecast to increase by 35,000 between 2022 and 2023. The growth in the 65+ age group is impacting the labor force, with a growing number of retirements even with workers staying in the labor force longer. It is estimated that 40,000 workers will retire annually this decade. Additionally, the 65+ population is driving the economy, with demand for health services and leisure and hospitality, and is impacting housing with lower rates of mobility and smaller household sizes.

2024 PK-12 Education Outlook

The outlook for 2024-25 is relatively stable; however, lingering fiscal and operational headwinds will persist. Statewide enrollment in 2024-25 is projected to decrease by over 2,700 students, or 0.3%, from 2023-24. This decrease continues a declining trend given the significant 3.3%

enrollment drop recorded in October 2020. Student enrollment growth across the state has dropped from growth of 2% in 2008 to 0.1% and 0.2% in 2018 and 2019. This trend of declining enrollment is a result of declining birth rates and rising housing costs. This decline is projected to continue within Colorado in the coming years and is consistent with national trends, indicating a 1% annual decline in the K-12 student population. While enrollment is projected to decrease, funding will be supported by the inflationary increase in the School Finance Act and the statutorily required elimination of the Budget Stabilization Factor, a mechanism used to reduce the state's obligation to PK-12 public education funding when other budget choices are made by the state legislature. Certainly, enrollment projections vary by specific school district and region, with varying degrees of growth and decline. The projected maximum decline is nearly 17% and growth of nearly 10%. Among the 10 largest districts, this spread is a decline of 2.5% to growth of 2.7% and a net decline of nearly 4,000 funded pupils. Governor Polis's 2024-25 budget proposal, released on November 1, 2023, reduces (improves) the Budget Stabilization Factor by \$141.2 million, eliminating the reduction as required by 2023 legislation. The per pupil funding inflationary increase of 5% is based on the Office of State Planning and Budgeting (OSPB) September 2023 Economic Forecast. This proposal totals a funding increase of \$564.1 million for K-12 education. This totals an average of \$705 per pupil more than 2022-23 funding. Overall, school district spending will decline significantly in the 2024-25 school year, with the September 2024 deadline to spend American Rescue Plan ESSER III. This short-term funding has allowed districts to respond to student learning loss, the growing pediatric mental health crisis, as well as address some demands of aging capital infrastructure, like HVAC systems or minor facility improvements. The funding cliff will be noticeable if those ESSER III resources were allocated for ongoing expenditures or high impact interventions that set a level of expectation with families and staff for ongoing services. There is growing concern about the negative impact created by the removal of the programs and services added with these federal resources. The required inflation adjustment to the School Finance Act will soften but not eliminate the impact of rising costs and enrollment declines. Within the confines of the resources allocated by the Legislature, districts across the state will be contending with labor shortages, wage pressures, and inflationary costs outstripping the funding increases. However, within these fiscal constraints, an environment of high expectations remains for educators to prepare students for the 21st century economy. With an uncertain near-term future, districts will bolster reserves and fund balance to the extent possible as state funding for K-12 tends to lag an economic downturn.

Local Economy

Northern Colorado, not unlike other areas of the country, reflects many of the same challenges and trends as previously mentioned. The unemployment rate remains reasonably low and despite District efforts in addressing compensation challenges, a shortage of candidates for some positions, most notably bus drivers, custodians, para professionals, special education service providers and nutrition services staff, continue to provide staffing challenges. The District remains the largest employer in Loveland and Berthoud.

There is the opportunity for continued growth in employment and construction activity within the District boundaries. The demand for attainable housing remains but is proving difficult to realize given continuing increases in the median value of homes and the higher interest rate environment. Despite increased home values and interest rates, residential growth continues, especially in the south and east portions of the District.

Public Employee’s Retirement Association (PERA)

In addition to revenue challenges at the state level, PERA of Colorado (the pension plan that covers all District employees) is underfunded. In an effort to increase pension plan funding levels in relation to actuarial calculations, legislation was passed in the 2018 session to help address this issue. Under SB18-200, member and employer contributions will automatically adjust beginning July 1, 2020 based on the unfunded liability calculated balance. Both member and employer contribution rates can increase (or decrease) by up to 0.5% per year. These changes are intended to help put PERA on a more sustainable trajectory. Monitoring the performance of PERA and the progress of these initiatives will continue to be a key item in future legislative and District budget development discussions.

District Response to State Funding Challenges

The economic accomplishments and challenges of 2023-24 and going forward, as discussed above, continue to provide an uncertain future for K-12 funding for Colorado.

District leadership has taken a balanced approach in responding to the funding fluctuations. Expenditures have been analyzed and reductions were implemented where doing so was prudent. Resources have been redirected toward areas of greater need as necessary or as mandated.

In addition to expense reductions and prudent use of reserves, the District requested authorization from local taxpayers for increased local funding through the approval of a mill levy override (MLO) designed to mitigate on a longer-term basis the impact of state funding cuts and to remain more competitive with neighboring districts. Voters approved that request on the ballot of November 2018. Collections from this local support continue to help the District to balance the annual General Fund operating results while maintaining employment and class-size ratios, providing needed updates to curriculum and technology and expanding safety and security in schools. The District is nearing the statutory maximum for revenue collection (25% of total education program funding) from locally approved mill levy overrides. This will require thoughtful consideration and restraints on potential future uses of those funds from the three existing overrides that are in place.

The District’s current level of General Fund reserves (19.2% of 2023-24 General Fund revenue) can still provide one-time support for unforeseen events and warranted student programming needs. Ultimately the District will need to see a sufficient combination of state funding, continued local support, continuation of recent increases in assessed valuation and ongoing scrutiny of requested expenditures to maintain a sound financial position.

Cash Management Policies and Practices.

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

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 54.3% of its School Finance Act revenues. Those property tax revenues are collected primarily during the latter half of the fiscal year. The District has participated in the state’s interest-free loan program for the past seven years in order to meet cash flow obligations until funds from local property tax collections are received, typically over the February through May time

frame. As a matter of prudence, the District has applied with the state to be a participant in the loan program again in 2024-25 to assist in meeting these temporary cash flow needs.

Awards and Acknowledgements

The Government Finance Officers Association's (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the thirty-sixth time the District had received this prestigious award and the twenty-eighth consecutive year. The District also received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award. This was the twenty-seventh consecutive year that the District had received this award. In order to be awarded a Certificate of Achievement, the District had to demonstrate that it published an easily readable and efficiently organized ACFR. This report satisfied both US GAAP and applicable legal requirements.

The preparation and completion of this report could not have been accomplished without the direct and indirect contributions of the entire Financial Services staff who demonstrate on a daily basis the highest of professional standards. Appreciation and recognition is also extended to our independent audit firm, Plante & Moran, PLLC, and its professional audit staff for all the assistance and advice provided during the year.

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

Respectfully submitted,



Dr. Marc Schaffer
Superintendent of Schools

Gordon L. Jones
Chief Financial Officer



Rusty Williams
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Thompson R2-J School District
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Thompson School District R2-J

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

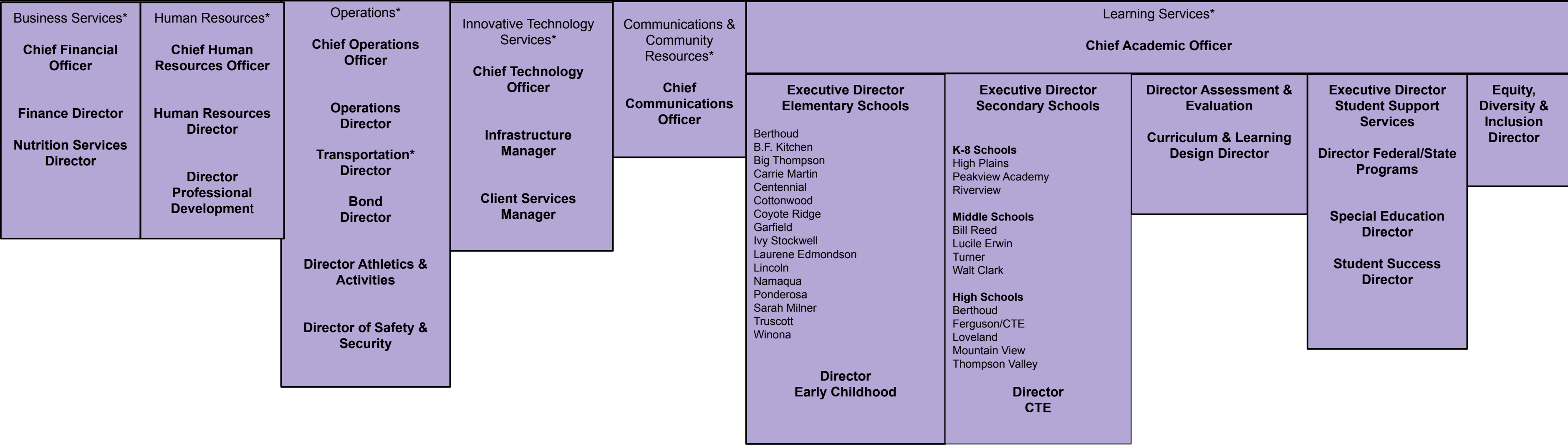
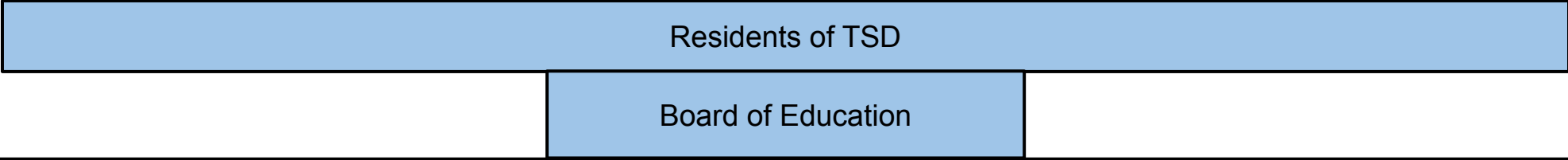
Ryan S. Stechschulte
SFO
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE,
CEO/Executive Director



**2023-2024
THOMPSON SCHOOL DISTRICT (TSD) R2-J ORGANIZATIONAL CHART**



*Comprehensive division/department organizational charts on file

Board of Education

Barbara Kruse, President	Term Expires 2025
Stu Boyd, Vice-President	Term Expires 2027
Alexandra Lessem, Treasurer	Term Expires 2027
Amy Doran, Secretary	Term Expires 2025
Nancy Rumfelt	Term Expires 2027
Denise Chapman	Term Expires 2027
Dawn Kirk	Term Expires 2027

Superintendent's Executive Staff

Dr. Marc Schaffer	Superintendent
Dr. Bill Siebers	Chief Human Resources Officer
Dr. Melissa Schneider	Chief Academic Officer
Gordon Jones	Chief Financial Officer
Todd Piccone	Chief Operating Officer
Michael Hausmann	Chief Communications Officer
Kelly Sain	Chief Technology Officer
Laura Lee Ehlers	Executive Assistant Supt/BOE

FINANCIAL SECTION

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

The levels of the pyramid are:

Financial Section

Independent Auditors’ Report:

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

Management’s Discussion and Analysis:

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

Basic Financial Statements

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

Required Supplemental Information

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

Other Supplemental Information

Combining and Individual Fund Statements

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

Budgetary Comparison Schedules

These statements and schedules are used to present certain budgetary data for the District’s non-major funds.

Component Unit Statements

Thompson School District’s component units consist of two charter school administrative units: New Vision Charter School and Loveland Classical Schools. These entities have separate governing boards.

Independent Auditor's Report

To the Board of Education
Thompson School District R2-J

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Thompson School District R2-J (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Thompson School District R2-J's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Thompson School District R2-J as of June 30, 2024 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Loveland Classical Schools or New Vision Charter School, which represent 100 percent of the assets, net position, and revenue of Thompson School District R2-J's aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Loveland Classical Schools and New Vision Charter School, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. Loveland Classical Schools and New Vision Charter School were not audited under *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1(Q) to the financial statements, the 2023 basic financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Board of Education
Thompson School District R2-J

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thompson School District R2-J's basic financial statements. The other supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory, statistical, and continuing disclosure sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Thompson School District R2-J's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Thompson School District R2-J's internal control over financial reporting and compliance.



December 16, 2024

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

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, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and financial statements, which immediately follow this section.

Financial Highlights

Summary financial highlights for 2024 are as follows:

- The District's government-wide net position decreased \$0.13 million during the fiscal year ended June 30, 2024, to a deficit of \$163.6 million, which represents a decrease of 0.1% from the prior year, as restated. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, resulting in a net pension liability of \$306.2 million as of June 30, 2024 (versus \$267.8 million at the end of the prior year), representing the District's proportionate share of the plan's net pension liability, deferred outflows, and deferred inflows. District employees, including the two charter schools' employees, participate in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have the ability to impact funding, benefits or annual required contribution decisions made by PERA.

- Total governmental activities revenue increased by \$4.0 million (1.6%), predominantly associated with higher local property taxes (\$21.4 million). This increase in tax revenue was partially offset by decreases in charges for services (\$2.8 million), operating grants and contributions (\$6.4 million), and state revenue (\$5.2 million). Expenses increased by \$28.6 million (12.4%) mostly due to accounting adjustments related to Colorado PERA as discussed in the previous bullet point. The District continues to monitor the situation regarding adequate funding of PERA and the District's related obligations to ensure correct and reasonable reflection of its financial position as well as targeted and balanced use of available resources within its control.

Overview of the Financial Statements

The annual report consists of six parts.

1. Introduction - including pertinent organization profile information.
2. Management's Discussion & Analysis - including analysis of current year results and recent trends.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

3. Basic Financial Statements - including government-wide and fund specific financial statements with associated Notes to the Financial Statements.
4. Supplementary Information - including Budget to Actual comparisons.
5. Statistical - providing broader relevant contextual information.
6. Compliance – auditor's reports on internal controls and compliance.
7. Electronic Municipal Market Access (EMMA) – continuing disclosure statements regarding District tax exempt bonds.

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

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

Government-Wide Financial Statements

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

1. The *statement of net position* includes all of the District's assets and liabilities as well as all deferred inflows and outflows from governmental funds.
2. The *statement of activities* reports all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's activities are reported in the government-wide financial statements. Most of the District's basic services are included here such as instruction, supporting services, charter school allocation, and interest on long-term debt.

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

Fund Specific Financial Statements

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

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflow and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year.

The District maintains nine individual governmental funds including the general fund, designated purpose grants fund, bond redemption fund, building fund, nutrition services fund, interscholastic athletics/activities fund, land reserve fund, fee supported programs fund and capital projects fund. The governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciling schedule follows the governmental funds statements to help explain the relationship (or differences) between them.

Analysis of Government-Wide Financial Statements

Property taxes (54%), state equalization (24%), and operating grants & contributions (12%) are the District's primary revenue sources overall as shown in Chart 1 below. These three categories comprise 90% of the revenues received by the District compared to 88% in 2022-23.

**Thompson School District R2-J
Management’s Discussion & Analysis
For the Fiscal Year Ended June 30, 2024**

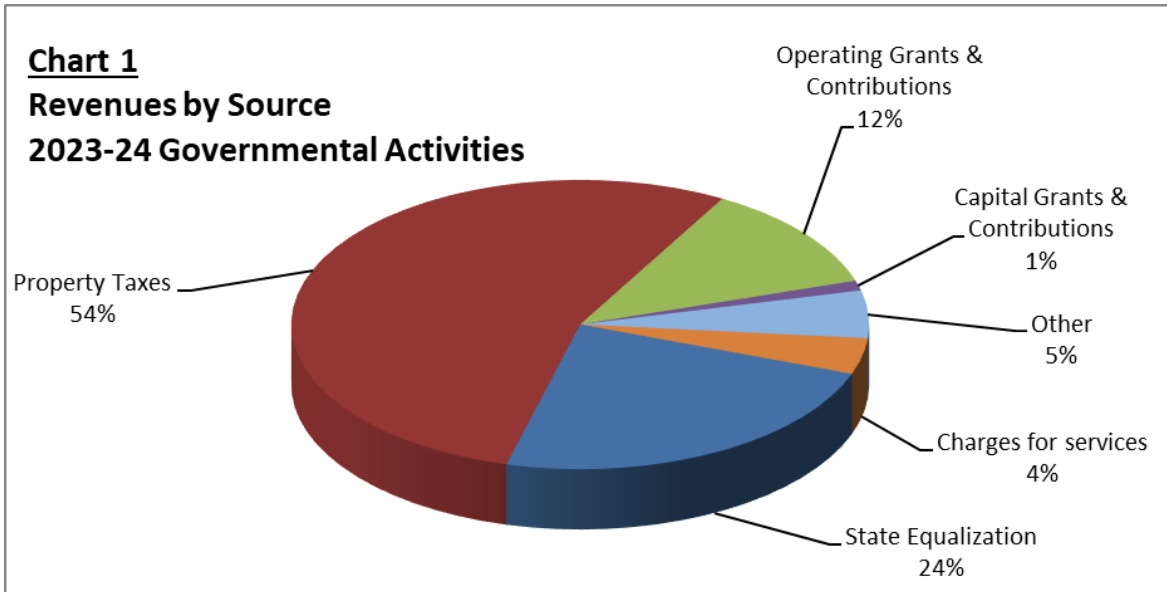


Chart 1 – Revenues by Source: 2023-24 Governmental Activities

- In fiscal 2023-24 property tax revenue accounted for 54% of the District’s total governmental activities revenues and State equalization monies were approximately 24% of total revenues.
- The District collects property taxes through three different mill levy overrides (MLOs) which were approved by voters in 1999, 2006 and 2018. These funds are used to support specified General Fund services and an additional mill levy is used to fund the annual principal and interest payments of the District’s bonded debt.
- Federal and state governmental grants and contributions by local governments, businesses, and individuals accounted for 13% of District revenues in 2023-24. This was a decrease from prior years mainly due to the spend down of Elementary and Secondary Schools Emergency Relief (ESSER) funds from the federal government to assist with COVID-19 related expenses. The largest grants not related to federal stimulus were for the Federal Individuals with Disabilities Education Act (IDEA), Title I, and Head Start programs.
- The District collected 4% of total revenues via fees for supplemental services or programs such as rental of district facilities, fund raising activities and fees for certain elective classes and athletic participation. An additional 5% of other revenues were from specific ownership taxes, payments-in-lieu-of (PILO) land dedication from developers, investment earnings and miscellaneous other revenue sources.

Thompson School District R2-J Management’s Discussion & Analysis For the Fiscal Year Ended June 30, 2024

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

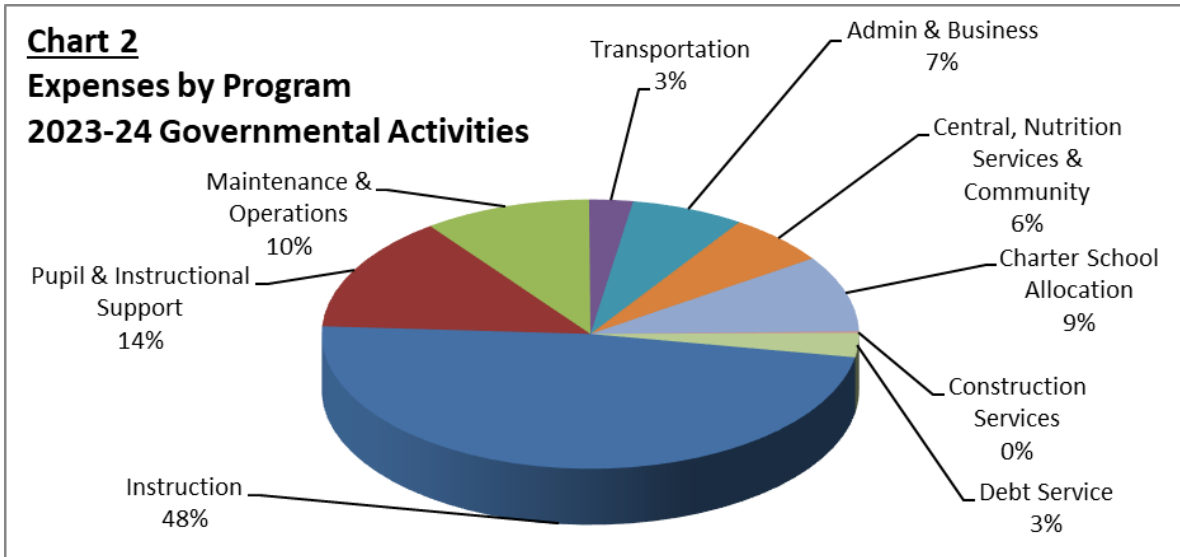


Chart 2 – Expenses by Program: 2023-24 Governmental Activities

- Classroom teacher salaries & benefits, curriculum, professional development and instructional supplies and materials were the foundation of student instruction. At 48% of the total, costs of instruction comprised the largest category of expenses for the organization.
- The District expended 14% of total governmental activities costs for items in direct support of students and the staff that instruct them. This category included activities designed to assess and improve the well-being of students and to assist the instructional staff with the content and process of providing learning experiences. Examples included counselors, providing physical and mental health services, and staffing of instructional coaches.
- Maintenance and operation costs for all school sites and other district properties were 10% of expenses. This included activities concerned with keeping the physical plant, grounds, buildings and equipment open, functioning, comfortable and safe for use. Utilities, custodial staffing and cleaning, maintenance, repairs and safety were included in this category. Also included in this area were expenses related to projects across the District that were approved by voters with the 2018 bond initiative. These included items

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024**

such as roof repairs and replacements, asbestos abatement and building access and monitoring security additions and improvements.

- One hundred percent of per pupil revenues derived from students enrolled in District charter schools was categorized as expenses and flowed to the charters on a monthly basis at the same time the funds were received. In addition, the sharing of mill levy override revenue with charters was included in this category. These allocations to charter schools were calculated based on percentage of student counts and comprised approximately 9% of total governmental activities spending for 2023-24.
- Administration and business expenses (7% of total) were primarily salaries and benefits of the school building principals, assistant principals, school secretaries and their related expenses. Also included are expenses for the superintendent, Board of Education and staff to manage and oversee the financial operations of the organization.
- Interest on long term debt on the voter approved bonded debt that was issued in January 2019 remained consistent with the prior year expenditure. This expenditure made up 3% of total expenses in the current year.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024**

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

	Governmental Activities		Total Percentage Change
	2024	2023*	2023-24
Assets			
Current & Other Assets	\$ 121.197	\$ 116.931	3.6%
Capital Assets	217.844	220.164	-1.1%
Total Assets	339.040	337.094	0.6%
Deferred Outflows of Resources			
Pensions, Net of Accumulated Amortization	76.638	64.259	19.3%
OPEB, Net of Accumulated Amortization	1.573	1.921	-18.1%
Loss on Refunding, Net of Accumulated Amortization	0.723	1.690	-57.2%
Total Deferred Outflows of Resources	78.935	67.870	16.3%
Liabilities			
Other Liabilities	40.629	28.713	41.5%
Long-Term Liabilities	210.914	226.718	-7.0%
Net Pension Liability	306.205	267.790	14.3%
Net OPEB Liability	7.394	9.132	-19.0%
Total Liabilities	565.142	532.353	6.2%
Deferred Inflows of Resources			
Pensions, Net of Accumulated Amortization	13.328	32.765	-59.3%
OPEB, Net of Accumulated Amortization	3.073	3.285	-6.5%
Total Deferred Inflows of Resources	16.401	36.050	-54.5%
Net Position			
Net Investment in			
Capital Assets	11.308	(1.494)	-856.7%
Restricted	39.298	34.833	12.8%
Unrestricted (Deficit)	(214.174)	(196.778)	8.8%
Total Net Position (Deficit)	\$ (163.568)	\$ (163.439)	0.1%

*Note: 2023 information has been restated as outlined in note 1(Q) in the Notes to Financial Statements

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

- Total current & other assets shown above increased \$4.3 million in 2023-24 as compared to the prior year. This increase is primarily due to an increase of \$4.8 million in cash and investments.

**Thompson School District R2-J
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024**

- Total capital assets, shown net of depreciation, decreased by \$2.3 million reflecting annual depreciation expense (\$13.3 million) offset by net new investment over deletions for the year (\$10.9 million) primarily associated with bond projects.
- Total liabilities increased \$32.8 million, primarily due to an increase in the District's proportionate share of PERA's unfunded pension liability (\$38.4 million). This increase was partially offset by decreases in the District's long-term general obligation and certificates of participation debt (\$15.8 million).

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

	Governmental Activities	
	2024	2023*
Revenues		
Program revenues		
Charges for services	\$ 10.483	\$ 13.311
Operating Grants & Contributions	31.003	37.422
Capital Grants & Contributions	2.880	3.245
General revenues		
Property taxes	140.688	119.326
State revenue	61.281	66.525
Other	13.809	16.301
Total Revenues	260.144	256.131
Expenses		
Instruction	125.261	112.431
Pupil & Instructional Support	36.194	31.690
Administration & Business	17.750	15.852
Maintenance & Operations	26.297	25.247
Transportation	6.851	4.801
Central Support	6.386	5.438
Nutrition Service	8.572	5.998
Community Services	1.038	0.811
Facilities Acquisition and Construction Services	0.505	0.068
Interest on Long Term Debt	7.561	8.244
Charter School Allocation	23.859	21.061
Total Expenses	260.274	231.641
(Decrease) increase in Net Position	(0.130)	24.490
Net Position (Deficit) - July 1, as previously reported	(126.965)	(151.455)
Error Correction	(36.475)	-
Net Position (Deficit) - July 1, as adjusted or restated	(163.439)	(151.455)
Net Position (Deficit) - June 30	\$ (163.569)	\$ (126.965)

*Note: 2023 information has NOT been restated as outlined in note 1(Q) in the Notes to Financial Statements

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

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

- Governmental activities revenues increased by approximately \$4.0 million compared to the prior year. The increase was primarily associated with higher local property tax collections from the School Finance Act funding (\$17.7 million). The increase in tax revenue was partially offset by a decrease of \$5.2 million in state equalization, a decrease of \$2.8 million in charges for services, and a \$6.4 million decrease in operating grants.
- Total expenses in governmental activities increased by \$28.6 million versus the prior year. The addition of capital assets, on-going payment of long-term debt obligations, and the many variables associated with recording the District's proportionate share of the PERA pension liability contributed to the increase.

Analysis of Fund Financial Statements

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. These funds are accounted for using the modified accrual basis of accounting.

Governmental Funds

Financial results for 2023-24 show governmental fund balances, in total, having decreased approximately \$2.9 million, from \$80.1 million to \$77.2 million at the current fiscal year end.

The General Fund is the primary operating fund of the District. The balance of this fund increased \$6.2 million in 2023-24 versus a budgeted increase of \$0.6 million. Total revenue in the year was \$4.8 million greater than expected. This increase can be attributed to increased assessed property values, improved investment earnings, and additional funding from the state to cover transportation and ECEA expenses. The District also received \$0.3 million from the state to offset costs associated with an unprecedented number of new migrant students arriving after enrollment counts were completed in October.

The original 2023-24 General Fund budget adopted by the Board of Education included revenues in excess of expenditures (including transfers out to other funds) by \$1.0 million. In adopting the original budget there was a cautious optimism regarding student enrollment as the District continued to move beyond the turmoil of the prior years that had been negatively impacted by

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

the pandemic. As is the case in most years, competing priorities throughout the State and an anticipated higher than normal inflation rate continued to create uncertainty in School Finance Act funding.

Mid-year, budget amendments were approved by the Board to increase revenue expectations by \$1.4 million due to increases in Per Pupil Revenue (PPR) and Funded Pupil Count (FPC). This increase in revenue was partially offset by a decrease in the 2018 mill levy override revenue (\$0.4 million). The net impact of these changes was an increase in fund balance of \$1.1 million compared to the adopted budget.

Prior to the end of the fiscal year, supplemental budget changes were presented to the Board. Budgeted expenditures were increased by \$1.5 million to account for a transfer from general fund reserves to the Capital Projects fund. The combined impact of these changes was a decrease of \$0.4 million to General Fund results compared to the adopted budget, resulting in a revised budgeted addition to fund balance for the year of \$0.6 million.

Significant differences between the General Fund's amended budget and actual performance are due to the following:

- \$20.1 million increase and \$1.0 million increase in property taxes and specific ownership taxes;
- \$20.3 million decrease in state equalization due to the increase in local share, noted above;
- \$3.8 million increase in other revenue attributed to increases in state categorical funding and one-time monies received, as noted earlier;

The Designated Purpose Grants Fund is used to account for grants awarded to the District that are restricted for a specific purpose.

- The Grants Fund balance increased \$1.6 million for the 2023-24 fiscal year, primarily due to decreased instruction and support services expenditures associated with the spend down of ESSER funds (4.0 million). These savings were offset by an increase in capital expenditures of \$2.9 million.

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

**Thompson School District R2-J
Management’s Discussion & Analysis
For the Fiscal Year Ended June 30, 2024**

- The Bond Redemption Fund balance increased by \$1.2 million as a function of normal adherence to the existing debt service schedules and local property tax collections for the next year.

Capital Assets

At the end of the 2024 fiscal year the District had invested \$217.8 million in land, buildings, water rights and transportation vehicles, net of depreciation. Table 3 provides a comparison of capital assets for fiscal year 2024 versus 2023.

**Table 3
Capital Assets at June 30, 2024
(Net of Depreciation, in Millions)**

	Governmental Activities		Total Percentage Change
	2024	2023	
Land	\$ 17.075	\$ 17.075	0.0%
Land Improvements	4.244	3.348	26.8%
Water Rights	2.993	2.993	0.0%
Construction in Progress	0.957	34.570	-97.2%
Buildings	186.844	157.104	18.9%
Equipment	1.951	1.735	12.4%
Transportation	3.781	3.340	13.2%
Totals	\$ 217.844	\$ 220.164	-1.1%

New investments in capital assets, net of disposals for the year, were \$10.9 million. The category showing the largest dollar increase year-over-year was Buildings as the expansion project at High Plains and the Peak View Academy consolidation project were completed during the year. Net depreciation on all depreciable capital assets was \$13.3 million, yielding an overall net decrease in capital assets for the year of \$2.3 million.

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

Debt Administration

At year-end the District had \$207.7 million in outstanding bonds, certificates of participation, and lease obligations. Of the total outstanding debt, \$13.1 million of principal is due within one year.

**Thompson School District R2-J
Management’s Discussion & Analysis
For the Fiscal Year Ended June 30, 2024**

**Table 4
Outstanding Debt at June 30, 2024
(in Millions)**

	Governmental Activities 2024	Governmental Activities 2023
General Obligation Bonds	\$ 190.338	\$ 203.185
Certificates of Participation	16.728	19.286
Lease Obligation Payable	0.665	0.877
Total	\$ 207.731	\$ 223.348

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

Factors bearing on the District’s Future

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

- Fluctuations in student enrollment impact the primary revenue source for District General Fund operations, the School Finance Act. While the District has seen some recovery since the 2020-21 school year, student headcount is still below pre-pandemic levels. As part of the existing School Finance Act of the State of Colorado (as modified), the District has been able to somewhat lessen the impact of fewer students by utilizing the state’s five year declining enrollment averaging methodology. For the 2023-24 fiscal year the Per Pupil Revenue (PPR) has shown an increase over the prior year as the state’s economy continues to recover. Both of these trends warrant continued monitoring and analysis from both a facilities utilization and financial impact perspective.
- Home prices along the Front Range and in northern Colorado continue to increase, with the median single-family home in Larimer County estimated to be approximately \$595,000 as of November 2024. The ability of younger families with school age children to affordably attain housing in the area remains a challenge and further contributes to home ownership and declining enrollment pressure.
- Healthcare costs remain a significant portion of the District’s expenditures. The District is part of the Colorado Employer Benefit Trust (CEBT) for health insurance coverage. The purpose of the trust is to spread the risk of adverse claims over a large base of members (approximately 260 participating groups covering 25,000 members) and reduce administration costs. Since the pool is self-insured, the participating groups are generally

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

able to benefit from positive overall claims experience and low administrative costs. The trust purchases stop loss reinsurance for high claims so some relief is provided for those individuals on the plan with annual medical costs over the stop loss threshold. The District's Joint Insurance Committee and staff continue to analyze appropriate recommendations of managing this significant cost of more than \$16.0 million per year.

- The District currently receives property tax revenues associated with three local MLOs approved by voters in 1999, 2006 and 2018. The first two initiatives have reached the maximum funding levels called for in the ballot language. Therefore, no additional revenue will be realized for these two overrides even as assessed valuations in the District boundaries continue to increase. Further, locally authorized MLO collections are legislatively restricted to a maximum of 25% of total program revenue as determined by the School Finance Act. Due to increasing assessed valuations of property the District is nearing that statutory limit and future revenue could be capped.
- Under state law, the District may contract with individuals and organizations for the operation of schools referred to as "charter schools," within the District. For purposes of the School Finance Act, pupils enrolled in charter schools within the District boundaries are included in the pupil enrollment count of the District. Such charter schools are financed primarily from the associated per pupil revenues received under the School Finance Act. The District is required to pay its charters 100% of per pupil revenue for each pupil enrolled in the charter, less administrative and purchased services costs, where applicable. The addition of new charter schools or expansion of existing charter schools could negatively impact the District's finances. No plans or applications for new charter schools within the District boundaries are known of at this time.
- Each year the District budgets for all planned positions to be filled for the entire year depending on the applicable work calendar for each of those roles. Achieving that goal is increasingly challenged by remaining regionally competitive from a salary perspective, both from neighboring school districts and from the private sector. The ability to successfully recruit and retain a full labor force and be an employer of choice is an ongoing effort across all sectors of the District.

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

Thompson School District R2-J
Government-Wide Statement of Net Position
As of June 30, 2024

	Primary Government Governmental Activities	Discretely Presented Component Units
ASSETS		
Cash and Investments	\$ 108,308,224	\$ 19,829,204
Restricted Cash and Cash Equivalents	\$ 1,613,087	8,212,957
Accounts Receivable	491,002	164,985
Property Tax Receivable	5,864,490	-
Grants Receivable	4,583,733	-
Deposits	-	29,715
Prepaid Expenses	-	6,704
Inventory	336,152	-
Capital Assets, Not Being Depreciated	21,024,278	7,110,869
Capital Assets, Net of Accumulated Depreciation	196,819,249	44,905,340
Total Assets	339,040,215	80,259,774
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	76,637,798	7,841,850
OPEB, Net of Accumulated Amortization	1,573,418	214,755
Loss on Debt Refundings, Net of Accumulated Amortization	723,454	-
Total Deferred Outflows of Resources	78,934,670	8,056,605
LIABILITIES		
Current Liabilities		
Accounts Payable	17,503,915	1,989,459
Retainage Payable	125,529	-
Accrued Salaries and Benefits	20,435,281	693,979
Unearned Revenue	2,143,822	168,734
Accrued Interest Payable	420,993	712,965
Noncurrent Liabilities		
Due within One Year	14,140,304	1,582,401
Due in More Than One Year	196,774,257	59,649,281
Pension Liability- Due in More Than One Year	306,204,615	23,619,386
OPEB Liability- Due in More Than One Year	7,393,609	570,315
Total Liabilities	565,142,325	88,986,520
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	13,327,666	1,107,190
OPEB, Net of Accumulated Amortization	3,073,060	179,778
Total Deferred Inflows of Resources	16,400,726	1,286,968
Net Position		
Net Investment in Capital Assets	11,307,862	(7,946,850)
Restricted for:		
TABOR	6,769,853	393,000
Grants	340,969	
Debt Service	21,533,611	4,505,718
Land and Land Improvements	8,300,015	-
Nutrition Services	2,353,733	-
Repairs and Replacement	-	165,498
Restricted for Emergencies	-	378,000
Unrestricted (Deficit)	(214,174,209)	547,525
Total Net Position (Deficit)	\$ (163,568,166)	\$ (1,957,109)

The accompanying notes are an integral part of this statement

**Thompson School District R2-J
Government-Wide Statement of Activities
For the Year Ended June 30, 2024**

Activities:	Program Revenues				Net (Expenses) Revenues And Changes in Net Position	
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Primary Government						
Instruction	\$ 125,261,084	\$ 3,612,191	\$ 18,861,259	\$ 2,880,038	\$ (99,907,596)	\$ -
Supporting Services	103,591,089	6,871,163	12,141,275	-	(84,578,651)	-
Charter School Allocation	23,860,463	-	-	-	(23,860,463)	-
Interest on Long-term Debt	7,561,374	-	-	-	(7,561,374)	-
Total Primary Government	260,274,010	10,483,354	31,002,534	2,880,038	(215,908,084)	-
Component Units						
New Vision Charter School	12,177,167	155,749	267,642	395,412	-	(11,358,364)
Loveland Classical Schools	13,424,731	1,786,714	254,794	382,140	-	(11,001,083)
Total Component Units	\$ 25,601,898	\$ 1,942,463	\$ 522,436	\$ 777,552	\$ -	\$ (22,359,447)
			General Revenues			
			Property taxes, levied for general purposes	121,524,777	-	
			Property taxes, levied for debt services	19,163,207	-	
			Specific ownership taxes	9,062,477	-	
			Equalization	61,281,499	-	
			Payment in lieu of land dedication	1,210,275	-	
			Interest and investment Earnings	3,537,150	1,011,126	
			Charter school funding	-	23,860,464	
			Grants/Contributions not Restricted to Specific Programs	-	138,837	
			Miscellaneous	-	323,442	
			Total General Revenues	215,779,385	25,333,869	
			Change in Net Position	(128,699)	2,974,422	
			Net Position (Deficit) - Beginning of Year, as previously reported	(126,964,714)	(3,355,536)	
			Error correction and reporting change (note 1(Q))	(36,474,753)	(1,575,995)	
			Net Position (Deficit) - Beginning of Year, as adjusted or restated	(163,439,467)	(4,931,531)	
			Net Position (Deficit) - Ending	\$ (163,568,166)	\$ (1,957,109)	

The accompanying notes are an integral part of this statement

**Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2024**

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 67,129,029	\$ 925,560	\$ 23,825,678	\$ 16,427,957	\$ 108,308,224
Restricted Cash and Investments	-	-	-	1,613,087	1,613,087
Accounts Receivable	248,379	-	-	242,623	491,002
Property Tax Receivable	5,209,995	-	654,495	-	5,864,490
Grants Receivable	-	4,511,560	-	72,173	4,583,733
Inventory	-	-	-	336,152	336,152
Due from Other Funds	839,264	-	-	-	839,264
Total Assets	\$ 73,426,667	\$ 5,437,120	\$ 24,480,173	\$ 18,691,992	\$ 122,035,952
LIABILITIES					
Accounts Payable	\$ 13,304,510	\$ 265,745	\$ 1,925,432	\$ 2,008,228	\$ 17,503,915
Retainage Payable	-	-	-	125,529	125,529
Accrued Salaries and Benefits	17,928,149	2,133,430	-	373,702	20,435,281
Unearned Revenue	-	1,857,711	-	286,111	2,143,822
Due to other funds	-	839,264	-	-	839,264
Total Liabilities	31,232,659	5,096,149	1,925,432	2,793,570	41,047,811
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	2,201,309	1,142,453	349,425	108,021	3,801,208
FUND BALANCES					
Nonspendable Inventory	-	-	-	336,152	336,152
Restricted for:					
TABOR	6,130,491	-	600,138	39,224	6,769,853
Debt Service	-	-	21,605,178	-	21,605,178
Land & Land Improvements	-	-	-	8,300,015	8,300,015
Capital Projects	-	-	-	467,927	467,927
Nutrition Services	-	-	-	1,909,560	1,909,560
Committed to Student Specific Programs	-	-	-	3,659,735	3,659,735
Assigned to Capital Projects	-	-	-	1,077,788	1,077,788
Unassigned	33,862,208	(801,483)	-	-	33,060,724
Total Fund Balances	39,992,699	(801,483)	22,205,316	15,790,401	77,186,932
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 73,426,667	\$ 5,437,120	\$ 24,480,173	\$ 18,691,992	\$ 122,035,952

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds **\$ 77,186,932**

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

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds. 3,801,208

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

Governmental capital assets	415,419,960	
Accumulated depreciation	<u>(197,576,433)</u>	217,843,527

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

Accrued Interest Payable	(420,993)	
Bonds Payable	(168,610,000)	
Premium on Bond Financing	(21,728,133)	
Certificates of Participation	(15,295,000)	
Premium on Certificates of Participation	(1,433,133)	
Bus Leases	(664,534)	
Compensated Absences	(835,964)	
Early Retirement Stipends	(2,347,797)	
Net Pension Liability	(306,204,615)	
Net OPEB Liability	<u>(7,393,608)</u>	(524,933,777)

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

Deferred outflow on debt refunding	723,454	
Deferred outflow related to pensions	76,637,798	
Deferred outflow related to OPEB	1,573,418	
Deferred inflow related to pensions	(13,327,666)	
Deferred inflow related to OPEB	<u>(3,073,060)</u>	62,533,944

Total Net Position (Deficit) - Governmental Activities \$ (163,568,166)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Government Designated- Purpose Grants	Bond Redemption	Formerly Major- Building	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 129,893,043	\$ -	\$ 19,101,164	\$ -	\$ -	\$ 148,994,207
Intergovernmental	75,903,005	20,693,890	-	-	7,934,524	104,531,419
Loveland URA Distribution	-	-	-	-	2,880,038	2,880,038
Charges for Services	-	-	-	-	1,119,675	1,119,675
Payments in Lieu of Land Dedication	-	-	-	-	1,210,275	1,210,275
Fund Raising and Events	-	-	-	-	2,437,229	2,437,229
Investment Earnings	2,186,961	8,339	903,446	-	438,404	3,537,150
Other	-	-	-	-	170,587	170,587
TOTAL REVENUE	207,983,009	20,702,229	20,004,610	-	16,190,732	264,880,580
Expenditures						
Current-						
Instruction						
Salaries and Benefits	90,104,457	6,742,114	-	-	97,230	96,943,801
Purchased Services	4,095,857	316,667	-	-	704,857	5,117,381
Supplies and Materials	2,070,176	593,079	-	-	1,392,377	4,055,632
Equipment	1,280,382	126,686	-	-	326,173	1,733,241
Other	479,363	10,797	-	-	398,481	888,641
Total Instruction	98,030,235	7,789,343	-	-	2,919,118	108,738,696
Supporting Services						
Pupil Services	11,286,643	5,904,398	-	-	-	17,191,041
Instructional Staff	16,527,009	1,484,128	-	-	152,740	18,163,877
General Administration	1,168,415	-	-	-	-	1,168,415
School Administration	12,356,090	844,806	-	-	43,240	13,244,136
Business Services	2,926,136	-	-	-	-	2,926,136
Maintenance/Operations	19,186,379	172,441	-	-	6,250,164	25,608,984
Pupil Transportation	6,695,954	-	-	-	-	6,695,954
Central Supporting Services	5,966,276	122	-	-	1,101,992	7,068,390
Nutrition Services	-	-	-	-	8,479,487	8,479,487
Community Services	-	42,849	-	-	903,531	946,380
Facilities Acquisition and Construction Services	-	5,608	-	-	487,337	492,945
Total Support Services	76,112,902	8,454,352	-	-	17,418,491	101,985,745
Capital Outlay						
Debt Service - Principal	123,698	2,856,872	-	-	8,017,334	10,997,904
Debt Service - Interest	-	-	10,280,000	-	2,597,148	12,877,148
Charter School Allocation	23,860,463	-	8,554,337	-	811,355	9,365,692
TOTAL EXPENDITURES	198,127,298	19,100,567	18,834,337	-	31,763,446	267,825,648
Excess of Revenues Over (Under) Expenditures	9,855,711	1,601,662	1,170,273	-	(15,572,714)	(2,945,068)
Other Financing Sources (Uses)						
Transfers In	-	26,500	-	-	3,606,816	3,633,316
Transfers Out	(3,633,316)	-	-	-	-	(3,633,316)
Total Other Financing Sources (Uses)	(3,633,316)	26,500	-	-	3,606,816	-
Net Change in Fund Balances	6,222,395	1,628,162	1,170,273	-	(11,965,898)	(2,945,068)
Fund Balances - Beginning of Year, as previously reported	33,770,304	(2,429,645)	21,035,043	12,295,926	15,460,373	80,132,001
Change within financial reporting entity (Note 1(Q))	-	-	-	(12,295,926)	12,295,926	-
Fund Balances - Beginning of Year, as adjusted or restated	33,770,304	(2,429,645)	21,035,043	-	27,756,299	80,132,001
Fund Balances - End of the Year	\$ 39,992,699	\$ (801,483)	\$ 22,205,316	\$ -	\$ 15,790,401	\$ 77,186,933

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2024

Total net change in fund balances - governmental funds \$ (2,945,068)

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

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available. (4,735,268)

Capital outlays are reported in governmental funds as expenditures.

In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Capital Outlay	10,997,905	
	Depreciation expense	<u>(13,317,895)</u>	(2,319,990)

In the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, these expenses are reported regardless of when the financial resources are available.

	Change in special termination benefits	322,060	
	Change in compensated absences	(136,300)	
	Change in accrued interest	<u>30,858</u>	216,618

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued. These amounts are amortized in the Statement of Activities.

	COP principal repaid	2,385,000	
	Bond principal repaid	10,280,000	
	Bond refunding loss amortization	(966,719)	
	Bond premium amortization	2,740,179	
	Lease principal repaid	<u>212,148</u>	14,650,608

District pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured before the District's report date. Pension and OPEB expense, which is a change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.

(4,995,599)

Change in net position of governmental activities

\$ (128,699)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

NOTE (1) Summary of Significant Accounting Policies

The accounting policies of Thompson School District R2-J (the District) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). Following is a summary of the more significant policies.

(A) Reporting Entity

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

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

Blended Component Unit:

Thompson School Facilities Corporation

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

Discrete Component Units:

The District includes the New Vision Charter School and Loveland Classical Schools (the "Entities") within its reporting entity because the District is financially accountable for the Entities. The charter schools are authorized by the District and the District is legally obligated to provide the majority of their revenues. 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 299 Peridot

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

Avenue, Loveland, CO 80537. Loveland Classical Schools issues separate financial statements, which can be obtained at 3835 14th Street Southwest, Loveland, CO 80537.

(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.

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

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

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

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

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

(C) Basis of Presentation

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

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

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

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

(D) Basis of Accounting

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the District considers all revenues reported in the governmental funds to be available if the revenues are received within 60 days after year-end (90 days for grant revenue). The District's major revenue sources that are susceptible to accrual are property taxes, tuition, intergovernmental revenues, facilities rental, and investment earnings.

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

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

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

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

(E) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, 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. Earnings from investments are allocated to each fund based upon that fund's share of the investment. The District generally holds investments until maturity.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

(F) Inventories

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

(G) Capital Assets

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

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

Description	Estimated Lives
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 - 20 Years

(H) Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, at June 30, 2024, are reflected as a liability in the accompanying financial statements.

(I) Compensated Absences and Severance Incentive Benefit Amounts

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

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

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

During fiscal year 1993, the District initiated a severance bonus plan. Certified, classified and administrative personnel could choose from a number of options and payment plans when terminating from the District. Currently, payments under the severance plan are scheduled through fiscal year 2029. The District budgets the subsequent year's available resources for severance, severance incentive and eligible accumulated leave benefits. Therefore, the entire unpaid liability for early retirement and sick leave paid upon retirement for governmental funds is reported on the government-wide financial statements. Amounts for sick leave to be paid with the severance and early retirement bonus are included in severance incentive stipends payable. The compensated absences balance is the accrual for active employees. The amounts recorded as liabilities for all compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The entire compensated absence and severance incentive liability is reported on the government-wide financial statements.

(J) Accrued Liabilities and Long-Term Obligations

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

(K) Defined Benefit Plans

Pensions - The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The District reports a net pension liability for its proportionate share of PERA's unfunded pension liability, which is expected to be liquidated primarily with resources from the General Fund. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The District reports a net OPEB liability for its proportionate share of PERA's unfunded OPEB liability, which is expected to be liquidated primarily with resources from the General Fund. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

(L) Fund Balance

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

(M) Net Position

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

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

(N) Property Taxes

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

(O) Interfund Transactions

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

(P) Subsequent Events

The District has evaluated subsequent events through December 16, 2024, the date the financial statements were available to be issued.

(Q) Accounting Changes and Error Corrections

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, the District identified an error in the calculation of deferred outflows of resources related to pensions. As of June 30, 2023, governmental activities deferred outflows of resources were overstated by \$43,216,749. Additionally, the District identified that unavailable revenue was classified as unearned revenue rather than being recognized as revenue on the government-wide statements. The effect of correcting those errors is shown below:

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

	<u>Governmental Activities</u>
Net position - June 30, 2023, as previously reported	\$ (126,964,715)
To correct deferred outflows of resources related to pensions	(43,216,749)
To recognize unavailable revenue	<u>6,741,996</u>
Net position - June 30, 2023, as restated	(163,439,468)

Change in Major Funds

The Building fund was previously reported as a major fund but is reported as a nonmajor fund for fiscal year 2024. The effects of this change are shown below:

	<u>Major Fund - Building</u>	<u>Other Governmental Funds</u>
Fund balance - June 30, 2023, as previously reported	\$ 12,295,925	\$ 15,460,374
Change in major funds	<u>(12,295,925)</u>	<u>12,295,925</u>
Fund balance - June 30, 2023, as restated	-	27,756,299

Change to Component Units and Education Memorial Fund

The Thompson Education Foundation is no longer reported as a component unit because it does not meet the criteria for reporting as a discretely presented component unit. In addition, the Education Memorial Fund is no longer reported as a fiduciary activity.

	<u>Component Units</u>
Net position - June 30, 2023, as previously reported	\$ (3,355,536)
To remove Thompson Education Foundation	<u>(1,575,995)</u>
Net position - June 30, 2023, as restated	(4,931,531)

(R) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(S) Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

requirements for compensated absences. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, Certain Risk Disclosures, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, Financial Reporting Model Improvements, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, Disclosure of Certain Capital Assets, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2026.

NOTE (2) Cash and Investments

(A) Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

(B) Investments

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

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

Fair Value Measurement – The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. Investments in money market funds and external investment pools are reported at the net asset value per share.

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

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

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

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

Local government investment pool – At June 30, 2024, the District had \$105,802,749 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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

Commissioner administers and enforces the requirements of creating and operating the pool. ColoTrust operates in conformity with the Securities and Exchange Commission’s Rule 2a-7 with each share equal to \$1. The pool is rated AAAM by Standard and Poor’s. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

The District’s investments at June 30, 2024 were as follows:

Investment Type	S&P / Morningstar Rating	Investment Maturities (In Years)		Fair Value
		Less than 1 Year	All Funds	
Money Market Funds	AAAM	2,352	2,352	2,352
Local Government Investment Pool	AAAM	<u>105,802,749</u>	<u>105,802,749</u>	<u>105,802,749</u>
		<u>\$ 105,805,101</u>	<u>\$ 105,805,101</u>	<u>\$ 105,805,101</u>

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

Cash and Deposits	\$ 4,116,210
Investments	<u>105,805,101</u>
Total	<u>\$ 109,921,311</u>
<u>Financial Statements:</u>	
Primary Government Cash and Investments	\$ 109,921,311

NOTE (3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

	Capital Assets June 30, 2023	Additions	Deletions / Transfers	Capital Assets June 30, 2024
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 17,074,783	\$ -	\$ -	\$ 17,074,783
Water Rights	2,992,984	-	-	2,992,984
Construction in Progress	34,569,766	956,511	(34,569,766)	956,511
Total capital assets, not being depreciated	<u>54,637,533</u>	<u>956,511</u>	<u>(34,569,766)</u>	<u>21,024,278</u>
Capital assets, being depreciated:				
Land Improvements	5,861,626	1,669,451	-	7,531,077
Buildings	312,419,785	40,744,470	-	353,164,255
Equipment	15,951,553	942,242	(59,608)	16,834,187
Transportation	15,656,126	1,254,997	(44,960)	16,866,163
Total capital assets, being depreciated	<u>349,889,090</u>	<u>44,611,160</u>	<u>(104,568)</u>	<u>394,395,682</u>
Less accumulated depreciation for:				
Land Improvements	(2,514,120)	(773,192)	-	\$ (3,287,312)
Buildings	(155,316,029)	(11,004,064)	-	\$ (166,320,093)
Equipment	(14,216,641)	(726,415)	59,608	\$ (14,883,448)
Transportation	(12,316,316)	(814,224)	44,960	\$ (13,085,580)
Total accumulated depreciation	<u>(184,363,106)</u>	<u>(13,317,895)</u>	<u>104,568</u>	<u>(197,576,433)</u>
Total capital assets, being depreciated, net	<u>165,525,984</u>	<u>31,293,265</u>	<u>-</u>	<u>196,819,249</u>
Governmental Activities Capital Assets, Net	<u>\$ 220,163,517</u>	<u>\$ 32,249,776</u>	<u>\$ (34,569,766)</u>	<u>\$ 217,843,527</u>

Depreciation expense for the year ended June 30, 2024 was charged to the following governmental functions:

Instruction	\$ 10,910,588
Supporting Services	
Maintenance / Operations	511,326
Pupil Transportation	860,895
Central Supporting Services	929,263
Nutrition Services	36,696
Community Services	69,127
Total	<u>\$ 13,317,895</u>

NOTE (4) Short-term Debt

During the year ended June 30, 2024, the District borrowed \$20,862,556 from the state-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full by June 30, 2024, from property taxes received primarily from February through March. The schedule of changes is summarized below.

	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024
State-sponsored Interest-free Loan	<u>\$ -</u>	<u>\$ 20,862,556</u>	<u>\$ 20,862,556</u>	<u>\$ -</u>

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

NOTE (5) General Obligation Bonds Payable

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

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

The table below identifies the remaining principal and interest due on all outstanding General Obligation Bonds as of June 30, 2024.

Series 2012 and 2019 Bonds

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2024</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	10,700,000	8,122,218	18,822,218
2026	11,175,000	7,615,875	18,790,875
2027	8,285,000	7,129,625	15,414,625
2028	8,700,000	6,705,000	15,405,000
2029	9,135,000	6,259,125	15,394,125
2030-2034	52,985,000	23,788,625	76,773,625
2035-2039	67,630,000	8,783,250	76,413,250
Total	<u>\$ 168,610,000</u>	<u>\$ 68,403,718</u>	<u>\$ 237,013,718</u>

NOTE (6) Certificates of Participation

Certificates of Participation represent long-term 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 purchase agreement and annual appropriation clause. The COPs are not considered to be a general obligation or other indebtedness of the District within the meaning of any constitutional or statutory debt limitations.

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

On May 5, 2022, the Thompson School Facilities Corporation issued \$14,870,000 Certificates of Participation. The proceeds from the sale of the Certificates will provide funds to construct and

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

equip an addition to the High Plains School. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at the rates ranging from 4% to 5% per annum. Principal payments are due annually on December 1, through 2029. Debt service is expected to be paid with distributions from the Loveland Urban Renewal Authority.

The table below identifies the remaining principal and interest due on the outstanding COPs as of June 30, 2024.

Certificates of Participation

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2024</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	2,215,000	677,288	2,892,288
2026	2,325,000	565,963	2,890,963
2027	2,490,000	448,725	2,938,725
2028	2,615,000	326,619	2,941,619
2029	2,760,000	200,900	2,960,900
2030	2,890,000	68,000	2,958,000
Total	<u>\$ 15,295,000</u>	<u>\$ 2,287,495</u>	<u>\$ 17,582,495</u>

NOTE (7) Lease

In August 2017, the District entered into a master lease agreement for \$2,100,000 to purchase buses. Annual payments of \$231,216 are due under the lease agreement through September 1, 2026. Interest accrues on the outstanding balance at 2.175% per annum. At June 30, 2024, capital assets of \$2,002,809 less accumulated amortization of \$1,401,966 are reported under this lease agreement.

The table below identifies the remaining principal and interest due on the outstanding leases as of June 30, 2024.

<u>Year Ended June 30, 2024</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	216,762	14,454	231,216
2026	221,477	9,739	231,216
2027	226,294	4,922	231,216
Total	<u>\$ 664,533</u>	<u>\$ 29,115</u>	<u>\$ 693,648</u>

**Thompson School District R2-J
Notes to Financial Statements
June 30, 2024**

NOTE (8) Changes in Long-Term Debt

(A) Summary

The following is a summary of the changes in long-term debt for the year ended June 30, 2024.

	June 30, 2023	Additions	Deletions	June 30, 2024	Amount Due in One Year
Governmental activities:					
Bonds Payable (principal)	\$ 178,890,000	\$ -	\$ 10,280,000	\$ 168,610,000	\$ 10,700,000
Premium Bond Refinancing '12	1,987,089	-	1,135,478	851,611	-
Certificates of Participation '14	17,680,000	-	2,385,000	15,295,000	2,215,000
Premium Certificate of Participation '14	1,606,301	-	173,168	1,433,133	-
Premium Bond Issuance '19	22,308,055	-	1,431,533	20,876,522	-
Bus Lease '18	876,682	-	212,149	664,533	216,762
Compensated Absences*	699,664	1,306,215	1,169,915	835,964	280,000
Severance-Incentive Payable*	2,669,857	481,044	803,104	2,347,797	728,542
Total	<u>\$ 226,717,648</u>	<u>\$ 1,787,259</u>	<u>\$ 17,590,347</u>	<u>\$ 210,914,560</u>	<u>\$ 14,140,304</u>

* Monies from the General Fund, the Grants Fund, and the Nutrition Services Fund are used to liquidate compensated absences and the severance incentive stipend payable.

(B) Annual Requirements

Listed below are the annual requirements to amortize the Severance Incentive at June 30, 2024:

Year Ended June 30, 2024	Severance Incentive Stipends
2025	\$ 728,542
2026	649,242
2027	528,439
2028	299,652
2029	118,306
2030	23,616
Total	<u>\$ 2,347,797</u>

NOTE (9) Interfund Transfers

Interfund balances of \$0.8 million due to the General Fund were the result of (1) indirect and overhead costs due to the General Fund from the Government Designated-Purpose Fund and (2) advances from the General Fund to the Government Designated-Purpose Grants Fund to fund grants operating on a reimbursement basis

Interfund transfers at June 30, 2024, were composed of the following:

Transfers from	Transfer to Grants Fund	Fee Supported Fund	Capital Projects Fund
General Fund	\$ 26,500	\$ 303,350	\$ 3,303,466

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

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

Note (10) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description - Eligible employees of the the District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2023 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

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

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

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

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

Contributions provisions as of June 30, 2024 - Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

	July 1, 2023 Through June 30, 2024
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$24,219,224 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The District proportion of the net pension liability was based on The District contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024 the District reported a liability of \$306,204,615 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with The District were as follows:

Proportionate Share of the Net Pension Liability	306,204,615
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>6,714,159</u>
Total	312,918,774

At December 31, 2023, the District proportion was 1.7315914%, which was an increase of 0.2609805% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024 the District recognized pension expense of \$6,598,093 and revenue of \$511,553 for support from the State as a nonemployer contributing entity. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 14,519,896	\$ -
Changes of Assumptions or other Inputs	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,950,103	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	27,881,303	13,327,666
Contributions Subsequent to the Measurement Date	<u>12,286,496</u>	<u>-</u>
Total	<u>\$ 76,637,798</u>	<u>\$ 13,327,666</u>

\$12,286,496 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ 6,671,233
2026	16,471,775
2027	30,052,049
2028	(2,171,421)
2029	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

**Thompson School District R2-J
Notes to Financial Statements
June 30, 2024**

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Thompson School District R2-J Notes to Financial Statements June 30, 2024

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate Share of the Net Pension Liability	\$ 409,446,510	\$ 306,204,615	\$ 220,113,371

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

Note (11) Postemployment Healthcare Benefits

General Information

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$1,212,149 for the year ended June 30, 2004.

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

At June 30, 2024, the District reported a liability of \$7,393,609 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District proportion was 1.0359169%, which was a decrease of 0.0825179% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB cost recovery of \$1,381,236 due to a decrease in the OPEB obligation. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	-	\$ 1,515,391
Changes of Assumptions or other Inputs	86,945	783,972
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	228,668	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	642,878	773,698
Contributions Subsequent to the Measurement Date	614,927	-
Total	\$ 1,573,418	\$ 3,073,060

\$614,927 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

Year Ended June 30,	Amount
2025	\$ (900,067)
2026	\$ (401,272)
2027	\$ (124,436)
2028	\$ (366,959)
2029	\$ (126,376)
Thereafter	\$ (195,459)

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial Cost Method			Entry Age	
Price Inflation			2.30%	
Real Wage Growth			0.70%	
Wage Inflation			3.00%	
Salary Increases, Including Wage Inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation			7.25%	
Discount rate			7.25%	
Health Care Cost Trend Rates				
Service-based Premium Subsidy			0.00%	
PERACare Medicare plans ¹			7.00% in 2023 gradually decreasing to to 4.50% in 2033	
Medicare Part A Premiums			3.50% in 2023, gradually increasing to to 4.50% in 2035	
DPS benefit structure				
Service-based Premium Subsidy			0.00%	
PERACare Medicare Plans			N/A	
Medicare Part A Premiums			N/A	

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Thompson School District R2-J
Notes to Financial Statements
June 30, 2024**

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums)

**Thompson School District R2-J
Notes to Financial Statements
June 30, 2024**

provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

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

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

Sensitivity of the District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 7,181,401	\$ 7,393,609	\$ 7,624,442

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

**Thompson School District R2-J
Notes to Financial Statements
June 30, 2024**

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

Sensitivity of the District proportionate share of the net OPEB liability to changes in the discount rate - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)		Current Discount Rate (7.25%)		1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 8,732,780	▼	\$ 7,393,609	\$	6,247,947

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

NOTE (12) Risk Management

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

Colorado School District Self Insurance Pool

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

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

Other Risks

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

NOTE (13) Commitments and Contingencies

(A) Construction

At year end, the District had construction commitments totaling approximately \$4.5 million related to various capital projects for site renovations and repairs. These projects are primarily being funded with bond proceeds.

Thompson School District R2-J
Notes to Financial Statements
June 30, 2024

(B) Grants and State Funding

The District participates in a number of Federal and State assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2024.

(C) TABOR Amendment

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

In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 2000. At June 30, 2024, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.

NOTE (14) Subsequent Events

The District closed on the sale of a 96-acre parcel of vacant land for \$4.0 million in August 2024. The District is also trying to sell the former Monroe Elementary School building. It is listed for \$6.2 million.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2024

Measurement Date (December 31)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Pension Liability										
District's Proportion of the Net Pension Liability	1.7315914046%	1.4706108548%	1.6280968071%	1.8506529960%	1.5800760132%	1.5616537230%	1.8038286302%	1.7975140477%	1.8247272213%	1.8673090248%
District's Proportionate Share of the Net Pension Liability	\$ 306,204,615	\$ 267,790,369	\$ 189,467,584	\$ 279,781,405	\$ 236,059,928	\$ 276,522,868	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146	\$ 253,083,096
State's Proportionate Share of the Net Pension Liability	\$ 6,714,159	\$ 78,036,805	\$ 21,720,298	\$ -	\$ 29,941,199	\$ 37,810,662	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	<u>\$ 312,918,774</u>	<u>\$ 345,827,174</u>	<u>\$ 211,187,882</u>	<u>\$ 279,781,405</u>	<u>\$ 266,001,127</u>	<u>\$ 314,333,530</u>	<u>\$ 583,294,071</u>	<u>\$ 535,189,442</u>	<u>\$ 279,079,146</u>	<u>\$ 253,083,096</u>
District's Covered Payroll	\$ 114,473,754	\$ 113,494,855	\$ 101,750,907	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 83,209,077	\$ 80,682,995	\$ 79,521,895	\$ 78,227,377
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	273%	305%	208%	283%	287%	366%	701%	663%	351%	324%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	62%	75%	67%	65%	57%	44%	43%	59%	63%
Fiscal Year Ended (June 30)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District Contributions										
Statutorily Required Contribution	\$ 24,219,224	\$ 22,517,132	\$ 22,051,000	\$ 19,734,869	\$ 18,802,332	\$ 16,898,698	\$ 15,882,065	\$ 15,078,469	\$ 14,135,265	\$ 13,371,671
Contributions in Relation to the Statutorily Required Contribution	\$ (24,219,224)	\$ (22,517,132)	\$ (22,051,000)	\$ (19,734,869)	\$ (18,802,332)	\$ (16,898,698)	\$ (15,882,065)	\$ (15,078,469)	\$ (14,135,265)	\$ (13,371,671)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 118,838,119	\$ 110,486,384	\$ 110,889,653	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703	\$ 82,018,638	\$ 79,689,504	\$ 79,169,029
Contributions as a Percentage of Covered Employee Payroll	20.38%	20.38%	19.89%	19.88%	19.38%	19.13%	18.88%	18.38%	17.74%	16.89%

See independent auditors' report

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2024

Measurement Date (December 31)	2023	2022	2021	2020	2019	2018	2017
Net OPEB Liability							
District's Proportion of the Net OPEB Liability	1.0359169377%	1.1184347973%	1.0630238096%	1.0703018117%	1.0325604143%	1.0150601687%	1.0249358755%
District's Proportionate Share of the Net OPEB Liability	\$ 7,393,609	\$ 9,131,785	\$ 9,166,507	\$ 10,170,275	\$ 11,605,958	\$ 13,810,320	\$ 13,320,067
District's Covered Payroll	\$ 114,473,754	\$ 113,494,855	\$ 101,750,907	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 88,242,833
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%	10%	13%	16%	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	39%	33%	24%	17%	18%
Fiscal Year Ended (June 30)							
	2024	2023	2022	2021	2020	2019	2018
District Contributions							
Statutorily Required Contribution	\$ 1,212,149	\$ 1,126,961	\$ 1,131,074	\$ 1,012,553	\$ 989,622	\$ 900,809	\$ 857,817
Contributions in Relation to the Statutorily Required Contribution	(1,212,149)	(1,126,961)	(1,131,074)	(1,012,553)	(989,622)	(900,809)	(857,817)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 118,838,119	\$ 110,486,384	\$ 110,889,653	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See independent auditors' report

GENERAL FUND

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

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Local Property- School Finance Act	\$ 62,980,922	\$ 62,980,922	\$ 83,048,043	\$ 20,067,121
Local Property- Mill Levy Override	38,199,558	37,849,035	37,782,524	(66,511)
Specific Ownership	8,073,328	8,073,328	9,062,477	989,149
Intergovernmental				
Equalization Entitlements	80,180,353	81,593,170	61,281,499	(20,311,671)
Universal Pre-K Revenue	2,787,860	2,787,860	2,474,722	(313,138)
Special Education	5,800,000	5,800,000	6,020,525	220,525
Vocational Education	300,000	300,000	344,230	44,230
Transportation	1,200,000	1,200,000	1,385,587	185,587
Investment Earnings	2,000,000	2,000,000	2,186,961	186,961
All Other Revenue	575,000	575,000	4,396,441	3,821,441
TOTAL REVENUE	202,097,021	203,159,315	207,983,009	4,823,694
TOTAL EXPENDITURES	197,923,424	197,923,424	198,127,298	(203,874)
Excess of Revenues Over Expenditures	4,173,597	5,235,891	9,855,711	4,619,820
Other Financing (Uses)				
Transfers Out:				
Governmental Designated-Purpose Grants Fund	(1,056,552)	(1,056,552)	(26,500)	1,030,052
Fee Supported Programs Fund	(303,350)	(303,350)	(303,350)	-
Capital Projects Fund	(1,803,466)	(3,303,466)	(3,303,466)	-
Total Other Financing (Uses)	(3,163,368)	(4,663,368)	(3,633,316)	1,030,052
Net Change in Fund Balance	1,010,229	572,523	6,222,395	5,649,872
Fund Balance - Beginning of Year	36,335,840	33,770,304	33,770,304	-
Fund Balance - End of Year	\$ 37,346,069	\$ 34,342,827	\$ 39,992,699	\$ 5,649,872

See independent auditors' report

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current-				
Instruction:				
Salaries and Benefits	\$ 89,556,306	\$ 89,556,306	\$ 90,104,457	\$ (548,151)
Purchased Services	3,892,038	3,892,038	4,095,857	(203,819)
Supplies and Materials	3,725,930	3,725,930	2,070,176	1,655,754
Equipment	960,000	960,000	1,280,382	(320,382)
Other	634,521	634,521	479,363	155,158
Total Instruction	<u>98,768,795</u>	<u>98,768,795</u>	<u>98,030,235</u>	<u>738,560</u>
Supporting Services				
Pupil Services	11,531,349	11,531,349	11,286,643	244,706
Instructional Staff	16,144,493	16,144,493	16,527,009	(382,516)
General Administration	1,245,216	1,245,216	1,168,415	76,801
School Administration	11,189,242	11,189,242	12,356,090	(1,166,848)
Business Services	2,882,139	2,882,139	2,926,136	(43,997)
Maintenance/Operations	18,516,599	18,516,599	19,186,379	(669,780)
Pupil Transportation	6,562,168	6,562,168	6,695,954	(133,786)
Central Supporting Services	6,033,439	6,033,439	5,966,276	67,163
Total Supporting Services	<u>74,104,645</u>	<u>74,104,645</u>	<u>76,112,902</u>	<u>(2,008,257)</u>
Capital Outlay	1,443,247	1,443,247	123,698	1,319,549
Charter School Allocation	23,606,737	23,606,737	23,860,463	(253,726)
TOTAL EXPENDITURES	<u>\$ 197,923,424</u>	<u>\$ 197,923,424</u>	<u>\$ 198,127,298</u>	<u>\$ (203,874)</u>

See independent auditors' report

GOVERNMENT DESIGNATED-PURPOSE GRANTS FUND

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

Thompson School District
Government Designated-Purpose Grants Fund - 22 & 28
Budgetary Comparison Schedule
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
Federal Sources	\$ 14,729,000	\$ 14,729,000	\$ 16,349,972	\$ 1,620,972
State/Local Sources	4,118,880	5,818,880	4,343,919	(1,474,961)
Investment Earnings	-	-	8,338	8,338
TOTAL REVENUE	18,847,880	20,547,880	20,702,229	154,349
Expenditures				
Current-				
Instruction				
Salaries and Benefits	8,218,966	8,218,966	6,742,114	1,476,852
Purchased Services	369,287	369,287	316,667	52,620
Supplies and Materials	443,713	443,713	593,079	(149,366)
Equipment	117,892	1,817,892	126,686	1,691,206
Other	77,876	77,876	10,797	67,079
Total Instruction	<u>9,227,734</u>	<u>10,927,734</u>	<u>7,789,343</u>	<u>3,138,391</u>
Supporting Services				
Pupil Services	7,171,289	7,171,289	5,904,398	1,266,891
Instructional Staff	1,229,577	1,229,577	1,484,128	(254,551)
School Administration	844,200	844,200	844,806	(606)
Maintenance/Operations	41,290	41,290	172,441	(131,151)
Central Supporting Services	-	-	122	(122)
Community Services	73,826	73,826	42,849	30,977
Facilities Acquisition & Construction Svcs			5,608	(5,608)
Total Support Services	<u>9,360,182</u>	<u>9,360,182</u>	<u>8,454,352</u>	<u>905,830</u>
Capital Outlay	-	-	2,856,872	(2,856,872)
TOTAL EXPENDITURES	18,587,916	20,287,916	19,100,567	1,187,349
Excess of Revenues Over (Under)				
Expenditures	<u>259,964</u>	<u>259,964</u>	<u>1,601,662</u>	<u>1,341,698</u>
Other Financing Sources				
Transfers In	<u>1,056,552</u>	<u>1,056,552</u>	<u>26,500</u>	<u>(1,030,052)</u>
Net Change in Fund Balance	1,316,516	1,316,516	1,628,162	311,646
Fund Balances - Beginning of Year	<u>2,271,618</u>	<u>(2,429,645)</u>	<u>(2,429,645)</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 3,588,134</u>	<u>\$ (1,113,129)</u>	<u>\$ (801,483)</u>	<u>\$ 311,646</u>

See independent auditors' report

Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2024

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

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

Changes in Assumptions and Other Inputs

Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

Note 2—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

NOTE (2) Budgets and Budgetary Accounting

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

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

directors. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

- 5) Budgets for all funds are adopted on a basis consistent with US GAAP.
- 6) Appropriations lapse at year-end.

OTHER SUPPLEMENTARY INFORMATION

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

NONMAJOR GOVERNMENTAL FUNDS

The District has the following Nonmajor Funds:

Nutrition Services Fund

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

Interscholastic Athletic and Activity Fund

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

Land Reserve Fund

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

Fee Supported Programs Fund

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

Building Fund

This fund is used to account for and report the restricted bond proceeds from the various bond issuances and other financing sources that are restricted to expenditures in connection with renovating, remodeling, equipping, furnishing, and improving school district facilities.

Capital Projects Fund

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

**Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024**

	Nutrition Services	Athletics / Activities	Land Reserve	Fee Supported Programs	Building	Capital Projects	Total Nonmajor Governmental Funds
ASSETS							
Cash and Investments	\$ 2,567,396	\$ 2,104,279	\$ 8,961,109	\$ 1,612,103		\$ 1,183,070	\$ 16,427,957
Restricted Cash and Investments	-	-	-	-	1,613,087	-	1,613,087
Accounts Receivable	-	47,553	192,605	2,465	-	-	242,623
Grants Receivable	72,173	-	-	-	-	-	72,173
Inventory	336,152	-	-	-	-	-	336,152
Total Assets	\$ 2,975,721	\$ 2,151,832	\$ 9,153,714	\$ 1,614,568	\$ 1,613,087	\$ 1,183,070	\$ 18,691,992
LIABILITIES							
Accounts Payable	\$ 15,964	\$ 36,692	\$ 780,257	\$ 19,938	\$ 1,050,095	\$ 105,282	\$ 2,008,228
Retainage Payable	-	-	34,218	-	91,311	-	125,529
Accrued Salaries and Benefits	319,913	-	-	50,035	3,754	-	373,702
Unearned Revenue	286,111	-	-	-	-	-	286,111
Total Liabilities	621,988	36,692	814,475	69,973	1,145,160	105,282	2,793,570
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	108,021	-	-	-	-	-	108,021
FUND BALANCE							
Nonspendable Inventory	336,152	-	-	-	-	-	336,152
Restricted for:							
TABOR	-	-	39,224	-	-	-	39,224
Land & Land Improvements	-	-	8,300,015	-	-	-	8,300,015
Capital Projects	-	-	-	-	467,927	-	467,927
Nutrition Services	1,909,560	-	-	-	-	-	1,909,560
Committed to Student Specific Programs	-	2,115,140	-	1,544,595	-	-	3,659,735
Assigned to Capital Projects	-	-	-	-	-	1,077,788	1,077,788
Total Fund Balances	2,245,712	2,115,140	8,339,239	1,544,595	467,927	1,077,788	15,790,401
Total Liabilities and Fund Balances	\$ 2,975,721	\$ 2,151,832	\$ 9,153,714	\$ 1,614,568	\$ 1,613,087	\$ 1,183,070	\$ 18,691,992

See independent auditors' report

Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Nutrition Services	Athletics / Activities	Land Reserve	Fee Supported Programs	Building	Capital Projects	Total Nonmajor Governmental Funds
Revenues							
Intergovernmental	\$ 7,934,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,934,524
Loveland URA Distribution	-	-	-	-	-	2,880,038	2,880,038
Charges for Services	115,300	-	-	1,004,375	-	-	1,119,675
Payments In Lieu of Land Dedication	-	-	1,210,275	-	-	-	1,210,275
Fund Raising and Events	-	2,437,229	-	-	-	-	2,437,229
Investment Earnings	13,299	56,654	97,187	-	265,886	5,378	438,404
Other	-	-	-	-	-	170,587	170,587
TOTAL REVENUES	8,063,123	2,493,883	1,307,462	1,004,375	265,886	3,056,003	16,190,732
Expenditures							
Current-							
Instruction							
Salaries and Benefits	-	93,104	-	4,126	-	-	97,230
Purchased Services	-	636,210	-	15,728	-	52,919	704,857
Supplies and Materials	-	1,224,466	-	167,911	-	-	1,392,377
Equipment	-	105,380	-	8,235	-	212,558	326,173
Other	-	370,258	-	28,223	-	-	398,481
Total Instruction	-	2,429,418	-	224,223	-	265,477	2,919,118
Supporting Services							
Pupil Services	-	-	-	-	-	-	-
Instructional Staff	-	-	-	30,957	-	121,783	152,740
School Administration	-	-	-	43,240	-	-	43,240
Maintenance/Operations	-	-	-	-	4,880,573	1,369,591	6,250,164
Central Supporting Services	-	-	1,039,099	-	-	62,893	1,101,992
Nutrition Services	8,479,487	-	-	-	-	-	8,479,487
Community Services	-	-	-	903,531	-	-	903,531
Facilities Acquisition and Construction Services	-	-	-	-	483,929	3,408	487,337
Total Support Services	8,479,487	-	1,039,099	977,728	5,364,502	1,557,675	17,418,491
Capital Outlay	145,406	19,560	-	6,513	6,729,383	1,116,472	8,017,334
Debt Service - Principal	-	-	-	-	-	2,597,148	2,597,148
Debt Service - Interest	-	-	-	-	-	811,355	811,355
TOTAL EXPENDITURES	8,624,893	2,448,978	1,039,099	1,208,464	12,093,885	6,348,127	31,763,446
Excess of Revenues Over (Under) Expenditures	(561,770)	44,905	268,363	(204,089)	(11,827,999)	(3,292,124)	(15,572,714)
Other Financing Sources							
Transfers in (out)	-	-	-	303,350	-	3,303,466	3,606,816
Total Other Financing Sources	-	-	-	303,350	-	3,303,466	3,606,816
Net Change in Fund Balances	(561,770)	44,905	268,363	99,261	(11,827,999)	11,342	(11,965,898)
Fund Balances - Beginning of the Year, as previously reported	2,807,482	2,070,235	8,070,876	1,445,334	-	1,066,446	15,460,373
Change within financial reporting entity (Note 1(Q))	-	-	-	-	12,295,926	-	12,295,926
Fund Balances - Beginning of Year, as adjusted or restated	2,807,482	2,070,235	8,070,876	1,445,334	12,295,926	1,066,446	27,756,299
Fund Balances - End of the Year	\$ 2,245,712	\$ 2,115,140	\$ 8,339,239	\$ 1,544,595	\$ 467,927	\$ 1,077,788	\$ 15,790,401

See independent auditors' report

BUDGETARY COMPARISON SCHEDULES

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

**Thompson School District R2-J
Bond Redemption Fund - 31
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Property Taxes	\$ 19,049,438	\$ 19,049,438	\$ 19,101,164	\$ 51,726
Investment Earnings	490,000	490,000	903,446	413,446
TOTAL REVENUE	<u>19,539,438</u>	<u>19,539,438</u>	<u>20,004,610</u>	<u>465,172</u>
Expenditures				
Current-				
Debt Service:				
Principal	10,280,000	10,280,000	10,280,000	-
Interest and Fiscal Charges	8,581,338	8,597,338	8,554,337	43,001
TOTAL EXPENDITURES	<u>18,861,338</u>	<u>18,877,338</u>	<u>18,834,337</u>	<u>43,001</u>
Net Change in Fund Balance	678,101	662,101	1,170,273	508,173
Fund Balance - Beginning of Year	<u>20,424,079</u>	<u>21,035,043</u>	<u>21,035,043</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 21,102,180</u>	<u>\$ 21,697,144</u>	<u>\$ 22,205,316</u>	<u>\$ 508,173</u>

See independent auditors' report

**Thompson School District R2-J
Nutrition Services Fund - 21
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts (Unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
Federal Source, USDA Reimbursements	\$ 8,950,000	\$ 8,950,000	\$ 3,996,374	\$ (4,953,626)
Federal Source, Commodities	375,000	375,000	705,786	330,786
State Categorical Reimbursement	220,000	220,000	3,232,364	3,012,364
Charges for Services	209,000	209,000	115,300	(93,700)
Investment Earnings	-	-	13,299	13,299
TOTAL REVENUE	<u>9,754,000</u>	<u>9,754,000</u>	<u>8,063,123</u>	<u>(1,690,877)</u>
Expenditures				
Current-				
Supporting Services				
Nutrition Services	10,749,000	10,749,000	8,479,486	2,269,514
Capital Outlay	-	-	145,406	(145,406)
TOTAL EXPENDITURES	<u>10,749,000</u>	<u>10,749,000</u>	<u>8,624,892</u>	<u>2,124,108</u>
Net Change in Fund Balance	(995,000)	(995,000)	(561,769)	433,231
Fund Balances - Beginning of Year	<u>3,181,113</u>	<u>2,807,482</u>	<u>2,807,482</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,186,113</u>	<u>\$ 1,812,482</u>	<u>\$ 2,245,713</u>	<u>\$ 433,231</u>

See independent auditors' report

**Thompson School District R2-J
Interscholastic Athletic and Activity Fund - 23
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts (Unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fundraising and Events	\$ 2,433,200	\$ 2,433,200	\$ 2,437,229	\$ 4,029
Investment Earnings	2,000	2,000	56,654	54,654
TOTAL REVENUE	2,435,200	2,435,200	2,493,883	58,683
Expenditures				
Current-				
Instruction				
Salaries and Benefits	69,600	69,600	93,104	(23,504)
Purchased Services	520,600	520,600	636,210	(115,610)
Supplies and Materials	1,365,400	1,365,400	1,224,466	140,934
Equipment	87,400	87,400	105,380	(17,980)
Other	390,200	490,200	370,258	119,942
Total Instruction	2,433,200	2,533,200	2,429,418	103,782
Capital Outlay	-	-	19,560	(19,560)
TOTAL EXPENDITURES	2,433,200	2,533,200	2,448,978	84,223
Net Change in Fund Balance	2,000	(98,000)	44,905	142,906
Fund Balance - Beginning of Year	2,346,052	2,070,235	2,070,235	-
Fund Balance - End of Year	\$ 2,348,052	\$ 1,972,235	\$ 2,115,140	\$ 142,906

See independent auditors' report

**Thompson School District R2-J
Land Reserve Fund - 27
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts (Unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payments in Lieu of Land Dedication	\$ 1,145,683	\$ 1,145,683	\$ 1,210,275	\$ 64,592
Investment Earnings	54,317	54,317	97,187	42,870
TOTAL REVENUE	1,200,000	1,200,000	1,307,462	107,462
Expenditures				
Current- Supporting Services				
Central Supporting Services	-	-	1,039,099	(1,039,099)
Capital Outlay	7,062,135	7,062,135	-	7,062,135
TOTAL EXPENDITURES	7,062,135	7,062,135	1,039,099	6,023,037
Excess of Revenues Over (Under) Expenditures	(5,862,135)	(5,862,135)	268,363	6,130,498
Net Change in Fund Balance	(5,862,135)	(5,862,135)	268,363	6,130,498
Fund Balance - Beginning of Year	6,112,135	8,070,876	8,070,876	-
Fund Balance - End of Year	\$ 250,000	\$ 2,208,741	\$ 8,339,239	\$ 6,130,498

See independent auditors' report

**Thompson School District R2-J
Fee Supported Programs Fund - 29
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts (Unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 980,100	\$ 980,100	\$ 1,004,375	\$ 24,275
TOTAL REVENUE	980,100	980,100	1,004,375	24,275
Expenditures				
Current-				
Instruction				
Salaries and Benefits	389,001	389,001	4,126	384,875
Purchased Services	3,064	3,064	15,728	(12,664)
Supplies and Materials	4,596	4,596	167,911	(163,315)
Equipment	7,939	7,939	8,235	(296)
Other		-	28,223	(28,223)
Total Instruction	404,600	404,600	224,223	180,375
Supporting Services				
Pupil Services	-	-	-	-
Instructional Staff	81,600	81,600	30,957	50,643
School Administration		-	43,240	(43,240)
Community Services	861,300	861,300	903,531	(42,231)
Total Support Services	942,900	942,900	977,728	(34,829)
Capital Outlay	-	-	6,513	(6,513)
TOTAL EXPENDITURES	1,347,500	1,347,500	1,208,464	139,033
Excess of Revenues Over (Under) Expenditures	(367,400)	(367,400)	(204,089)	163,308
Other Financing Sources				
Transfers In		-	303,350	303,350
Net Change in Fund Balance	(367,400)	(367,400)	99,261	466,658
Fund Balance - Beginning of the Year	1,323,906	1,445,334	1,445,334	-
Fund Balance - End of the Year	\$ 956,506	\$ 1,077,934	\$ 1,544,595	\$ 466,661

See independent auditors' report

**Thompson School District R2-J
Building Fund - 41
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts (Unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ 250,000	\$ 250,000	\$ 265,886	\$ 15,886
TOTAL REVENUES	250,000	250,000	265,886	15,886
Expenditures				
Current-				
Maintenance / Operations	-	-	4,880,573	(4,880,573)
Facilities Acquisition & Construction Svcs	-	-	483,929	(483,929)
Capital Projects	18,000,000	18,000,000	6,729,383	11,270,617
TOTAL EXPENDITURES	18,000,000	18,000,000	12,093,885	5,906,115
Net Change in Fund Balance	(17,750,000)	(17,750,000)	(11,827,999)	5,922,001
Fund Balance - Beginning of the Year	18,093,064	12,295,926	12,295,926	-
Fund Balance - End of the Year	\$ 343,064	\$ (5,454,074)	\$ 467,927	\$ 5,922,001

See independent auditors' report

**Thompson School District R2-J
Capital Projects Fund - 43
Budgetary Comparison Schedule
Year Ended June 30, 2024**

	Budgeted Amounts (Unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Loveland URA Distribution	\$ 2,880,038	\$ 2,880,038	\$ 2,880,038	\$ -
Investment Earnings	-	-	5,378	5,378
Other	-	-	170,587	170,587
TOTAL REVENUE	2,880,038	2,880,038	3,056,003	175,965
Expenditures				
Current-				
Instruction				
Purchased Services	-	-	52,919	(52,919)
Equipment	-	-	212,558	(212,558)
Total Instruction	-	-	265,477	(265,477)
Supporting Services				
Instructional Staff	-	-	121,783	(121,783)
Maintenance/Operations	-	-	1,369,591	(1,369,591)
Central Supporting Services	-	-	62,893	(62,893)
Facilities Acquisition and Construction Services	-	-	3,408	(3,408)
Total Support Services	-	-	1,557,675	(1,557,675)
Capital Outlay	3,313,962	3,313,962	1,116,472	2,197,490
Debt Service - Principal	2,597,148	2,597,148	2,597,148	-
Debt Service - Interest and Fiscal Charges	811,356	811,356	811,355	1
TOTAL EXPENDITURES	6,722,466	6,722,466	6,348,127	374,339
Excess of Revenues Over (Under) Expenditures	(3,842,428)	(3,842,428)	(3,292,124)	550,304
Other Financing Sources				
Transfer In	1,803,466	1,803,466	3,303,466	1,500,000
Total Other Financing Sources	1,803,466	1,803,466	3,303,466	1,500,000
Net Change in Fund Balance	(2,038,962)	(2,038,962)	11,342	2,050,304
Fund Balance - Beginning of Year	2,038,962	1,066,446	1,066,446	-
Fund Balance - End of Year	\$ -	\$ (972,516)	\$ 1,077,788	\$ 2,050,304

See independent auditors' report

COMPONENT UNITS

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

Thompson School District's component units consist of two charter school administrative units: New Vision Charter School and Loveland Classical Schools. These entities have separate governing boards.

Thompson School District R2-J
Combining Statement of Net Position
Component Units
As of June 30, 2024

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Total Component Units</u>
ASSETS			
Cash and Investments	\$ 10,732,481	\$ 9,096,723	\$ 19,829,204
Restricted Cash and Investments	2,094,091	6,118,866	8,212,957
Accounts Receivable	35,908	129,077	164,985
Deposits	-	29,715	29,715
Prepaid Expense	-	6,704	6,704
Capital Assets, Not Being Depreciated: Land	1,259,419	5,851,450	7,110,869
Capital Assets, Net of Accumulated Depreciation	28,439,705	16,465,635	44,905,340
Total Assets	<u>42,561,604</u>	<u>37,698,170</u>	<u>80,259,774</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization Related to OPEB	4,414,764	3,427,086	7,841,850
	152,524	62,231	214,755
Total Deferred Outflows of Resources	<u>4,567,288</u>	<u>3,489,317</u>	<u>8,056,605</u>
LIABILITIES			
Accounts Payable	294,412	1,695,047	1,989,459
Accrued Salaries and Benefits	311,293	382,686	693,979
Unearned Revenue	-	168,734	168,734
Accrued Interest Payable	108,427	604,538	712,965
Noncurrent Liabilities			
Due Within One Year	1,100,000	482,401	1,582,401
Due in More Than One Year	34,733,470	24,915,811	59,649,281
Pension Liability	11,759,950	11,859,436	23,619,386
OPEB Liability	283,958	286,357	570,315
Total Liabilities	<u>48,591,510</u>	<u>40,395,010</u>	<u>88,986,520</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization Related to OPEB	607,813	499,377	1,107,190
	88,309	91,469	179,778
Total Deferred Inflows of Resources	<u>696,122</u>	<u>590,846</u>	<u>1,286,968</u>
NET POSITION			
Net Investment in Capital Assets	(6,134,346)	(1,812,504)	(7,946,850)
Restricted for TABOR	-	393,000	393,000
Restricted for Debt Service	2,094,091	2,411,627	4,505,718
Restricted for Repairs and Replacement	-	165,498	165,498
Restricted for Emergencies	378,000	-	378,000
Unrestricted (Deficit)	1,503,515	(955,990)	547,525
Total Net Position (Deficit)	<u>\$ (2,158,740)</u>	<u>\$ 201,631</u>	<u>\$ (1,957,109)</u>

See independent auditors' report

**Thompson School District R2
Combining Statement of Activities
Component Unit
For the Year Ended June 30, 2024**

	New Vision Charter School	Loveland Classical Schools	Total Component Units
Expenses			
Current-			
Total Instruction	\$ 6,618,960	\$ 2,824,560	\$ 9,443,520
Total Supporting Services	4,257,907	9,157,387	13,415,294
Interest & Fiscal Charges	1,300,300	1,442,784	2,743,084
Total Expenses	12,177,167	13,424,731	25,601,898
Program Revenues			
Charges for Services	155,749	1,786,714	1,942,463
Operating Grants and Contributions	267,642	254,794	522,436
Capital Grants and Contributions	395,412	382,140	777,552
Total Program Revenues	818,803	2,423,648	3,242,451
General Revenues			
Per Pupil Revenues	10,147,377	9,970,135	20,117,512
Mill Levy Override	1,843,673	1,899,279	3,742,952
Investment Income	306,717	704,409	1,011,126
Grants and Contributions not Restricted to Specific Program	23,619	115,218	138,837
Miscellaneous	272,751	50,691	323,442
Total General Revenues	12,594,137	12,739,732	25,333,869
Total Revenues	13,412,940	15,163,380	28,576,320
Changes in Net Position	1,235,773	1,738,649	2,974,422
Net Position (Deficit) - Beginning	(3,394,513)	(1,537,018)	(4,931,531)
Net Position (Deficit) - Ending	\$ (2,158,740)	\$ 201,631	\$ (1,957,109)

See independent auditor's report

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	105-109
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant local revenue sources.	110-113
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	114-117
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	118-119
Operating Information These schedules contain personnel and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.	120-122

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities/Primary Government										
Net Investment in Capital Assets	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)	\$ (74,148,307)	\$ (30,602,391)	\$ (37,371,932)	\$ (1,494,437)	\$ 11,307,862
Restricted	22,474,183	23,441,761	25,956,416	25,203,687	32,679,148	33,581,866	28,671,161	31,620,024	34,832,710	39,298,182
Unrestricted (Deficit)	(218,168,956)	(231,579,493)	(319,089,480)	(439,440,749)	(224,799,310)	(222,126,323)	(213,681,373)	(145,703,171)	(160,302,988)	(214,174,209)
Total Governmental Activities/Primary Government Net Position (Deficit)	\$ (147,119,664)	\$ (152,453,705)	\$ (235,227,030)	\$ (352,221,285)	\$ (304,812,274)	\$ (262,692,764)	\$ (215,612,603)	\$ (151,455,079)	\$ (126,964,715)	\$ (163,568,166)

Note: Years prior to 2024 have not been restated to correct the errors identified because it is not practical to do so.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities/Primary Government Expenses:										
Total Instruction	\$ 85,586,978	\$ 88,009,660	\$ 137,165,073	\$ 149,038,099	\$ 71,729,893	\$ 82,258,895	\$ 75,421,631	\$ 75,852,059	\$ 112,431,068	\$ 125,261,084
Supporting Services										
Pupil Services	9,856,217	10,993,338	17,314,885	19,658,309	9,619,688	10,091,771	9,564,128	9,621,532	15,812,433	17,598,585
Instructional Staff	12,420,701	12,245,025	19,745,594	21,233,146	10,203,709	10,708,539	12,920,986	10,926,897	15,877,072	18,594,484
General Administration	703,710	929,728	1,174,076	1,178,889	901,829	667,453	564,466	586,240	887,957	1,196,114
School Administration	9,442,354	10,050,222	16,130,484	17,713,318	7,831,541	8,731,043	7,805,289	8,227,451	12,299,283	13,558,112
Business Services	2,138,095	2,194,203	3,285,149	3,577,993	1,814,787	4,336,954	3,783,592	1,725,997	2,664,529	2,995,506
Maintenance/Operations	12,588,683	12,778,550	17,987,026	19,199,854	16,573,762	23,919,851	26,903,456	26,782,093	25,247,444	26,296,952
Pupil Transportation	4,932,017	5,094,970	7,473,023	9,025,031	4,471,317	4,671,833	3,647,757	4,325,847	4,800,571	6,850,675
Central Supporting Services	6,417,280	4,638,394	5,278,938	8,854,858	4,138,842	4,661,777	463,820	3,823,913	5,437,656	6,386,291
Nutrition Services	5,181,013	5,351,449	6,952,819	7,193,901	4,361,198	3,743,795	3,035,198	3,590,710	5,998,012	8,571,797
Community Services	1,068,006	1,097,471	1,403,235	1,513,697	893,015	770,437	(163,914)	477,874	811,443	1,037,942
Facilities Acquisition and Construction Services	-	-	-	115,280	1,170,230	165,235	44,209	444,073	68,086	504,631
Total Support Services	64,748,076	65,373,350	96,745,229	109,264,276	61,979,918	72,468,688	68,568,987	70,532,627	89,904,486	103,591,089
Charter School Allocation	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897	18,925,723	21,061,375	23,860,463
Interest on Long-term Debt	4,499,733	4,351,692	4,052,834	3,716,488	5,770,659	8,824,893	8,336,698	7,896,207	8,243,700	7,561,374
Total Governmental Activities/Primary Government Expenses	162,222,950	166,116,085	246,695,613	271,851,672	150,089,348	176,486,302	166,108,213	173,206,616	231,640,629	260,274,010
Program Revenues										
Governmental Activities/Primary Government:										
Charges for Services										
Instruction	\$ 2,896,832	\$ 3,142,010	\$ 3,317,966	\$ 3,960,005	\$ 4,730,851	\$ 5,224,854	\$ 3,535,201	\$ 5,374,286	\$ 5,820,281	\$ 3,612,191
Supporting Services										
Instructional Staff	158,176	171,564	181,172	216,229	258,320	-	-	-	-	-
Business Services	25,421	27,573	29,117	34,751	41,516	-	-	-	-	-
Central Supporting Services	727,864	841,379	909,125	-	1,980,815	3,257,852	668,495	4,526,295	7,490,960	6,871,163
Nutrition Services	1,546,665	1,625,659	1,696,069	1,458,574	1,733,745	1,336,733	45,673	-	-	-
Community Services	-	-	-	1,650,735	-	-	-	-	-	-
Operating Grants and Contributions	17,389,882	17,810,774	18,443,123	18,801,401	19,296,426	18,791,186	30,640,491	37,330,722	37,422,430	31,002,534
Capital Grants and Contributions	-	-	2,522,176	920,531	926,413	925,663	932,940	933,786	3,245,188	2,880,038
Total Governmental Activities/Primary Government Program Revenues	22,744,840	23,618,959	27,098,748	27,042,226	28,968,086	29,536,288	35,822,800	48,165,089	53,978,859	44,365,926
Net (Expense)/Revenue										
Governmental Activities/Primary Government	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)	\$ (121,121,262)	\$ (146,950,014)	\$ (130,285,413)	\$ (125,041,527)	\$ (177,661,770)	\$ (215,908,084)

Note: Years prior to 2024 have not been restated to correct the errors identified because it is not practical to do so.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues										
Governmental Activities/Primary Government:										
Property Taxes Levied For:										
General Purpose	\$ 29,765,495	\$ 34,473,827	\$ 35,476,107	\$ 40,649,572	\$ 41,856,033	\$ 54,012,783	\$ 52,934,789	\$ 57,424,485	\$ 65,709,529	\$ 83,413,738
Mill Levy Override	13,050,343	13,895,680	14,001,757	14,117,375	27,869,246	32,384,209	31,874,584	32,974,721	34,432,945	38,111,040
Debt Services	10,560,487	10,663,828	10,762,759	10,931,701	18,672,084	19,099,906	19,211,741	19,276,999	19,183,310	19,163,207
Specific Ownership Taxes Levied For:										
General Purpose	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619	7,934,385	8,312,971	8,296,788	8,799,653	9,062,477
Intergovernmental										
Equalization	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543	68,114,946	62,000,145	69,127,089	66,524,920	61,281,499
Loveland URA Distribution	952,587	4,965,571	-	-	-	-	-	-	-	-
Payments in Lieu of Land Dedication	774,163	714,098	1,349,264	1,104,655	1,481,394	1,590,592	1,268,647	1,301,976	1,090,084	1,210,275
Interest and Investment Earnings	129,381	147,610	328,125	570,953	2,792,351	3,571,228	320,650	371,994	3,014,831	3,537,150
Grants and Contributions not Restricted to Specific Programs	-	-	-	-	-	785,832	-	-	-	-
Miscellaneous	13,232	-	-	-	-	-	1,442,046	425,000	3,396,862	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities/Primary Government Revenues	128,753,121	137,163,085	136,823,541	140,536,863	168,530,270	187,493,881	177,365,573	189,199,052	202,152,134	215,779,386
Change in Net Position										
Governmental Activities/Primary Government:	\$ (10,724,989)	\$ (5,334,041)	\$ (82,773,325)	\$ (104,272,582)	\$ 47,409,009	\$ 40,543,867	\$ 47,080,160	\$ 64,157,525	\$ 24,490,364	\$ (128,699)

Note: Years prior to 2024 have not been restated to correct the errors identified because it is not practical to do so.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 4,009,925	\$ 4,080,528	\$ 4,239,338	\$ 4,538,090	\$ 4,571,386	\$ 5,128,807	\$ 4,994,639	\$ 5,304,029	\$ 5,726,790	\$ 6,130,491
Unassigned	20,268,620	18,287,873	15,545,987	12,736,408	18,049,603	19,769,212	29,743,901	28,131,811	28,043,514	33,862,208
Total General Fund	24,278,545	22,368,401	19,785,325	17,274,498	22,620,989	24,898,019	34,738,540	33,435,840	33,770,304	39,992,699
All Other Governmental Funds										
Nonspendable	292,882	259,735	229,872	291,888	398,400	538,971	430,614	478,121	866,004	336,152
Restricted	27,397,096	19,380,094	21,249,417	20,688,918	27,952,478	27,332,525	23,962,491	26,315,995	29,105,919	32,922,041
Committed	1,418,262	1,539,972	1,594,763	1,569,462	1,563,630	3,432,316	3,249,612	3,332,990	3,515,569	3,659,735
Assigned	1,490,483	2,388,531	1,678,644	2,156,943	175,130,484	125,086,597	62,202,246	48,566,771	15,303,850	1,077,788
Unassigned	-	-	-	-	-	-	-	(1,968,775)	(2,429,645)	(801,483)
Total All Other Governmental Funds	30,598,723	23,568,332	24,752,696	24,707,211	205,044,992	156,390,409	89,844,963	76,725,102	46,361,697	37,194,233
Total Governmental Funds	\$ 54,877,268	\$ 45,936,733	\$ 44,538,021	\$ 41,981,709	\$ 227,665,981	\$ 181,288,428	\$ 124,583,503	\$ 110,160,942	\$ 80,132,001	\$ 77,186,932

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 58,461,359	\$ 63,892,812	\$ 65,510,795	\$ 71,879,126	\$ 95,163,689	\$ 106,156,274	\$ 119,652,009	\$ 117,590,570	\$ 128,178,370	\$ 148,994,207
Intergovernmental	87,891,647	87,432,729	89,901,442	89,811,647	92,974,091	92,172,763	95,358,387	113,284,247	111,848,001	104,531,419
Loveland URA Distribution	952,587	4,965,571	1,745,357	920,531	926,413	925,663	932,940	933,786	3,245,188	2,880,038
Charges for Services	3,440,545	3,507,030	3,580,553	3,730,463	3,773,230	2,332,869	481,396	801,298	2,849,331	1,119,675
Payments in Lieu of Land Dedication	774,163	714,098	1,349,264	1,104,655	1,481,394	1,590,592	1,268,647	1,301,976	1,090,084	1,210,275
Fundraising and Events	-	-	-	-	-	2,161,943	994,179	2,171,778	2,468,552	2,437,229
Investment Earnings	129,381	147,610	328,125	570,956	2,792,354	3,571,228	320,650	371,994	3,014,831	3,537,150
Other	39,517	23,218	39,752	126,441	52,892	57,995	56,042	526,069	92,707	170,587
Total Revenues	151,689,199	160,683,068	162,455,288	168,143,819	197,164,063	208,969,328	219,064,250	236,981,718	252,787,064	264,880,580
Expenditures										
Current:										
Instruction										
Salaries and Benefits	69,330,670	69,664,733	71,918,171	73,998,932	78,364,481	85,236,574	82,185,554	94,012,141	96,811,857	96,943,801
Purchased Services	1,873,194	2,222,607	2,484,575	2,807,242	3,954,276	3,807,841	4,389,040	3,912,083	6,363,094	5,117,381
Supplies and Materials	3,163,428	2,361,200	2,965,033	2,795,027	4,022,254	3,858,703	3,274,652	4,312,646	4,231,543	4,055,632
Equipment	-	-	-	1,684,266	1,576,189	3,263,954	543,703	616,507	1,461,028	1,733,241
Other	174,607	66,163	144,203	152,288	169,741	853,165	660,601	911,222	788,717	888,641
Supporting Services										
Pupil Services	9,131,964	9,990,714	10,782,257	11,617,097	12,208,490	13,071,570	14,141,280	16,001,701	17,362,658	17,191,041
Instructional Staff	11,634,833	11,157,102	12,657,214	12,507,842	13,012,747	13,870,450	19,104,645	18,172,672	17,433,635	18,163,877
General Administration	672,401	886,384	891,672	831,272	1,013,741	864,532	834,606	974,984	975,012	1,168,415
School Administration	8,717,228	9,046,390	9,589,989	9,662,422	10,423,457	11,309,058	11,540,704	13,683,187	13,505,084	13,244,136
Business Services	2,006,765	2,012,396	2,100,577	2,119,866	2,284,218	5,617,528	5,594,324	2,870,529	2,925,755	2,926,136
Maintenance/Operations	11,864,245	11,898,106	12,644,066	12,931,777	18,677,165	31,466,826	44,460,350	44,707,422	27,845,376	25,608,984
Pupil Transportation	4,228,728	4,590,664	4,607,771	6,890,436	4,940,068	5,338,862	4,778,258	6,037,846	6,365,005	6,695,954
Central Supporting Services	3,439,091	4,210,100	3,709,390	6,989,220	4,272,510	4,566,000	4,303,043	6,403,440	6,088,319	7,068,390
Nutrition Services	4,916,808	5,067,055	5,220,820	5,129,264	4,980,928	4,865,053	4,443,007	5,921,412	6,558,022	8,479,487
Community Services	1,026,652	1,040,474	1,034,422	1,179,701	1,006,865	977,290	658,493	797,000	839,134	946,380
Facilities Acquisition and Construction Services	-	-	-	115,280	1,170,230	214,030	65,365	738,548	74,759	492,945
Capital Projects	3,887,327	15,364,952	2,579,769	-	-	34,081,855	43,658,100	10,494,980	32,703,400	10,997,904
Charter School Allocation	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897	18,925,723	21,061,375	23,860,463
Debt Service:										
Principal	6,434,293	7,030,000	7,495,000	8,427,870	8,901,137	10,491,776	10,203,886	10,693,212	12,782,632	12,877,148
Interest	4,704,958	4,633,180	4,296,594	3,974,715	6,374,060	10,569,484	10,079,667	9,592,466	10,039,600	9,365,692
Debt Issuance Costs	204,197	-	-	-	813,162	-	-	-	-	-
Total Expenditures	154,799,552	169,623,603	163,854,000	173,647,327	188,774,597	257,258,377	278,700,175	269,779,721	286,216,005	267,825,648
Other Financing Sources (Uses)										
Debt Issued	11,515,000	-	-	-	149,000,000	-	-	14,870,000	-	-
Debt Premiums	1,594,138	-	-	-	28,630,659	-	-	1,127,019	-	-
Payments to Escrow Agent	(2,707,222)	-	-	-	-	-	-	(121,576)	-	-
Transfers In	13,335,636	5,743,039	3,916,628	3,722,324	3,611,162	3,815,296	2,572,709	3,636,922	2,985,606	3,633,316
Transfers Out	(13,335,636)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)	(3,815,296)	(2,572,709)	(3,636,922)	(2,985,606)	(3,633,316)
Proceeds from Sale of Assets	-	-	-	2,947,196	-	-	2,931,000	2,500,000	3,400,000	-
Total Other Financing Sources (Uses)	10,401,916	-	-	2,947,196	177,630,659	-	2,931,000	18,375,443	3,400,000	-
Net Change to Fund Balance	\$ 7,291,563	\$ (8,940,535)	\$ (1,398,712)	\$ (2,556,312)	\$ 186,020,125	\$ (48,289,049)	\$ (56,704,925)	\$ (14,422,560)	\$ (30,028,941)	\$ (2,945,068)

Debt Service as a Percentage of Non-Capital Expenditures	7.34%	7.59%	7.27%	7.39%	8.16%	9.44%	8.63%	7.82%	9.00%	8.66%
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property

(Unaudited)

Year Ended December 31	Residential Property	Commercial Property	Vacant Land	Industrial Property	Utilities	Agricultural	Natural Resources	Oil and Gas	Total Taxable Assessed Value	Tax Exempt Property	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2014	770,621,741	467,848,853	63,564,841	56,899,557	39,499,246	9,059,635	960,855	16,343,389	1,424,798,117	308,034,787	40.268	11,904,760,584	11.97%
2015	911,790,305	523,152,792	71,707,608	69,877,322	42,538,454	11,129,382	1,014,980	22,609,402	1,653,820,245	329,168,816	38.393	13,964,441,174	11.84%
2016	943,539,940	530,258,495	63,857,641	65,497,111	44,783,490	11,313,850	1,000,310	29,486,433	1,689,737,270	332,498,244	38.349	14,362,926,391	11.76%
2017	1,067,616,796	612,219,567	85,081,265	76,820,853	43,831,540	12,433,478	902,870	36,765,089	1,935,671,458	336,254,684	36.315	17,743,625,537	10.91%
2018	1,100,898,007	640,688,615	74,991,614	81,499,466	43,087,047	12,476,569	1,031,571	47,679,320	2,002,352,209	334,767,923	47.428	18,302,719,005	10.94%
2019	1,308,365,541	735,602,627	98,580,844	92,570,545	44,924,554	12,020,449	1,295,627	266,533,866	2,559,894,053	348,079,102	43.838	22,020,409,617	11.63%
2020	1,343,419,738	756,186,357	95,524,175	94,975,431	46,874,433	12,646,154	1,255,463	123,450,618	2,474,332,369	352,088,993	44.578	22,423,140,546	11.03%
2021	1,486,076,489	809,478,055	99,902,677	112,091,908	51,876,458	12,922,428	1,246,728	53,308,679	2,626,903,422	403,190,414	44.588	24,615,419,689	10.67%
2022	1,486,849,889	820,181,345	90,014,743	104,960,124	58,975,935	11,777,887	1,442,048	282,145,508	2,856,347,479	386,904,030	44.571	25,531,674,697	11.19%
2023	1,827,630,035	1,006,244,057	122,399,904	135,162,538	57,895,151	13,850,279	1,486,489	315,101,193	3,479,769,646	544,459,020	42.760	32,478,658,858	10.71%

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

From 2014 to 2023, commercial real property, undeveloped land, personal property and utilities were assessed at 29% of replacement cost calculated on the base year's appraised value.

Residential real property was assessed as follows:

	Assessment Percentage	Base Year
2014	7.96%	2013 appraised value
2015	7.96%	2013 appraised value
2016	7.96%	2015 appraised value
2017	7.96%	2015 appraised value
2018	7.20%	2017 appraised value
2019	7.20%	2017 appraised value
2020	7.15%	2019 appraised value
2021	7.15%	2019 appraised value
2022	6.95%	2021 appraised value
2023	6.95%	2021 appraised value

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

Note: All residential and commercial real properties are reappraised every two years in the odd year cycle bringing properties to the current market level of valuation. The residential assess rate is set by the Legislature and coincides with changes in the level of value. This is constitutionally required and designed to stabilize the tax burden on residential property. Colorado State Statutes and Constitution limit the annual increase in ad valorem tax yield over the previous year and prohibit any increase in the mill levy, except upon the favorable approval of the electorate. At an election held on November 2, 1999, Larimer County voters approved a measure exempting the County from any revenue or property tax increase limitation; however, tax rates cannot be increased.

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

Fiscal Year	Thompson School District R2-J Rates			Overlapping Rates			
	General Fund	Debt Service	Total Direct Rate	Larimer County	City of Loveland	Other Cities and Towns	Other Special Districts (1)
2015	32.300	7.968	40.268	22.459	9.564	55.502	0.000
2016	31.454	6.939	38.393	21.882	9.564	55.308	0.000
2017	31.497	6.852	38.349	22.521	9.564	55.157	0.000
2018	30.272	6.043	36.315	22.092	9.564	54.910	0.000
2019	37.406	10.022	47.428	22.403	9.564	55.101	0.000
2020	35.894	7.944	43.838	21.863	9.564	53.962	3,815.059
2021	36.320	8.258	44.578	22.458	9.564	55.443	4,424.399
2022	36.798	7.790	44.588	22.425	9.564	55.430	4,666.955
2023	37.438	7.133	44.571	22.436	9.564	55.422	4,837.591
2024	36.937	5.823	42.760	21.745	9.564	54.846	5,727.430

Source: Larimer County Assessor's Office

Note:

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

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

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Kerr McGee Oil and Gas Onshore LP	\$ 212,991,160	1	6.48%	\$ 5,800,383	8	0.44%
Extraction Oil and Gas LLC	37,150,302	2	1.13%	-		-
Public Service Company of Colorado (Xcel)	28,531,300	3	0.87%	14,487,500	3	1.09%
Promenade Shops LLC	21,343,500	4	0.65%	-		-
Wal-Mart Stores East, LP	15,897,803	5	0.48%	17,507,050	2	1.32%
Stag Industrial Holdings LLC	12,834,001	6	0.39%	-		-
Hach Chemical Company	10,953,070	7	0.33%	-		-
Magpie Operating Co (52530)	10,599,509	8	0.32%	-		-
Centerra Retail Shops LLC	8,928,000	9	0.27%	10,869,670	4	0.82%
Fossil Ridge Holdings LLC	8,702,325	10	0.26%	-		-
G&I VI Promenade LLC	-		-	20,735,000	1	1.56%
Qwest Corporation	-		-	9,744,000	5	0.73%
HR Assets LLC	-		-	7,696,170	6	0.58%
John Q. Hammons Hotels	-		-	6,960,000	7	0.52%
Crop Production Services, Incorporated	-		-	5,009,380	9	0.38%
Craig Realty Group-Loveland, LLC	-		-	4,785,150	10	0.36%
	<u>\$ 367,930,970</u>		<u>11.19%</u>	<u>\$ 103,594,303</u>		<u>7.80%</u>
Total assessed valuation	<u>\$ 3,287,632,513</u>			<u>\$ 1,328,293,932</u>		

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

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

Assessment Year	Year Ended June 30	Taxes Levied for the Year	Collected within the Year of the Levy		Delinquent Tax Collections	Total Collection to Date	
			Amount	% of Levy		Amount	% of Levy
2014	2015	53,487,740	51,542,396	96.4%	2,025,167	53,567,563	100.1%
2015	2016	59,261,073	56,828,127	95.9%	2,106,232	58,934,359	99.4%
2016	2017	60,501,426	58,429,130	96.6%	1,532,229	59,961,359	99.1%
2017	2018	65,741,247	63,595,937	96.7%	2,243,284	65,839,221	100.1%
2018	2019	88,508,422	85,416,259	96.5%	2,646,811	88,063,070	99.5%
2019	2020	105,605,314	95,326,741	90.3%	2,895,148	98,221,889	93.0%
2020	2021	103,275,123	99,473,042	96.3%	11,865,996	111,339,038	107.8%
2021	2022	109,530,845	105,747,058	96.5%	3,546,724	109,293,782	99.8%
2022	2023	119,566,475	115,861,442	96.9%	3,517,274	119,378,716	99.8%
2023	2024	140,579,166	135,788,219	96.6%	4,143,512	139,931,731	99.5%

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

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

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

Year	General Obligation Bonds	Certificates of Participation	Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2015	106,789,968	12,778,466	-	119,568,434	3.97%	1,703
2016	99,166,209	11,932,458	-	111,098,667	3.53%	1,539
2017	91,139,957	11,061,450	-	102,201,407	3.07%	1,394
2018	82,869,479	10,160,442	2,434,326	95,464,247	2.74%	1,290
2019	251,163,188	9,214,434	1,963,189	262,340,811	6.95%	3,512
2020	239,451,177	8,223,426	1,486,413	249,161,016	6.09%	3,305
2021	227,799,166	7,182,418	1,287,527	236,269,111	5.59%	3,125
2022	215,707,155	22,077,128	1,084,314	238,868,597	5.46%	3,102
2023	203,185,144	19,286,301	876,682	223,348,127	3.65%	2,697
2024	190,338,133	16,728,133	664,533	207,730,799	3.04%	2,488

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

Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Gross Bonded Due to Assessed Value (1)	Gross Bonded Debt per Capita
2015	106,789,968	12,869,000	93,920,968	8.04%	1,521
2016	99,166,209	13,129,412	86,036,797	6.42%	1,373
2017	91,139,957	13,351,499	77,788,458	5.78%	1,243
2018	82,869,479	13,821,693	69,047,786	4.58%	1,120
2019	251,163,188	19,111,226	232,051,962	13.46%	3,362
2020	239,451,177	17,861,925	221,589,252	9.94%	3,176
2021	227,799,166	19,772,144	208,027,022	9.83%	3,013
2022	215,707,155	20,203,860	195,503,295	8.78%	2,801
2023	203,185,144	21,035,043	182,150,101	7.57%	2,454
2024	190,338,133	22,205,316	168,132,817	5.79%	2,279

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office
(1) Assessed Value is \$3,287,632,513 for 2023.

Thompson School District R2-J
 Computation of Direct and Overlapping Debt
 June 30, 2024
 (Unaudited)

	<u>Long-Term Debt Outstanding</u>	<u>Percent Applicable to the District (1)</u>	<u>Net Direct and Overlapping Debt</u>
Direct Debt:			
Thompson School District R2-J	\$ 207,730,799	100.00%	\$ 207,730,799
Overlapping Debt:			
Town of Berthoud	7,375,000	100.00%	7,375,000
Berthoud Fire District	<u>749,606</u>	31.43%	<u>235,601</u>
Total Overlapping Debt	8,124,606		7,610,601
Total	<u>\$ 215,855,405</u>		<u>\$ 215,341,400</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, 2024
 Last Ten Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessed value	<u>\$1,328,293,932</u>	<u>\$1,543,538,472</u>	<u>\$1,577,653,289</u>	<u>\$1,810,305,577</u>	<u>\$1,866,163,922</u>	<u>\$2,408,990,243</u>	<u>\$2,316,728,490</u>	<u>\$2,456,509,497</u>	<u>\$2,682,606,963</u>	<u>\$3,287,632,513</u>
Debt limit (20% of assessed valuation)	\$ 265,658,786	\$ 308,707,694	\$ 315,530,658	\$ 362,061,115	\$ 373,232,784	\$ 481,798,049	\$ 463,345,698	\$ 491,301,899	\$ 536,521,393	\$ 657,526,503
Total net debt applicable to limit	<u>106,789,968</u>	<u>99,166,209</u>	<u>91,139,957</u>	<u>82,869,479</u>	<u>251,163,188</u>	<u>239,451,177</u>	<u>227,799,166</u>	<u>215,707,155</u>	<u>203,185,144</u>	<u>190,338,133</u>
Legal debt margin	<u>\$ 158,868,818</u>	<u>\$ 209,541,485</u>	<u>\$ 224,390,701</u>	<u>\$ 279,191,636</u>	<u>\$ 122,069,596</u>	<u>\$ 242,346,872</u>	<u>\$ 235,546,532</u>	<u>\$ 275,594,744</u>	<u>\$ 333,336,249</u>	<u>\$ 467,188,370</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>40.20%</u>	<u>32.12%</u>	<u>28.88%</u>	<u>22.89%</u>	<u>67.29%</u>	<u>49.70%</u>	<u>49.16%</u>	<u>43.91%</u>	<u>37.87%</u>	<u>28.95%</u>

Note:
 Under state finance law, the outstanding general obligation debt should not exceed 20 percent of total assessed property value.

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

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

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment (a)
Thompson School District R2-J	2,487	1	4.94%	2,375	1	5.38%
Hach Company	1,700	2	3.37%	980	3	2.22%
Medical Center of the Rockies	1,343	3	2.67%	1,447	2	3.28%
Wal-Mart Distribution Center	1,273	4	2.53%	895	5	2.03%
City of Loveland	985	5	1.95%	969	4	2.19%
Heska Corp.	808	6	1.60%	-	-	-
Nutrein/Crop Production Services	525	7	1.04%	478	8	1.08%
McKee Medical Center	326	8	0.65%	708	6	1.60%
LPR Construction	323	9	0.64%	-	-	-
Lightning eMotors, Inc.	269	10	0.53%	-	-	-
Woodward Governor	-	-	-	500	7	1.13%
Kroll Factual Data	-	-	-	350	9	0.79%
Agilent Technologies	-	-	-	300	10	0.68%
Total	10,039		19.92%	9,002		20.39%
Total City Employment	50,387			44,157		

Sources: City of Loveland December 31, 2023 Annual Comprehensive Financial Report
District Financial Records

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

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

Fiscal Year	Population (thousands)	Personal Income (millions)	County Per Capita Income (b) (thousands)	Median Age	Unemployment Percentage (a)
2014	70.2	3,009.62	42.9	37.7	4.8
2015	72.2	3,144.80	43.6	38.4	3.8
2016	73.3	3,324.03	45.3	39.1	3.2
2017	74.0	3,486.05	47.1	40.1	2.5
2018	74.7	3,776.22	50.5	40.2	2.9
2019	75.4	4,088.00	54.2	40.2	2.3
2020	75.6	4,224.83	55.9	39.9	7.4
2021	77.0	4,377.28	56.8	40.0	6.4
2022	82.8	6,118.61	73.9	40.2	5.0
2023	83.5	6,837.17	81.9	40.4	3.3

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

(b) Larimer County, separate City statistics not available

Source: City of Loveland December 31, 2023 Annual Comprehensive Financial Report

Thompson School District R2-J
Number of Employees by Function
June 30, 2024
(Unaudited)

<u>Employees: (Full and Part Time Positions)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Administration										
Instructional Central Office Administrators	9	9	10	9	10	14	14	15	14	14
Principals & Asst. Principals	48	49	47	47	47	48	50	51	51	49
Support Central Office Administrators	6	8	8	11	13	16	17	22	30	31
Teaching Staff										
Teachers	937	931	950	964	987	1007	979	1021	997	985
Substitute Teachers	568	524	472	525	462	516	458	385	454	469
Guidance Counselors	37	44	46	48	44	48	47	54	54	53
Media Specialist	7	7	8	7	9	8	8	8	6	6
Teacher Aides	197	195	210	224	232	226	200	195	213	212
Support Services										
Nurses, Psychologists, and Social Workers	32	31	34	34	41	41	42	41	37	40
Pupil Transportation	98	97	96	99	100	102	95	97	96	92
Personnel Services	9	12	12	12	13	10	10	11	10	12
Operations and Maintenance	144	144	141	144	143	145	145	139	148	153
Fiscal Services and Data Processing	14	14	14	14	13	13	13	13	14	14
School Building Clerical	124	118	121	124	120	119	113	108	105	102
Other Professional Support Staff	132	134	141	142	138	136	131	141	136	141
Other Clerical Support	22	21	21	22	21	23	24	39	38	34
Food Services	69	73	76	74	62	61	53	60	73	80
Total	<u>2,453</u>	<u>2,411</u>	<u>2,407</u>	<u>2,500</u>	<u>2,455</u>	<u>2,533</u>	<u>2,399</u>	<u>2,400</u>	<u>2,476</u>	<u>2,487</u>

Source: Thompson School District Human Resources Department

Thompson School District R2-J
 Operating Indicators
 June 30, 2024
 (Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Funding per Student	\$ 6,665	\$ 6,938	\$ 7,045	\$ 7,275	\$ 7,713	\$ 8,061	\$ 7,715	\$ 8,525	\$ 9,071	\$ 10,091
Funded Pupil Count	15,122	15,065	15,252	15,230	15,195	15,544	15,269	15,155	15,007	14,778
Total Funding per School Finance Act	\$ 100,790,130	\$ 104,520,276	\$ 107,450,340	\$ 110,796,068	\$ 117,195,179	\$ 125,303,408	\$ 117,799,564	\$ 129,190,559	\$ 136,132,125	\$ 149,130,929

Source: Thompson School District Finance Department

Thompson School District R2-J
School Building Information
June 30, 2024
(Unaudited)

Schools	Sq. Ft.	Capacity	Enrollment History by Fiscal Year									
			2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Elementary Schools												
Berthoud	54,903	580	506	482	442	419	486	481	463	431	474	433
BF Kitchen	33,800	280	168	187	193	202	217	224	237	226	219	227
Big Thompson	29,100	255	201	206	195	179	222	232	240	221	220	207
Carrie Martin	33,350	280	252	212	239	215	273	285	251	220	240	232
Centennial	57,750	530	331	335	347	364	439	441	435	455	457	466
Cottonwood Plains	57,400	530	345	357	373	363	419	428	419	416	446	424
Coyote Ridge	58,300	375	264	264	273	296	362	379	366	368	339	360
Garfield	34,900	300	212	205	211	212	255	255	262	266	245	252
Ivy Stockwell	40,944	455	423	402	389	356	407	375	333	312	301	318
Laurene Edmondson	32,650	280	241	236	229	211	223	208	213	214	210	235
Lincoln	40,500	355	217	186	192	192	248	245	244	213	208	222
Mary Blair (MBES)	* 49,150 *	480	-	170	188	205	261	267	313	326	375	387
Monroe (MES)	* 51,050 *	505	-	215	247	224	242	198	209	227	294	292
Namaqua	51,550	505	242	252	243	253	314	256	274	312	323	329
Ponderosa	71,500	550	353	335	364	355	402	404	407	419	445	449
Sarah Milner	36,700	405	272	229	235	246	258	286	316	318	298	314
Stansberry	31,800	280	-	-	-	-	-	118	170	199	225	212
Truscott	45,700	330	203	193	224	223	231	215	221	246	257	240
Van Buren	-	-	-	-	-	-	-	123	124	142	150	189
Winona	65,500	550	250	222	241	291	327	367	349	405	442	443
Pre-K-8 Schools												
High Plains	90,244	750	491	442	425	503	568	533	473	391	-	-
Peakview Academy at Conrad Ball	107,028	950	624	-	-	-	-	-	-	-	-	-
Riverview	128,000	1,000	814	700	454	-	-	-	-	-	-	-
Middle Schools												
Bill Reed	146,500	900	514	511	542	624	673	661	628	658	685	709
Conrad Ball	-	-	-	294	333	425	457	499	528	553	638	667
Lucile Erwin	115,500	900	692	712	816	829	898	850	890	919	879	903
Turner	72,750	770	448	461	476	460	466	479	477	464	438	425
Walt Clark	96,850	900	357	366	362	418	472	499	495	481	494	481
High Schools												
Berthoud	143,100	990	699	694	685	649	696	678	715	714	727	693
Ferguson/Technical Career Center	60,181	185	154	129	114	120	122	118	109	127	103	124
Loveland	211,250	1,500	1,490	1,528	1,520	1,560	1,595	1,638	1,628	1,617	1,530	1,535
Mountain View	252,300	1,475	1,119	1,138	1,196	1,170	1,172	1,203	1,250	1,218	1,268	1,253
Thompson Valley	218,000	1,475	1,034	1,041	1,060	1,043	1,089	1,087	1,147	1,209	1,177	1,246
Totals	* 2,418,050 *	18,635	12,916	12,704	12,808	12,607	13,794	14,032	14,186	14,287	14,107	14,267

* MBES & MES not included in

Total Sq. Ft. or Capacity

Source: Thompson School District Planning Department

COMPLIANCE SECTION

Thompson School District R2-J

**Federal Awards Supplemental Information
June 30, 2024**

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*

Independent Auditor's Report

To Management and the Board of Education
Thompson School District R2-J

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Thompson School District R2-J (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 16, 2024. We did not audit the financial statements of Loveland Classical Schools and New Vision Charter School, which represent 100 percent of the assets, net position, and revenue of Thompson School District R2-J - aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Loveland Classical Schools and New Vision Charter School, is based solely on the reports of the other auditors. The financial statements of Loveland Classical Schools and New Vision Charter School were not audited under *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2024-001, 2024-002, and 2024-003, that we consider to be material weaknesses.

To Management and the Board of Education
Thompson School District R2-J

Report on Compliance and Other Matters

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

The School District's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

Purpose of this Report

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

Plante & Moran, PLLC

December 16, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Thompson School District R2-J

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Thompson School District R2-J's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2024-004, 2024-005, and 2024-006 to be material weaknesses.

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

To the Board of Education
Thompson School District R2-J

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

December 16, 2024

Thompson School District R2-J

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Agency/Pass-through Agency/Program or Cluster Title	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
Clusters:			
Child Nutrition Cluster - U.S. Department of Agriculture:			
Passed through the State of Colorado Department of Education:			
School Breakfast Program	4553	10.553	\$ 915,982
School Lunch Program	4555	10.555	2,956,760
Summer Food Service Program for Children	4559	10.559	100,059
Supply Chain Assistance	6555	10.555	<u>249,480</u>
Total Nutrition Cluster			4,222,281
Passed through the State of Colorado Department of Human Services - National School Lunch Program - Commodities and Entitlements	4555	10.555	<u>453,640</u>
Total Child Nutrition Cluster			4,675,921
Special Education Cluster - U.S. Department of Education - Passed through the State of Colorado Department of Education:			
Special Education Grants to States (IDEA, Part B)	4027	84.027	3,964,479
Special Education Preschool Grants (IDEA Preschool)	4173	84.173	<u>39,100</u>
Total Special Education Cluster			4,003,579
Forest Service Schools and Roads Cluster - U.S. Department of Agriculture - Passed through Larimer County, Colorado - Schools and Roads - Grant to States (National Forest Land Payments)			
	7665	10.665	59,631
Head Start Cluster - U.S. Department of Health and Human Services - Head Start			
	8600	93.600	1,978,644
Child Care and Development Block Grant Cluster - U.S. Department of Health and Human Services - COVID-19 Child Care and Development Block Grant			
	7575	93.575	<u>49,295</u>
Total clusters			10,767,070
Other federal awards:			
Passed through the State of Colorado Department of Education:			
Education Stabilization Fund:			
COVID-19 - Education Stabilization Fund Program Elementary and Secondary School Emergency Relief Fund (ESSER II Program)	4419, 4420, 4437	84.425D	91,855
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER III Program)	4457, 4414	84.425U	2,317,626
COVID-19 Homeless Children and Youth (ARP-HCY I)	8425	84.425W	31,991
COVID-19 Homeless Children and Youth (ARP-HCY II)	8426	84.425W	<u>57,410</u>
Total Education Stabilization Fund Programs			2,498,882
Title I, Grants to Local Educational Agencies	4010, 9202, 9203, 9205, 9206, 9211, 5010	84.010	2,359,796
Title II, Part A, Supporting Effective Instruction State Grants - Improving Teacher Quality	4367	84.367	447,687
Title III, Part A, English Language Acquisition Language Grants	4365	84.365	71,196
Title IV-A: Student Support and Academic Enrichment Grants	4424	84.424	202,593
Education for Homeless Children and Youth	5196	84.196	30,518
Career and Technical Education - Basic Grants to States	4048	84.048	<u>158,875</u>
Total U.S. Department of Education			5,769,547
U.S. Department of the Treasury - Passed Through State Department of Local Affairs - COVID-19 Coronavirus State and Local Fiscal Recovery Funds			
	7127	21.027	581,267
U.S. Department of Health and Human Services - Passed through Colorado Department of Education - COVID-19 Public Health Emergency Response Cooperative Agreement for Emergency Response School Nurse Workforce			
	7354	93.354	2,306
U.S. Federal Communications Commission - COVID-19 Emergency Connectivity Fund Program			
	8009	32.009	105,600
Other federal assistance - State Library Program			
	7310	45.310	9,551
U.S. Department of Agriculture - Passed through Colorado Department of Agriculture:			
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	4649	10.649	6,180
Child and Adult Care Food Program	4558	10.558	2,667
Local Food for Schools (LFS) Cooperative Agreement Program	4185	10.185	<u>23,572</u>
Total U.S. Department of Agriculture			32,419
Total noncluster programs			<u>6,500,690</u>
Total federal awards			<u>\$ 17,267,760</u>

The accompanying notes are an integral part of this schedule.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
93.600	Head Start	Unmodified
10.555, 10.553, 10.559	Child Nutrition Cluster	Unmodified
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified

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

Auditee qualified as low-risk auditee? X Yes No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	<p data-bbox="362 531 773 556">Finding Type - Material weakness</p> <p data-bbox="362 581 1492 730">Criteria - The School District's internal control structure should allow for and the business office should ensure that accounting data is properly calculated and reported in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the State of Colorado School Accounting Manual on a timely basis, in the normal course operations.</p> <p data-bbox="362 751 1492 1083">Condition - Inadequate segregation of duties exists across several functions of the School District. The School District does not have reconciliations, processes, or procedures in place to reconcile material accounts within the in the financial statements. These conditions resulted in the books and records for the 2024 fiscal year not being reconciled and closed in a timely manner. As a result, closing procedures took place throughout the duration of the audit, and the audit process identified several state and federal revenue balances had been improperly recorded. Several adjustments and reclassifications to the School District's general ledger were discussed with and recorded by management during our audit process to reflect the appropriate balances. These conditions existed at June 30, 2023, and a material prior period adjustment was identified during the audit related to the classification of unavailable and unearned revenue on the government-wide statements.</p> <p data-bbox="362 1104 1492 1285">Context - Adjustments and reclassifications that were identified during the audit impacted federal and state grant revenue and expenditures as well as related assets and liabilities within the School District's governmental and government-wide statements. These adjustments and reclassifications were corrected by management and are reflected in the School District's June 30, 2024 financial statements. The June 30, 2023 net position was restated by \$6,741,996 to recognize the unavailable revenue in the government-wide statements.</p> <p data-bbox="362 1306 1492 1455">Cause - Due to lack of internal controls, processes, procedures, supervision, training, resources, and time capacity within the business office, the School District did not have the proper controls, processes, or personnel resources in place to analyze, adjust, or independently review account balances prior to the commencement of the audit to ensure that the financial statements were materially stated in accordance with U.S. GAAP.</p> <p data-bbox="362 1476 1492 1566">Effect - The School District's books were not closed prior to the audit, and material adjustments related to state and federal revenue were proposed by the auditors in order for the financial statements to be reported materially in compliance with U.S. GAAP.</p> <p data-bbox="362 1587 1492 1736">Recommendation - We recommend that the School District review its business office personnel, internal controls, and accounting procedures to make certain that it has allocated the necessary time, resources, and supervision to ensure that all government-wide and fund-level balance sheet and income statement account reconciliations are completed accurately and timely during the closing process, prior to the commencement of the annual audit.</p> <p data-bbox="362 1757 1492 1971">Views of Responsible Officials and Planned Corrective Actions - This finding was due to the School District having turnover among key personnel in the grants area, as well as nonadherence to policies and procedures related to grant records, grant accounting, and year-end close processes. The School District will perform periodic grant reconciliations throughout the fiscal year to ensure that grant records tie to the general ledger. The School District will also ensure policies and procedures are updated, staff is trained, and documented evidence of appropriate and allowable expenditures is maintained.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2024-002	<p data-bbox="362 531 773 556">Finding Type - Material weakness</p> <p data-bbox="362 581 1479 667">Criteria - The School District's internal control structure should ensure that accounting data is properly calculated and reported in accordance with accounting principles generally accepted in the United States of America.</p> <p data-bbox="362 693 1479 808">As described in Section 200.510(b) and Section 500.508(b) of Title 2, Subtitle A, Chapter II, Part 200, Subpart F, auditees must complete the schedule of expenditures of federal awards (SEFA) and include assistance listing numbers provided in federal awards/subawards and associated expenditures.</p> <p data-bbox="362 833 1479 949">Condition - The School District's general ledger contained several material errors within accounts receivable, revenue, unearned revenue, and deferred inflows of resources accounts. Several adjustments were discussed with and recorded by management during our audit process to adjust the School District's general ledger to the appropriate balances.</p> <p data-bbox="362 974 1479 1031">These adjustments impacted several components of the SEFA. Material corrections were proposed by the auditor in order to properly state the SEFA.</p> <p data-bbox="362 1056 1344 1081">Context - The SEFA was materially misstated upon our initial audit of the schedule.</p> <p data-bbox="362 1106 1479 1222">Cause - The School District did not have an individual with the appropriate skill and knowledge in place to properly reconcile and record accounts receivable, revenue, unearned revenue, and deferred inflows of resources or ensure that the SEFA was accurately prepared and reviewed. These responsibilities are ultimately that of the management of the School District.</p> <p data-bbox="362 1247 1479 1392">Effect - Federal grants were missing from the SEFA that should have been included. The School District's general ledger related to federal revenue and expenditures was not reconciled or properly recorded throughout the year or at June 30, 2024. These items were corrected by management during the audit process, and the SEFA and supporting records were updated to reflect all identified entries.</p> <p data-bbox="362 1417 1479 1596">Recommendation - We recommend that the business office implement proper cutoff procedures to ensure that all federal accounts receivable, unearned revenue, and deferred inflows of resources balances are properly recorded and reconciled. In addition, the School District should review its grant management controls and allocated resources to grants management and implement procedures to ensure that the SEFA is complete and accurate and is reviewed as part of the year-end closing process.</p> <p data-bbox="362 1621 1479 1829">Views of Responsible Officials and Planned Corrective Actions - This finding was due to the School District having turnover among key personnel in the grants area, as well as nonadherence to policies and procedures related to grant records, grant accounting, and year-end close processes. The School District will perform periodic grant reconciliations throughout the fiscal year to ensure that grant records tie to the general ledger. The School District will also ensure policies and procedures are updated, staff is trained, and documented evidence of appropriate and allowable expenditures is maintained.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2024-003	<p data-bbox="362 531 773 556">Finding Type - Material weakness</p> <p data-bbox="362 581 1479 699">Criteria - The process the School District has in place for reviewing the PERA pension calculation and balance sheet amounts should be designed to ensure the methods and assumptions are accurate and consistent with GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions</i>.</p> <p data-bbox="362 724 1479 781">Condition - The June 30, 2023 net pension calculation had a formula error impacting the deferred outflows of resources.</p> <p data-bbox="362 806 1479 1073">Context - In reviewing the pension activity recorded by the School District as of June 30, 2023, audit procedures identified a formula error impacting the deferred outflows of resources related to pension. The deferral related to the 2021 change in proportionate share was \$60,190,816 to be amortized over 3.57 years; however, the calculation mistakenly pulled from a line above of only \$8 million instead of the proper \$60 million amount. The amortization on the 2021 change in proportionate share should have been a total of \$50,580,518 for fiscal year 2021 through fiscal year 2023 (\$60,190,816 divided by 3.57 times 3); however, the actual amortization recorded was only \$7,363,769. As a result, amortization for 2021-2023 was understated and deferred outflows were overstated by \$43,216,749 as of June 30, 2023.</p> <p data-bbox="362 1098 1479 1155">Cause - The School District's review of the PERA pension calculation in previous years did not identify the formula error impacting the deferred outflows of resources.</p> <p data-bbox="362 1180 1479 1266">Effect - Amortization for 2021-2023 was understated and deferred outflows were overstated by \$43,216,749 as of June 30, 2023, related to the net pension liability. A material prior period adjustment was made during the 2024 audit to correct the error as of June 30, 2023.</p> <p data-bbox="362 1291 1479 1377">Recommendation - We recommend the School District identify opportunities to strengthen the review procedures over the PERA pension calculation in order to ensure any errors are identified on a timely basis.</p> <p data-bbox="362 1402 1479 1484">Views of Responsible Officials and Planned Corrective Actions - The School District's former independent auditor performed this calculation. The School District will more closely review and tie out all calculations performed by non-district staff going forward.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2024-004	<p>Assistance Listing Number, Federal Agency, and Program Name - 93.600 - Head Start</p> <p>Federal Award Identification Number and Year - 238600, 248600</p> <p>Pass-through Entity - U.S. Department of Health and Human Services</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - Under 34 CFR Section 299.2(b), the School District has to ensure that funds are used in compliance with regulatory provisions and spent only for reasonable and necessary costs of the program. The School District is required to have supporting documentation and approval of grant expenditures to ensure they are an allowable and supported cost under the grant requirements.</p> <p>Condition - During allowability testing, it was discovered the School District has no formalized reviewed of expenditures charged to grant. This included expenditures related to payroll, supplies, and indirect costs.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Audit procedures designated testing 60 samples (payroll, nonpayroll) and there was no formalized review documented before they were charged to the grant and reimbursement was requested throughout the entire population tested.</p> <p>Cause and Effect - Lack of controls and review surrounding expenditures charged to the grant could lead to improper expenditures being charged and noncompliance.</p> <p>Recommendation - It is recommend that the School District review its controls and processes in place to ensure that they are have proper controls in place over to review expenditures being charged to the grant to ensure they are allowable.</p> <p>Views of Responsible Officials and Corrective Action Plan - This finding was due to the School District having turnover among key personnel in the grants area, as well as nonadherence to policies and procedures related to grant records, grant accounting, and year-end close processes. The School District will perform periodic grant reconciliations throughout the fiscal year to ensure that grant records tie to the general ledger. The School District will also ensure policies and procedures are updated, staff is trained, and documented evidence of appropriate and allowable expenditures is maintained.</p>	None

Thompson School District R2-J

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-005	<p>Assistance Listing Number, Federal Agency, and Program Name - 93.600 - Head Start</p> <p>Federal Award Identification Number and Year - 238600, 248600</p> <p>Pass-through Entity - U.S. Department of Health and Human Services</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - The School District must submit Form SF-425 three times annually. The School District must submit a semiannual, annual, and final report. Several reports were not filed timely. Additionally, there is no secondary review over reports before they are submitted.</p> <p>Form SF-429 is required to be submitted annually, and there is no secondary review over this report before submission.</p> <p>Condition - Throughout the year, there was no control in place to ensure required reports were filed timely and in accordance with the grant agreement. The School District does not currently have a control in place where a review of inputs of SF-425 and SF-429 reports could result in inaccurate reporting.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - It was noted that the School District filed its Form SF-425 late during the year and had no review over the SF-425 and SF-429 required reports.</p> <p>Cause and Effect - The absence of a secondary review or timely filing of required reports could cause errors to occur in reporting or funding being adjusted due to noncompliance with the grant agreement and federal guidance.</p> <p>Recommendation - The School District should implement a control where reports are reviewed and approval is documented to ensure the submission is mechanically accurate and agrees to financial information and general ledger detail. In addition, the School District should create a checklist to ensure it is filing its reports timely.</p> <p>Views of Responsible Officials and Planned Corrective Actions - This finding was due to the School District having turnover among key personnel in the grants area, as well as nonadherence to policies and procedures related to grant records, grant accounting, and year-end close processes. The School District has developed policies and procedures specific to the Head Start program and has implemented a grant calendar to ensure that reporting deadlines are not missed going forward.</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-006	<p>Assistance Listing Number, Federal Agency, and Program Name - 21.027 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds</p> <p>Federal Award Identification Number and Year - SLFRP0126</p> <p>Pass-through Entity - U.S. Department of the Treasury</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - 2 CFR 200.320 and 200.324 outlines the auditee responsibility to utilize the appropriate procurement method and comply with all related requirements of that selected procurement methodology. Also, 2 CFR 180.300 outlines the auditee responsibility related to suspension and debarment requirements for vendors with whom an entity contracts.</p> <p>Condition - The School District did not have sufficient controls in place to ensure compliance with its procurement policy and that appropriate documentation is retained regarding the procurement methodology chosen and support for compliance with the suspension and debarment requirements.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Of the sample of two contracts procured this year that we selected for testing, two did not have the required support for the procurement method selected based on federal guidelines and the School District's procurement policy. Additionally, the two contracts selected for suspension and debarment testing did not have any documentation as it related to suspension and debarment.</p> <p>Cause and Effect - The School District did not retain support to show it obtained price quotes, as required by the small purchases provision; had the appropriate rationale, as required by the noncompetitive solicitation provision; or had support for proposals submitted, as required by the purchases over \$250,000 provision. Support was not retained for two of the two samples selected during procurement testing; therefore, procurement methodology was not supported. Additionally, none of the two samples selected for suspension and debarment testing had the required support retained. As a result, the School District did not comply with the federal regulations governing this program.</p> <p>Recommendation - We recommend the School District implement internal control procedures to ensure that procurement policy is followed and the proper documentation is kept in the procurement files to support any and all procurement decisions in accordance with the purchasing policy and federal regulations.</p>	None

Thompson School District R2-J

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-006 (Continued)	Views of Responsible Officials and Planned Corrective Actions - This finding was due to the School District having turnover among key personnel in the grants area, as well as nonadherence to policies and procedures related to grant records, grant accounting, and year-end close processes. The School District will work with the materials and procurement department to ensure policies and procedures are updated and staff is trained. Prior to awarding any contract, district staff will search the federal Excluded Parties List System to determine that the contractor is not suspended or debarred. Documentation of this search will be maintained in the grant procurement file.	

Thompson School District R2-J
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note (1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the district under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the financial position, changes in net position or cash flows of the district.

Note (2) Indirect Costs

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

Note (3) Subrecipients

There were no funds passed through to subrecipients.

Note (4) Method of Valuation for Commodities

Commodities were valued at fair market value at the time of receipt. The commodities are reported under the National School Lunch Program (Assistance Listing Number 10.555) on the Schedule. The district recognized noncash awards of \$453,640 for the year ended June 30, 2024.

Note (5) Expenditures

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.



Colorado Department of Education
Auditors Integrity Report
 District: 1560 - Thompson R2-J
 Fiscal Year 2023-24
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	33,676,103	175,971,814	169,745,218	39,902,699
18 Risk Mgmt Sub-Fund of General Fund	94,200	1,779,727	1,783,927	90,000
19 Colorado Preschool Program Fund	0	2,737,689	2,737,689	0
Sub- Total	33,770,303	180,489,230	174,266,835	39,992,699
11 Charter School Fund	13,246,348	32,759,919	26,857,647	19,148,620
20,26-29 Special Revenue Fund	9,516,210	2,615,187	2,247,563	9,883,834
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	2,807,483	8,063,123	8,624,894	2,245,713
22 Govt Designated-Purpose Grants Fund	-2,429,645	20,728,730	19,100,567	-801,482
23 Pupil Activity Special Revenue Fund	2,070,235	2,493,883	2,448,977	2,115,141
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	21,035,044	20,004,610	18,834,338	22,205,316
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	12,295,926	265,886	12,093,884	467,928
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,066,446	6,359,468	6,348,127	1,077,788
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	93,378,350	273,780,037	270,822,831	96,335,555
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

EMMA, CONTINUING DISCLOSURE SECTION

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

<u>Contents</u>	<u>Pages</u>
District Enrollment, Historical Enrollment as of October Student Counts	145
History of District’s Mill Levy	146
History of District’s Assessed Valuation	147
History of District’s Property Tax Collections	148
History of General Fund Revenues, Expenditures and Fund Balances	149
General Fund Budget Summary and Comparison	150
General Obligation Debt Ratios, Historical Debt Ratios (as of June 30)	151

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

School Year	Enrollment	Percent Increase Based Upon Total Enrollment
2015	16,133	-0.48%
2016	16,043	-0.56%
2017	16,280	1.48%
2018	16,278	-0.01%
2019	16,181	-0.60%
2020	16,163	-0.11%
2021	14,965	-7.41%
2022	15,291	2.18%
2023	15,212	-0.52%
2024	15,039	-1.14%

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

School Year	General Fund Mill Levy	Bond Fund Mill Levy	Mill Levy Override	Abatements	Total Mill Levy
2015	22.360	7.968	9.796	0.144	40.268
2016	22.360	6.939	9.008	0.086	38.393
2017	22.360	6.852	8.898	0.239	38.349
2018	22.360	6.043	7.754	0.158	36.315
2019	22.360	10.022	14.916	0.130	47.428
2020	22.360	7.944	13.427	0.107	43.838
2021	22.360	8.258	13.659	0.301	44.578
2022	23.360	7.790	13.315	0.123	44.588
2023	24.360	7.133	12.834	0.244	44.571
2024	25.360	5.823	11.514	0.063	42.760

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

Levy / Collection Year	Gross Assessed Valuation				Tax Increment Valuation	Net Assessed Valuation	Percent Change
	Larimer County	Weld County	Boulder County	Total			
2014/2015	1,406,505,209	14,532,160	3,760,748	1,424,798,117	96,504,185	1,328,293,932	1.32%
2015/2016	1,634,814,386	15,082,540	3,923,319	1,653,820,245	110,281,773	1,543,538,472	16.20%
2016/2017	1,650,085,690	35,755,870	3,895,710	1,689,737,270	112,083,981	1,577,653,289	2.21%
2017/2018	1,905,697,165	25,884,930	4,089,363	1,935,671,458	125,365,881	1,810,305,577	14.75%
2018/2019	1,966,738,446	31,467,000	4,146,763	2,002,352,209	136,188,287	1,866,163,922	3.09%
2019/2020	2,461,350,268	93,848,420	4,695,365	2,559,894,053	150,903,810	2,408,990,243	29.09%
2020/2021	2,392,549,086	77,095,470	4,687,813	2,474,332,369	157,603,879	2,316,728,490	-3.83%
2021/2022	2,572,251,062	49,265,470	5,386,890	2,626,903,422	170,393,925	2,456,509,497	6.03%
2022/2023	2,773,874,673	77,077,790	5,395,016	2,856,347,479	173,740,516	2,682,606,963	9.20%
2023/2024	3,400,115,294	72,449,840	7,204,512	3,479,769,646	192,137,133	3,287,632,513	22.55%

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

Assessment	Collection			
Year	Year	Total Taxes Levied	Taxes Collected	Percent Collected
2014	2015	53,487,740	53,567,563	100.1%
2015	2016	59,261,073	58,934,359	99.4%
2016	2017	60,501,426	59,961,359	99.1%
2017	2018	65,741,247	65,839,221	100.1%
2018	2019	88,508,422	88,063,070	99.5%
2019	2020	105,605,314	98,221,889	93.0%
2020	2021	103,275,123	111,339,038	107.8%
2021	2022	109,530,845	109,293,782	99.8%
2022	2023	119,566,475	119,378,716	99.8%
2023	2024	140,579,166	139,931,731	99.5%

Thompson School District R2-J

History of General Fund Revenues, Expenditures and Fund Balances

(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes										
Local Property-School Finance Act	\$ 29,896,023	\$ 34,410,569	\$ 35,239,167	\$ 40,728,957	\$ 41,844,442	\$ 50,233,673	\$ 56,449,633	\$ 57,362,529	\$ 65,634,485	\$ 83,048,043
Local Property-Mill Levy Override	13,073,884	13,860,291	14,007,199	14,139,040	27,667,897	30,161,881	34,245,252	32,729,631	34,615,127	37,782,524
Specific Ownership	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619	7,934,385	8,312,971	8,296,788	8,799,653	9,062,477
Equalization Entitlements	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543	68,114,946	62,000,145	69,127,089	66,524,920	61,281,499
Universal Pre-K Revenue	-	-	-	-	-	-	-	-	-	2,474,722
Special Education	3,343,434	3,295,248	3,149,449	3,274,728	3,460,949	3,718,287	3,642,465	3,913,253	5,429,821	6,020,525
Vocational Education	432,096	617,848	438,570	456,561	446,565	314,118	412,856	731,807	306,429	344,230
Transportation	1,036,797	1,081,771	1,025,549	1,050,582	1,162,404	1,114,540	1,174,627	1,186,087	1,213,058	1,385,587
Other	1,874,897	2,398,571	2,531,550	3,517,528	4,967,444	5,310,369	2,757,442	6,910,374	9,842,000	4,396,441
Investment Earnings	54,989	106,464	243,468	394,081	581,839	487,015	65,271	180,329	1,513,126	2,186,961
Total Revenues	123,219,553	128,073,233	131,540,481	136,724,085	155,990,702	167,389,213	169,060,662	180,437,887	193,878,620	207,983,009
Expenditures										
Current Operating										
Instruction	68,502,531	68,290,676	70,648,085	73,055,038	79,248,312	87,469,953	82,523,446	91,340,146	97,357,204	98,030,235
Supporting Services	45,518,203	46,936,538	49,962,439	52,036,925	55,453,996	61,167,972	60,318,089	67,797,070	72,124,521	76,112,902
Capital Outlay	1,062,017	631,741	863,928	587,816	1,386,012	60,987	25,000	40,726	15,450	123,698
Charter School Allocation	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897	18,925,723	21,061,375	23,860,463
Total Expenditures	122,470,914	124,240,338	130,206,929	135,512,588	146,697,198	161,632,738	156,647,432	178,103,665	190,558,550	198,127,298
Excess of Revenues Over Expenditures	748,639	3,832,895	1,333,552	1,211,497	9,293,504	5,756,475	12,413,230	2,334,222	3,320,070	9,855,711
Other Financing Sources (Uses)										
Transfers Out	(2,785,518)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)	(3,815,296)	(2,572,709)	(3,636,922)	(2,985,606)	(3,633,316)
Net Change in Fund Balances	(2,036,879)	(1,910,144)	(2,583,076)	(2,510,827)	5,682,342	1,941,179	9,840,521	(1,302,700)	334,464	6,222,395
Fund Balances - Beginning of the Year	26,315,424	24,278,545	22,368,401	19,785,325	17,274,498	22,956,840	24,898,019	34,738,540	33,435,840	33,770,304
Fund Balances - End of the Year	\$ 24,278,545	\$ 22,368,401	\$ 19,785,325	\$ 17,274,498	\$ 22,956,840	\$ 24,898,019	\$ 34,738,540	\$ 33,435,840	\$ 33,770,304	\$ 39,992,699

Sources: District Annual Comprehensive Financial Reports for years ended June 30, 2015 - June 30, 2024

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

	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2024 Year End (audited)
Fund Balance - Beginning of Year	\$ 24,278,545	\$ 19,600,197	\$ 17,859,560	\$ 14,573,076	\$ 18,732,552	\$ 24,898,019	\$ 34,738,540	\$ 35,291,363	\$ 36,335,840	\$ 34,780,533	\$ 33,770,304
REVENUES											
School Finance Act											
Property taxes	31,990,765	35,446,569	36,403,208	41,786,362	50,994,294	53,797,698	52,368,678	59,352,134	62,980,922	96,414,013	83,048,043
Specific ownership taxes	2,528,596	2,824,621	2,989,675	3,386,421	3,987,568	3,391,594	3,262,579	4,333,562	4,473,328	5,011,829	5,193,530
State equalization	69,722,273	68,245,587	72,587,269	72,661,813	70,815,423	59,762,225	73,818,605	72,149,047	80,180,353	55,739,618	61,281,499
Total School Finance Act Funding	104,241,634	106,516,777	111,980,152	117,834,596	125,797,285	116,951,517	129,449,862	135,834,743	147,634,603	157,165,460	149,523,072
Mill Levy Override and Other											
Property taxes from overrides	13,905,685	14,036,939	14,040,000	14,040,000	30,347,838	31,647,137	32,527,493	32,989,514	38,199,558	39,291,365	37,782,524
Specific ownership taxes	2,256,668	2,204,555	2,307,427	2,810,637	2,576,757	2,575,000	3,250,000	4,175,429	3,600,000	3,800,000	3,868,947
Universal Pre-K (UPK) Revenue										3,489,377	2,474,722
Transportation reimbursement	1,024,421	1,068,412	1,087,783	1,068,690	1,146,628	1,143,510	1,000,000	1,114,122	1,200,000	1,193,245	1,385,587
ECEA funding	3,359,791	3,476,306	3,387,515	2,999,272	3,130,868	3,122,210	4,467,577	5,352,503	5,800,000	6,029,912	6,020,525
All Other Revenue	2,168,366	2,587,867	2,769,007	3,618,546	3,687,689	3,684,280	3,600,000	3,838,152	5,662,860	2,926,843	6,927,632
Total Mill Levy Override and Other	22,714,931	23,374,078	23,591,733	24,537,145	40,889,780	42,172,137	44,845,070	47,469,720	54,462,418	56,730,742	58,459,937
Total Revenues	126,956,565	129,890,855	135,571,885	142,371,741	166,687,065	159,123,654	174,294,932	183,304,463	202,097,021	213,896,202	207,983,009
EXPENDITURES											
Student instruction	70,718,872	72,190,892	74,331,478	77,237,810	85,713,270	82,821,806	95,003,520	90,280,013	97,808,795	104,050,588	98,030,235
Student support	7,785,136	7,636,909	8,524,441	8,669,611	8,590,579	8,577,714	10,108,929	10,496,653	11,531,349	11,895,626	11,286,643
Instruction support	9,683,972	10,637,770	11,473,461	11,819,855	13,846,655	13,730,505	14,582,659	14,590,189	16,144,493	18,622,084	16,527,009
General administration	696,554	767,804	779,072	859,713	1,180,992	868,227	1,111,625	1,176,644	1,245,216	1,886,331	1,168,415
School administration	8,432,580	8,817,955	8,971,625	9,359,973	9,934,889	9,998,384	10,476,865	11,149,437	11,189,242	11,701,658	12,356,090
Business services	2,063,896	2,143,197	2,107,901	2,212,503	2,384,057	2,452,651	2,560,702	2,680,422	2,882,139	3,236,785	2,926,136
Facilities/operations	11,738,259	12,213,239	12,724,198	13,545,848	15,271,171	15,277,107	15,612,672	17,160,211	18,516,599	21,442,842	19,186,379
Student transportation	4,369,763	4,674,322	4,842,284	5,097,475	5,009,815	5,352,981	5,632,403	6,410,065	6,562,168	7,585,288	6,695,954
Central support	3,649,064	3,913,144	3,884,491	4,324,705	4,600,790	4,530,373	4,976,744	5,291,722	6,033,439	6,513,164	5,966,276
Allocation to charters	8,357,645	8,799,690	9,313,040	10,314,079	14,508,857	14,870,797	18,630,350	19,897,519	23,606,737	25,599,417	23,860,463
Transfers to other funds	5,743,039	3,418,418	3,516,024	3,836,490	3,947,365	2,708,284	3,176,250	3,187,648	3,163,368	1,972,766	3,633,316
Capital outlay	-	-	-	-	-	-	-	1,870,359	2,403,247	2,380,447	123,698
Total Expenditures	133,238,780	135,213,340	140,468,016	147,278,062	164,988,440	161,188,829	181,872,719	184,190,882	201,086,792	216,886,996	201,760,614
Net Change in Fund Balance	(6,282,215)	(5,322,485)	(4,896,131)	(4,906,321)	1,698,625	(2,065,175)	(7,577,787)	(886,419)	1,010,229	(2,990,794)	6,222,395
Fund Balance - End of Year	\$ 17,996,330	\$ 14,277,712	\$ 12,963,429	\$ 9,666,755	\$ 20,431,177	\$ 22,832,844	\$ 27,160,753	\$ 34,404,944	\$ 37,346,069	\$ 31,789,739	\$ 39,992,699

Source: District Adopted Budgets

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Outstanding	\$ 95,390,000	\$ 89,085,000	\$ 82,340,000	\$ 75,205,000	\$ 216,600,000	\$ 207,455,000	\$ 198,370,000	\$ 188,845,000	\$ 178,890,000	\$ 168,610,000
Estimated Population	111,152	110,532	112,165	112,152	111,483	111,359	103,105	105,353	104,809	103,617
Debt Per Capita	\$ 858	\$ 806	\$ 734	\$ 671	\$ 1,943	\$ 1,863	\$ 1,924	\$ 1,792	\$ 1,707	\$ 1,627
Assessed Value (1)	\$ 1,424,798,117	\$ 1,653,820,245	\$ 1,689,737,270	\$ 1,935,671,458	\$ 2,002,352,209	\$ 2,559,894,053	\$ 2,474,332,369	\$ 2,626,903,422	\$ 2,856,347,479	\$ 3,479,769,646
Ratio of Debt to Assessed Value	6.69%	5.39%	4.87%	3.89%	10.82%	8.10%	8.02%	7.19%	6.26%	4.85%
Personal Income Per Capita (Larimer County)	\$ 47,085	\$ 48,327	\$ 51,471	\$ 53,935	\$ 56,851	\$ 60,219	\$ 64,258	\$ 67,849 (2)	\$ 67,849 (2)	N/A
Ratio of Debt Per Capita to Person Income Per Capita	1.82%	1.67%	1.43%	1.24%	3.42%	3.09%	2.99%	2.64%	2.52%	N/A

(1) Includes \$96,504,185; \$110,281,773; \$112,083,981; \$125,365,881; \$136,188,287; \$150,903,810; \$157,603,879; \$170,393,925, \$173,740,516 and \$192,137,133 for incremental assessed valuation attributable to the various Larimer County Urban Renewal Authorities in 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 levy years, respectively, in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenue.

(2) Estimate. Most current data available

Source: District Annual Comprehensive Financial Report