

Thompson School District R2-J



Annual Financial Report

**Fiscal Year
Ending
June 30,
2021**



LOVELAND, COLORADO

www.thompsonschoools.org

THOMPSON SCHOOL DISTRICT R2-J

Loveland, Berthoud, & Fort Collins Colorado

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2021

Prepared by the
Financial Services Department

Chief Financial Officer
Gordon L. Jones

Director of Finance
Rusty Williams

**Thompson School District R2-J
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

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INTRODUCTORY SECTION

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Business Services Department

February 15, 2022

**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, 2021.

State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants. Due to factors out of the District's control, however, the District requested and was granted a 60-day extension by the office of the State Auditor. In accordance with the amended deadline, we hereby issue the comprehensive annual financial report of the Thompson School District R2-J for the fiscal year ended June 30, 2021.

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

The District's financial statements have been audited by Hinkle & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, 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, 2021, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

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

Profile of the Government

The Thompson School District R2-J is the 17th largest school district in Colorado based on Funded Pupil Count (FPC), encompassing approximately 362 square miles in northern Colorado. The District includes the complete cities of Loveland and Berthoud and portions of city boundaries of Fort Collins, Windsor and Johnstown as well as parts of Larimer, Weld and Boulder counties.

Serving students pre-K through 12th grade, for the 2020-21 fiscal year the district operated 14 early childhood centers, 18 elementary schools, 5 middle schools, 1 K-8 school, 5 high schools and 2 charter schools. During the fiscal year, construction of the District's newest K-8 school was completed. It opened in August 2021 for the start of the 2021-22 school year. The average age of District owned facilities is approximately 46 years. Calculated Funded Pupil Count (FPC) for the 2020-21 school year was 15,268.9 students, which was a 1.8% decrease from the prior year.

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

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

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

Staffing levels are authorized for each site and are tracked to insure usage within budgeted limits. On-line budget inquiry access is continuously provided to each site's administrative staff via the District accounting software to allow monitoring of their discretionary budgets.

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

Component units of the District as reported in this document include the two District charter schools (New Vision Charter School and Loveland Classical Schools) that have been approved by the District's Board of Education as of June 30, 2021. The charter schools' revenues from per pupil funding are included in District revenues and the transfer of those monies to the charter schools are considered District expenditures, even while the charter schools are separate entities under the control and direction of their own respective governing boards. The District Board maintains oversight responsibility. The Thompson Education Foundation is also a component unit reported here. Its funding is independent of the district with expenditures directed by its board to support education initiatives within the District.

Factors Affecting Financial Condition

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

National Economy. The COVID-19 pandemic that began in approximately March 2020 has had a significant impact on local, state, national and international economies. Measures enacted around the globe in an attempt to limit its spread have involved reduced social interactions, a significant decrease in travel, closure or reduction of schools and businesses, and an increase in the number of employees working from home.

As a result of these actions the United States experienced a significant decrease in economic output and an increase in unemployment as the pandemic brought about widespread economic disruption. The timing and magnitude of the rebound in these areas will be largely dependent on the distribution of vaccinations or treatments for the Coronavirus.

In response to the COVID-19 pandemic, Congress passed two significant stimulus bills that included funding for education. In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted, and in December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act provided an additional \$900 billion in funding for nationwide education.

State Economy. The economic malaise created by the worldwide pandemic has also been felt in Colorado. While the state economy continues to perform better than the national average, the impacts have been felt, nonetheless. Unemployment in the state remains at 6.2%, ranking 35th in the country. While a significant number of jobs that were lost since the beginning of the pandemic have since been recovered, Colorado has still lost an estimated four years of employment growth. Compared to September 2019 levels, the largest job losses in Colorado have been in leisure and hospitality, government, transportation and education.

K-12 education funding in Colorado is largely driven by state income tax and sales tax collections. Both of those areas were adversely affected in the recessionary period brought about by the pandemic. Various economic metrics continue to point to Colorado in recovery mode. Colorado's gross domestic product,

employment, and retail sales are on the rise. While Colorado's unemployment rate remains high based on recent historical standards, the state also has one of the highest labor force participation rates in the country.

General Fund revenues for public schools in Colorado are largely determined by the School Finance Act of 1994 (SFA). School districts are also subject to the provisions of Article X, Section 20 of the State Constitution called the TABOR Amendment (Taxpayers Bill of Rights), which limits increases in governmental revenues, taxes and spending. Under the TABOR Amendment, school districts' annual increases to revenues or spending over the prior year are limited to the combined increase in student enrollment and inflation (measured by Denver/Boulder consumer price index). These limits apply to the combined funds of the District except those specifically excluded within the law, such as voter approved bond issues and mill levy override increases. In November 2000, voter approval was given to the District to remove the restriction on growth in revenue effective for the fiscal year ended June 30, 2000 and beyond.

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

Beginning in 2008-2009, however, a significant state and national economic downturn negatively impacted state budget revenues and local property values, both of which fund the School Finance Act (SFA). As a result, the state legislature introduced the "negative factor" (now referred to as the "budget stabilization factor") into the school finance formula which has underfunded the called for Amendment 23 SFA formula for thirteen years through 2020-21. For the District, the negative factor/budget stabilization factor or related rescissions have suppressed District SFA revenues by an average of \$13.0 million per year (cumulative impact of \$155.7 million through 2020-21).

Fiscal 2021-22 projects an increase to Per Pupil Revenue (PPR) from \$7,717 to \$8,454 (+9.6%) while still withholding \$9.3 million from the District via the budget stabilization factor. School finance funding in Colorado continues to search for a sustainable long-term solution to more adequately fund education while at the same time continuing to shift more of the financial burden to the local district level via mill levy overrides if approved by voters in the respective districts.

The Governor's office has presented the proposed State Budget for 2022-23, which will be used to begin budget discussions with legislators for the 2022 Legislative Session. This preliminary budget anticipates an inflation rate of 3.7% and would decrease the budget stabilization factor by \$150 million statewide, reducing the balance to \$421 million, with the District's share for the 2022-23 year estimated to be \$6.9 million less in funding than called for in the SFA formula. It is expected that the annual gap in funding will remain, absent any structural change to the State's budget and how PK-12 education is funded. The outlook for school funding in Colorado remains cautionary.

Local Economy. Northern Colorado, not unlike other areas of the country, continues to deal with the coronavirus pandemic. The unemployment rate in the area has increased and reflects similar trends seen throughout the state. Despite an increase in the unemployment rate, a shortage of candidates for some positions, most notably bus drivers, custodians, para professionals and nutrition services staff, continue to provide some staffing challenges. The District remains the largest employer in Loveland and Berthoud.

There is optimism for continued growth in employment, construction activity and retail sales within the District boundaries. The demand for attainable housing remains but is proving difficult to realize given continuing increases in the median value of homes. Despite increased home values, residential growth continues, especially in the north, south and east portions of the District. Overall net assessed valuation in the District decreased 3.8% in 2020-21, primarily due to a decrease in the oil and gas sector. Assessed values are expected to increase in 2021-22 as the more typical historical trends return.

Local retail sales opportunities remain well positioned for growth. The intersection of Interstate 25 & US Highway 34, which is located within the District, continues to be an area of recent and planned significant growth and considerable future promise for the region.

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

District Response to State Funding Cuts

Over the last several years school finance funding first declined, and then rebounded in part. The economic challenges of 2020-21 and going forward, as discussed above, continue to provide an uncertain future for K-12 funding for Colorado. For 2021-22, preliminary total program dollars are expected to fall \$571 million (or 6.7%) below statutory formula levels for all districts in the state without allowing for the negative/budget stabilization factor. For the District that expected shortfall is \$9.3 million for 2021-22.

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

Licensed staff count is still below levels of 2009-10 even while the District serves more students. Reductions of all expenditure types have been analyzed and implemented where doing so was prudent. On some occasions resources were redirected toward areas of greater need or as mandated. Where there have been needs requiring more resources those needs have been met. Use of one-time monies has been done thoughtfully and carefully.

In addition to expense reductions and prudent use of reserves, the District requested authorization from local taxpayers for increased local funding through the approval of a mill levy override (MLO) designed to mitigate on a longer term basis the impact of state funding cuts. Voters approved that request on the ballot of November 2018. Collections from this local support helped allow the District to balance the annual General Fund operating results while maintaining employment and current class-size ratios, providing needed updates to curriculum and technology and expanding safety and security in schools.

As a result of the voter approved 2018 MLO, 2018-19 was the first time since 2012-13 that the General Fund reflected an increase to year-end fund balance. The District's current level of General Fund reserves can still provide one-time support for some unforeseen events and warranted student programming needs. Ultimately the District will need to see a sufficient combination of state funding rebound, continued local support, maintenance of recent increases in assessed valuation and ongoing scrutiny of requested expenditures to maintain a sound financial position.

Cash Management Policies and Practices.

The District's policy is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the District and conforming to all federal, state, and local statutes governing the investment of public funds. Accordingly, temporarily idle

cash is invested during the year in the Colorado Local Government Liquid Asset Trust (ColoTrust), a “AAAm” rated investment pool.

While district expenditures tend to be fairly consistent throughout the year, its revenue cycle reflects that local property taxes account for approximately 42.9% of its School Finance Act revenues. Those property tax revenues are collected primarily during the latter half of the fiscal year. For the prior 4 fiscal years the District has participated in the state’s interest-free loan program to meet temporary cash flow obligations until funds from local property tax collections are received. As a matter of prudence, the District has applied with the state to be a participant in the loan program again in 2021-22.

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, 2020. This was the thirty-third time the District had received this prestigious award and the twenty-fifth 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-fourth consecutive year that the District has received this award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized ACFR. This report satisfied both US GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



Dr. Marc Schaffer
Superintendent of Schools

Gordon L. Jones
Chief Financial Officer



Rusty Williams
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Thompson R2-J School District
Colorado**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

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 Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2020.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



Handwritten signature of W. Edward Chabal in black ink.

W. Edward Chabal
President

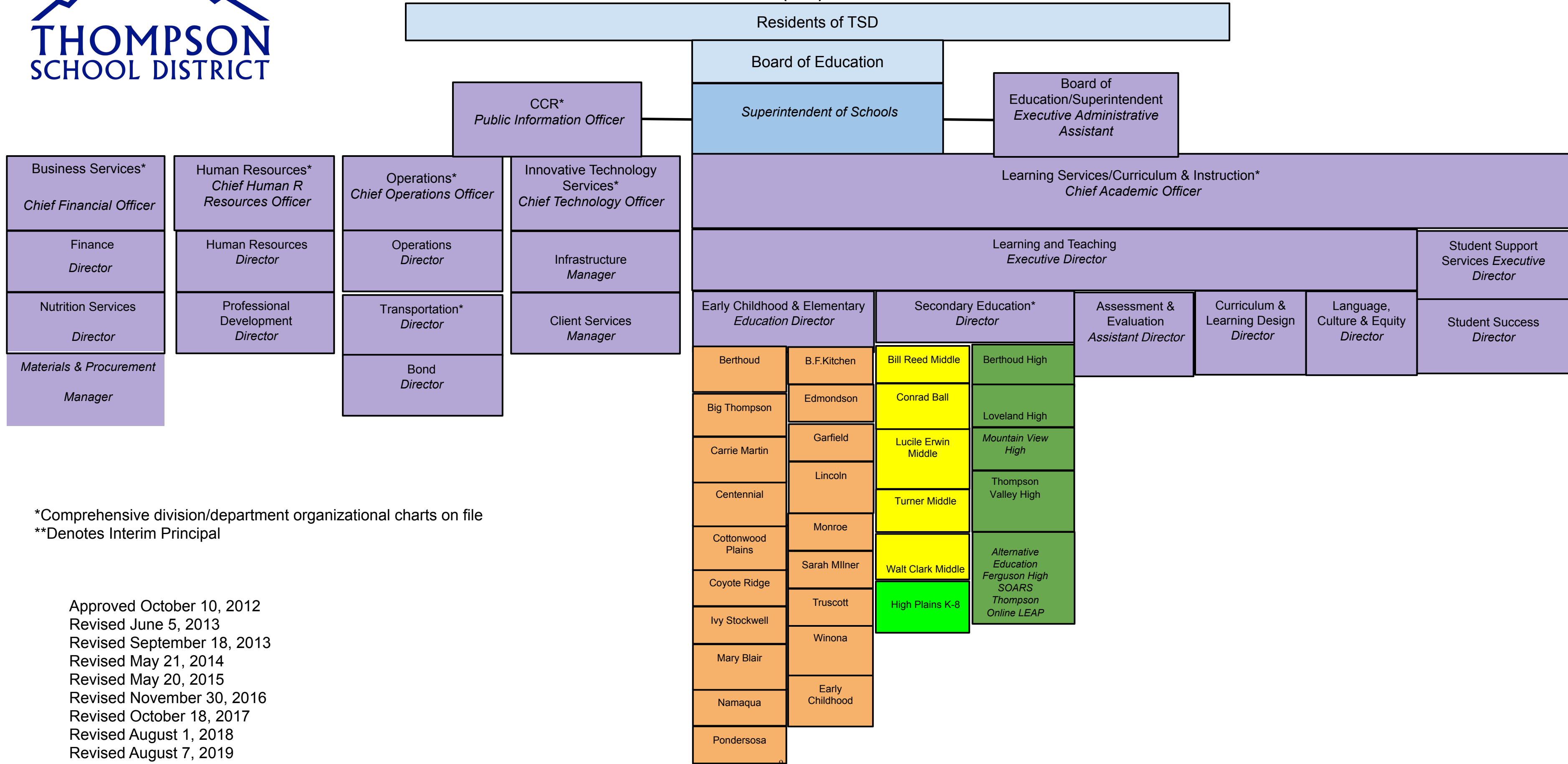
Handwritten signature of David J. Lewis in black ink.

David J. Lewis
Executive Director



**2020-2021
THOMPSON SCHOOL DISTRICT (TSD) R2-J ORGANIZATIONAL CHART**

File: CCA



*Comprehensive division/department organizational charts on file

**Denotes Interim Principal

- Approved October 10, 2012
- Revised June 5, 2013
- Revised September 18, 2013
- Revised May 21, 2014
- Revised May 20, 2015
- Revised November 30, 2016
- Revised October 18, 2017
- Revised August 1, 2018
- Revised August 7, 2019

Board of Education

Lori Hvizda Ward, President	Term Expires 2021
Pam Howard, Vice-President	Term Expires 2023
Dawn Kirk, Treasurer	Term Expires 2023
Barbara Kruse, Secretary	Term Expires 2021
Jarrett Roberts	Term Expires 2021
Paul Bankes	Term Expires 2021
Stu Boyd	Term Expires 2023

Superintendent's Executive Staff

Dr. Marc Schaffer	Superintendent
Dr. Bill Siebers	Chief Human Resources Officer
Dawne Huckaby	Chief Academic Officer
Gordon Jones	Chief Financial Officer
Todd Piccone	Chief Operating Officer
Michael Hausmann	Public Information Officer
Dr. Matt Kuhn	Chief Technology Officer
Laura Lee Ehlers	Executive Assistant Supt/BOE

FINANCIAL SECTION

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

The levels of the pyramid are:

Financial Section

Independent Auditors’ Report:

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

Management’s Discussion and Analysis:

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

Basic Financial Statements

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

Required Supplemental Information

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

Other Supplemental Information

Combining and Individual Fund Statements

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

Budgetary Comparison Schedules

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



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Vision Charter School and Loveland Classical Schools, which represent 97 percent and 96 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School and Loveland Classical Schools, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, auditor's integrity report, and continuing disclosure section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual fund financial statements and schedules and the auditor's integrity report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical, and continuing disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the Thompson School District R2-J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Thompson School District R2-J's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
February 9, 2022



Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2021

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, 2021. 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 2021 are as follows:

- The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer cost-sharing, defined benefit pension plan as of June 30, 2015. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits or annual required contribution decisions made by PERA. This new reporting requirement became effective in the 2014-15 fiscal year. The beginning net position of governmental activities reflects this reporting requirement. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, resulting in a net pension liability of \$279.8 million at June 30, 2021 (versus \$236.1 million at the end of the prior year), representing the District's proportionate share of the plan's net pension liability.
- The District's government-wide net position increased \$47.1 million during the fiscal year ended June 30, 2021, to a deficit of \$215.6 million, which represents an improvement of 17.9% from the prior year. The year-over-year improvement in net position was primarily due to the increase in deferred outflows of resources (asset) and a decrease in deferred inflows of resources (liability), both of which were related to the recording of the District's proportionate share of Colorado PERA as called for in GASB No. 68. The positive variance in change in net position was partially offset by a decrease in cash and investments and an increase in net pension liability. If the District's proportionate share of the PERA net pension liability was not recorded, a positive net position of approximately \$64.2 million would be achieved.
- Total governmental activities revenue decreased by \$3.8 million (-1.8%), predominantly associated with lower School Finance Act funding from state equalization and local property taxes (-\$7.5 million) due to lower student count, offset somewhat by greater grant funding associated with federal stimulus programs. Expenses decreased by \$10.4 million (-5.9%) mostly due to accounting adjustments related to Colorado PERA as discussed in

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the previous bullet point and an increase in Construction in Progress on 2018 bond projects. 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.
3. Basic Financial Statements - including government-wide and fund specific financial statements with associated Notes to the Financial Statements.
4. Supplementary Information - including Budget to Actual comparisons.
5. Statistical - providing broader relevant contextual information.
6. Electronic Municipal Market Access (EMMA) – continuing disclosure statements regarding District tax exempt bonds.

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

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

Government-Wide Financial Statements

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

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

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

Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, keeping in mind that this net position includes the District's proportionate share of the PERA pension liability for which it has no means of control. The net position of the District improved by \$47.1 million over the prior year. To assess the District's overall health one needs to consider additional non-financial factors such as enrollment trends,

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changes in the District's property tax base, age of curriculum, condition of school buildings and other facilities and the ongoing impact of the COVID-19 pandemic.

The District's activities are reported in the government-wide financial statements. Most of the District's basic services are included here such as instruction, maintenance and operations, administration, pupil transportation, and nutrition services.

Fund Specific Financial Statements

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

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

1. **Governmental Funds:** Most of the District's basic services are included in governmental funds which generally focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year end that are available for spending. These include the general, bond redemption, building, nutrition services, federal and state grants, land reserve, fee supported programs and capital projects funds. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciling schedule follows the governmental funds statements to help explain the relationship (or differences) between them.

2. **Fiduciary Funds:** The District is an agent, or fiduciary, for assets that belong to others such as the education memorial fund. The District is responsible for ensuring that those to whom the assets belong use them only for their intended purposes. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Analysis of Government-wide Financial Statements

Property taxes (49%), state equalization (29%), and operating grants & contributions (14%) are the District's primary revenue sources overall as shown in Chart 1 below. These three categories comprise 92% of the revenues received by the District compared to 89% in 2019-20. The primary factor affecting this distribution was growth in operating grants (from 9% to 14%). This increase

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was largely comprised of federal stimulus funds that were awarded to assist with needs associated with the COVID-19 pandemic.

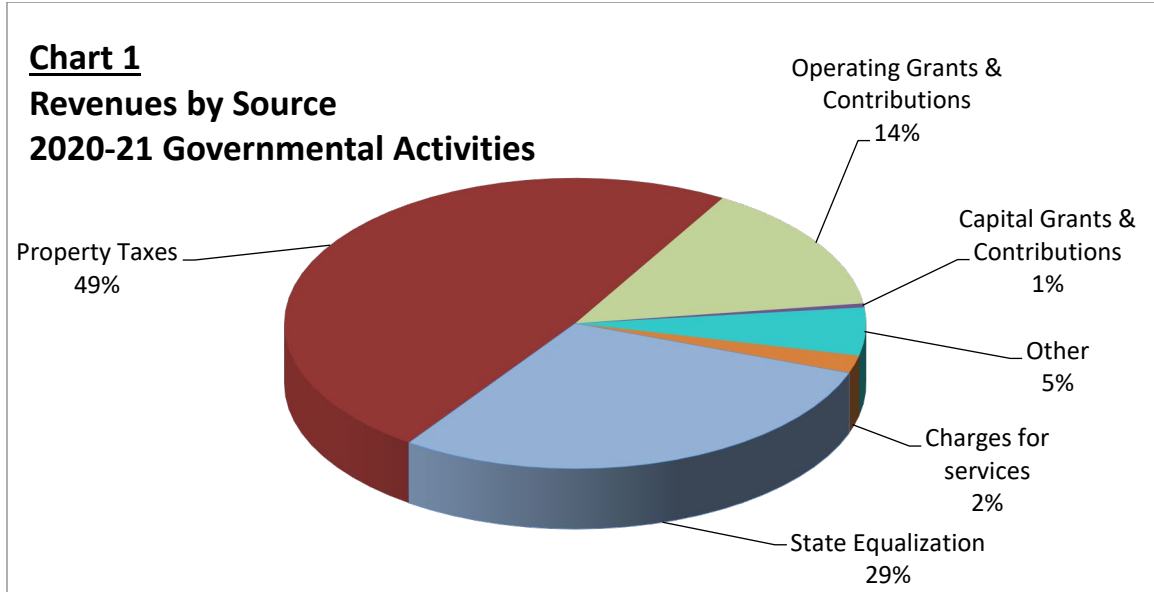


Chart 2 below presents the District's expenditures by major categories with direct instruction, and pupil and instructional support type expenditures receiving the greatest emphasis, as expected.

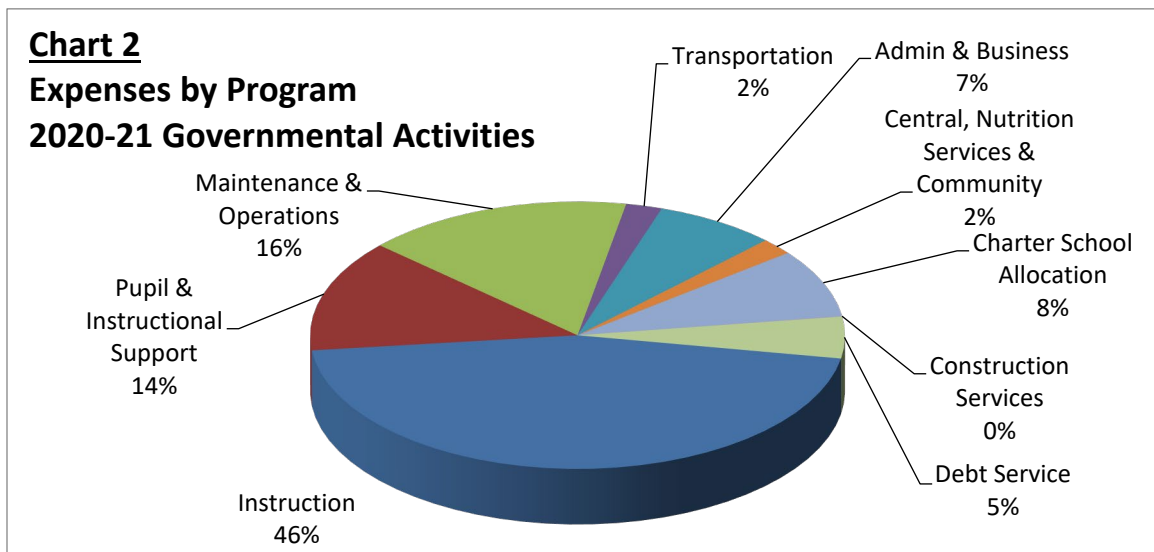


Chart 1 – Revenues by Source: 2020-21 Governmental Activities

- In fiscal 2020-21 the state provided 50.3% of School Finance Act (SFA) funding for the District's total program allocation through equalization. Local property and specific

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ownership (SO) taxes comprised the remaining 49.7% of SFA revenue. State equalization monies were approximately 29.1% of the District's total Governmental Activities revenues. Beginning in 2009-10, state revenues were negatively impacted by the Great Recession. This resulted in creation of the state budget balancing mechanism known as the Budget Stabilization Factor (formerly Negative Factor) which decreases the constitutional formula total program funding from the state. This reduction in total program funding to the District was approximately \$17.2 million in 2020-21.

- The District collects property taxes through three different mill levy overrides which were approved by voters in 1999, 2006 and 2018. These funds are used to support specified General Fund services and an additional mill levy is used to fund the annual principal and interest payments of the District's bonded debt. Collectively property taxes (local SFA, mill levy override and debt service) were 48.8% of total governmental activities revenues.
- 14.8% of District revenues came from operating/capital grants and contributions in 2020-21. This was an increase from prior years mainly due to the awarding of Elementary and Secondary Schools Emergency Relief (ESSER) funds from the federal government to assist with COVID-19 related expenditures. 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 2.0% 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. These sources of funds were negatively affected in 2020-21 due to restrictions related to COVID-19 that were imposed. An additional 5.3% of other revenues were from specific ownership taxes, payments-in-lieu-of (PILO) land dedication from developers, investment earnings and miscellaneous other revenue sources.

Chart 2 – Expenses by Program: 2020-21 Governmental Activities

- Classroom teacher salaries & benefits, curriculum, professional development and instructional supplies and materials were the foundation of student instruction. In addition, 2020-21 saw significant investment in student, teacher and network technology which assisted in both remote and the return to in-person learning. At 45.4% of the total, costs of instruction comprised the largest category of expenditures for the organization.
- Maintenance and operation costs for all school sites and other district properties were 16.2% of expenditures. 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. Enhanced cleaning and disinfecting in response to COVID-19 resulted in these costs being higher than the prior year. Also included in this area were expenditures

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

- The District expended 13.5% 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.
- 100% of per pupil revenues derived from students enrolled in District charter schools was categorized as expenditures 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 8.3% of total governmental activities spending for 2020-21.
- Administration and business expenditures (7.3% of total) were primarily salaries and benefits of the school building principals, assistant principals, school secretaries and their related expenditures. It also included the superintendent, Board of Education and staff and related expenditures to manage and oversee 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 5.0% of total expenses in both the current and prior year.

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Table 1
Condensed Statement of Net Position
in millions

	Governmental Activities		Total Percentage Change
	2021	2020	2020-21
Assets			
Current & Other Assets	\$ 167.868	\$ 231.910	-27.6%
Capital Assets	202.035	170.410	18.6%
Total Assets	<u>369.902</u>	<u>402.320</u>	<u>-8.1%</u>
Deferred Outflows of Resources			
Pensions, Net of Accumulated Amortization	100.574	35.524	183.1%
OPEB, Net of Accumulated Amortization	1.306	1.021	27.9%
Loss on Refunding, Net of Accumulated Amortization	3.632	4.603	-21.1%
Total Deferred Outflows of Resources	<u>105.512</u>	<u>41.148</u>	<u>156.4%</u>
Liabilities			
Other Liabilities	39.763	42.308	-6.0%
Long-Term Liabilities	239.345	252.217	-5.1%
Net Pension Liability	279.781	236.060	18.5%
Net OPEB Liability	10.170	11.606	-12.4%
Total Liabilities	<u>569.059</u>	<u>542.191</u>	<u>5.0%</u>
Deferred Inflows of Resources			
Pensions, Net of Accumulated Amortization	118.628	161.739	-26.7%
OPEB, Net of Accumulated Amortization	3.340	2.230	49.8%
Total Deferred Inflows of Resources	<u>121.968</u>	<u>163.969</u>	<u>-25.6%</u>
Net Position			
Net Investment in			
Capital Assets	(30.602)	(74.148)	-58.7%
Restricted	28.671	33.582	-14.6%
Unrestricted	(213.681)	(222.126)	-3.8%
Total Net Position	<u>\$ (215.613)</u>	<u>\$ (262.693)</u>	<u>-17.9%</u>

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

- Total current & other assets shown above decreased \$64.0 million in 2020-21 as compared to the prior year. This decrease is primarily (\$67.6 million) due to the District drawing down cash received from the sale of bonds in January 2019 as spending on various bond projects continued. Further items of note included a decrease in property tax receivable of \$6.5 million as payments of taxes that were granted an extended deadline in 2019-20 were subsequently collected in a year when they were not assessed. These decreases were somewhat offset by an increase in grants receivable (\$6.4 million) largely related to the expenditure of federal stimulus funds that were not yet reimbursed and an increase in loan

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receivable (\$2.5 million) associated with the sale of the former Ferguson High School property.

- Total capital assets, shown net of depreciation, increased by \$31.6 million reflecting net new investment over deletions for the year (\$36.4 million) primarily associated with bond projects construction in progress (\$37.1 million), land improvements (\$2.3 million) and purchase of water rights (\$0.8 million). The additions were partially offset by annual depreciation expense of \$8.1 million.

- Total liabilities increased \$26.9 million, primarily due to an increase in the District's proportionate share of PERA's unfunded pension liability (\$43.7 million) and an increase in retainage payable (\$1.2 million) related to payments on bond projects purposefully withheld until the work is substantially completed. These increases in liabilities were somewhat offset by year-over-year decreases in the District's long-term general obligation and certificates of participation debt due to repayment of principal and interest (\$12.9 million), unearned revenue (\$2.1 million), accounts payable (\$1.6 million) and the District's proportionate share of PERA's Other Post-Employment Benefits (OPEB) (\$1.4 million) in FY21.

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Table 2
Changes in Net Position from Operating Results
in millions

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 4.249	\$ 9.819
Operating Grants & Contributions	30.640	18.791
Capital Grants & Contributions	0.934	0.926
General revenues		
Property taxes	104.021	105.497
State revenue	62.000	68.115
Other	11.344	13.882
Total Revenues	<u>213.188</u>	<u>217.030</u>
Expenses		
Instruction	75.422	82.259
Pupil & Instructional Support	22.485	20.800
Administration & Business	12.153	13.735
Maintenance & Operations	26.903	23.920
Transportation	3.648	4.672
Central Support	0.464	4.662
Nutrition Service	3.035	3.744
Community Services	(0.164)	0.770
Facilities Acquisition and Construction Services	0.044	0.165
Interest on Long Term Debt	8.337	8.825
Charter School Allocation	13.781	12.934
Total Expenses	<u>166.108</u>	<u>176.486</u>
Increase (decrease) in Net Position	<u>47.080</u>	<u>40.544</u>
Net Position - July 1 (as previously stated)	(262.693)	(304.812)
Adjustment to net position for adoption of new accounting principle		1.576
Net Position - July 1 (restated)	<u>(262.693)</u>	<u>(303.236)</u>
Net Position - June 30	<u>\$ (215.613)</u>	<u>\$ (262.693)</u>

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

- Governmental activities revenues decreased by approximately \$3.8 million compared to the prior year. The decrease was primarily associated with lower state equalization revenue and lower local property tax collections from the School Finance Act funding as a result of pandemic related reduced enrollment and a lower per pupil revenue allocation (\$6.8 million).
- Charges for services (\$5.6 million), primarily in athletics and activities fees, early childhood tuition and other miscellaneous revenue was also lower largely as a result of lower enrollment and participation.

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- Interest earnings were \$3.3 million lower than 2019-20 due to the decrease in cash balances on hand in the Building Fund as payments on bond projects took place and the interest rate declined significantly.
- Partially offsetting these decreases was an increase in grant funding (\$11.8 million) as a result of the receipt of funds from the stimulus programs passed at the federal level that were intended to assist with COVID-19 related expenditures.
- Total expenses in governmental activities decreased by \$10.4 million versus the prior year. In general, reductions in expenditures were largely related to experiencing remote learning for a portion of the year, offset somewhat by increased expenditures in some areas of federal stimulus grant funds that were received and used to address challenges associated with the COVID-19 pandemic.
- Federal stimulus grant expenditures included investments in technology to assist students in both distance and in-person learning, professional development of staff to adjust to changing educational environments, hiring of targeted positions to assist with student learning and well-being, increased cleaning, sanitation and personal protection equipment (PPE) and increased instructional time.
- 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 PERA pension liability also contributed to the overall decrease in expenses related to governmental activities.
- Increased District charter school enrollments and a higher per pupil revenue allocation from the state resulted in increased charter school allocations of \$0.8 million over the previous year.

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 2020-21 show governmental fund balances, in total, having decreased approximately \$56.7 million, from \$181.3 million to \$124.6 million at the current fiscal year end.

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- The General Fund is the primary operating fund of the District. The balance of this fund increased \$9.8 million in 2020-21. Revenue in the year was greater than expected, primarily from timing associated with local property taxes that were assessed in 2019-20 but not remitted until 2020-21. County assessors granted an extension for taxpayers to not have to remit those taxes until October 2020. Approximately \$8.0 million of local property taxes were not received and recognized as revenue until 2020-21, thus creating an out of period source of funds. Further adding to the growth of fund balance were expenditures of approximately \$1.8 million less than expected with the savings coming from a variety of areas. Some of these savings were associated with being in on-line and hybrid learning for part of the school year while still being able to make focused investments as needed.
- The Grants Fund balance decreased \$5.4 million for the 2020-21 fiscal year, primarily due to a \$5.4 million increase in Grants Receivable over the prior year. Grants with the largest outstanding amounts include the BEST program (\$2.6 million), IDEA Part B (\$1.0 million), ESSER (\$1.3 million), and Head Start (\$0.8 million) with the remaining balance comprised of nominal amounts from State and local grants.
- The Bond Redemption Fund balance increased by \$1.9 million as a function of normal adherence to the existing debt service schedules and local property tax collections for the next year. Timing of the receipt of property taxes that were assessed in 2019-20 but not collected until 2020-21 due to extension of the remittance deadline by county treasurers due to the pandemic also contributed to the increase in fund balance and corrected the use of fund balance that was reflected in the prior year.
- The Building Fund balance decreased by \$66.2 million as a result of expenditures totaling \$66.3 million for bond project work that was paid during the year. Slightly offsetting the expenditures were investment earnings of \$0.2 million on the declining proceeds associated with the sale of Series 2019 bonds in January of 2019. These investment earnings were nearly \$0.4 million less than expected as interest rates significantly declined to near record low levels.
- The Land Reserve fund balance remained static from the prior year at \$5.3 million. Revenue received from payments in lieu of (PILO) land dedication from developers throughout the District (\$1.3 million) were offset by expenditures of approximately the same amount for the purchase of water shares at the new Riverview PK-8 school (\$0.8 million) and contributions of land improvements and a modular building for the Sunrise Thompson Health Clinic on the campus of Conrad Ball Middle School (\$0.4 million).
- The Capital Projects Fund balance increased \$2.4 million for the year. The remaining fund balance of \$4.1 million is intended to cover projects that were budgeted but not yet completed by the close of fiscal year 2021. This fund is also where Loveland Urban

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Renewal Area (LURA) proceeds and annual debt servicing of outstanding Certificates of Participation (COP) used for the construction of High Plains School are recorded.

General Fund Budgetary Highlights

The District began the year with a General Fund budget that included revenues in excess of expenditures (including transfers out to other funds) by \$0.1 million. In setting the budget there was optimism regarding student enrollment despite the unknowns of what the pandemic may bring in 2020-21 and the impact it would have on student count. Assumptions regarding state funding for PK-12 education also had to be made with many unknowns about how the pandemic may affect Colorado's sales and income tax collections, thus creating further uncertainty in School Finance Act funding. Maintaining a reasonable reserves position also factored into the budgeting strategy.

Mid-year, budget amendments were approved by the Board to revise downward the originally budgeted revenue. The combined impact of these changes was a decrease of \$2.1 million to General Fund results compared to the adopted budget, resulting in a revised use of fund balance for the year of \$2.1 million.

Reduction of originally budgeted revenues by \$2.1 million is detailed below.

- Funded Pupil Count (FPC) due to lower than expected enrollment numbers based on the October count reduced School Finance Act (local share + state equalization) program revenues (\$1.4 million)
- Decrease in proceeds from the 2018 mill levy override (MLO) property taxes due to a decrease in assessed valuation for the first time in the last ten years (\$0.7 million)

The General Fund expenditures budget was also reviewed mid-year but no significant adjustments were identified at that time.

Prior to the end of the fiscal year, supplemental budget changes were considered by staff to be presented to the Board. No material adjustments related to the General Fund were noted so no supplemental budget changes were proposed.

Final actual performance against the revised budget for 2020-21 was better than planned. Revenues significantly exceeded the adjusted targets by \$9.9 million. Key aspects of this increase are explained below.

- The majority of real estate property taxes are assessed and collected in the same fiscal year. Due to the impact of the pandemic, county treasurers granted an extension, without interest or penalty, for the payment of FY20 property taxes to October 2020 (fiscal year 2020-21). Revenue from these taxes are not realized until received, thus creating a one-time out of period increase in revenue due to the delayed payments from the prior year (\$6.6 million)

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- Specific Ownership Tax (SOT) collections from the licensure of cars, trucks, trailers, mobile homes, and special mobile machinery was better than expected (\$2.3 million)
- A January supplemental increase to the per pupil revenue (PPR) amount was approved by the legislature, which increased total School Finance Act program revenue (\$0.8 million)
- Higher than expected categorical funding (Special Education, Vocational Education, Transportation) from the State (\$0.5 million)
- Slightly offsetting these better than budget revenue results was investment earnings on cash on hand not meeting the budget target due to a decrease in the interest rate to a near historical low level (\$0.3 million)

Final actual expenditures, including transfers, were favorable to budget by \$1.8 million. Highlighted variances include the following:

- The Student Instruction program code comprises approximately 52.7% of total expenditures of the General Fund. This same program code represented \$0.3 million of expenditures less than budget. The largest favorable budget variance was in salaries/benefits (\$1.0 million). This favorable variance was partially offset by increases in equipment (\$0.2 million) and other expenditures (\$0.4 million).
- All Supporting Services program codes make up approximately 38.5% of General Fund budgeted expenditures. These combined program codes contributed \$0.2 million in favorable variance versus the final expenditures budget.
- Capital Outlay and Charter School Allocation program codes represent approximately 8.8% of General Fund budgeted expenditures and were \$1.4 million less than budget. This was primarily due to the fact that the allocation of the 2018 MLO property taxes to the charter schools was recorded in business services expenses per CDE guidance.

Capital Assets

At the end of the 2021 fiscal year the District had invested \$202.0 million in land, buildings, water rights and transportation vehicles, net of depreciation. Table 3 provides a comparison of capital assets for fiscal years 2021 versus 2020.

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**Table 3
Capital Assets at June 30, 2021
(Net of Depreciation, in Millions)**

	Governmental Activities		Total Percentage Change
	2021	2020	2020-21
Land	\$ 17.075	\$ 17.075	0.0%
Land Improvements	2.780	0.906	206.9%
Water Rights	5.698	4.898	16.3%
Construction in Progress	70.417	33.290	111.5%
Buildings	101.365	110.239	-8.0%
Equipment	1.892	1.352	40.0%
Transportation	2.807	2.650	5.9%
Totals	\$ 202.035	\$ 170.410	18.6%

New investments in capital assets, net of disposals for the year, were \$36.4 million. The category showing the most dollar increase year-over-year was construction in progress as projects associated with the Series 2019 General Obligation bond proceeds were underway but not yet completed by June 30, 2021. Smaller increases were seen in land improvements (\$1.9 million), primarily associated with moving completed capital projects to the proper asset category and in water rights (\$0.8 million) for water dedication needs at the new Riverview PK-8 school. The balance in buildings declined by \$8.9 million after recording depreciation for the year and the sale of the former Ferguson High School facility. Net depreciation on all depreciable fixed assets was \$8.1 million on governmental activities assets, yielding an overall net increase in capital assets for the year of \$31.6 million.

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

Debt Administration

At year-end the District had \$236.3 million in outstanding bonds, certificates of participation, and capital lease obligations. Of the total outstanding debt, \$11.8 million of principal is due within one year.

**Table 4
Outstanding Debt at June 30, 2021
(in Millions)**

	Governmental Activities 2021	Governmental Activities 2020
	General Obligation Bonds	\$ 227.799
Certificates of Participation	7.182	8.223
Capital Lease Obligation Payable	1.288	1.486
Total	\$ 236.269	\$ 249.160

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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.

- In March 2020 the State of Colorado declared a state of emergency in response to the COVID-19 pandemic. In turn, the District employed a transition to remote learning from after Spring Break 2020 to the end of the 2019-20 school year. As the pandemic continued to escalate, district administration made the decision to begin the 2020-21 school year in the remote learning environment, with the intent of returning students to in-person learning when safe to do so. In October 2020 the District implemented a hybrid learning model where elementary students would be in their school two days per week and working in a synchronous/asynchronous model the other 3 days. After the winter break, all students were able to return to in-person learning four days per week with the fifth day being a synchronous/asynchronous learning day. Masks were mandated when in school buildings. In addition, the District continued an option for students who wished to participate in a fully on-line program. The impact on student enrollment and other related costs of an atypical education delivery model will continue to be monitored and adjusted for as necessary.

- In response to the pandemic, the District was advised in May 2020 that it would receive approximately \$7.7 million of Coronavirus Relief Funds (CRF) and \$1.3 million of Elementary and Secondary School Emergency Relief (ESSER I) funds as part of the CARES Act federal stimulus program approved by Congress. Further, in fiscal year 2021 the District was awarded economic stimulus funds for ESSER II (\$5.4 million) as part of the CARES Act and ESSER III (\$12.1 million) as part of the American Rescue Plan (ARP) Act. The CRF funds were required to be expended by December 30, 2020. ESSER I funds had to be expended or encumbered by September 30, 2021. ESSER II funds are to be expended or encumbered by September 30, 2022 and ESSER III funds are required to be expended or committed by September 30, 2023. These grant awards were required to be shared on a pro-rata basis with the authorized charter schools in the District. The portion identified to be allocated to the two charter schools in the District was approximately \$3.1 million in total. The allowable expenditures that the District initially chose to pursue included efforts to prevent, prepare for and respond to COVID-19 by facilitating distance learning through the purchase of technology for both the District and individual students, salaries and benefits for professional development related to COVID-19, personal protective equipment (PPE), and cleaning and sanitizing. Expenditures related to ESSER II and III have included many of the items allowable under CRF and ESSER I. In addition, more focus has been added on addressing learning loss, preparing schools for reopening, and making improvements to air quality in school buildings. Expenditures and

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2021

commitments have included purchases of individual computer devices to further solidify the 1:1 student technology initiative, curriculum resources, providing increased instructional time and summer enrichment opportunities, addition of staff to respond to students' academic, social, and emotional needs, and additional purchases of cleaning, sanitizing and personal protective supplies. The District expects to fully expend the awarded funds in accordance with the guidance and deadlines provided.

- Fluctuations in student enrollment impact the primary revenue source for District General Fund operations, the School Finance Act. As a result of the pandemic the District experienced a significant reduction in student headcount for the 2020-21 school year. While 2021-22 has seen some recovery, student headcount is still below pre-pandemic levels. As part of the existing School Finance Act of the State of Colorado (as modified), the District has been able to somewhat lessen the impact of fewer students by utilizing the state's five year declining enrollment averaging methodology. For the 2021-22 fiscal year the Per Pupil Revenue (PPR) has shown an increase over the prior year as the state's economy has improved quicker than what was projected when the original budget was adopted at the state level. However, the District remains as one of approximately thirteen floor funded districts in the state, meaning the PPR is at the lowest statutorily allowed level. Both of these trends warrant continued monitoring and analysis from both a facilities utilization and financial impact perspective.
- 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 for new charter schools are known of at this time.
- Funding for school districts in Colorado is the largest portion of the State's General Fund budget as proposed in the FY 2021-22 Governor's Budget Request and, as a result, state-level budget struggles can impact school districts as evidenced by the continued use of the budget stabilization factor (previously known as the negative factor) in calculating school funding. Per pupil funding for the District for 2022-23 is largely dependent on the continuing economic impact the pandemic will have on revenue collections at the state level. Colorado's current economic growth at the time of this report appears to be on a favorable trajectory with greater than expected revenue forecasts from both the Legislative Council staff and the Colorado Office of State Budget and Planning, who advise the legislative Joint Budget Committee in proposing the annual budget to the General Assembly. Greater than expected forecasts for the collection of state income and sales tax provides a significant portion of the overall revenue for the state budget. However, due to

Thompson School District R2-J Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2021

Colorado Revised Statute X (the TABOR amendment), not all of the additional funding received by the state is likely to be available and revenues are likely to be capped. The emphasis on K-12 education funding by the legislature in the final state budget that is adopted will continue to be a significant area that requires evaluation and monitoring each year.

- Healthcare costs remain a significant portion of the District's expenditures. The District is part of the Colorado Employer Benefit Trust (CEBT) for health insurance coverage. The purpose of the trust is to spread the risk of adverse claims over a large base of members (approximately 260 participating groups covering 25,000 members) and reduce administration costs. Since the pool is self-insured, the participating groups are generally able to benefit from positive overall claims experience and low administrative costs. The trust purchases stop loss reinsurance for high claims so some relief is provided for those individuals on the plan with annual medical costs over the stop loss threshold. The District's Joint Insurance Committee and staff will continue to analyze appropriate recommendations of managing this significant cost.

- The District currently receives property tax revenues associated with three local MLOs approved by voters in 1999, 2006 and 2018. The first two initiatives have reached the maximum funding levels called for in the ballot language. Therefore, no additional revenue will be realized for these two overrides even as assessed valuations in the District boundaries continue to increase.

- In November 2018, voters of the District approved an additional MLO with a 7.600 fixed mill levy rate for the purpose of maintaining employment and current class-size ratios, updates to curriculum and technology, expansion of safety and security measures and a pro-rata sharing of these MLO dollars with the two charter schools in the District. Revenue associated with this MLO is dependent on assessed valuations (AV) within the District boundaries. Net AV of property in the District has increased approximately 90% from 2013 through 2022. A decrease in net AV of -3.8% occurred in 2021 but has appeared to rebound by growing at a rate of 6.0% in 2022. The average annual change in net AV over that ten year period has been 7.1%. While property values in the District boundaries appear to remain strong, any significant or prolonged decrease in that category could negatively impact MLO collections of the District.

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

Thompson School District R2-J
Statement of Net Position
As of June 30, 2021

	Primary Governmental Activities	Component Units
ASSETS		
Cash and Investments	\$ 150,587,959	\$ 8,470,785
Restricted Cash and Cash Equivalents	-	3,598,862
Accounts Receivable	1,901,848	385,076
Property Tax Receivable	4,493,576	-
Grants Receivable	7,948,607	-
Loan Receivable	2,500,000	-
Prepaid Expenses	5,000	470,782
Inventory	430,614	-
Capital Assets, Not Being Depreciated	93,190,509	3,009,254
Capital Assets, Net of Accumulated Depreciation	108,844,121	36,589,281
Total Assets	369,902,234	52,524,040
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	100,574,220	6,751,677
OPEB, Net of Accumulated Amortization	1,305,853	231,141
Loss on Debt Refundings, Net of Accumulated Amortization	3,632,089	-
Total Deferred Outflows of Resources	105,512,162	6,982,818
LIABILITIES		
Current Liabilities		
Accounts Payable	13,339,722	238,202
Retainage Payable	2,678,736	-
Accrued Salaries and Benefits	17,313,982	537,459
Unearned Revenue	5,986,674	16,464
Accrued Interest Payable	443,768	549,133
Noncurrent Liabilities		
Due within One Year	11,754,041	280,000
Due in More Than One Year	227,590,675	44,623,961
Pension Liability	279,781,405	16,709,163
OPEB Liability	10,170,275	716,418
Total Liabilities	569,059,277	63,670,800
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	118,628,005	8,943,915
OPEB, Net of Accumulated Amortization	3,339,718	182,194
Total Deferred Inflows of Resources	121,967,723	9,126,109
Net Position		
Net Investment in Capital Assets	(30,602,391)	(5,305,426)
Restricted for:		
Debt Service	19,486,174	2,952,806
TABOR	5,032,774	296,000
Land and Land Improvements	5,303,257	-
Grant Programs	(1,151,045)	-
Repairs and Replacement	-	150,087
Restricted for Emergencies	-	260,000
Unrestricted	(213,681,373)	(11,643,518)
Total Net Position	\$ (215,612,604)	\$ (13,290,051)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Statement of Activities
For the Year Ended June 30, 2021

	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 Government Activities						
Instruction	\$ 75,421,631	\$ 3,535,201	\$ 21,814,736	\$ 932,940	\$ (49,138,754)	\$ -
Supporting Services						
Pupil Services	9,564,128	-	727,158	-	(8,836,970)	-
Instructional Staff	12,920,986	-	1,211,930	-	(11,709,056)	-
General Administration	564,466	-	-	-	(564,466)	-
School Administration	7,805,289	-	-	-	(7,805,289)	-
Business Services	3,783,592	-	-	-	(3,783,592)	-
Maintenance/Operations	26,903,456	-	484,772	-	(26,418,684)	-
Pupil Transportation	3,647,757	-	1,174,627	-	(2,473,130)	-
Central Supporting Services	463,820	668,495	-	-	204,675	-
Nutrition Services	3,035,198	45,673	5,227,268	-	2,237,743	-
Community Services	(163,914)	-	-	-	163,914	-
Facilities Acquisition and Construction Services	44,209	-	-	-	(44,209)	-
Total Supporting Services	68,568,987	714,168	8,825,755	-	(59,029,064)	-
Charter School Allocation	13,780,897	-	-	-	(13,780,897)	-
Interest on Long-term Debt	8,336,698	-	-	-	(8,336,698)	-
Total Governmental Activities	166,108,213	4,249,369	30,640,491	932,940	(130,285,413)	-
Component Units						
New Vision Charter School	7,858,880	43,247	777,933	263,834	-	(6,773,866)
Loveland Classical Schools	8,398,379	98,670	215,350	267,825	-	(7,816,534)
Thompson Education Foundation	686,285	8,714	675,205	-	-	(2,366)
	\$ 16,943,544	\$ 150,631	\$ 1,668,488	\$ 531,659	-	(14,592,766)
General Revenues						
Property taxes levied for:						
General Purposes						
				52,934,789	-	
				31,874,584	2,675,015	
				19,211,741	637,191	
Specific Ownership Taxes levied for:						
General Purposes						
				8,312,971	-	
				62,000,145	-	
				1,268,647	-	
				320,650	269,575	
				-	13,942,710	
				-	57,323	
				1,442,046	-	
				-	869,516	
				177,365,573	18,451,330	
Total General Revenues						
					47,080,160	3,858,564
Changes in Net Position						
Net Position - Beginning of Year					(262,692,764)	(17,148,615)
Net Position - Ending					\$ (215,612,604)	\$ (13,290,051)

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Government Designated- Purpose Grants</u>	<u>Bond Redemption</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Investments	\$ 46,978,077	\$ 1,642,414	\$ 19,336,024	\$ 69,445,822	\$ 13,185,622	\$ 150,587,959
Accounts Receivable	1,793,366	23,721	-	-	84,761	1,901,848
Property Tax Receivable	3,899,658	-	593,918	-	-	4,493,576
Grants Receivable	-	6,881,251	-	-	1,067,356	7,948,607
Prepaid Expenses	5,000	-	-	-	-	5,000
Inventory	-	-	-	-	430,614	430,614
Total Assets	\$ 52,676,101	\$ 8,547,386	\$ 19,929,942	\$ 69,445,822	\$ 14,768,353	\$ 165,367,604
LIABILITIES						
Accounts Payable	\$ 1,316,142	\$ 2,073,652	\$ -	\$ 9,428,090	\$ 521,838	\$ 13,339,723
Retainage Payable	-	103,883	-	2,574,853	-	2,678,736
Accrued Salaries and Benefits	15,314,229	1,687,278	-	5,158	307,316	17,313,982
Unearned Revenue	-	5,833,618	-	-	153,056	5,986,674
Total Liabilities	16,630,371	9,698,431	-	12,008,101	982,210	39,319,114
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	1,307,190	-	157,798	-	-	1,464,988
Total Deferred Inflows of Resources	1,307,190	-	157,798	-	-	1,464,988
FUND BALANCES						
Nonspendable Inventory	-	-	-	-	430,614	430,614
Restricted for:						
TABOR	4,994,639	-	-	-	38,135	5,032,774
Debt Service	-	-	19,772,144	-	-	19,772,144
Land & Land Improvements	-	-	-	-	5,303,257	5,303,257
Grant Programs	-	(1,151,045)	-	-	-	(1,151,045)
Committed to Student Specific Programs	-	-	-	-	3,249,612	3,249,612
Assigned to Capital Projects	-	-	-	57,437,721	4,069,893	61,507,614
Assigned to Nutrition Services	-	-	-	-	694,632	694,632
Unassigned	29,743,901	-	-	-	-	29,743,901
Total Fund Balances	34,738,540	(1,151,045)	19,772,144	57,437,721	13,786,143	124,583,503
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 52,676,101	\$ 8,547,386	\$ 19,929,942	\$ 69,445,822	\$ 14,768,353	\$ 165,367,604

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, 2021

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

Total Fund Balances - Governmental Funds	\$	124,583,503
Capital assets used in governmental activities are not financial resources & therefore are not reported as assets in governmental funds.		
The cost of capital assets is		364,294,669
Accumulated depreciation is		<u>(162,260,039)</u>
		202,034,630
Long-term assets are not available to pay current year expenditures and therefore are deferred in governmental funds.		
Notes Receivable		2,500,000
Revenues that do not provide current financial resources are deferred in the governmental funds but are recognized in the government-wide financial statements. This amount represents property tax revenues not available at year-end.		
		1,464,988
Long-term liabilities and related items are not due and payable in the governmental funds. Long-term liabilities at year end consist of:		
Accrued Interest Payable		(443,768)
Bonds Payable		(198,370,000)
Deferred Outflows of Resources, Loss on Debt Refundings		3,632,089
Premium on Bond Financing		(29,429,166)
Certificates of Participation		(6,395,000)
Premium on Certificates of Participation		(787,418)
Bus Leases		(1,287,526)
Compensated Absences		(719,479)
Early Retirement Stipends		(2,356,127)
Net Pension Liability		(279,781,405)
Net OPEB Liability		(10,170,275)
Deferred Outflows of Resources, Pensions		100,574,220
Deferred Outflows of Resources, OPEB		1,305,853
Deferred Inflows of Resources, Pensions		(118,628,005)
Deferred Inflows of Resources, OPEB		<u>(3,339,718)</u>
		<u>(546,195,725)</u>
Total Net Position - Governmental Activities	\$	<u>(215,612,604)</u>

Thompson School District R2-J
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Government Designated- Purpose Grants	Bond Redemption	Building	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 99,007,856	\$ -	\$ 20,644,153	\$ -	\$ -	\$ 119,652,009
Intergovernmental	69,987,535	20,143,584	-	-	5,227,268	95,358,387
Loveland URA Distribution	-	-	-	-	932,940	932,940
Charges for Services	-	-	-	-	481,396	481,396
Payments in Lieu of Land Dedication	-	-	-	-	1,268,647	1,268,647
Fund Raising and Events	-	-	-	-	994,179	994,179
Investment Earnings	65,271	1,089	87,741	162,582	3,967	320,650
Other	-	-	-	-	56,042	56,042
TOTAL REVENUE	169,060,662	20,144,673	20,731,894	162,582	8,964,439	219,064,250
Expenditures						
Current-						
Instruction						
Salaries and Benefits	76,624,279	5,375,578	-	-	185,697	82,185,554
Purchased Services	3,044,819	1,115,192	-	3,584	225,445	4,389,040
Supplies and Materials	2,099,182	529,134	-	5,557	640,779	3,274,652
Equipment	269,543	17,702	-	107,636	148,822	543,703
Other	485,623	-	-	-	174,978	660,601
Total Instruction	82,523,446	7,037,606	-	116,777	1,375,721	91,053,550
Supporting Services						
Pupil Services	8,984,587	5,151,086	-	-	5,607	14,141,280
Instructional Staff	11,531,919	7,189,504	-	263,233	119,988	19,104,645
General Administration	834,606	-	-	-	-	834,606
School Administration	10,980,318	525,192	-	-	35,193	11,540,704
Business Services	5,254,658	-	-	-	339,666	5,594,324
Maintenance/Operations	14,600,094	4,575,796	-	25,219,055	65,405	44,460,350
Pupil Transportation	4,653,984	-	-	-	124,274	4,778,258
Central Supporting Services	3,477,923	786,505	-	-	38,615	4,303,043
Nutrition Services	-	-	-	-	4,443,007	4,443,007
Community Services	-	91,952	-	-	566,541	658,493
Facilities Acquisition and Construction Services	-	-	-	35,365	30,000	65,365
Total Support Services	60,318,089	18,320,036	-	25,517,653	5,768,296	109,924,074
Capital Projects						
Charter School Allocation	25,000	1,188,078	-	40,702,960	1,742,062	43,658,100
Debt Service - Principal	13,780,897	-	-	-	-	13,780,897
Debt Service - Interest	-	-	9,085,000	-	1,118,886	10,203,886
	-	-	9,736,675	-	342,992	10,079,667
TOTAL EXPENDITURES	156,647,432	26,545,720	18,821,675	66,337,391	10,347,957	278,700,175
Excess of Revenues Over (Under) Expenditures	12,413,230	(6,401,047)	1,910,219	(66,174,809)	(1,383,518)	(59,635,925)
Other Financing Sources (Uses)						
Transfers In	-	972,153	-	-	1,600,556	2,572,709
Transfers Out	(2,572,709)	-	-	-	-	(2,572,709)
Proceeds from Sale of Assets	-	-	-	-	2,931,000	2,931,000
Total Other Financing Sources (Uses)	(2,572,709)	972,153	-	-	4,531,556	2,931,000
Net Change in Fund Balances	9,840,521	(5,428,894)	1,910,219	(66,174,809)	3,148,038	(56,704,925)
Net Position - Beginning of Year	24,898,019	4,277,849	17,861,925	123,612,530	10,638,105	181,288,428
Fund Balances - End of the Year	\$ 34,738,540	\$ (1,151,045)	\$ 19,772,144	\$ 57,437,721	\$ 13,786,143	\$ 124,583,503

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, 2021

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

Net change in fund balances - governmental funds \$ (56,704,925)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as an annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current year.

	Depreciation expense	(8,053,320)	
	Loss on Disposal	(1,488,954)	
	Capital Outlay	43,667,242	34,124,968

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the changes in property taxes not available at year-end. (7,317,925)

In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (severance incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid (\$903,416) were more than the amounts earned (\$144,075) by \$759,341. Vacation used (\$1,097,570) was more than the amounts earned (\$1,083,524) by \$14,046. (19,847)

Repayments of bonds, capital leases, and certificates of participation are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.

	Principal Payment on Bonds	9,085,000	
	Principal Payment of Capital Leases	198,887	
	Principal Payment of COPs	920,000	10,203,887

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

	Amortization of Loss on Refunding	(970,958)	
	Amortization of Premiums	2,688,019	
	Bond Issuance Costs	-	1,717,061

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the change in the net pension and OPEB liability and the related deferred outflows of resources and deferred inflows of resources and the change in accrued interest payable (\$25,908) 65,076,942

Change in net position of governmental activities \$ 47,080,161

Thompson School District R2-J
Statement of Fiduciary Assets and Liabilities
As of June 30, 2021

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ <u>53,316</u>
TOTAL ASSETS	\$ <u><u>53,316</u></u>
LIABILITIES	
Undistributed Monies	\$ <u>53,316</u>
TOTAL LIABILITIES	\$ <u><u>53,316</u></u>

The accompanying notes are an integral part of this statement

Thompson School District R2-J
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies

The financial statements of Thompson School District R2-J (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

(A) Reporting Entity

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

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

Blended Component Unit:

Thompson School Facilities Corporation

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

Discrete Component Units:

The District includes the New Vision Charter School, Loveland Classical Schools and Thompson Education Foundation, which is a nonprofit entity, (the "Entities") within its reporting entity because the District is financially accountable for the Entities. The charter schools are authorized by the District and the District is legally obligated to provide the majority of their revenues. The resources of the Foundation exclusively benefit the District. In addition, management has determined that their exclusion would render the District's financial statements incomplete. Since the Entities have separately elected boards, the balances and transactions of the Entities are discretely presented in the financial statements. New Vision Charter School issues separate

Thompson School District R2-J
Notes to Financial Statements
June 30, 2021

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

(B) Fund Accounting

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

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

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

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

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

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

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

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

In addition, the District reports the following fund type:

Fiduciary Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one agency fund, The Education Memorial Fund. The District holds all resources in a purely custodial capacity.

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(C) Basis of Presentation

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

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

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

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

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

(D) Basis of Accounting

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

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

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Notes to Financial Statements
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available means expected to be received within sixty days of fiscal year-end (or ninety days in the case of Grant funds).

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, special ownership taxes collected within 30 days after year-end, interest, tuition, grants and student fees.

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

Deferred Outflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources Property taxes and grant revenues earned but not available as current financial resources are reported as deferred inflows of resources in the governmental fund financial statements.

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

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

(E) Cash, Cash Equivalents and Temporary Investments

Cash, cash equivalents, and temporary investments include cash on hand, demand deposits, certificates of deposit, repurchase agreements, money market funds and participation in local

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Notes to Financial Statements
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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.

(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, 2021, are reflected as a liability in the accompanying financial statements.

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Notes to Financial Statements
June 30, 2021

(I) Compensated Absences and Severance Incentive Benefit Amounts

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

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

During fiscal year 1993, the District initiated a severance bonus plan. Certified, classified and administrative personnel could choose from a number of options and payment plans when terminating from the District. Currently, payments under the severance plan are scheduled through fiscal year 2024. The District budgets the subsequent year's available resources for severance, severance incentive and eligible accumulated leave benefits. Therefore, the entire unpaid liability for early retirement and sick leave paid upon retirement for governmental funds is reported on the government-wide financial statements. Amounts for sick leave to be paid with the severance and early retirement bonus are included in severance incentive stipends payable. The compensated absences balance is the accrual for active employees. The amounts recorded as liabilities for all compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The entire compensated absence and severance incentive liability is reported on the government-wide financial statements.

(J) Accrued Liabilities and Long-Term Obligations

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

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

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Notes to Financial Statements
June 30, 2021

(K) Defined Benefit Plans

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of 2021.

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. 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.

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June 30, 2021

(M) Net Position

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

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 March 1, 2022, the date the financial statements were available to be issued.

NOTE (2) Cash and Investments

(A) Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2021, the District had deposits of \$5,343,873 collateralized with securities held by the financial institutions' agents, but not in the District's name.

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Notes to Financial Statements

June 30, 2021

(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. At June 30, 2021, the Foundation's investments in U.S. Agency securities, corporate securities and mutual funds were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). Investments in money market funds and external investment pools are reported at the net asset value per share.

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

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

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

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

Local government investment pool – At June 30, 2021, the District had \$147,137,615 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

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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, 2021 were as follows:

Investment Type	S&P / Morningstar Rating	Investment Maturities (In Years)				Fair Value
		Less than 1	Thompson	All		
			Education Foundation			
Money Market Funds	AAAm	\$ 13,600	\$ 13,598	\$ 2	\$ 13,600	
Mutual Funds	5	195,116	195,116	-	195,116	
Mutual Funds	4	388,242	388,242	-	388,242	
Mutual Funds	3	479,006	479,006	-	479,006	
Local Government Investment Pool	AAAm	147,137,615	-	147,137,615	147,137,615	
		<u>\$ 148,213,579</u>	<u>\$ 1,075,962</u>	<u>\$ 147,137,617</u>	<u>\$ 148,213,579</u>	

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

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

Cash and Deposits	\$ 3,972,562
Investments	<u>148,213,579</u>
Total	<u>\$ 152,186,141</u>
<u>Financial Statements:</u>	
Primary Government Cash and Investments	\$ 150,587,957
Thompson Education Foundation Cash and Investments	1,544,868
Fiduciary Funds Cash and Investments	<u>53,316</u>
Total	<u>\$ 152,186,141</u>

NOTE (3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows.

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Notes to Financial Statements
June 30, 2021

	Capital Assets <u>June 30, 2020</u>	Additions	Deletions / Transfers	Capital Assets <u>June 30, 2021</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 17,074,783	\$ -	\$ -	\$ 17,074,783
Water Rights	4,898,384	800,000	-	5,698,384
Construction in Progress	<u>33,290,049</u>	<u>41,518,388</u>	<u>(4,391,095)</u>	<u>70,417,342</u>
Total capital assets, not being depreciated	<u>55,263,216</u>	<u>42,318,388</u>	<u>(4,391,095)</u>	<u>93,190,509</u>
Capital assets, being depreciated:				
Land Improvements	1,853,723	2,281,487	-	4,135,210
Buildings	243,505,030	1,614,895	(7,287,454)	237,832,471
Equipment	13,826,621	1,087,957	(19,848)	14,894,730
Transportation	<u>13,486,139</u>	<u>755,610</u>	<u>-</u>	<u>14,241,749</u>
Total capital assets, being depreciated	<u>272,671,513</u>	<u>5,739,949</u>	<u>(7,307,302)</u>	<u>271,104,160</u>
Less accumulated depreciation for:				
Land Improvements	(947,858)	(406,993)	-	(1,354,851)
Buildings	(133,266,498)	(6,499,928)	3,298,500	(136,467,926)
Equipment	(12,475,042)	(547,044)	19,848	(13,002,238)
Transportation	<u>(10,835,669)</u>	<u>(599,355)</u>	<u>-</u>	<u>(11,435,024)</u>
Total accumulated depreciation	<u>(157,525,067)</u>	<u>(8,053,320)</u>	<u>3,318,348</u>	<u>(162,260,039)</u>
Total capital assets, being depreciated, net	<u>115,146,446</u>	<u>(2,313,371)</u>	<u>(3,988,954)</u>	<u>108,844,121</u>
Governmental Activities Capital Assets, Net	<u>\$ 170,409,662</u>	<u>\$ 40,005,017</u>	<u>\$ (8,380,049)</u>	<u>\$ 202,034,630</u>

Depreciation expense for the year ended June 30, 2021 was charged to the following governmental functions:

Instruction	\$ 6,327,328
Supporting Services	
Maintenance / Operations	337,925
Pupil Transportation	733,297
Central Supporting Services	563,065
Nutrition Services	30,272
Community Services	<u>61,433</u>
Total	<u>\$ 8,053,320</u>

NOTE (4) Short-term Debt

During the year ended June 30, 2021, the District borrowed \$7,064,546 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, 2021, from property taxes received primarily from February through March. The schedule of changes is summarized below.

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	Balance July 1 2020	Additions	Payments	Balance June 30 2021
State-sponsored Interest-free Loan	\$ -	\$ 7,064,546	\$ 7,064,546	\$ -

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, 2021.

Series 2012 and 2019 Bonds

Interest Rate 2.00% to 5.00%

Year Ended June 30, 2021	Principal	Interest	Total
2022	9,525,000	9,300,925	18,825,925
2023	9,955,000	8,923,019	18,878,019
2024	10,280,000	8,554,338	18,834,338
2025	10,700,000	8,122,218	18,822,218
2026	11,175,000	7,615,875	18,790,875
2027-2039	146,735,000	52,665,625	199,400,625
Total	\$ 198,370,000	\$ 95,182,000	\$ 293,552,000

NOTE (6) Certificates of Participation

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

On October 30, 2014, the Thompson School Facilities Corporation issued \$11,515,000 Certificates of Participation. Proceeds of \$2,420,000 were used to refund the 2004 COPs. Proceeds of \$9,095,000 were used to construct High Plains School. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at the rates ranging from 2% to 5% per annum. 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, 2021.

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Series 2014 Certificates of Participation

Interest Rate 2.00% to 5.00%

<u>Year Ended June 30, 2021</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	965,000	263,538	1,228,538
2023	1,025,000	213,788	1,238,788
2024	1,075,000	161,288	1,236,288
2025	835,000	113,538	948,538
2026	870,000	73,088	943,088
2027-2030	1,625,000	100,744	1,725,744
Total	<u>\$ 6,395,000</u>	<u>\$ 925,984</u>	<u>\$ 7,320,984</u>

NOTE (7) Capital Lease

In August 2017, the District entered into a master lease agreement for \$2,100,000 to purchase buses. Annual payments of \$231,216 are due under the lease agreement through September 1, 2026. Interest accrues on the outstanding balance at 2.175% per annum. At June 30, 2021, capital assets of \$2,002,809 less accumulated amortization of \$801,124 are reported under this lease agreement.

The table below identifies the remaining principal and interest due on the outstanding capital leases as of June 30, 2021.

<u>Year Ended June 30, 2021</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	203,212	28,004	231,216
2023	207,632	23,584	231,216
2024	212,148	19,068	231,216
2025	216,762	14,454	231,216
2026	221,477	9,739	231,216
2027	226,295	4,922	231,217
Total	<u>\$ 1,287,526</u>	<u>\$ 99,771</u>	<u>\$ 1,387,297</u>

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, 2021.

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	June 30, 2020	Additions	Deletions	June 30, 2021	Amount Due in One Year
Governmental activities:					
Bonds Payable (principal)	\$ 207,455,000	\$ -	\$ 9,085,000	\$ 198,370,000	\$ 9,525,000
Premium Bond Refinancing '12	5,393,523	-	1,135,478	4,258,045	-
Certificates of Participation '14	7,315,000	-	920,000	6,395,000	965,000
Premium Certificate of Participation '14	908,426	-	121,008	787,418	-
Premium Bond Issuance '19	26,602,654	-	1,431,533	25,171,121	-
Bus Lease '18	1,486,413	-	198,887	1,287,526	203,212
Compensated Absences*	733,525	1,083,524	1,097,570	719,479	280,000
Severance-Incentive Payable*	2,322,234	937,309	903,416	2,356,127	780,829
Total	\$ 252,216,775	\$ 2,020,833	\$ 14,892,892	\$ 239,344,716	\$ 11,754,041

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

(B) Annual Requirements

Listed below are the annual requirements to amortize the Severance Incentive at June 30, 2021:

Year Ended June 30, 2021	Severance Incentive Stipends
2022	\$ 798,829
2023	652,361
2024	403,628
2025	264,534
2026	176,619
2027	60,156
Total	<u>\$ 2,356,127</u>

NOTE (9) Interfund Transfers

Interfund transfers at June 30, 2021, were composed of the following:

Transfer In	Transfer Out	Amount
Government Designated-Purpose Grants	General	\$ 972,153
Fee Supported Programs	General	326,840
Capital Projects	General	1,273,716
Total		<u>\$ 2,572,709</u>

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

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NOTE (10) Defined Benefit Pension Plan

General Information

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

Benefits Provided - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is 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:

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

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual

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increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula shown above considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

Contributions Provisions as of 2021 - Eligible employees, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00% of their PERA-includable salary during the period of July 01, 2020 through June 30, 2021. The District's contribution rate was 20.90% of covered salaries for July 01, 2020 through June 30, 2021. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-208(1)(f).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million 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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 \$19,734,869, for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured at December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District proportion of the net pension liability was based on

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the District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, the District reported a liability of \$279,781,405, for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

School's proportionate share of net pension liability	279,781,405
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	-
Proportionate share of the net pension liability	279,781,405

At December 31, 2020, the District's proportion was 1.8506529960%, which was an increase of 0.2705769828% from its proportion measured at December 31, 2019.

For the year ended June 30, 2021, the District recognized pension benefit of \$44,583,550. There was no support from the State as a nonemployer contributing entity.

At June 30, 2021, 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
Differences between expected and actual experience	15,372,599	-
Changes of assumptions and other inputs	26,914,107	47,028,863
Net difference between projected and actual earnings on plan investments	-	61,586,221
Changes in proportion	45,199,082	10,012,921
Contributions subsequent to the measurement date	13,088,432	-
Total	\$ 100,574,220	\$ 118,628,005

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District contributions subsequent to the measurement date of \$13,088,432 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2022	(39,818,479)
2023	21,908,439
2024	(3,516,630)
2025	(9,715,547)
Total	<u>\$ (31,142,217)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2019, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	1.25%
Hired after 12/31/06	ad hoc

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

- *Males*: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- *Females*: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well

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as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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 PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	70.00%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80% - 11.50%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	1.25%
Hired after 12/31/06	Financed by AIR

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

<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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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

Discount Rate - The discount rate used to measure the total pension liability 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:

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- 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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.

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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 381,644,751	\$ 279,781,405	\$ 194,895,672

Pension Plan Fiduciary Net Position - Detailed information about the SCHDTF's FNP is available in PERA's Annual Report 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 postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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. PERA issues a publicly available comprehensive annual financial report (Annual report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare 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.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible

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benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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

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

DPS Benefit Structure - The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent 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 CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the School Division are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District was \$1,012,553, for the year ended June 30, 2021.

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

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At June 30, 2021, the District reported a liability of \$10,170,275 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers to the HCTF. At December 31, 2020, the District's proportion was 1.0703018117%, which was an increase of 0.0377413974% from its proportion measured at December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$338,799. At June 30, 2021, 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
Differences between expected and actual experience	\$ 27,014	\$ 2,235,925
Changes of assumptions and other inputs	76,001	623,628
Net difference between projected and actual earnings on plan investments	-	415,567
Changes in proportion	531,299	64,598
Contributions subsequent to the measurement date	671,539	-
Total	\$ 1,305,853	\$ 3,339,718

District contributions subsequent to the measurement date of \$671,539 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2022	(644,277.00)
2023	(586,098.00)
2024	(670,019.00)
2025	(597,236.00)
2025	(195,567.00)
Thereafter	(12,207)
Total	\$ (2,705,404)

Actuarial Assumptions - The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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Actuarial cost method	Entry Age
Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
8.1% in 2020, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.5% in 2020, gradually increasing to 4.5% in 2029	
DPS Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$558, Monthly Premium of \$227, Monthly Costs Adjusted to Age 65 of \$550.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$621, Monthly Premium of \$232, Monthly Costs Adjusted to Age 65 of \$586.

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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.

Mortality assumptions used in the December 31, 2019, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in

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the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

Thompson School District R2-J
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June 30, 2021

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 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 10).

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 percent.

Discount Rate - The discount rate used to measure the total OPEB liability 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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 11,650,235	\$ 10,170,275	\$ 8,905,767

Sensitivity of the District's proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability using the current healthcare cost trend rates, ranging from 2.5% to 9.1%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ 9,907,409	\$ 10,170,275	\$ 10,476,285

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's Annual report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE (12) Risk Management

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

Colorado School District Self Insurance Pool

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

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

Thompson School District R2-J
Notes to Financial Statements
June 30, 2021

Other Risks

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

NOTE (13) Commitments and Contingencies

(A) Litigation

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

(B) 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, 2021.

(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, 2021, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.

NOTE (14) Current Economic Conditions

During the year ended June 30, 2021, the United States of America and State of Colorado declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. The District has adapted and made changes to operations due to potential impacts on health and safety. Should these conditions persist, the District could be negatively impacted.

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, 2021

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
District's Proportion of the Net Pension Liability	1.8506529960%	1.5800760132%	1.5616537230%	1.8038286302%	1.7975140477%	1.8247272213%	1.8673090248%	1.8379409554%
District's Proportionate Share of the Net Pension Liability	\$ 279,781,405	\$ 236,059,928	\$ 276,522,868	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146	\$ 253,083,096	\$ 234,428,873
State's Proportionate Share of the Net Pension Liability	\$ -	\$ 29,941,199	\$ 37,810,662	\$ -	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 279,781,405	\$ 266,001,127	\$ 314,333,530	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146	\$ 253,083,096	\$ 234,428,873
District's Covered Payroll	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 83,209,077	\$ 80,682,995	\$ 79,521,895	\$ 78,227,377	\$ 74,093,252
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	283%	254%	322%	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	57%	44%	43%	59%	63%	64%
DISTRICT CONTRIBUTIONS	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Statutorily Required Contribution	\$ 19,734,869	\$ 18,802,332	\$ 16,898,698	\$ 15,882,065	\$ 15,078,469	\$ 14,135,265	\$ 13,371,671	\$ 12,266,682
Contributions in Relation to the Statutorily Required Contribution	(19,734,869)	(18,802,332)	(16,898,698)	(15,882,065)	(15,078,469)	(14,135,265)	(13,371,671)	(12,266,682)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703	\$ 82,018,638	\$ 79,689,504	\$ 79,169,029	\$ 76,712,390
Contributions as a Percentage of Covered Employee Payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.74%	16.89%	15.99%

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

See independent auditors' report

Thompson School District R2-J
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2021

	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net OPEB Liability				
District's Proportion of the Net OPEB Liability	1.0703018117%	1.0325604143%	1.0150601687%	1.0249358755%
District's Proportionate Share of the Net OPEB Liability	\$ 10,170,275	\$ 11,605,958	\$ 13,810,320	\$ 13,320,067
District's Covered Payroll	\$ 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	10%	13%	16%	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	18%
	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
District Contributions				
Statutorily Required Contribution	\$ 1,012,553	\$ 989,622	\$ 900,809	\$ 857,817
Contributions in Relation to the Statutorily Required Contribution	(1,012,553)	(989,622)	(900,809)	(857,817)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 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%

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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Local Property- School Finance Act	\$ 54,452,327	\$ 53,797,698	\$ 56,449,633	\$ 2,651,935
Local Property- Mill Levy Override	32,348,326	31,647,137	34,245,252	2,598,115
Specific Ownership	6,007,864	5,966,594	8,312,971	2,346,377
Intergovernmental				
Equalization Entitlements	60,489,433	59,762,225	62,000,145	2,237,920
Special Education	3,122,210	3,122,210	3,642,465	520,255
Vocational Education	434,280	434,280	412,856	(21,424)
Transportation	1,143,510	1,143,510	1,174,627	31,117
Other Federal Grants	-	-	39,690	39,690
Charter School Chargebacks	2,063,385	2,063,385	2,049,257	(14,128)
Other	812,315	812,315	668,495	(143,820)
Investment Earnings	374,300	374,300	65,271	(309,029)
TOTAL REVENUE	161,247,950	159,123,654	169,060,662	9,937,007
TOTAL EXPENDITURES	158,480,545	158,480,545	156,647,432	1,833,113
Excess of Revenues Over (Under) Expenditures	2,767,405	643,109	12,413,230	11,770,120
Other Financing Sources (Uses)				
Transfers Out:				
Governmental Designated-Purpose				
Grants Fund	(1,107,728)	(1,107,728)	(972,153)	135,575
Fee Supported Programs Fund	(326,840)	(326,840)	(326,840)	-
Capital Projects Fund	(1,273,716)	(1,273,716)	(1,273,716)	-
Total Other Financing Sources (Uses)	(2,708,284)	(2,708,284)	(2,572,709)	135,575
Net Change in Fund Balance	59,121	(2,065,175)	9,840,521	11,905,695
Fund Balance - Beginning of Year	25,192,551	24,898,019	24,898,019	-
Fund Balance - End of Year	\$ 25,251,672	\$ 22,832,844	\$ 34,738,540	\$ 11,905,695

See independent auditors' report

**Thompson School District R2-J
General Fund - 10
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<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	\$ 77,600,468	\$ 77,600,468	\$ 76,624,279	\$ 976,189
Purchased Services	2,963,583	2,963,583	3,044,819	(81,236)
Supplies and Materials	2,136,709	2,136,709	2,099,182	37,527
Equipment	22,220	22,220	269,543	(247,323)
Other	98,826	98,826	485,623	(386,797)
Total Instruction	<u>82,821,806</u>	<u>82,821,806</u>	<u>82,523,446</u>	<u>298,362</u>
Supporting Services				
Pupil Services	8,283,743	8,283,743	8,984,587	(700,844)
Instructional Staff	13,730,505	13,730,505	11,531,919	2,198,586
General Administration	868,227	868,227	834,606	33,621
School Administration	9,998,384	9,998,384	10,980,318	(981,934)
Business Services	2,452,651	2,452,651	5,254,658	(2,802,007)
Maintenance/Operations	15,277,107	15,277,107	14,600,094	677,013
Pupil Transportation	5,352,981	5,352,981	4,653,984	698,997
Central Supporting Services	4,530,373	4,530,373	3,477,923	1,052,450
Total Supporting Services	<u>60,493,971</u>	<u>60,493,971</u>	<u>60,318,089</u>	<u>175,882</u>
Capital Outlay	293,971	293,971	25,000	268,971
Charter School Allocation	14,870,797	14,870,797	13,780,897	1,089,900
TOTAL EXPENDITURES	<u>\$ 158,480,545</u>	<u>\$ 158,480,545</u>	<u>\$ 156,647,432</u>	<u>\$ 1,833,115</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
Federal Sources	\$ 13,300,164	\$ 13,300,164	\$ 17,188,008	\$ 3,887,844
State/Local Sources	14,036,722	14,036,722	2,955,576	(11,081,146)
Investment Earnings	-	-	1,089	1,089
TOTAL REVENUE	<u>27,336,886</u>	<u>27,336,886</u>	<u>20,144,673</u>	<u>(7,192,213)</u>
Expenditures				
Current-				
Instruction				
Salaries and Benefits	7,012,323	7,012,323	5,375,578	1,636,745
Purchased Services	2,098,058	2,098,058	1,115,192	982,866
Supplies and Materials	690,306	690,306	529,134	161,172
Equipment	-	-	17,702	(17,702)
Other	102,772	102,772	-	102,772
Total Instruction	<u>9,903,459</u>	<u>9,903,459</u>	<u>7,037,606</u>	<u>2,865,853</u>
Supporting Services				
Pupil Services	7,303,359	7,303,359	5,151,086	2,152,273
Instructional Staff	2,088,103	2,088,103	7,189,504	(5,101,401)
School Administration	669,709	669,709	525,192	144,517
Maintenance/Operations	2,061	2,061	4,575,796	(4,573,735)
Central Supporting Services	-	-	786,505	(786,505)
Community Services	100,310	100,310	91,952	8,358
Total Support Services	<u>10,163,542</u>	<u>10,163,542</u>	<u>18,320,036</u>	<u>(8,156,492)</u>
Capital Outlay	8,193,550	8,193,550	1,188,078	7,005,472
TOTAL EXPENDITURES	<u>28,260,551</u>	<u>28,260,551</u>	<u>26,545,720</u>	<u>1,714,833</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(923,665)</u>	<u>(923,665)</u>	<u>(6,401,047)</u>	<u>(5,477,380)</u>
Other Financing Sources				
Transfers In	1,107,728	1,107,728	972,153	(135,575)
Net Change in Fund Balance	184,063	184,063	(5,428,894)	(5,612,955)
Fund Balances - Beginning of Year	<u>4,630,375</u>	<u>4,277,849</u>	<u>4,277,849</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 4,814,438</u>	<u>\$ 4,461,912</u>	<u>\$ (1,151,045)</u>	<u>\$ (5,612,955)</u>

See independent auditors' report

Thompson School District R2-J
Notes to Required Supplementary Information
June 30, 2021

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

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

Changes in Assumptions and Other Inputs

For the year ended 2021, the total pension liability was determined by an actuarial valuation as of December 31, 2019. The following revised economic and demographic assumptions were effective as of December 31, 2019.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

NOTE (2) Budgets and Budgetary Accounting

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

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

OTHER SUPPLEMENTARY INFORMATION

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

NONMAJOR GOVERNMENTAL FUNDS

The District has the following Nonmajor Funds:

Nutrition Services Fund

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

Interscholastic Athletic and Activity Fund

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

Land Reserve Fund

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

Fee Supported Programs Fund

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

Capital Projects Fund

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

**Thompson School District R2-J
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

	<u>Nutrition Services</u>	<u>Athletics / Activities</u>	<u>Land Reserve</u>	<u>Fee Supported Programs</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash and Investments	\$ 42,273	\$ 1,907,560	\$ 5,267,034	\$ 1,536,758	\$ 4,431,997	\$ 13,185,622
Accounts Receivable	-	-	77,281	511	6,969	84,761
Grants Receivable	1,067,356	-	-	-	-	1,067,356
Inventory	430,614	-	-	-	-	430,614
Total Assets	<u>\$ 1,540,243</u>	<u>\$ 1,907,560</u>	<u>\$ 5,344,315</u>	<u>\$ 1,537,269</u>	<u>\$ 4,438,966</u>	<u>\$ 14,768,353</u>
LIABILITIES						
Accounts Payable	\$ 52,059	\$ 82,251	\$ 2,923	\$ 15,532	\$ 369,073	\$ 521,838
Accrued Salaries and Benefits	209,882	1,127	-	96,307	-	307,316
Unearned Revenue	153,056	-	-	-	-	153,056
Total Liabilities	<u>414,997</u>	<u>83,378</u>	<u>2,923</u>	<u>111,839</u>	<u>369,073</u>	<u>982,210</u>
FUND BALANCE						
Nonspendable Inventory	430,614	-	-	-	-	430,614
Restricted for:						
TABOR	-	-	38,135	-	-	38,135
Land & Land Improvements	-	-	5,303,257	-	-	5,303,257
Committed to Student Specific Programs	-	1,824,182	-	1,425,430	-	3,249,612
Assigned to Capital Projects	-	-	-	-	4,069,893	4,069,893
Assigned to Nutrition Services	694,632	-	-	-	-	694,632
Total Fund Balances	<u>1,125,246</u>	<u>1,824,182</u>	<u>5,341,392</u>	<u>1,425,430</u>	<u>4,069,893</u>	<u>13,786,143</u>
Total Liabilities and Fund Balances	<u>\$ 1,540,243</u>	<u>\$ 1,907,560</u>	<u>\$ 5,344,315</u>	<u>\$ 1,537,269</u>	<u>\$ 4,438,966</u>	<u>\$ 14,768,353</u>

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Thompson School District R2-J
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Nutrition Services	Athletics / Activities	Land Reserve	Fee Supported Programs	Capital Projects	Total Nonmajor Governmental Funds
Revenues						
Intergovernmental	\$ 5,227,268	\$ -	-	\$ -	\$ -	\$ 5,227,268
Loveland URA Distribution	-	-	-	-	932,940	932,940
Charges for Services	45,673	-	-	435,723	-	481,396
Payments In Lieu of Land Dedication	-	-	1,268,647	-	-	1,268,647
Fund Raising and Events	-	994,179	-	-	-	994,179
Investment Earnings	(121)	1,580	2,506	-	2	3,967
Other	-	-	-	-	56,042	56,042
TOTAL REVENUES	5,272,820	995,759	1,271,153	435,723	988,984	8,964,439
Expenditures						
Current-						
Instruction						
Salaries and Benefits	-	36,473	-	149,224	-	185,697
Purchased Services	-	194,080	-	10,651	20,714	225,445
Supplies and Materials	-	521,069	-	117,286	2,424	640,779
Equipment	-	34,826	-	41,382	72,614	148,822
Other	-	174,467	-	511	-	174,978
Total Instruction	-	960,915	-	319,054	95,752	1,375,721
Supporting Services						
Pupil Services	-	-	-	5,607	-	5,607
Instructional Staff	-	-	-	26,786	93,202	119,988
School Administration	-	-	-	35,193	-	35,193
Business Services	-	-	-	-	339,666	339,666
Maintenance/Operations	-	-	-	-	65,405	65,405
Pupil Transportation	-	-	-	-	124,274	124,274
Central Supporting Services	-	-	16,776	-	21,839	38,615
Nutrition Services	4,443,007	-	-	-	-	4,443,007
Community Services	-	-	-	566,541	-	566,541
Facilities Acquisition and Construction Services	-	-	-	-	30,000	30,000
Total Support Services	4,443,007	-	16,776	634,127	674,386	5,768,296
Capital Outlay	-	17,216	1,183,315	9,714	531,817	1,742,062
Debt Service - Principal	-	-	-	-	1,118,886	1,118,886
Debt Service - Interest	-	-	-	-	342,992	342,992
TOTAL EXPENDITURES	4,443,007	978,131	1,200,091	962,895	2,763,833	10,347,957
Excess of Revenues Over (Under) Expenditures	829,813	17,628	71,062	(527,172)	(1,774,849)	(1,383,518)
Other Financing Sources						
Transfers in	-	-	-	326,840	1,273,716	1,600,556
Proceeds from Sale of Assets	-	-	-	-	2,931,000	2,931,000
Total Other Financing Sources	-	-	-	326,840	4,204,716	4,531,556
Net Change in Fund Balances	829,813	17,628	71,062	(200,332)	2,429,867	3,148,038
Fund Balances - Beginning of the Year	295,433	1,806,554	5,270,330	1,625,762	1,640,026	10,638,105
Fund Balances - End of the Year	\$ 1,125,246	\$ 1,824,182	\$ 5,341,392	\$ 1,425,430	\$ 4,069,893	\$ 13,786,143

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BUDGETARY COMPARISON SCHEDULES

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

**Thompson School District R2-J
Bond Redemption Fund - 31
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<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	\$ 19,040,050	\$ 19,040,050	\$ 20,644,153	\$ 1,604,103
Investment Earnings	<u>27,637</u>	<u>27,637</u>	<u>87,741</u>	<u>60,104</u>
TOTAL REVENUE	<u>19,067,687</u>	<u>19,067,687</u>	<u>20,731,894</u>	<u>1,664,207</u>
Expenditures				
Current-				
Debt Service:				
Principal	9,085,000	9,085,000	9,085,000	-
Interest and Fiscal Charges	<u>9,763,075</u>	<u>9,763,075</u>	<u>9,736,675</u>	<u>26,400</u>
TOTAL EXPENDITURES	<u>18,848,075</u>	<u>18,848,075</u>	<u>18,821,675</u>	<u>26,400</u>
Net Change in Fund Balance	219,612	219,612	1,910,219	1,690,607
Fund Balance - Beginning of Year	<u>19,548,851</u>	<u>17,861,925</u>	<u>17,861,925</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 19,768,463</u>	<u>\$ 18,081,537</u>	<u>\$ 19,772,144</u>	<u>\$ 1,690,607</u>

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**Thompson School District R2-J
Building Fund - 41
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues				
Investment Earnings	531,942	531,942	162,582	(369,360)
TOTAL REVENUES	<u>531,942</u>	<u>531,942</u>	<u>162,582</u>	<u>(369,360)</u>
Expenditures				
Current-				
Instruction- Purchased Services	-	-	3,584	(3,584)
Instruction- Supplies and Materials			5,557	
Instruction- Equipment	-	-	107,636	(107,636)
Supporting Services- Instructional Staff	-	-	263,233	(263,233)
Maintenance / Operations	-	-	25,219,055	(25,219,055)
Facilities Acquisition & Construction Svcs	-	-	35,365	(35,365)
Capital Projects	82,397,359	82,397,359	40,702,960	41,694,399
TOTAL EXPENDITURES	<u>82,397,359</u>	<u>82,397,359</u>	<u>66,337,391</u>	<u>16,065,525</u>
Excess of Revenues Over (Under) Expenditures	(81,865,417)	(81,865,417)	(66,174,809)	15,696,165
Net Change in Fund Balance	(81,865,417)	(81,865,417)	(66,174,809)	15,690,608
Fund Balance - Beginning of the Year	<u>128,351,366</u>	<u>123,612,530</u>	<u>123,612,530</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 46,485,949</u>	<u>\$ 41,747,113</u>	<u>\$ 57,437,721</u>	<u>\$ 15,690,608</u>

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**Thompson School District R2-J
Nutrition Services Fund - 21
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Federal Source, USDA Reimbursements	\$ 3,201,476	\$ 3,201,476	\$ 4,900,051	\$ 1,698,575
Federal Source, Commodities	346,248	346,248	283,823	(62,425)
State Categorical Reimbursement	151,573	151,573	43,394	(108,179)
Charges for Services	1,623,200	1,623,200	45,673	(1,577,527)
Investment Earnings	-	-	(121)	(121)
TOTAL REVENUE	<u>5,322,497</u>	<u>5,322,497</u>	<u>5,272,820</u>	<u>(49,676)</u>
Expenditures				
Current-				
Supporting Services				
Nutrition Services	<u>5,645,689</u>	<u>5,645,689</u>	<u>4,443,007</u>	<u>1,202,682</u>
TOTAL EXPENDITURES	<u>5,645,689</u>	<u>5,645,689</u>	<u>4,443,007</u>	<u>1,202,682</u>
Net Change in Fund Balance	(323,192)	(323,192)	829,813	1,153,006
Fund Balances - Beginning of Year	<u>720,586</u>	<u>295,433</u>	<u>295,433</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 397,394</u>	<u>\$ (27,759)</u>	<u>\$ 1,125,246</u>	<u>\$ 1,153,006</u>

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**Thompson School District R2-J
Interscholastic Athletic and Activity Fund - 23
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fund Raising and Events	\$ 2,562,400	\$ 2,562,400	\$ 994,179	\$ (1,568,221)
Investment Earnings	<u>22,500</u>	<u>22,500</u>	<u>1,580</u>	<u>(20,920)</u>
TOTAL REVENUE	<u>2,584,900</u>	<u>2,584,900</u>	<u>995,759</u>	<u>(1,589,141)</u>
Expenditures				
Current-				
Instruction				
Salaries and Benefits	94,000	94,000	36,473	57,527
Purchased Services	213,700	213,700	194,080	19,620
Supplies and Materials	1,919,300	1,919,300	521,069	1,398,231
Equipment	110,500	110,500	34,826	75,674
Other	<u>225,000</u>	<u>225,000</u>	<u>174,467</u>	<u>50,533</u>
Total Instruction	<u>2,562,500</u>	<u>2,562,500</u>	<u>960,915</u>	<u>1,601,585</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>17,216</u>	<u>(17,216)</u>
TOTAL EXPENDITURES	<u>2,562,500</u>	<u>2,562,500</u>	<u>978,131</u>	<u>1,584,370</u>
Net Change in Fund Balance	22,400	22,400	17,628	(4,770)
Fund Balance - Beginning of Year	<u>1,599,643</u>	<u>1,806,554</u>	<u>1,806,554</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,622,043</u>	<u>\$ 1,828,954</u>	<u>\$ 1,824,182</u>	<u>\$ (4,770)</u>

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**Thompson School District R2-J
Land Reserve Fund - 27
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payments in Lieu of Land Dedication	\$ 1,159,981	\$ 1,159,981	\$ 1,268,647	\$ 108,666
Investment Earnings	40,019	40,019	2,506	(37,513)
TOTAL REVENUE	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,271,153</u>	<u>71,153</u>
Expenditures				
Current-				
Supporting Services				
Central Supporting Services	-	-	16,776	(16,776)
Capital Outlay	4,985,020	4,985,020	1,183,315	3,801,705
TOTAL EXPENDITURES	<u>4,985,020</u>	<u>4,985,020</u>	<u>1,200,091</u>	<u>3,784,930</u>
Net Change in Fund Balance	(3,785,020)	(3,785,020)	71,062	3,856,082
Fund Balance - Beginning of Year	<u>4,035,020</u>	<u>5,270,330</u>	<u>5,270,330</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 250,000</u>	<u>\$ 1,485,310</u>	<u>\$ 5,341,392</u>	<u>\$ 3,856,082</u>

See independent auditors' report

**Thompson School District R2-J
Fee Supported Programs Fund - 29
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,263,200	\$ 1,263,200	\$ 435,723	\$ (827,477)
TOTAL REVENUE	<u>1,263,200</u>	<u>1,263,200</u>	<u>435,723</u>	<u>(827,477)</u>
Expenditures				
Current-				
Instruction				
Salaries and Benefits	344,978	344,978	149,224	195,754
Purchased Services	2,170	2,170	10,651	(8,481)
Supplies and Materials	4,339	4,339	117,286	(112,947)
Equipment	5,248	5,248	41,382	(36,134)
Other	-	-	511	(511)
Total Instruction	<u>356,735</u>	<u>356,735</u>	<u>319,054</u>	<u>37,680</u>
Supporting Services				
Pupil Services	-	-	5,607	(5,607)
Instructional Staff	-	-	26,786	(26,786)
School Administration	81,000	81,000	35,193	45,807
Community Services	764,880	764,880	566,541	198,339
Total Support Services	<u>845,880</u>	<u>845,880</u>	<u>634,127</u>	<u>211,752</u>
Capital Outlay	-	-	9,714	(9,714)
TOTAL EXPENDITURES	<u>1,202,615</u>	<u>1,202,615</u>	<u>962,895</u>	<u>239,718</u>
Excess of Revenues Over (Under) Expenditures	<u>60,585</u>	<u>60,585</u>	<u>(527,172)</u>	<u>(587,759)</u>
Other Financing Sources				
Transfers In	<u>326,840</u>	<u>326,840</u>	<u>326,840</u>	<u>-</u>
Net Change in Fund Balance	387,425	387,425	(200,332)	(587,759)
Fund Balance - Beginning of the Year	<u>1,508,730</u>	<u>1,625,762</u>	<u>1,625,762</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 1,896,155</u>	<u>\$ 2,013,187</u>	<u>\$ 1,425,430</u>	<u>\$ (587,757)</u>

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**Thompson School District R2-J
Capital Projects Fund - 43
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Loveland URA Distribution	\$ 933,163	\$ 933,163	\$ 932,940	\$ (223)
Investment Earnings	-	-	2	2
Other	-	-	56,042	56,042
TOTAL REVENUE	<u>933,163</u>	<u>933,163</u>	<u>988,984</u>	<u>55,821</u>
Expenditures				
Current-				
Instruction				
Purchased Services	-	-	20,714	(20,714)
Supplies and Materials	-	-	2,424	(2,424)
Equipment	-	-	72,614	(72,614)
Total Instruction	<u>-</u>	<u>-</u>	<u>95,752</u>	<u>(95,752)</u>
Supporting Services				
Instructional Staff	-	-	93,202	(93,202)
Business Services	-	-	339,666	(339,666)
Maintenance/Operations	-	-	65,405	(65,405)
Pupil Transportation	-	-	124,274	(124,274)
Central Supporting Services	-	-	21,839	(21,839)
Nutrition Services	-	-	-	-
Community Services	-	-	-	-
Facilities Acquisition and Construction Services	-	-	30,000	(30,000)
Total Support Services	<u>-</u>	<u>-</u>	<u>674,386</u>	<u>(674,385)</u>
Capital Outlay	1,574,109	1,574,109	531,817	1,042,292
Debt Service - Principal	1,118,887	1,118,887	1,118,886	1
Debt Service - Interest and Fiscal Charges	342,992	342,992	342,992	-
TOTAL EXPENDITURES	<u>3,035,988</u>	<u>3,035,988</u>	<u>2,763,833</u>	<u>272,155</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,102,825)</u>	<u>(2,102,825)</u>	<u>(1,774,849)</u>	<u>327,976</u>
Other Financing Sources				
Transfer In	1,273,716	1,273,716	1,273,716	-
Proceeds from Sale of Assets	-	-	2,931,000	2,931,000
Total Other Financing Sources	<u>1,273,716</u>	<u>1,273,716</u>	<u>4,204,716</u>	<u>2,931,000</u>
Net Change in Fund Balance	(829,109)	(829,109)	2,429,867	3,258,976
Fund Balance - Beginning of Year	<u>829,109</u>	<u>1,640,026</u>	<u>1,640,026</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 810,917</u>	<u>\$ 4,069,893</u>	<u>\$ 3,258,976</u>

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FIDUCIARY FUND TYPE

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

**Thompson School District R2-J
Education Memorial Fund - 72
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2021**

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
<u>Education Memorial</u>				
Assets				
Cash and Investments	\$ <u>50,066</u>	\$ <u>32,000</u>	\$ <u>28,750</u>	\$ <u>53,316</u>
Total Assets	\$ <u>50,066</u>	\$ <u>32,000</u>	\$ <u>28,750</u>	\$ <u>53,316</u>
Liabilities				
Undistributed Monies	\$ <u>50,066</u>	\$ <u>32,000</u>	\$ <u>28,750</u>	\$ <u>53,316</u>
Total Liabilities	\$ <u>50,066</u>	\$ <u>32,000</u>	\$ <u>28,750</u>	\$ <u>53,316</u>

**Thompson School District R2-J
Education Memorial Fund - 72
Budgetary Comparison Schedule
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Additions				
Donations	\$ 30,000	\$ 30,000	\$ 32,000	\$ 2,000
Total Additions	<u>30,000</u>	<u>30,000</u>	<u>32,000</u>	<u>2,000</u>
Deductions				
Scholarships	<u>52,976</u>	<u>52,976</u>	<u>28,750</u>	<u>24,226</u>
Total Deductions	<u>52,976</u>	<u>52,976</u>	<u>28,750</u>	<u>24,226</u>
Change in Undistributed Monies	(22,976)	(22,976)	3,250	26,226
Undistributed Monies - Beginning of Year	<u>22,976</u>	<u>50,066</u>	<u>50,066</u>	<u>-</u>
Undistributed Monies - End of Year	<u>\$ -</u>	<u>\$ 27,090</u>	<u>\$ 53,316</u>	<u>\$ 26,226</u>

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COMPONENT UNITS

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

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

Thompson School District R2-J
Combining Statement of Net Position
Component Units
As of June 30, 2021

	New Vision Charter School	Loveland Classical Schools	Thompson Education Foundation	Total Component Units
ASSETS				
Cash and Investments	\$ 3,723,262	\$ 4,098,911	\$ 1,544,868	\$ 9,367,041
Restricted Cash and Investments	1,188,655	2,552,526	-	3,741,181
Accounts Receivable	120,726	386,564	-	507,290
Prepaid Expense	405,000	73,879	-	478,879
Capital Assets, Not Being Depreciated: Land	1,659,419	1,399,444	-	3,058,863
Capital Assets, Net of Accumulated Depreciation	<u>18,428,029</u>	<u>17,592,386</u>	<u>-</u>	<u>36,020,415</u>
Total Assets	<u>25,525,091</u>	<u>26,103,710</u>	<u>1,544,868</u>	<u>53,173,669</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization Related to OPEB	5,083,289	3,792,514	-	8,875,803
	<u>140,582</u>	<u>86,433</u>	<u>-</u>	<u>227,015</u>
Total Deferred Outflows of Resources	<u>5,223,871</u>	<u>3,878,947</u>	<u>-</u>	<u>9,102,818</u>
LIABILITIES				
Accounts Payable	60,786	280,466	22,101	363,353
Accrued Salaries and Benefits	265,019	247,933	-	512,952
Unearned Revenue	-	4,187	-	4,187
Accrued Interest Payable	53,164	490,719	-	543,883
Noncurrent Liabilities				
Due Within One Year	-	425,000	-	425,000
Due in More Than One Year	23,675,000	20,556,268	-	44,231,268
Pension Liability	8,172,184	10,102,525	-	18,274,709
OPEB Liability	<u>296,820</u>	<u>367,343</u>	<u>-</u>	<u>664,163</u>
Total Liabilities	<u>32,522,973</u>	<u>32,474,441</u>	<u>22,101</u>	<u>65,019,515</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization Related to OPEB	3,614,745	4,089,041	-	7,703,786
	<u>104,682</u>	<u>118,295</u>	<u>-</u>	<u>222,977</u>
Total Deferred Inflows of Resources	<u>3,719,427</u>	<u>4,207,336</u>	<u>-</u>	<u>7,926,763</u>
NET POSITION				
Net Investment in Capital Assets	(3,587,552)	(1,933,325)	-	(5,520,877)
Restricted for TABOR	-	275,000	-	275,000
Restricted for Debt Service	1,188,655	1,911,495	-	3,100,150
Restricted for Repairs and Replacement	-	150,312	-	150,312
Restricted for Emergencies	260,000	-	-	260,000
Unrestricted	<u>(3,354,541)</u>	<u>(7,102,602)</u>	<u>1,522,767</u>	<u>(8,934,376)</u>
Total Net Position	<u>\$ (5,493,438)</u>	<u>\$ (6,699,120)</u>	<u>\$ 1,522,767</u>	<u>\$ (10,669,791)</u>

See independent auditors' report

**Thompson School District R2-J
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2021**

	<u>New Vision Charter School</u>	<u>Loveland Classical Schools</u>	<u>Thompson Education Foundation</u>	<u>Total Component Units</u>
Expenses				
Current-				
Total Instruction	\$ 3,822,960	\$ 2,627,802	\$ -	\$ 6,450,762
Total Supporting Services	2,767,931	3,148,723	686,285	6,602,939
Total Business Activities	-	1,367,979	-	1,367,979
Interest & Fiscal Charges	1,275,906	-	-	1,275,906
Total Expenses	<u>7,866,797</u>	<u>7,144,504</u>	<u>686,285</u>	<u>15,697,586</u>
Program Revenues				
Charges for Services	43,247	73,067	8,714	125,028
Operating Grants and Contributions	777,933	834,888	675,205	2,288,026
Capital Grants and Contributions	263,834	287,460	-	551,294
Total Program Revenues	<u>1,085,014</u>	<u>1,195,415</u>	<u>683,919</u>	<u>2,964,348</u>
General Revenues				
Per Pupil Revenues	6,732,173	7,051,018	-	13,783,191
Mill Levy Override	1,351,333	1,497,134	-	2,848,467
Investment Income	12,415	7,079	192,309	211,803
Grants and Contributions not Restricted to Specific Programs	-	12,118	-	12,118
Miscellaneous	874,483	2,000	-	876,483
Total General Revenues	<u>8,970,404</u>	<u>8,569,349</u>	<u>192,309</u>	<u>17,732,062</u>
Total Revenues	<u>10,055,418</u>	<u>9,764,764</u>	<u>876,228</u>	<u>20,696,410</u>
Changes in Net Position	2,188,621	2,620,260	189,942	4,998,823
Net Position - Beginning	<u>(7,682,059)</u>	<u>(9,319,380)</u>	<u>1,332,824</u>	<u>(15,668,615)</u>
Net Position - Ending	<u>\$ (5,493,438)</u>	<u>\$ (6,699,120)</u>	<u>\$ 1,522,766</u>	<u>\$ (10,669,792)</u>

See independent auditor's report

Thompson School District R2-J
Statement of Cash Flows
Thompson Education Foundation
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended June 30, 2021

	<u>Thompson Education Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from	
Contributions and Fundraising Activities	\$ 675,206
Charges for Services	8,714
Payments to Suppliers and the District	<u>(717,748)</u>
Net Cash Provided (Used) by Operating Activities	<u>(33,828)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income Received	<u>192,309</u>
Net Cash Provided by Investing Activities	<u>192,309</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	158,481
CASH AND CASH EQUIVALENTS, Beginning	<u>1,386,387</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 1,544,868</u></u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in Net Operating Income	\$ (2,366)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts Payable	<u>(31,465)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (33,831)</u></u>

See independent auditors' report

STATISTICAL SECTION

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

<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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 50,836,568	\$ 47,612,676	\$ 47,441,252	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)	\$ (74,148,307)	\$ (30,602,391)
Restricted	21,090,133	19,828,646	20,782,304	22,474,183	23,441,761	25,956,416	25,203,687	32,679,148	33,581,866	28,671,161
Unrestricted	18,622,959	24,574,905	20,537,641	(218,168,956)	(231,579,493)	(319,089,480)	(439,440,749)	(224,799,310)	(222,126,323)	(213,681,373)
Total Governmental Activities Net Position	<u>\$ 90,549,660</u>	<u>\$ 92,016,227</u>	<u>\$ 88,761,197</u>	<u>\$ (147,119,664)</u>	<u>\$ (152,453,705)</u>	<u>\$ (235,227,030)</u>	<u>\$ (352,221,285)</u>	<u>\$ (304,812,274)</u>	<u>\$ (262,692,764)</u>	<u>\$ (215,612,603)</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 302,113	\$ 341,862	\$ 317,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	54,384	47,788	48,906	-	-	-	-	-	-	-
Unrestricted	786,264	758,044	828,165	-	-	-	-	-	-	-
Total Business-type Activities Net Position	<u>\$ 1,142,761</u>	<u>\$ 1,147,694</u>	<u>\$ 1,194,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government										
Net Investment in Capital Assets	\$ 51,138,681	\$ 47,954,538	\$ 47,759,107	\$ 48,575,109	\$ 55,684,027	\$ 57,906,034	\$ 62,015,777	\$ (112,692,112)	\$ (74,148,307)	\$ (30,602,391)
Restricted	21,144,517	19,876,434	20,831,210	22,474,183	23,441,761	25,956,416	25,203,687	32,679,148	33,581,866	28,671,161
Unrestricted	19,409,223	25,332,949	21,365,806	(218,168,956)	(231,579,493)	(319,089,480)	(439,440,749)	(224,799,310)	(222,126,323)	(213,681,373)
Total Primary Government Net Position	<u>\$ 91,692,421</u>	<u>\$ 93,163,921</u>	<u>\$ 89,956,123</u>	<u>\$ (147,119,664)</u>	<u>\$ (152,453,705)</u>	<u>\$ (235,227,030)</u>	<u>\$ (352,221,285)</u>	<u>\$ (304,812,274)</u>	<u>\$ (262,692,764)</u>	<u>\$ (215,612,603)</u>

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

The District adopted GASB 68 in 2015. Prior year financial information has not been restated because comparable information is not available.

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities Expenses:										
Total Instruction	\$ 74,816,653	\$ 71,738,996	\$ 78,424,559	\$ 85,586,978	\$ 88,009,660	\$ 137,165,073	\$ 149,038,099	\$ 71,729,893	\$ 82,258,895	\$ 75,421,631
Supporting Services										
Pupil Services	8,248,122	8,641,673	9,008,392	9,856,217	10,993,338	17,314,885	19,658,309	9,619,688	10,091,771	9,564,128
Instructional Staff	10,462,675	9,464,893	10,862,474	12,420,701	12,245,025	19,745,594	21,233,146	10,203,709	10,708,539	12,920,986
General Administration	1,282,987	796,543	691,508	703,710	929,728	1,174,076	1,178,889	901,829	667,453	564,466
School Administration	7,718,718	7,672,001	8,245,479	9,442,354	10,050,222	16,130,484	17,713,318	7,831,541	8,731,043	7,805,289
Business Services	1,915,333	1,890,438	1,927,179	2,138,095	2,194,203	3,285,149	3,577,993	1,814,787	4,336,954	3,783,592
Maintenance/Operations	10,971,086	11,642,850	12,772,492	12,588,683	12,778,550	17,987,026	19,199,854	16,573,762	23,919,851	26,903,456
Pupil Transportation	4,369,625	4,256,359	4,473,844	4,932,017	5,094,970	7,473,023	9,025,031	4,471,317	4,671,833	3,647,757
Central Supporting Services	4,471,462	4,083,834	3,718,829	6,417,280	4,638,394	5,278,938	8,854,858	4,138,842	4,661,777	463,820
Nutrition Services	-	-	-	5,181,013	5,351,449	6,952,819	7,193,901	4,361,198	3,743,795	3,035,198
Community Services	819,985	1,318,301	1,136,630	1,068,006	1,097,471	1,403,235	1,513,697	893,015	770,437	(163,914)
Facilities Acquisition and Construction Services	-	-	-	-	-	-	115,280	1,170,230	165,235	44,209
Total Support Services	50,259,993	49,766,892	52,836,827	64,748,076	65,373,350	96,745,229	109,264,276	61,979,918	72,468,688	68,568,987
Charter School Allocation	5,827,930	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897
Interest on Long-term Debt	4,406,590	4,886,533	4,623,670	4,499,733	4,351,692	4,052,834	3,716,488	5,770,659	8,824,893	8,336,698
Total Governmental Activities Expenses	135,311,166	132,890,295	142,671,028	162,222,950	166,116,085	246,695,613	271,851,672	150,089,348	176,486,302	166,108,213
Business-type Activities:										
Nutritional Services	4,406,054	4,514,124	4,661,737	-	-	-	-	-	-	-
Total Primary Government Expenses	\$ 139,717,220	\$ 137,404,419	\$ 147,332,765	\$ 162,222,950	\$ 166,116,085	\$ 246,695,613	\$ 271,851,672	\$ 150,089,348	\$ 176,486,302	\$ 166,108,213
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 1,905,524	\$ 1,859,361	\$ 1,973,568	\$ 2,896,832	\$ 3,142,010	\$ 3,317,966	\$ 3,960,005	\$ 4,730,851	\$ 5,224,854	\$ 3,535,201
Supporting Services										
Pupil Services	-	-	-	-	-	-	-	-	-	-
Instructional Staff	104,048	101,527	107,763	158,176	171,564	181,172	216,229	258,320	-	-
General Administration	-	-	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-
Business Services	16,722	16,317	17,319	25,421	27,573	29,117	34,751	41,516	-	-
Maintenance Operations	-	-	-	-	-	-	-	-	-	-
Central Supporting Services	1,496,176	1,459,928	1,549,602	727,864	841,379	909,125	-	1,980,815	3,257,852	668,495
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	11,690,893	12,814,379	13,735,085	17,389,882	17,810,774	18,443,123	18,801,401	19,296,426	18,791,186	30,640,491
Capital Grants and Contributions	-	-	-	-	-	2,522,176	920,531	926,413	925,663	932,940
Total Governmental Activities Program Revenues	15,213,363	16,251,512	17,383,337	22,744,840	23,618,959	27,098,748	27,042,226	28,968,086	29,536,288	35,822,800
Business-type Activities:										
Nutritional Services	4,357,355	4,518,884	4,662,337	-	-	-	-	-	-	-
Total Primary Government Program Revenues	\$ 19,570,718	\$ 20,770,396	\$ 22,045,674	\$ 22,744,840	\$ 23,618,959	\$ 27,098,748	\$ 27,042,226	\$ 28,968,086	\$ 29,536,288	\$ 35,822,800
Net (Expense)/Revenue										
Governmental Activities	\$ (120,097,803)	\$ (116,638,783)	\$ (125,287,691)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)	\$ (121,121,262)	\$ (146,950,014)	\$ (130,285,413)
Business-type Activities	(48,699)	4,760	600	-	-	-	-	-	-	-
Total Primary Government Net Expense	\$ (120,146,502)	\$ (116,634,023)	\$ (125,287,091)	\$ (139,478,110)	\$ (142,497,126)	\$ (219,596,865)	\$ (244,809,445)	\$ (121,121,262)	\$ (146,950,014)	\$ (130,285,413)

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Revenues										
Governmental Activities:										
Property Taxes Levied For:										
General Purpose	\$ 28,679,943	\$ 29,221,467	\$ 29,370,651	\$ 29,765,495	\$ 34,473,827	\$ 35,476,107	\$ 40,649,572	\$ 41,856,033	\$ 54,012,783	\$ 52,934,789
Mill Levy Override	12,884,073	12,866,612	13,100,533	13,050,343	13,895,680	14,001,757	14,117,375	27,869,246	32,384,209	31,874,584
Debt Services	12,335,606	10,312,144	10,427,594	10,560,487	10,663,828	10,762,759	10,931,701	18,672,084	19,099,906	19,211,741
Specific Ownership Taxes Levied For:										
General Purpose	3,887,262	4,000,549	4,428,291	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619	7,934,385	8,312,971
Mill Levy Override	-	-	-	-	-	-	-	-	-	-
Intergovernmental										
Equalization	59,316,022	60,659,979	63,794,200	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543	68,114,946	62,000,145
Loveland URA Distribution	-	-	207,316	952,587	4,965,571	-	-	-	-	-
Payments in Lieu of Land Dedication	387,558	905,621	605,155	774,163	714,098	1,349,264	1,104,655	1,481,394	1,590,592	1,268,647
Interest and Investment Earnings	72,712	138,978	113,478	129,381	147,610	328,125	570,953	2,792,351	3,571,228	320,650
Grants and Contributions not Restricted to Specific Programs	89,399	-	-	-	-	-	-	-	785,832	-
Miscellaneous	96,008	-	31,752	13,232	-	-	-	-	-	1,442,046
Transfers	-	(46,310)	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>117,748,583</u>	<u>118,105,350</u>	<u>122,032,660</u>	<u>128,753,121</u>	<u>137,163,085</u>	<u>136,823,541</u>	<u>140,536,863</u>	<u>168,530,270</u>	<u>187,493,881</u>	<u>177,365,573</u>
Business-type Activities:										
Interest and Investment Earnings	627	173	322	-	-	-	-	-	-	-
Transfers	-	-	46,310	-	-	-	-	-	-	-
Total Business-type Activities	<u>627</u>	<u>173</u>	<u>46,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 117,749,210</u>	<u>\$ 118,105,523</u>	<u>\$ 122,079,292</u>	<u>\$ 128,753,121</u>	<u>\$ 137,163,085</u>	<u>\$ 136,823,541</u>	<u>\$ 140,536,863</u>	<u>\$ 168,530,270</u>	<u>\$ 187,493,881</u>	<u>\$ 177,365,573</u>
Change in Net Position										
Governmental Activities	\$ (2,349,220)	\$ 1,466,567	\$ (3,255,030)	\$ (10,724,989)	\$ (5,334,041)	\$ (82,773,325)	\$ (104,272,582)	\$ 47,409,009	\$ 40,543,867	\$ 47,080,160
Business-type Activities	(48,072)	4,933	47,232	-	-	-	-	-	-	-
Total Primary Government	<u>\$ (2,397,292)</u>	<u>\$ 1,471,500</u>	<u>\$ (3,207,798)</u>	<u>\$ (10,724,989)</u>	<u>\$ (5,334,041)</u>	<u>\$ (82,773,325)</u>	<u>\$ (104,272,582)</u>	<u>\$ 47,409,009</u>	<u>\$ 40,543,867</u>	<u>\$ 47,080,160</u>

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

The District adopted GASB 68 in 2015. Prior year financial information has not been restated because comparable information is not available.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Restricted	\$ 4,341,296	\$ 3,915,124	\$ 3,864,166	\$ 4,009,925	\$ 4,080,528	\$ 4,239,338	\$ 4,538,090	\$ 4,571,386	\$ 5,128,807	\$ 4,994,639
Unassigned	<u>24,277,466</u>	<u>25,903,813</u>	<u>22,451,258</u>	<u>20,268,620</u>	<u>18,287,873</u>	<u>15,545,987</u>	<u>12,736,408</u>	<u>18,049,603</u>	<u>19,769,212</u>	<u>29,743,901</u>
Total General Fund	<u>28,618,762</u>	<u>29,818,937</u>	<u>26,315,424</u>	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>	<u>17,274,498</u>	<u>22,620,989</u>	<u>24,898,019</u>	<u>34,738,540</u>
All Other Governmental Funds										
Nonspendable	-	-	-	292,882	259,735	229,872	291,888	398,400	538,971	430,614
Restricted	17,371,971	15,919,938	16,891,756	27,397,096	19,380,094	21,249,417	20,688,918	27,952,478	27,332,525	23,962,491
Committed	1,359,266	1,395,017	1,433,645	1,418,262	1,539,972	1,594,763	1,569,462	1,563,630	3,432,316	3,249,612
Assigned	1,991,507	2,041,795	187,280	1,490,483	2,388,531	1,678,644	2,156,943	175,130,484	125,086,597	62,202,246
Unassigned	-	-	1,877,154	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>20,722,744</u>	<u>19,356,750</u>	<u>20,389,835</u>	<u>30,598,723</u>	<u>23,568,332</u>	<u>24,752,696</u>	<u>24,707,211</u>	<u>205,044,992</u>	<u>156,390,409</u>	<u>89,844,963</u>
Total Governmental Funds	\$ <u>49,341,506</u>	\$ <u>49,175,687</u>	\$ <u>46,705,259</u>	\$ <u>54,877,268</u>	\$ <u>45,936,733</u>	\$ <u>44,538,021</u>	\$ <u>41,981,709</u>	\$ <u>227,665,981</u>	\$ <u>181,288,428</u>	\$ <u>124,583,503</u>

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 58,666,107	\$ 56,719,581	\$ 57,669,288	\$ 58,461,359	\$ 63,892,812	\$ 65,510,795	\$ 71,879,126	\$ 95,163,689	\$ 106,156,274	\$ 119,652,009
Intergovernmental	73,941,932	75,120,012	79,274,256	87,891,647	87,432,729	89,901,442	89,811,647	92,974,091	92,172,763	95,358,387
Loveland URA Distribution	-	-	207,316	952,587	4,965,571	1,745,357	920,531	926,413	925,663	932,940
Charges for Services	-	-	-	3,440,545	3,507,030	3,580,553	3,730,463	3,773,230	2,332,869	481,396
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
Fundraising and Events	-	-	-	-	-	-	-	-	2,161,943	994,179
Investment Earnings	72,712	138,978	113,478	129,381	147,610	328,125	570,956	2,792,354	3,571,228	320,650
Other	2,034,322	2,697,100	2,545,889	39,517	23,218	39,752	126,441	52,892	57,995	56,042
Total Revenues	<u>134,715,073</u>	<u>134,675,671</u>	<u>139,810,227</u>	<u>151,689,199</u>	<u>160,683,068</u>	<u>162,455,288</u>	<u>168,143,819</u>	<u>197,164,063</u>	<u>208,969,328</u>	<u>219,064,250</u>
Expenditures										
Current:										
Instruction										
Salaries and Benefits	62,616,552	62,400,347	66,976,839	69,330,670	69,664,733	71,918,171	73,998,932	78,364,481	85,236,574	82,185,554
Purchased Services	1,876,173	1,566,029	1,726,524	1,873,194	2,222,607	2,484,575	2,807,242	3,954,276	3,807,841	4,389,040
Supplies and Materials	1,995,802	2,440,673	2,902,770	3,163,428	2,361,200	2,965,033	2,795,027	4,022,254	3,858,703	3,274,652
Equipment	-	-	-	-	-	-	1,684,266	1,576,189	3,263,954	543,703
Other	92,869	141,427	80,687	174,607	66,163	144,203	152,288	169,741	853,165	660,601
Supporting Services										
Pupil Services	8,267,519	8,641,673	9,008,392	9,131,964	9,990,714	10,782,257	11,617,097	12,208,490	13,071,570	14,141,280
Instructional Staff	10,512,500	9,464,893	10,862,474	11,634,833	11,157,102	12,657,214	12,507,842	13,012,747	13,870,450	19,104,645
General Administration	1,282,987	796,543	691,508	672,401	886,384	891,672	831,272	1,013,741	864,532	834,606
School Administration	7,718,718	7,672,001	8,245,479	8,717,228	9,046,390	9,589,989	9,662,422	10,423,457	11,309,058	11,540,704
Business Services	1,915,333	1,890,438	1,927,179	2,006,765	2,012,396	2,100,577	2,119,866	2,284,218	5,617,528	5,594,324
Maintenance/Operations	11,759,472	11,447,332	11,929,777	11,864,245	11,898,106	12,644,066	12,931,777	18,677,165	31,466,826	44,460,350
Pupil Transportation	3,737,798	3,652,732	4,185,317	4,228,728	4,590,664	4,607,771	6,890,436	4,940,068	5,338,862	4,778,258
Central Supporting Services	3,521,225	3,159,276	3,174,618	3,439,091	4,210,100	3,709,390	6,989,220	4,272,510	4,566,000	4,303,043
Nutrition Services	-	-	-	4,916,808	5,067,055	5,220,820	5,129,264	4,980,928	4,865,053	4,443,007
Community Services	820,684	1,317,129	1,135,716	1,026,652	1,040,474	1,034,422	1,179,701	1,006,865	977,290	658,493
Facilities Acquisition and Construction Services	-	-	-	-	-	-	115,280	1,170,230	214,030	65,365
Capital Projects	1,864,946	969,874	1,817,897	3,887,327	15,364,952	2,579,769	-	-	34,081,855	43,658,100
Charter School Allocation	5,827,930	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897
Debt Service:										
Principal	3,610,684	3,855,927	6,053,819	6,434,293	7,030,000	7,495,000	8,427,870	8,901,137	10,491,776	10,203,886
Interest	8,053,027	8,927,322	4,775,687	4,704,958	4,633,180	4,296,594	3,974,715	6,374,060	10,569,484	10,079,667
Bond Issuance Costs	740,029	-	-	204,197	-	-	-	813,162	-	-
Total Expenditures	<u>136,214,248</u>	<u>134,841,490</u>	<u>142,280,655</u>	<u>154,799,552</u>	<u>169,623,603</u>	<u>163,854,000</u>	<u>173,647,327</u>	<u>188,774,597</u>	<u>257,258,377</u>	<u>278,700,175</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,499,175)</u>	<u>(165,819)</u>	<u>(2,470,428)</u>	<u>(3,110,353)</u>	<u>(8,940,535)</u>	<u>(1,398,712)</u>	<u>(5,503,508)</u>	<u>8,389,466</u>	<u>(48,289,049)</u>	<u>(59,635,925)</u>
Other Financing Sources (Uses)										
Debt Issued	84,740,000	-	-	11,515,000	-	-	-	149,000,000	-	-
Debt Premiums	14,761,217	-	-	1,594,138	-	-	-	28,630,659	-	-
Payments to Escrow Agent	(99,819,555)	-	-	(2,707,222)	-	-	-	-	-	-
Transfers In	2,643,417	2,040,762	3,092,110	13,335,636	5,743,039	3,916,628	3,722,324	3,611,162	3,815,296	2,572,709
Transfers Out	(2,643,417)	(2,040,762)	(3,092,110)	(13,335,636)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)	(3,815,296)	(2,572,709)
Proceeds from Sale of Assets	-	-	-	-	-	-	2,947,196	-	-	2,931,000
Total Other Financing Sources (Uses)	<u>(318,338)</u>	<u>-</u>	<u>-</u>	<u>10,401,916</u>	<u>-</u>	<u>-</u>	<u>2,947,196</u>	<u>177,630,659</u>	<u>-</u>	<u>2,931,000</u>
Net Change to Fund Balance	<u>\$ (1,817,513)</u>	<u>\$ (165,819)</u>	<u>\$ (2,470,428)</u>	<u>\$ 7,291,563</u>	<u>\$ (8,940,535)</u>	<u>\$ (1,398,712)</u>	<u>\$ (2,556,312)</u>	<u>\$ 186,020,125</u>	<u>\$ (48,289,049)</u>	<u>\$ (56,704,925)</u>
Debt Service as a Percentage of Non-Capital Expenditures	8.65%	9.54%	7.67%	7.34%	7.59%	7.27%	7.39%	8.16%	9.44%	8.63%

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

Thompson School District R2-J

Assessed Value and Estimated Value of Taxable Property
(Unaudited)

<u>Year Ended December 31</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Vacant Land</u>	<u>Industrial Property</u>	<u>Utilities</u>	<u>Agricultural</u>	<u>Natural Resources</u>	<u>Oil and Gas</u>	<u>Total Taxable Assessed Value</u>	<u>Tax Exempt Property</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2011	714,094,295	474,059,605	81,454,515	53,399,467	34,906,273	8,034,497	1,271,515	8,669,615	1,375,889,782	287,307,276	42.310	11,237,179,643	12.24%
2012	727,146,373	471,328,711	75,694,525	53,744,013	35,577,342	8,268,596	1,252,765	14,066,512	1,387,078,837	288,372,057	40.884	11,380,383,646	12.19%
2013	752,165,439	470,234,566	68,000,485	56,548,570	39,505,346	8,968,739	1,244,815	12,554,610	1,409,222,570	301,018,386	40.416	11,688,512,847	12.06%
2014	770,621,741	467,848,853	63,564,841	56,899,557	39,499,246	9,059,635	960,855	16,343,389	1,424,798,117	308,034,787	40.268	11,904,760,584	11.97%
2015	911,790,305	523,152,792	71,707,608	69,877,322	42,538,454	11,129,382	1,014,980	22,609,402	1,653,820,245	329,168,816	38.393	13,964,441,174	11.84%
2016	943,539,940	530,258,495	63,857,641	65,497,111	44,783,490	11,313,850	1,000,310	29,486,433	1,689,737,270	332,498,244	38.349	14,362,926,391	11.76%
2017	1,067,616,796	612,219,567	85,081,265	76,820,853	43,831,540	12,433,478	902,870	36,765,089	1,935,671,458	336,254,684	36.315	17,743,625,537	10.91%
2018	1,100,898,007	640,688,615	74,991,614	81,499,466	43,087,047	12,476,569	1,031,571	47,679,320	2,002,352,209	334,767,923	47.428	18,302,719,005	10.94%
2019	1,308,365,541	735,602,627	98,580,844	92,570,545	44,924,554	12,020,449	1,295,627	266,533,866	2,559,894,053	348,079,102	43.838	22,020,409,617	11.63%
2020	1,343,419,738	756,186,357	95,524,175	94,975,431	46,874,433	12,646,154	1,255,463	123,450,618	2,474,332,369	352,088,993	44.578	22,423,140,546	11.03%

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

From 2010 to 2020, commercial real property, undeveloped land, personal property and utilities were assessed at 29% of replacement cost calculated on the base year's appraised value. Residential real property was assessed as follows:

	<u>Assessment Percentage</u>	<u>Base Year</u>
2011	7.96%	2009 appraised value
2012	7.96%	2011 appraised value
2013	7.96%	2011 appraised value
2014	7.96%	2013 appraised value
2015	7.96%	2013 appraised value
2016	7.96%	2015 appraised value
2017	7.96%	2015 appraised value
2018	7.20%	2017 appraised value
2019	7.20%	2017 appraised value
2020	7.15%	2019 appraised value

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)
2012	32.655	9.655	42.310	22.472	9.564	55.494	1,218.291
2013	32.830	8.054	40.884	22.520	9.564	55.491	1,311.630
2014	32.437	7.979	40.416	22.424	9.564	55.429	1,727.553
2015	32.300	7.968	40.268	22.459	9.564	55.502	2,300.438
2016	31.454	6.939	38.393	21.882	9.564	55.308	2,653.568
2017	31.497	6.852	38.349	22.521	9.564	55.157	2,888.495
2018	30.272	6.043	36.315	22.092	9.564	54.910	3,069.926
2019	37.406	10.022	47.428	22.403	9.564	55.101	3,470.803
2020	35.894	7.944	43.838	21.863	9.564	53.962	3,815.059
2021	36.320	8.258	44.578	22.458	9.564	55.443	4,424.399

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	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Extraction Oil and Gas LLC	\$ 47,424,936	1	2.05%	\$ -		-
G and I VI Promenade LLC	22,173,580	2	0.96%	21,677,500	1	0.02
Public Service Company of Colorado	19,127,784	3	0.83%	10,187,330	5	0.80%
Wal-Mart Stores East, LP	14,947,499	5	0.65%	19,006,450	2	1.49%
Kerr McGee Oil and Gas Onshore LP	11,038,695	4	0.48%	-		-
Canyon Bakehouse LLC	11,038,499	8	0.48%	-		-
Centerra Retail Shops LLC	11,020,000	7	0.48%	-		-
HR Assets LLC	10,005,000	6	0.43%	-		-
RVABTS LLC	8,265,000	9	0.36%	-		-
Loveland Medical Enterprises LLC	8,002,083	10	0.35%	-		-
Centerra	-		-	16,055,970	3	1.26%
Qwest Corporation	-		-	11,444,400	4	0.90%
MCR-MOB LLC	-		-	7,696,600	6	0.60%
John Q. Hammons Hotels	-		-	6,940,570	7	0.54%
Craig Realty Group-Loveland, LLC	-		-	5,800,150	8	0.45%
Crop Production Services, Incorporated	-		-	5,252,300	9	0.41%
Praxair Incorporated	-		-	4,761,120	10	0.37%
	<u>\$ 163,043,076</u>		<u>7.04%</u>	<u>\$ 108,822,390</u>		<u>8.51%</u>
Total assessed valuation	<u>\$ 2,316,728,490</u>			<u>\$ 1,278,012,549</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	Percentage of Levy		Amount	Percentage of Levy
2011	2012	54,072,711	51,303,145	94.9%	3,475,700	54,778,845	101.3%
2012	2013	52,692,995	50,029,889	94.9%	2,689,143	52,719,032	100.0%
2013	2014	52,985,717	51,118,305	96.5%	2,122,692	53,240,997	100.5%
2014	2015	53,487,740	51,542,396	96.4%	2,025,167	53,567,563	100.1%
2015	2016	59,261,073	56,828,127	95.9%	2,106,232	58,934,359	99.4%
2016	2017	60,501,426	58,429,130	96.6%	1,532,229	59,961,359	99.1%
2017	2018	65,741,247	63,595,937	96.7%	2,243,284	65,839,221	100.1%
2018	2019	88,508,422	85,416,259	96.5%	2,646,811	88,063,070	99.5%
2019	2020	105,605,314	95,326,741	90.3%	2,895,148	98,221,889	93.0%
2020	2021	103,275,123	99,473,042	96.3%	11,865,996	111,339,038	107.8%

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

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

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

Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2012	116,326,723	3,060,000	671,925	120,058,648	4.69%	1,776
2013	120,997,488	2,860,000	458,112	124,315,600	4.54%	1,807
2014	114,058,728	2,650,000	234,293	116,943,021	3.89%	1,606
2015	106,789,968	12,778,466	-	119,568,434	3.87%	1,661
2016	99,166,209	11,932,458	-	111,098,667	3.43%	1,495
2017	91,139,957	11,061,450	-	102,201,407	3.03%	1,374
2018	82,869,479	10,160,442	2,434,326	95,464,247	2.68%	1,261
2019	251,163,188	9,214,434	1,963,189	262,340,811	6.84%	3,461
2020	239,451,177	8,223,426	1,486,413	249,161,016	5.95%	3,227
2021	227,799,166	7,182,418	1,287,527	236,269,111	5.49%	3,068

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

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

The District adopted GASB 65 in 2014.

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

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
2012	116,326,723	14,116,172	102,210,551	9.10%	1,721
2013	120,997,488	12,351,178	108,646,310	9.39%	1,759
2014	114,058,728	12,611,056	101,447,672	8.70%	1,567
2015	106,789,968	12,869,000	93,920,968	8.04%	1,483
2016	99,166,209	13,129,412	86,036,797	6.42%	1,335
2017	91,139,957	13,351,499	77,788,458	5.78%	1,225
2018	82,869,479	13,821,693	69,047,786	4.58%	1,095
2019	251,163,188	19,111,226	232,051,962	13.46%	3,313
2020	239,451,177	17,861,925	221,589,252	9.94%	3,102
2021	227,799,166	19,772,144	208,027,022	9.83%	2,958

Sources: Larimer County Assessor's Office, Weld County Assessor's Office and Boulder County Assessor's Office
(1) Assessed Value is \$2,316,728,490 for 2020.

Thompson School District R2-J
 Computation of Direct and Overlapping Debt
 June 30, 2021
 (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	\$ 236,269,111	100.00%	\$ 236,269,111
Overlapping Debt:			
Town of Berthoud	<u>8,310,000</u>	100.00%	<u>8,310,000</u>
 Total	 <u>\$ 244,579,111</u>		 <u>\$ 244,579,111</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, 2021
 Last Ten Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed value	\$ <u>1,278,012,549</u>	\$ <u>1,288,846,309</u>	\$ <u>1,311,008,455</u>	\$ <u>1,328,293,932</u>	\$ <u>1,543,538,472</u>	\$ <u>1,577,653,289</u>	\$ <u>1,810,305,577</u>	\$ <u>1,866,163,922</u>	\$ <u>2,408,990,243</u>	\$ <u>2,316,728,490</u>
Debt limit (20% of assessed valuation)	\$ 255,602,510	\$ 257,769,262	\$ 262,201,691	\$ 265,658,786	\$ 308,707,694	\$ 315,530,658	\$ 362,061,115	\$ 373,232,784	\$ 481,798,049	\$ 463,345,698
Total net debt applicable to limit	<u>116,326,723</u>	<u>120,997,488</u>	<u>114,058,728</u>	<u>106,789,968</u>	<u>99,166,209</u>	<u>91,139,957</u>	<u>82,869,479</u>	<u>251,163,188</u>	<u>239,451,177</u>	<u>227,799,166</u>
Legal debt margin	\$ <u>139,275,787</u>	\$ <u>136,771,774</u>	\$ <u>148,142,963</u>	\$ <u>158,868,818</u>	\$ <u>209,541,485</u>	\$ <u>224,390,701</u>	\$ <u>279,191,636</u>	\$ <u>122,069,596</u>	\$ <u>242,346,872</u>	\$ <u>235,546,532</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>45.51%</u>	<u>46.94%</u>	<u>43.50%</u>	<u>40.20%</u>	<u>32.12%</u>	<u>28.88%</u>	<u>22.89%</u>	<u>67.29%</u>	<u>49.70%</u>	<u>49.16%</u>

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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment (a)
Thompson School District R2-J	2,533	1	4.97%	2,407	1	6.77%
Medical Center of the Rockies	1,621	2	3.18%	-	-	-
Wal-Mart Distribution Center	1,226	3	2.40%	989	2	2.78%
City of Loveland	841	4	1.65%	688	4	1.94%
Hach Company	800	5	1.57%	-	-	-
McKee Medical Center	577	6	1.13%	851	3	2.39%
Nutrein/Crop Production Services	525	7	1.03%	350	5	0.98%
LPR Construction	500	8	0.98%	-	-	-
Good Samaritan Society-Loveland	235	9	0.46%	-	-	-
The Eye Laser Center of Northern Co	200	10	0.39%	-	-	-
Pinnacle Agriculture Holdings LLC	200	10	0.39%	-	-	-
Abound Solar	-	-	-	350	6	0.98%
Kroll Factual Data	-	-	-	299	7	0.84%
Columbine Health Systems	-	-	-	285	8	0.80%
Agilent Technologies	-	-	-	280	9	0.79%
Group	-	-	-	278	10	0.78%
Total	9,258		18.16%	6,777		19.07%
Total City Employment	50,980			35,540		

Sources: City of Loveland December 31, 2020 Comprehensive Annual Financial Report
District Financial Records

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

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

Fiscal Year	Population (thousands)	Personal Income (millions)	County Per Capita Income (b) (thousands)	Median Age	Unemployment Percentage (a)
2011	67.6	2,557.54	37.8	35.3	8.7
2012	68.8	2,736.96	39.8	38.7	7.7
2013	72.8	3,009.34	41.3	38.1	6.5
2014	72.0	3,085.71	42.9	37.7	4.8
2015	74.3	3,240.43	43.6	38.4	3.8
2016	74.4	3,372.88	45.3	39.1	3.2
2017	75.7	3,564.64	47.1	40.1	2.5
2018	75.8	3,832.88	50.5	40.2	2.9
2019	77.2	4,184.99	54.2	40.2	2.3
2020	77.0	4,301.50	55.9	39.9	7.4

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

Source: City of Loveland December 31, 2020 Comprehensive Annual Financial Report

Thompson School District R2-J
Number of Employees by Function
June 30, 2021
(Unaudited)

<u>Employees: (Full and Part Time Positions)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Administration										
Instructional Central Office Administrators	10	8	8	9	9	10	9	10	14	14
Principals & Asst. Principals	45	45	47	48	49	47	47	47	48	50
Support Central Office Administrators	10	9	9	6	8	8	11	13	16	17
Teaching Staff										
Teachers	906	895	939	937	931	950	964	987	1007	979
Substitute Teachers	391	484	491	568	524	472	525	462	516	458
Guidance Counselors	37	36	35	37	44	46	48	44	48	47
Media Specialist	9	9	7	7	7	8	7	9	8	8
Teacher Aides	172	175	193	197	195	210	224	232	226	200
Support Services										
Nurses, Psychologists, and Social Workers	29	31	32	32	31	34	34	41	41	42
Pupil Transportation	99	99	99	98	97	96	99	100	102	95
Personnel Services	9	9	9	9	12	12	12	13	10	10
Operations and Maintenance	156	145	149	144	144	141	144	143	145	145
Fiscal Services and Data Processing	16	14	14	14	14	14	14	13	13	13
School Building Clerical	125	119	123	124	118	121	124	120	119	113
Other Professional Support Staff	124	121	128	132	134	141	142	138	136	131
Other Clerical Support	22	19	19	22	21	21	22	21	23	24
Food Services	74	72	73	69	73	76	74	62	61	53
Total	2,234	2,290	2,375	2,453	2,411	2,407	2,500	2,455	2,533	2,399

Source: Thompson School District Human Resources Department

Thompson School District R2-J
 Operating Indicators
 June 30, 2021
 (Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Funding per Student	\$ 6,140	\$ 6,145	\$ 6,308	\$ 6,665	\$ 6,938	\$ 7,045	\$ 7,275	\$ 7,713	\$ 8,061	\$ 7,715
Funded Pupil Count	14,672.9	14,903.3	15,115.6	15,122.3	15,064.9	15,252.0	15,229.7	15,194.5	15,544.4	15,268.9
Total Funding per School Finance Act	\$ <u>90,091,606</u>	\$ <u>91,580,779</u>	\$ <u>95,349,205</u>	\$ <u>100,790,130</u>	\$ <u>104,520,276</u>	\$ <u>107,450,340</u>	\$ <u>110,796,068</u>	\$ <u>117,195,179</u>	\$ <u>125,303,408</u>	\$ <u>117,799,564</u>

Source: Thompson School District Finance Department

Thompson School District R2-J
School Building Information
June 30, 2021
(Unaudited)

<u>Schools</u>	<u>Sq. Ft.</u>	<u>Capacity</u>	<u>Enrollment History by Fiscal Year</u>									
			<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Elementary Schools												
Berthoud	54,903	580	419	486	481	463	431	474	433	397	380	378
BF Kitchen	33,800	280	202	217	224	237	226	219	227	214	223	217
Big Thompson	29,100	255	179	222	232	240	221	220	207	184	171	185
Carrie Martin	33,350	280	215	273	285	251	220	240	232	245	270	281
Centennial	57,750	530	364	439	441	435	455	457	466	462	403	399
Cottonwood Plains	57,400	530	363	419	428	419	416	446	424	408	413	416
Coyote Ridge	58,300	375	296	362	379	366	368	339	360	361	374	341
Garfield	34,900	300	212	255	255	262	266	245	252	267	275	276
High Plains	63,600	550	503	568	533	473	391	-	-	-	-	-
Ivy Stockwell	40,944	455	356	407	375	333	312	301	318	323	307	317
Laurene Edmondson	32,650	280	211	223	208	213	214	210	235	250	246	211
Lincoln	40,500	355	192	248	245	244	213	208	222	220	220	223
Mary Blair	49,150	480	205	261	267	313	326	375	387	389	405	435
Monroe	51,050	505	224	242	198	209	227	294	292	305	333	330
Namaqua	51,550	505	253	314	256	274	312	323	329	367	380	372
Ponderosa	71,500	550	355	402	404	407	419	445	449	462	457	431
Sarah Milner	36,700	405	246	258	286	316	318	298	314	336	338	307
Stansberry	31,800	280	0	0	118	170	199	225	212	207	213	223
Truscott	45,700	330	223	231	215	221	246	257	240	265	261	281
Van Buren	32,800	300	0	0	123	124	142	150	189	197	202	199
Winona	65,500	550	291	327	367	349	405	442	443	466	433	418
Middle Schools												
Bill Reed	146,500	900	624	673	661	628	658	685	709	695	701	660
Conrad Ball	96,100	810	425	457	499	528	553	638	667	659	660	642
Lucile Erwin	115,500	900	829	898	850	890	919	879	903	888	888	850
Turner	72,750	770	460	466	479	477	464	438	425	460	449	465
Walt Clark	96,850	900	418	472	499	495	481	494	481	477	508	530
High Schools												
Berthoud	143,100	990	649	696	678	715	714	727	693	678	646	623
Ferguson	43,000	185	120	122	118	109	127	103	124	120	112	131
Loveland	211,250	1,500	1,560	1,595	1,638	1,628	1,617	1,530	1,535	1,521	1,490	1,517
Mountain View	252,300	1,475	1,170	1,172	1,203	1,250	1,218	1,268	1,253	1,208	1,127	1,118
Thompson Valley	218,000	1,475	1,043	1,089	1,087	1,147	1,209	1,177	1,246	1,238	1,278	1,328
Totals	2,368,297	18,580	12,607	13,794	14,032	14,186	14,287	14,107	14,267	14,269	14,163	14,104

Source: Thompson School District Planning Department

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***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J, and have issued our report thereon dated February 9, 2022. Our report includes a reference to other auditors who audited the financial statements of the New Vision Charter School, as described in our report on the Thompson School District R2-J's financial statements. The financial statements of the New Vision Charter School and the Loveland Classical Schools were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Thompson School District R2-J's internal control over financial reporting to determine the 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 Thompson School District R2-J's internal control. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Thompson School District R2-J's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 the Thompson School District R2-J's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thompson School District R2-J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Thompson School District R2-J'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 Thompson School District R2-J's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
February 9, 2022





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

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

Report on Compliance for Each Major Federal Program

We have audited the Thompson School District R2-J's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Thompson School District R2-J's major federal programs for the year ended June 30, 2021. The Thompson School District R2-J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Thompson School District R2-J's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Thompson School District R2-J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Thompson School District R2-J's compliance.

Opinion on Each Major Federal Program

In our opinion, the Thompson School District R2-J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Thompson School District R2-J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Thompson School District R2-J's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Thompson School District R2-J's internal control over compliance.

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

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

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



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Thompson School District R2-J as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Thompson School District R2-J. We issued our report thereon dated February 9, 2022, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the New Vision Charter School and Loveland Classical Schools, which represent 97 percent and 96 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Vision Charter School and Loveland Classical Schools, is based solely upon the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson School District R2-J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Englewood, Colorado
February 9, 2022



Thompson School District R2-J
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified Qualified Adverse Disclaimed

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

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

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

Unmodified Qualified Adverse Disclaimed

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

Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
84.425D	Education Stabilization Fund Cluster
10.555	Child Nutrition Cluster
10.559	

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

Auditee qualified as low-risk auditee? Yes No

Section II: Financial Statement Findings

None to report for the year ended June 30, 2021.

**Thompson School District R2-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor/Pass - Through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipient
U.S. Department of Education					
Passed Through State Department of Education					
Education Stabilization Fund Cluster					
ESSER II	84.425D	COVID-19	4420	\$ 578,277	\$
ESSER I	84.425D	COVID-19	4425	<u>931,522</u>	
Education Stabilization Fund Cluster Subtotal				<u>1,509,799</u>	
Special Education Cluster					
Special Education	84.027		4027	3,182,905	
Special Education Preschool	84.173		4173	<u>136,112</u>	
Special Education Cluster Subtotal				<u>3,319,017</u>	
Title I					
English Language Acquisition	84.010		4010,5010	1,715,890	
Supporting Effective Instruction	84.365		4365	29,304	
Student Support and Academic Enrichment Program	84.367		4367	278,902	
Special Education-Grants for Infants and Families with Disabilities (IDEA Part C)	84.424		4424	158,058	
Education for Homeless Children and Youth	84.181		5181	5,616	
Special Education State Personnel Development	84.196		5196	29,509	
School Safety National Activities	84.323		5323	57,845	
School Safety National Activities	84.184		8174	14,170	
Passed Through State Community Colleges System					
Career and Technical Education	84.048			<u>94,263</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>7,212,373</u>	
U.S. Department of the Treasury					
Passed Through State Department of Education					
Coronavirus Relief Fund (CRF)	21.019	COVID-19	4012	7,575,433	
Coronavirus Relief Fund (CRF): K-12 At-Risk Pupils	21.019	COVID-19	5012	483,417	
Coronavirus Relief Fund (CRF): School Preparation/Mitigation	21.019	COVID-19	6012	<u>16,000</u>	
TOTAL U.S. DEPARTMENT OF TREASURY				<u>8,074,850</u>	
U.S. Department of Agriculture					
Passed through State Department of Human Services					
Child Nutrition Cluster					
Food Donation	10.555			283,823	
Passed Through State Department of Education					
Child Nutrition Cluster					
Summer Food Service Program for Children	10.559	COVID-19	4559	709,238	
Summer Food Service Program for Children	10.559		4559	<u>4,190,571</u>	
Child Nutrition Cluster Subtotal				<u>4,899,809</u>	
Passed Through State Department of Public Health & Environment					
Child and Adult Care Food Program	10.558			<u>241</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>5,183,873</u>	
U.S. Department of Health and Human Services					
Direct Program					
Head Start	93.600			<u>2,758,444</u>	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>2,758,444</u>	
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ <u>23,229,541</u>	\$ <u> </u>

See independent auditors' report

Thompson School District R2-J
Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

Note (1) Basis of Presentation

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

Note (2) Indirect Costs

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

Note (3) Subrecipients

There were no funds passed through to subrecipients.

Note (4) Method of Valuation for Commodities

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

Thompson School District R2-J
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III: Federal Awards Findings and Questioned Costs

None to report for the year ended June 30, 2021.



Colorado Department of Education
Auditors Integrity Report
 District: 1560 - Thompson R2-J
 Fiscal Year 2020-21
 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	24,822,519	151,478,631	141,591,111	34,710,039
18 Risk Mgmt Sub-Fund of General Fund	75,500	514,963	561,963	28,500
19 Colorado Preschool Program Fund	0	713,461	713,461	0
Sub- Total	24,898,019	152,707,054	142,866,534	34,738,539
11 Charter School Fund	3,520,053	19,081,850	17,388,862	5,213,042
20,26-29 Special Revenue Fund	6,896,093	2,033,716	2,162,987	6,766,822
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	295,432	5,272,820	4,443,005	1,125,247
22 Govt Designated-Purpose Grants Fund	4,277,849	21,116,826	26,545,720	-1,151,045
23 Pupil Activity Special Revenue Fund	1,806,554	995,758	978,131	1,824,182
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	17,861,925	20,731,894	18,821,675	19,772,144
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	123,612,529	162,583	66,337,391	57,437,720
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,640,025	5,193,700	2,763,832	4,069,893
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	184,808,480	227,296,203	282,308,137	129,796,545
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	50,066	32,000	28,750	53,316
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,332,825	876,228	686,285	1,522,767
Totals	1,382,891	908,228	715,035	1,576,083

FINAL

EMMA, CONTINUING DISCLOSURE SECTION

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

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History of District’s Property Tax Collections	140
History of General Fund Revenues, Expenditures and Fund Balances	141
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Thompson School District R2-J
 District Enrollment
 Historical Enrollment as of October Student Counts
 (Unaudited)

<u>School Year</u>	<u>Enrollment</u>	<u>Percent Increase Based Upon Total Enrollment</u>
2012	15,655	2.25%
2013	16,042	2.47%
2014	16,210	1.05%
2015	16,133	-0.48%
2016	16,043	-0.56%
2017	16,280	1.48%
2018	16,278	-0.01%
2019	16,181	-0.60%
2020	16,163	-0.11%
2021	14,965	-7.41%

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

<u>School Year</u>	<u>General Fund Mill Levy</u>	<u>Bond Fund Mill Levy</u>	<u>Mill Levy Override</u>	<u>Abatements</u>	<u>Total Mill Levy</u>
2012	22.360	9.655	10.018	0.277	42.310
2013	22.360	8.054	9.969	0.501	40.884
2014	22.360	7.979	9.870	0.207	40.416
2015	22.360	7.968	9.796	0.144	40.268
2016	22.360	6.939	9.008	0.086	38.393
2017	22.360	6.852	8.898	0.239	38.349
2018	22.360	6.043	7.754	0.158	36.315
2019	22.360	10.022	14.916	0.130	47.428
2020	22.360	7.944	13.427	0.107	43.838
2021	22.360	8.258	13.659	0.301	44.578

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			
2011/2012	1,361,162,945	11,196,000	3,530,837	1,375,889,782	97,877,233	1,278,012,549	-5.09%
2012/2013	1,369,737,812	13,731,010	3,610,015	1,387,078,837	98,232,528	1,288,846,309	0.85%
2013/2014	1,391,202,663	14,153,877	3,866,030	1,409,222,570	98,214,115	1,311,008,455	1.72%
2014/2015	1,406,505,209	14,532,160	3,760,748	1,424,798,117	96,504,185	1,328,293,932	1.32%
2015/2016	1,634,814,386	15,082,540	3,923,319	1,653,820,245	110,281,773	1,543,538,472	16.20%
2016/2017	1,650,085,690	35,755,870	3,895,710	1,689,737,270	112,083,981	1,577,653,289	2.21%
2017/2018	1,905,697,165	25,884,930	4,089,363	1,935,671,458	125,365,881	1,810,305,577	14.75%
2018/2019	1,966,738,446	31,467,000	4,146,763	2,002,352,209	136,188,287	1,866,163,922	3.09%
2019/2020	2,461,350,268	93,848,420	4,695,365	2,559,894,053	150,903,810	2,408,990,243	29.09%
2020/2021	2,392,549,086	77,095,470	4,687,813	2,474,332,369	157,603,879	2,316,728,490	-3.83%

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

Assessment Year	Collection Year	Total Taxes Levied	Taxes Collected	Percent Collected
2011	2012	54,072,711	54,778,845	101.3%
2012	2013	52,692,995	52,719,032	100.0%
2013	2014	52,985,717	53,240,997	100.5%
2014	2015	53,487,740	53,567,563	100.1%
2015	2016	59,261,073	58,934,359	99.4%
2016	2017	60,501,426	59,961,359	99.1%
2017	2018	65,741,247	65,839,221	100.1%
2018	2019	88,508,422	88,063,070	99.5%
2019	2020	105,605,314	98,221,889	93.0%
2020	2021	103,275,123	111,339,038	107.8%

Thompson School District R2-J
History of General Fund Revenues, Expenditures and Fund Balances
(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Taxes										
Local Property-School Finance Act	\$ 29,259,082	\$ 29,268,775	\$ 29,675,067	\$ 29,896,023	\$ 34,410,569	\$ 35,239,167	\$ 40,728,957	\$ 41,844,442	\$ 50,233,673	\$ 56,449,633
Local Property-Mill Levy Override	13,042,059	13,019,306	13,071,303	13,073,884	13,860,291	14,007,199	14,139,040	27,667,897	30,161,881	34,245,252
Specific Ownership	3,887,262	4,000,549	4,428,291	4,893,796	4,958,453	5,549,436	6,039,905	7,100,619	7,934,385	8,312,971
Equalization Entitlements	59,316,022	60,659,979	63,794,200	68,613,637	67,344,018	69,356,093	67,122,702	68,758,543	68,114,946	62,000,145
Special Education	2,672,906	2,814,051	3,146,620	3,343,434	3,295,248	3,149,449	3,274,728	3,460,949	3,718,287	3,642,465
Vocational Education	482,041	381,172	326,140	432,096	617,848	438,570	456,561	446,565	314,118	412,856
Transportation	953,060	1,022,447	1,020,396	1,036,797	1,081,771	1,025,549	1,050,582	1,162,404	1,114,540	1,174,627
Other Federal Grants	162,482	68,142	67,079	-	120,634	18,406	54,136	48,319	43,736	39,690
Charter School Chargebacks	730,892	887,200	952,278	1,035,075	1,245,964	1,341,972	1,548,222	1,656,060	2,008,780	2,049,257
Other	1,144,814	758,453	755,241	839,822	1,031,973	1,171,172	1,915,170	3,263,065	3,257,852	668,495
Investment Earnings	35,277	103,387	72,034	54,989	106,464	243,468	394,081	581,839	487,015	65,271
Total Revenues	<u>111,685,897</u>	<u>112,983,461</u>	<u>117,308,649</u>	<u>123,219,553</u>	<u>128,073,233</u>	<u>131,540,481</u>	<u>136,724,085</u>	<u>155,990,702</u>	<u>167,389,213</u>	<u>169,060,662</u>
Expenditures										
Current Operating										
Instruction	60,677,590	60,841,196	65,216,824	68,502,531	68,290,676	70,648,085	73,055,038	79,248,312	87,469,953	82,523,446
Supporting Services	43,042,411	41,721,050	44,391,604	45,518,203	46,936,538	49,962,439	52,036,925	55,453,996	61,167,972	60,318,089
Capital Outlay	602,807	682,404	1,325,652	1,062,017	631,741	863,928	587,816	1,386,012	60,987	25,000
Charter School Allocation	5,827,930	6,497,874	6,785,972	7,388,163	8,381,383	8,732,477	9,832,809	10,608,878	12,933,826	13,780,897
Total Expenditures	<u>110,150,738</u>	<u>109,742,524</u>	<u>117,720,052</u>	<u>122,470,914</u>	<u>124,240,338</u>	<u>130,206,929</u>	<u>135,512,588</u>	<u>146,697,198</u>	<u>161,632,738</u>	<u>156,647,432</u>
Excess of Revenues Over (Under) Expenditures	<u>1,535,159</u>	<u>3,240,937</u>	<u>(411,403)</u>	<u>748,639</u>	<u>3,832,895</u>	<u>1,333,552</u>	<u>1,211,497</u>	<u>9,293,504</u>	<u>5,756,475</u>	<u>12,413,230</u>
Other Financing Sources (Uses)										
Transfers Out	(2,643,417)	(2,040,762)	(3,092,110)	(2,785,518)	(5,743,039)	(3,916,628)	(3,722,324)	(3,611,162)	(3,815,296)	(2,572,709)
Net Change In Fund Balances	<u>(1,108,258)</u>	<u>1,200,175</u>	<u>(3,503,513)</u>	<u>(2,036,879)</u>	<u>(1,910,144)</u>	<u>(2,583,076)</u>	<u>(2,510,827)</u>	<u>5,682,342</u>	<u>1,941,179</u>	<u>9,840,521</u>
Fund Balances - Beginning of the Year	<u>29,727,020</u>	<u>28,618,762</u>	<u>29,818,937</u>	<u>26,315,424</u>	<u>24,278,545</u>	<u>22,368,401</u>	<u>19,785,325</u>	<u>17,274,498</u>	<u>22,956,840</u>	<u>24,898,019</u>
Fund Balances - End of the Year	<u>\$ 28,618,762</u>	<u>\$ 29,818,937</u>	<u>\$ 26,315,424</u>	<u>\$ 24,278,545</u>	<u>\$ 22,368,401</u>	<u>\$ 19,785,325</u>	<u>\$ 17,274,498</u>	<u>\$ 22,956,840</u>	<u>\$ 24,898,019</u>	<u>\$ 34,738,540</u>

Sources: District Comprehensive Annual Financial Reports for years ended June 30, 2012-June 30, 2021

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

	2012-13 Budget	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2020-21 Year End (audited)	2021-22 Budget
Fund Balance - Beginning of Year	\$ 28,618,762	\$ 29,818,937	\$ 26,315,424	\$ 24,278,545	\$ 19,600,197	\$ 17,859,560	\$ 14,573,076	\$ 18,732,552	\$ 24,898,019	\$ 24,898,019	\$ 22,761,508
REVENUES											
School Finance Act											
Property taxes	28,818,457	29,314,149	29,700,652	31,990,765	35,446,569	36,403,208	41,786,362	50,994,294	53,797,698	56,449,633	52,368,678
Specific ownership taxes	2,079,791	2,236,977	2,472,616	2,528,596	2,824,621	2,989,675	3,386,421	3,987,568	3,391,594	4,243,663	3,262,579
State equalization	60,456,717	63,831,868	68,644,716	69,722,273	68,245,587	72,587,269	72,661,813	70,815,423	59,762,225	62,000,145	73,818,605
Total School Finance Act Funding	91,354,965	95,382,994	100,817,984	104,241,634	106,516,777	111,980,152	117,834,596	125,797,285	116,951,517	122,693,441	129,449,862
Mill Levy Override and Other											
Property taxes from overrides	12,848,509	12,940,685	12,940,685	13,905,685	14,036,939	14,040,000	14,040,000	30,347,838	31,647,137	34,245,254	32,527,493
Specific ownership taxes	1,513,399	2,149,674	1,796,022	2,256,668	2,204,555	2,307,427	2,810,637	2,576,757	2,575,000	4,069,309	3,250,000
Transportation reimbursement	988,354	988,273	1,015,945	1,024,421	1,068,412	1,087,783	1,068,690	1,146,628	1,143,510	1,174,627	1,000,000
ECEA funding	2,839,850	3,252,845	3,349,801	3,359,791	3,476,306	3,387,515	2,999,272	3,130,868	3,122,210	3,642,465	4,467,577
Vocational education reimbursement	400,000	296,000	304,000	333,352	476,361	330,403	469,345	435,246	434,280	412,856	350,000
Indirect cost reimbursement	254,400	227,500	227,500	227,500	226,800	233,150	244,664	247,111	246,925	203,135	246,925
Charter school chargebacks	924,540	950,123	955,093	1,036,703	1,167,891	1,274,636	1,598,575	2,064,936	2,063,385	2,049,257	2,063,385
Investment earnings	15,000	44,400	44,400	55,000	78,320	177,891	342,535	374,581	374,300	65,271	374,300
Instructional materials fees	225,000	205,000	170,000	153,611	140,819	136,839	168,630	162,121	161,999	149,276	161,999
E-rate reimbursements	165,000	165,000	165,000	165,000	135,911	215,133	247,000	-	-	-	-
Cell & broadband leases	72,192	72,192	73,000	73,000	87,226	61,417	64,847	97,008	96,935	76,989	96,935
National forest & other	54,500	74,500	117,000	124,200	274,539	339,539	482,950	306,686	306,456	278,782	306,456
Total Mill Levy Override and Other	20,300,744	21,366,192	21,158,446	22,714,931	23,374,078	23,591,733	24,537,145	40,889,780	42,172,137	46,367,221	44,845,070
Total Revenues	111,655,709	116,749,186	121,976,430	126,956,565	129,890,855	135,571,885	142,371,741	166,687,065	159,123,654	169,060,662	174,294,932
EXPENDITURES											
Student instruction	63,282,941	66,938,929	70,131,577	70,718,872	72,190,892	74,331,478	77,237,810	85,713,270	82,821,806	82,548,446	86,872,912
Student support	6,686,447	7,412,140	7,091,600	7,785,136	7,636,909	8,524,441	8,669,611	8,590,579	8,577,714	8,984,587	10,108,929
Instruction support	7,557,795	8,664,884	9,160,567	9,683,972	10,637,770	11,473,461	11,819,855	13,846,655	13,730,505	11,531,919	14,582,659
General administration	821,292	703,609	670,265	696,554	767,804	779,072	859,713	1,180,992	868,227	834,606	1,111,625
School administration	7,411,592	7,946,734	8,117,509	8,432,580	8,817,955	8,971,625	9,359,973	9,934,889	9,998,384	10,980,318	10,476,865
Business services	1,935,047	1,988,740	2,033,068	2,063,896	2,143,197	2,107,901	2,212,503	2,384,057	2,452,651	5,254,658	2,560,702
Facilities/operations	10,856,138	11,210,242	11,666,498	11,738,259	12,213,239	12,724,198	13,545,848	15,271,171	15,277,107	14,600,094	15,612,672
Student transportation	3,622,188	3,952,415	4,111,192	4,369,763	4,674,322	4,842,284	5,097,475	5,009,815	5,352,981	4,653,984	5,632,403
Central support	3,430,779	3,602,752	3,498,145	3,649,064	3,913,144	3,884,491	4,324,705	4,600,790	4,530,373	3,477,923	4,976,744
Allocation to charters	6,483,540	6,788,556	7,390,194	8,357,645	8,799,690	9,313,040	10,314,079	14,508,857	14,870,797	13,780,897	18,630,350
Transfers to other funds	2,115,562	2,947,825	2,835,837	5,743,039	3,418,418	3,516,024	3,836,490	3,947,365	2,708,284	2,572,709	3,176,250
Total Expenditures	114,203,321	122,156,826	126,706,452	133,238,780	135,213,340	140,468,016	147,278,062	164,988,440	161,188,829	159,220,141	173,742,112
Net Change in Fund Balance	(2,547,612)	(5,407,640)	(4,730,022)	(6,282,215)	(5,322,485)	(4,896,131)	(4,906,321)	1,698,625	(2,065,175)	9,840,521	552,820
Fund Balance - End of Year	\$ 26,071,150	\$ 24,411,297	\$ 21,585,402	\$ 17,996,330	\$ 14,277,712	\$ 12,963,429	\$ 9,666,755	\$ 20,431,177	\$ 22,832,844	\$ 34,738,540	\$ 23,314,328

Sources: District Adopted Budgets

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Outstanding	\$ 110,402,114	\$ 106,960,000	\$ 101,340,000	\$ 95,390,000	\$ 89,085,000	\$ 82,340,000	\$ 75,205,000	\$ 216,600,000	\$ 207,455,000	\$ 198,370,000
Estimated Population	107,858	110,523	111,683	111,152	110,532	112,165	112,152	111,483	111,359	103,105
Debt Per Capita	\$ 1,024	\$ 968	\$ 907	\$ 858	\$ 806	\$ 734	\$ 671	\$ 1,943	\$ 1,863	\$ 1,924
Assessed Value (1)	\$ 1,375,889,782	\$ 1,387,078,837	\$ 1,409,222,570	\$ 1,424,798,117	\$ 1,653,820,245	\$ 1,689,737,270	\$ 1,935,671,458	\$ 2,002,352,209	\$ 2,559,894,053	\$ 2,474,332,369
Ratio of Debt to Assessed Value	8.02%	7.71%	7.19%	6.69%	5.39%	4.87%	3.89%	10.82%	8.10%	8.02%
Personal Income Per Capita (Larimer County)	\$ 45,775	\$ 46,610	\$ 48,730	\$ 50,410	\$ 52,059	\$ 51,748	\$ 54,207	\$ 55,884	\$ 55,884 (2)	\$ N/A
Ratio of Debt Per Capita to Personal Income Per Capita	2.24%	2.08%	1.86%	1.70%	1.55%	1.42%	1.24%	3.48%	N/A	N/A

(1) Includes \$97,877,233; \$98,232,528; \$98,214,115; \$96,504,185; \$110,281,773; \$112,083,981; \$125,365,881; \$136,188,287; \$150,903,810 and \$157,603,879 for incremental assessed valuation attributable to the various Larimer County Urban Renewal Authorities in the 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 levy years, respectively, in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenues.

(2) Estimate. Most current data available.

Source: District Comprehensive Annual Financial Report for the year ended June 30, 2012-2021