

NEW ISSUE
BOOK-ENTRY ONLY

UNDERLYING RATING: Moody's: "Aa2"
INTERCEPT RATING: Moody's: "Aa2"
See "RATINGS"

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations. Under the laws of the State of Colorado in effect as of the date of delivery of the Bonds, interest on the Bonds is exempt from Colorado income tax. See "TAX MATTERS."



\$99,000,000*
THOMPSON SCHOOL DISTRICT NO. R2-J
(LARIMER, WELD AND BOULDER COUNTIES, COLORADO)
GENERAL OBLIGATION BONDS
SERIES 2026

Dated: Date of Delivery

Due: December 15, as shown herein

The Bonds are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds bear interest at the rates set forth herein, payable on June 15, 2026, and semiannually thereafter on June 15 and December 15 of each year, to and including the maturity dates shown herein, by check, draft or wire sent by the Paying Agent to the registered owner of the Bonds, initially Cede & Co. The principal of the Bonds will be payable upon presentation and surrender at UMB Bank, n.a., or its successor as the paying agent for the Bonds. See "THE BONDS."

The maturity schedule for the Bonds appears on the inside cover page of this Official Statement.

The Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption as described in "THE BONDS--Redemption Provisions."

The proceeds of the Bonds will be used to finance the construction of certain projects described in the ballot question approved by the registered electors of the District and to pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of and interest on the Bonds without limitation as to rate and in an amount sufficient to pay the Bonds when due. See "SECURITY AND REMEDIES" and "LEGAL MATTERS--Certain Constitutional Limitations." The Bonds are not obligations of the Counties of Larimer, Weld, and Boulder, Colorado, the State of Colorado (except as described herein) or any political subdivision thereof other than the District.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to the approval of legality of the Bonds by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP also has acted as disclosure counsel to the District in connection with the Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. Hilltop Securities Inc., Denver, Colorado, is acting as the Municipal Advisor to the District. Stradling Yocca Carlson & Rauth LLP, Denver, Colorado, is acting as counsel to the Underwriter. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about February 19, 2026.*

STIFEL

* Subject to change.

MATURITY SCHEDULE*
(CUSIP© 6-digit issuer number: _____)

\$99,000,000*
THOMPSON SCHOOL DISTRICT NO. R2-J
(LARIMER, WELD AND BOULDER COUNTIES, COLORADO)
GENERAL OBLIGATION BONDS
SERIES 2026

CUSIP©					CUSIP©				
<u>Maturing</u> <u>(December 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(December 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Issue</u> <u>Number</u>
2026	\$ 3,275,000				2041	\$11,830,000			
2027	2,485,000				2042	12,480,000			
2028	2,620,000				2043	13,165,000			
2029	2,765,000				2044	13,890,000			
2039	10,625,000				2045	14,655,000			
2040	11,210,000								

* Subject to change.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the District. The District maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided by sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**THOMPSON SCHOOL DISTRICT NO. R2-J
LARIMER, WELD AND BOULDER COUNTIES, COLORADO**

Board of Education

Stu Boyd, President
Alexandra Lessem, Vice President
Denise Chapman, Treasurer
Dawn Kirk, Secretary
Lori Goebel
Nancy Rumfelt
Mike Scholl

District Leadership Team

Dr. Bret Heller, Superintendent
Bob Ebersole, Chief Financial Officer
Todd Piccone, Assistant Superintendent - Operations

MUNICIPAL ADVISOR

Hilltop Securities Inc.
Denver, Colorado

BOND AND DISCLOSURE COUNSEL

Butler Snow LLP
Denver, Colorado

REGISTRAR AND PAYING AGENT

UMB Bank, n.a.
Denver, Colorado

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, LLP
Denver, Colorado

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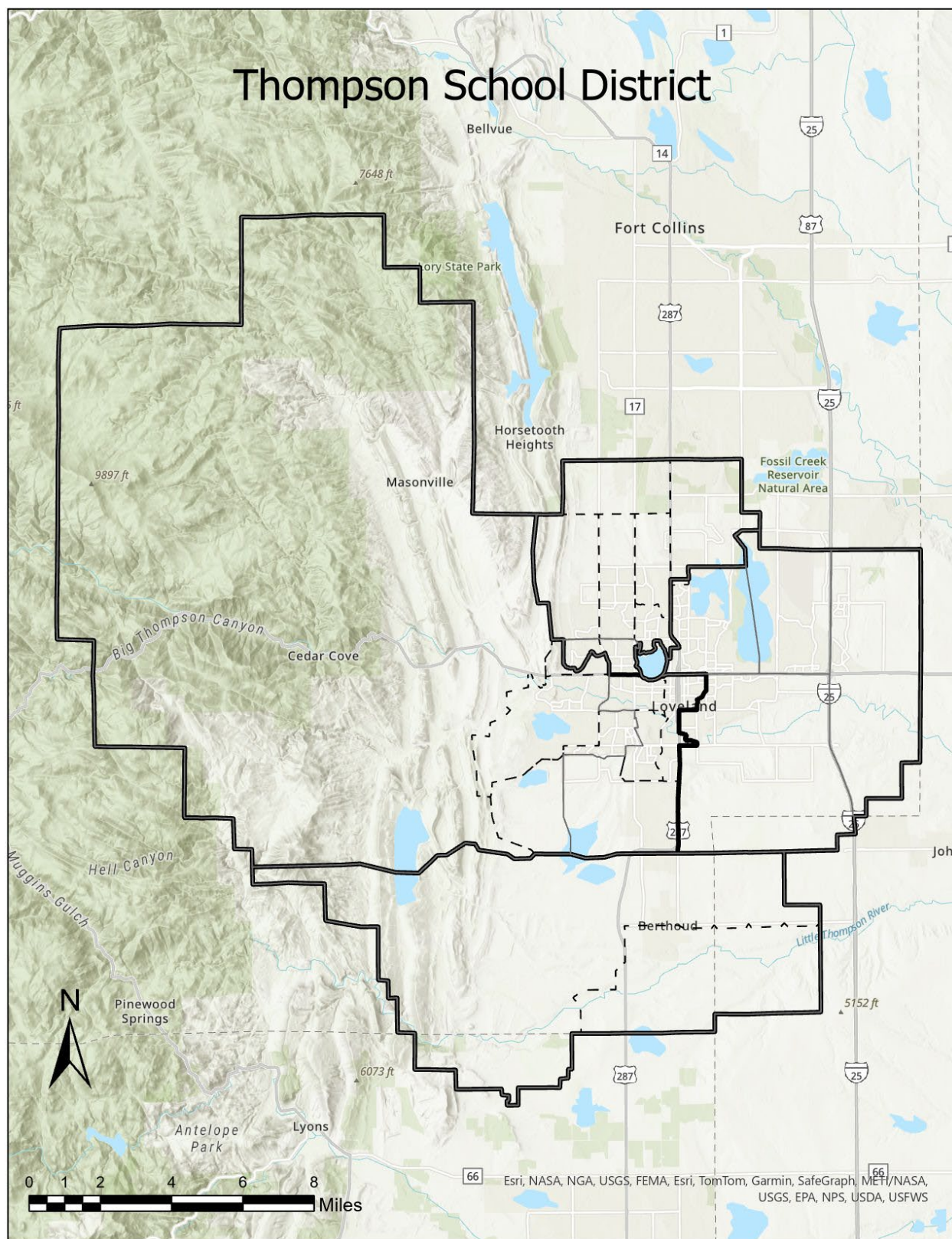
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NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix C - Form of Continuing Disclosure Certificate.

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years. Further, the General Fund Budget to Actual Comparison table referred to below is to be updated using current year budget information found in the audited financial statements; no separate budget documents required to be filed.

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OFFICIAL STATEMENT

\$99,000,000*
THOMPSON SCHOOL DISTRICT NO. R2-J
(LARIMER, WELD AND BOULDER COUNTIES, COLORADO)
GENERAL OBLIGATION BONDS
SERIES 2026

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and appendices, is furnished by Thompson School District No. R2-J, Larimer, Weld and Boulder Counties, Colorado (the “District”), to provide information about the District and its \$99,000,000* General Obligation Bonds, Series 2026 (the “Bonds”). The Bonds will be issued pursuant to a bond resolution (the “Bond Resolution”) adopted by the Board of Education of the District (the “Board”) on December 17, 2025.

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The District

The District is a political subdivision of the State of Colorado (the “State”) and a body corporate which was organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 362 square miles in Larimer, Weld and Boulder Counties, Colorado (together, the “Counties”), and is located in the north central portion of the State approximately 50 miles north of the Denver metropolitan area. The total estimated population of the District is approximately 138,817 and the 2025 assessed valuation of the District is \$3,673,435,622 (which does not include incremental assessed valuation attributable to tax increment areas within the District). The District’s preliminary October 2025 enrollment is 14,282 students (headcount). See “THE DISTRICT.”

The Bonds; Redemption Provisions

The Bonds are issued solely as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds are dated as of their date of delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal and interest on the Bonds is described in “THE BONDS--Payment Provisions.” The Bonds initially will be registered

* Subject to change.

in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See “THE BONDS--Book-Entry Only System.”

The Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption as described in “THE BONDS--Redemption Provisions.”

Purpose

Proceeds of the Bonds will be used to finance the construction of certain projects described in the ballot question approved by the registered electors of the District at an election held on November 4, 2025 (the “Election”) and to pay the costs of issuing the Bonds (the “Project”). See “SOURCES AND USES OF FUNDS.”

Security

General. The Bonds are secured by the District’s full faith and credit and are general obligations of the District payable from ad valorem taxes to be levied, without limitation as to rate and in an amount sufficient to pay the Bonds when due, against all taxable property within the District, subject to certain constitutional limitations described herein. The District covenants in the Bond Resolution to levy such taxes in an amount which, together with other legally available funds of the District, if any, is sufficient to pay debt service on the Bonds. See “SECURITY AND REMEDIES” and “LEGAL MATTERS--Certain Constitutional Limitations.”

Election. At an Election held on November 4, 2025 (the “Election”), the electors of the District approved the issuance of general obligation bonds in an amount not to exceed \$99,000,000 with a total repayment cost not to exceed \$195,000,000. The electors also approved increased ad valorem property taxes to pay debt service on such bonds, provided that the annual amount of such taxes cannot exceed \$19,000,000. The District may not exceed these limitations for any reason. See “SECURITY AND REMEDIES” and “LEGAL MATTERS--Certain Constitutional Limitations.”

Conditional Obligation of the State - State Intercept Program. The State has enacted legislation providing for the payment by the State Treasurer of principal and interest due with respect to general obligation indebtedness of eligible school districts in the State, including the District (the “State Intercept Program”). If the District informs the State Treasurer that it will not make the payment by the date on which it is due, the State Treasurer is required to forward to the Paying Agent (defined herein), in immediately available funds, the amount necessary to make the payment of principal or interest on the Bonds. In such circumstances, the State Treasurer is required to withhold such amount from the next succeeding payment of the State’s share of equalization program funding and certain other funds which would otherwise be paid to the District. See “SECURITY AND REMEDIES--State Intercept Program.”

Outstanding General Obligation Bonds. After issuance of the Bonds, the District will have \$245,735,000* aggregate principal amount of outstanding general obligation bonds, consisting of the Bonds and \$146,735,000 of previously issued general obligation bonds (the “Prior

* Subject to change.

Bonds”), as more particularly described in “DISTRICT DEBT AND OTHER FINANCIAL OBLIGATIONS--Outstanding General Obligation Debt.”

Additional Bonds. After issuance of the Bonds, the District will have no remaining Election authorization. Voter approval will be required for the issuance of additional bonds (other than refunding bonds). The District has no current plans to seek voter approval for additional bond authorization but may do so at any time.

Authority for Issuance

The Bonds will be issued pursuant to the Constitution and laws of the State, particularly: Title 22, Article 42, Colorado Revised Statutes (“C.R.S.”); the Supplemental Public Securities Act (Title 11, Article 57, Part 2, C.R.S. (the “Supplemental Act”)); and the Bond Resolution.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Bond Counsel in connection with the execution and delivery of the Bonds and also has acted as disclosure counsel to the District in connection with this Official Statement. The fees of Butler Snow LLP will be paid only at closing from the proceeds of the Bonds. Certain legal matters will be passed on for the District by its General Counsel. Hilltop Securities Inc., Denver, Colorado, are serving as the District’s municipal advisor in connection with the issuance of the Bonds (the “Municipal Advisor”). See “MUNICIPAL ADVISOR.” CliftonLarsonAllen LLC, independent certified public accountants, Denver, Colorado, have audited the District’s basic financial statements for the fiscal year ending June 30, 2025, which are attached hereto as Appendix A. See “INDEPENDENT AUDITORS.” UMB Bank, n.a., will act as the paying agent and registrar for the Bonds (the “Paying Agent” and “Registrar”). Stifel, Nicolaus & Company, Incorporated is acting as the Underwriter of the Bonds. See “UNDERWRITING.” Stradling Yocca Carlson & Rauth LLP, Denver, Colorado, is acting as counsel to the Underwriter.

Tax Status of Interest on the Bonds

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations.

Under the laws of the State of Colorado in effect as of the date of delivery of the Bonds, interest on the Bonds is exempt from Colorado income tax. See “TAX MATTERS.”

Continuing Disclosure Undertaking

The District will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the Bonds. The Disclosure Certificate will be executed

for the benefit of the beneficial owners of the Bonds and the District has covenanted in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the District will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, audited financial statements; (ii) annually, certain financial information and operating data; and (iii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix C.

The District has entered into several prior continuing disclosure undertakings. The undertaking for one issue of outstanding obligations contains a filing deadline that is more than one month prior to the due dates for the District’s other outstanding obligations. The District filed its Annual Comprehensive Financial Report for fiscal year 2025 (the “2025 ACFR”), which also contains the other required operating and financial data, 20 days later than the first-occurring filing deadline, but the filing was timely for the other outstanding District obligations. A remedial notice of failure to file has been uploaded to EMMA.

Additional Information

This introduction is only a brief summary of the provisions of the Bonds, the Bond Resolution and other documents described in this Official Statement. A full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Bonds, the Bond Resolution, the Project and the District are included in this Official Statement. All references herein to the Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District, the Municipal Advisor and the Underwriter at the following addresses:

Thompson School District No. R2-J
800 South Taft Avenue
Loveland, Colorado 80537
Attn: Chief Financial Officer
Telephone: (970) 613-5000

Hilltop Securities Inc.
8055 E. Tufts Avenue, Suite 350
Denver, Colorado 80237
Telephone: (303) 248-5218

Stifel, Nicolaus & Company, Incorporated
1401 California Street, Suite 900
Denver, Colorado 80202
Telephone: (303) 296-2300.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The District expects to apply the proceeds from the sale of the Bonds as shown in the following table.

<u>Sources and Uses of Funds</u>		<u>Amount</u>
<u>Sources</u>		
Par amount of Bonds		
Plus/less: net reoffering premium/(discount).....		
Total		
<u>Uses</u>		
The Project.....		
Costs of issuance (including underwriting discount).....		
Total		

Source: The Municipal Advisor.

The Project

The Project consists of the construction of the capital improvements described in the ballot question and approved by the registered electors of the District at the Election. Specifically, the District expects to: (1) renovate and repair old and outdated school building by replacing and repairing roofs, flooring, mechanical, electrical and HVAC systems; (2) prioritize safety by adding security upgrade; and (3) expand and update facilities to accommodate growth and educational needs.

THE BONDS

General

The Bonds will be dated as of their date of delivery and will mature on the dates and in the amounts as set forth on the inside cover page of this Official Statement. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof and will initially be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by beneficial owners of the Bonds (“Beneficial Owners”) are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System.”

For a complete statement of the details and conditions of the Bonds, reference is made to the Bond Resolution and the Sale Certificate to be executed in connection with the sale of the Bonds, copies of which are available from the sources listed in “INTRODUCTION--Additional Information.”

Payment Provisions

Payment of Principal and Interest. Interest on the Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on June 15 and December 15; commencing on June 15, 2026. The principal of and premium, if any, on any Bond shall be payable to the registered owner (the “Owner” or the “Registered Owner”) thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption of the Bonds, and upon presentation and surrender at the principal office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at maturity, it shall continue to draw interest at the same interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Registered Owner thereof by check, draft or wire sent by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a Business Day (as defined in the Bond Resolution), on or before the next succeeding Business Day), to the Registered Owner thereof at his or her address as it last appears on the registration books kept by the Registrar at the close of business on the last day (whether or not a Business Day) of the calendar month immediately preceding such interest payment date (the “Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner thereof on the Record Date and shall be payable to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date and the date for payment of defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date for payment of defaulted interest shall be given to the Registered Owners of the Bonds not less than ten days prior thereto by first-class mail to each such Registered Owner as shown on the Registrar’s registration books on a date selected by the Registrar. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

Notwithstanding the foregoing, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the Registered Owner of the Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments to the

Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "Book-Entry Only System" below.

Third-Party Custodian. In accordance with State law, the District has selected UMB Bank, n.a., to act as the custodian (the "Custodian") for the administration of the District's Bond Redemption Fund. Pursuant to a Custodial Agreement between the District and the Custodian, the District has directed the County Treasurer to transfer to the Custodian all revenues from the property tax levied by the District for the payment of debt service. If the District receives any such revenues notwithstanding such direction, the District agrees to transfer such revenues to the Custodian within two days of receipt of such revenues. The Custodial Agreement restricts the transfer of funds out of the custodial account solely for the scheduled payment of principal and interest on the Bonds, all previous general obligation bonds of the District and any future general obligation bonds issued during the term of the Custodial Agreement, and upon written direction of the District, to pay Registrar and Paying Agent fees, Custodian fees and arbitrage rebate compliance costs associated with the bonds. Interest earned on the Bond Redemption Fund will be credited to the Bond Redemption Fund (or such other fund as directed by the District at the end of each calendar year), except that after the final payment of debt service on the bonds in each calendar year the investment income shall be transferred to such fund of the District, at the written direction of the District, as the Board may determine. The Custodial Agreement will remain in effect so long as required by State law. The Custodial Agreement requires the Custodian to provide monthly balance reports regarding the balance of the Bond Redemption Fund to the District on or before the tenth day of each month. The Custodial Agreement may be amended by written agreement between the District (approved by the Board) and the Custodian.

Redemption Provisions*

Optional Redemption* The Bonds maturing on and before December 15, 20__, are not subject to redemption prior to their respective maturities. The Bonds maturing on and after December 15, 20__, shall be subject to redemption prior to their respective maturities, at the option of the District, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the District and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), in such a manner as the District may determine, on December 15, ____, or on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

Mandatory Sinking Fund Redemption.* The bonds maturing on December 15, 20__, and December 15, 20__ (collectively, the "Term Bonds"), are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date, as more particularly described below.

The following principal amounts of the Bonds maturing on December 15, 20__, are subject to mandatory sinking fund redemption (after credit as described below) on December 15 of the following years:

* Subject to change.

Redemption Date
(December 15)

Principal
Amount

(maturity)

On or before the 30th day prior to each sinking fund payment date, the Paying Agent shall proceed to call the Term Bonds indicated above (or any Term Bond or Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 15 and give notice of such call without other instruction or notice from the District.

The amount of each sinking fund installment may be reduced by the principal amount of any Term Bond of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

Notice of Redemption. Notice of any prior redemption shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, electronic means, or such other means as may be required by DTC or any other Depository, not more than 60 days and not less than 30 days prior to the redemption date to the Underwriter and to each Registered Owner of any Bond all or a portion of which is called for redemption at his or her address as it last appears on the registration books kept by the Registrar. Failure to give such notice by mailing to the Registered Owner of any Bond or to the Underwriter, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds.

All official notices of redemption shall be dated and shall state: (1) the CUSIP numbers of Bonds to be redeemed; (2) the redemption date; (3) the redemption price; (4) if less than all Outstanding Bonds are to be redeemed, the identification of the Bonds (and, in the case of partial redemption, the respective principal amounts and interest rate) to be redeemed; (5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent or such other office as shall be designated by the Paying Agent.

On or prior to any redemption date, the District shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as described above, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. In addition to

the notice described above, further notice may be given by the Paying Agent in order to comply with the requirements of any Depository holding the Bonds but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described above.

Notwithstanding the provisions described above, any notice of optional redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

In the Bond Resolution, the District covenants for the benefit of the Owners that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to become a specific preference item for purposes of federal alternative minimum tax under the Code, except as such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or to lose its exclusion from State alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above-described covenant under the Tax Code have been met.

Defeasance

When the Bonds are paid in accordance with their terms (or payment of the Bonds has been provided for in the manner described in the following paragraph), the Bond Resolution and all rights granted thereunder shall cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been provided for within the meaning and with the effect expressed in the Bond Resolution (and described in this paragraph) if (a) in case said Bond is to be redeemed on any date prior to its maturity, the District shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of the Bond Resolution notice of redemption of such Bond on said redemption date, (b) there shall have been deposited with the Paying Agent or a commercial bank exercising trust powers either moneys in an amount which shall be sufficient, or Federal Securities (defined below) which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or other commercial bank exercising trust powers at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms

subject to redemption within the next sixty days, the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the Bond Resolution, a notice to the Owner of such Bond that the deposit described in clause (b) above has been made with the Paying Agent or other commercial bank exercising trust powers and that payment of said Bond has been provided for in accordance with the Bond Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and interest due on said Bond. Neither such securities nor moneys deposited with the Paying Agent or other commercial bank exercising trust powers or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest due on said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other commercial bank exercising trust powers, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as described above, such Bond shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other commercial bank exercising trust powers.

The release of the obligations of the District as described above shall be without prejudice to the right of the Paying Agent to be paid reasonable compensation for all services rendered by it under the Bond Resolution and all its reasonable expenses, charges and other disbursements incurred on or about the administration of and performance of its powers and duties under the Bond Resolution.

Upon compliance with the provisions described above with respect to all Bonds Outstanding, the Bond Resolution may be discharged in accordance with the provisions described above but the liability of the District in respect of the Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other commercial bank exercising trust powers as described above.

The Bond Resolution defines “Federal Securities” to mean only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or ownership interests in any of the foregoing) and which are not callable prior to their scheduled maturities by the issuer thereof (or an ownership interest in any of the foregoing).

Amendment of Bond Resolution

Amendments Not Requiring Owner Consent. The District may, without the consent of or notice to the Owners, adopt one or more resolutions supplemental to the Bond Resolution, which supplemental resolutions shall thereafter form a part of the Bond Resolution, for any one or more of the following purposes: (i) to cure any ambiguity, or to cure, correct or supplement any formal defect or omission or inconsistent provision contained in the Bond Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Bond Resolution, or to make any provisions for any other purpose if, in each case, such provisions are necessary or desirable and do not adversely affect the interests of

the Registered Owners; (ii) to pledge additional revenues, properties or collateral as security for the Bonds; (iii) to grant or confer upon the Registrar for the benefit of the Registered Owners any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners; or (iv) to qualify the Bond Resolution under the Trust Indenture Act of 1939.

Amendments Requiring Owner Consent. Except for amendatory or supplemental resolutions adopted pursuant to the provisions described above, the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption by the District of such resolutions amendatory or supplemental to the Bond Resolution as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution; provided however, that without the consent of the Owners of all the Bonds affected thereby, nothing in the Bond Resolution shall permit, or be construed as permitting: (i) a change in the terms of the maturity of any Bond, in the principal amount of any Bond or the rate of interest thereon, the dates of payment of principal and interest, or in the terms of prior redemption of any Bond; (ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal and interest on the Bonds when due; (iii) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or (iv) a reduction in the percentage in principal amount of the Bonds the consent of whose Owners is required for any such amendatory or supplemental resolution.

If, at any time, the District shall desire to adopt an amendatory or supplemental resolution for any of the purposes described in the preceding paragraph, the District shall cause notice of the proposed adoption of such amendatory or supplemental resolution to be given by sending such notice via electronic means or by certified or registered first-class mail to each Owner at the address shown on the registration books of the Registrar, at least thirty days prior to the proposed date of adoption of any such amendatory or supplemental resolution. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental resolution and shall state that copies thereof are on file at the offices of the District or some other suitable location for inspection by all Owners. If, within sixty days or such longer period as shall be prescribed by the District following the giving of such notice, the Owners of not less than the required percentage in aggregate principal amount of the Bonds then outstanding at the time of the execution of any such amendatory or supplemental resolution shall have consented to and approved the execution thereof as described above, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and effectiveness thereof, or to enjoin or restrain the District from adopting the same or from taking any action pursuant to the provisions thereof.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity, will be

registered in the name of Cede & Co., as nominee for DTC. See Appendix B - Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Registrar and Paying Agent will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (each as defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Official Statement.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual (calendar year) debt service requirements for the Bonds, the combined annual (calendar year) debt service requirements for the Prior Bonds, and the combined annual (calendar year) debt service payable on the Bonds and the Prior Bonds.

Debt Service Requirements(1)*

Calendar Year(2)	The Bonds*			Prior Bonds Combined	Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Debt Service</u>	
2026	\$ 3,275,000			\$15,621,750	
2027	2,485,000			15,622,500	
2028	2,620,000			15,622,500	
2029	2,765,000			15,620,750	
2030	--			15,621,250	
2031	--			15,617,750	
2032	--			15,619,250	
2033	--			15,619,250	
2034	--			15,621,500	
2035	--			15,619,500	
2036	--			15,622,000	
2037	--			15,622,250	
2038	--			15,618,750	
2039	10,625,000			--	
2040	11,210,000			--	
2041	11,830,000			--	
2042	12,480,000			--	
2043	13,165,000			--	
2044	13,890,000			--	
2045	14,655,000			--	
Total	\$99,000,000			\$203,069,000	

(1) Totals may not add due to rounding.

(2) Based upon a calendar year, not the District's fiscal year.

Source: The District and the Municipal Advisor.

* Subject to change.

SECURITY AND REMEDIES

General

The Bonds are general obligations of the District payable from ad valorem taxes which may be levied against all taxable property within the District without limitation of rate and in an amount sufficient to pay the principal of and interest on the Bonds, when due. See “INTRODUCTION--Security,” “SECURITY AND REMEDIES--Limitations on Remedies Available to Owners of Bonds” and “LEGAL MATTERS--Certain Constitutional Limitations.” The Bonds are not secured by land within the District, but rather by the District’s obligation to certify to the Boards of County Commissioners of the Counties (the “Commissioners”) a rate of levy sufficient, together with other legally available revenues, to meet the debt service requirements on the Bonds. The annual levy for debt service creates a statutory tax lien. Neither the State (except as described in “State Intercept Program” below) nor the Counties have any responsibility to pay the debt service on the Bonds.

The District anticipates that the primary source of revenues for repayment of the Bonds will be the ad valorem taxes levied against property within the District and collected by the Treasurers of the Counties. The District’s ability to retire the indebtedness created by the issuance of the Bonds is dependent, in part, upon the maintenance of an adequate tax base against which the District may levy and collect property tax revenues. The amount of ad valorem property taxes collected will be dependent upon the assessed valuation of land within the District and the rate of levy certified by the Board. See “LEGAL MATTERS--Certain Constitutional Limitations” and “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes.”

The payment of property taxes does not constitute a personal obligation of the property owners within the District. Instead, these obligations are tied to the properties taxed, and if timely payment is not made the obligations constitute a lien against the specific properties. The District will not have recourse to any assets of any property owners for the payment of property taxes. To enforce the liens, the Treasurers of the Counties have the power to cause the sale of the property that is subject to the delinquent taxes, as provided by law. However, selling property at a tax sale is a time-consuming remedy, and proceeds realized from the sale, if any, may not be sufficient to cover the delinquent taxes. Because property taxes do not constitute personal obligations of the owners of land in the District, in the event of a tax sale in which less than the amount of the delinquent taxes is realized, no deficiency judgment could be taken against the property owner who failed to pay taxes.

The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically the United States Bankruptcy Code. The various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity. See “Limitations on Remedies Available to Owners of Bonds” below.

Various State laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no assurance that there will not be any change in,

interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT” and “LEGAL MATTERS--Certain Constitutional Limitations.”

Bond Resolution Irrepealable

In accordance with Article XI, Section 6 of the State Constitution, the Bond Resolution provides that after any of the Bonds are issued, the Bond Resolution will constitute a contract between the District and the owners of the Bonds and will be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, satisfied and discharged.

Pledge of Revenues; Priority

The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds as provided in the Bond Resolution shall be governed by Section 11-57-208, C.R.S., (the Supplemental Public Securities Act or the “Supplemental Act”) and the Bond Resolution. The revenues pledged for the payment of the Bonds, as received by or otherwise credited to the District, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Bonds and the obligation to perform the contractual provisions made in the Bond Resolution shall have priority over any or all other obligations and liabilities of the District, except for any general obligation indebtedness of the District currently outstanding or any general obligation indebtedness issued on a parity with the Bonds. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

State Intercept Program

The District will participate in the State Intercept Program (contained in the Bond Payment Act found in Section 22-41-110, C.R.S.). Under the State Intercept Program, if the Paying Agent has not received a payment on the Bonds on the business day immediately prior to its due date, the Paying Agent must notify the State Treasurer and the District. The State Treasurer is then required to contact the District to determine whether it will make the payment by the date on which it is due. If the District indicates to the State Treasurer that it will not make the payment on the Bonds by the date on which it is due, the State Treasurer is required to forward to the Paying Agent, in immediately available funds from any legally available funds of the State, the amount necessary to make the payment of the principal of and interest on the Bonds.

Each time the State Treasurer makes a payment on behalf of the District, the amount of the payment is withheld from: (i) the next installment of the Total Program Funding due to the District (described in “DISTRICT FINANCIAL OPERATIONS--The School Finance Act and Total Program Funding”) and (ii) from property tax and specific ownership revenues collected by the Treasurers of the Counties on behalf of the District for operating purposes (amounts are not withheld from property taxes levied for the payment of bonds). The total amount withheld in each month from those sources cannot exceed one-twelfth of the amount forwarded (with certain limited exceptions). The State Treasurer cannot withhold for more than 12 consecutive months for each occasion on which the State Treasurer forwards amounts to pay bonds. While the withholding of Total Program Funding and property and specific ownership tax payments by the State is limited

to 12 monthly payments, the State Intercept Program does not correspondingly limit the State's contingent obligation to pay the Bonds.

The State has covenanted with the purchasers and owners of the Bonds that it will not repeal, revoke, rescind, modify, or amend the State Intercept Program so as to limit or impair the rights and remedies granted under the State Intercept Program. The State Intercept Program provides, however, that it shall not be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending, or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The State Intercept Program further provides that it shall not be deemed or construed to create a debt of the State with respect to any School District Obligation within the meaning of any State constitutional provision or to create any liability except as specifically provided in the State Intercept Program.

Limitations on Remedies Available to Owners of Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal or interest on the Bonds. Consequently, remedies available to the Owners of the Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations incurred by the District in issuing the Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government (including the imposition of tax liens by the federal government), if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Resolution on behalf of the Owners of the Bonds, and therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

THE DISTRICT

Organization and Description

General. The District is a body corporate and a political subdivision of the State which was organized in 1960 for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 362 square miles in Larimer, Weld and Boulder Counties and serves the incorporated municipalities of Loveland and Berthoud and the surrounding rural areas.

The District is fully accredited by the Colorado Department of Education (“CDE”) and is subject to ongoing monitoring by the District and school accountability committees to ensure continued compliance with accreditation.

School District Duties and Powers

The District is a body corporate with perpetual existence and may hold property in its name for any purpose authorized by law, may sue and be sued, and may be a party to contracts for any purpose authorized by law. State statutes grant to the Board the power to govern the District. General duties which the Board is required to perform include the following: to adopt policies and prescribe rules and regulations necessary and proper for the administration of the District; to employ all personnel required to maintain the operations and carry out the educational programs of the District; to fix and pay personnel compensation; to determine the educational programs to be provided by the District; to prescribe the textbooks for any course of instruction or study in such programs; to adopt written policies, rules and regulations relating to the study, discipline, conduct, safety, and welfare of all pupils; and to comply with all the rules and regulations adopted by the State Board of Education.

The Board is also granted specific powers to be exercised in its judgment, including the powers to purchase, lease or rent undeveloped or improved property located within or outside District boundaries as the Board deems necessary for use as school sites, buildings, or structures, or for any school purpose authorized by law; to sell District properties which may not be needed in the foreseeable future for any purpose authorized by law upon such terms and conditions as the Board may approve; to determine the location of each school site, building, or structure; to construct, erect, repair, alter, and remodel buildings and structures; to provide furniture, equipment, library books, and such other items as may be needed to carry out the District's educational programs; to discharge or otherwise terminate the employment of any personnel; to fix attendance boundaries; to procure group life, health, or accident insurance covering employees of the District; to procure appropriate property damage, casualty, public liability, and accident insurance; and to provide for the transportation of pupils enrolled in the District's public schools.

Governing Board

The seven members of the Board are elected at successive biennial elections by the registered electors of the District to staggered four-year terms of office. Each Board Member is elected from one of seven director districts. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District and oversee the property, facilities and financial affairs of the District. Members of the Board serve without compensation. Pursuant to the State constitution, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two

consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval.

The present Board members, their offices on the Board, principal occupations, lengths of service on the Board, and terms of office are as follows:

Name and Position	Board District	Principal Occupation	Start of Service	Term Expires
Stu Boyd, Board President	G	Retired	2019	2027
Alexandra Lessem, Board Vice President	E	Family Nurse Practitioner	2021	2029
Dawn Kirk, Board Secretary	A	Care Coordinator	2019	2027
Mike Scholl, Board Member	B	Municipal Consultant	2025	2029
Nancy Rumfelt, Board Member	C	Accountant	2021	2027
Denise Chapman, Board Treasurer	D	Retired	2025	2027
Lori Goebel, Board Member	F	Retired	2025	2029

Administration

The Superintendent is hired by the Board. Other administrative personnel, including the Chief Financial Officer and Chief Operations Officer, are selected by the Superintendent and approved by the Board. The District administrative personnel directly involved with the issuance of the Bonds, and their experience and responsibilities, are described below.

Dr. Bret Heller, Superintendent. The Superintendent has charge of the administration of the schools under the direction of the Board and administers the District according to Board policy and the requirements, directives, regulations and guidelines of the Board. The Superintendent shall comply with the requirements and directions of the Board even though such may not have been formally adopted by the Board. He shall be the chief executive officer of the District; shall assign and direct teachers and other employees of the District under his supervision; shall organize, reorganize and arrange the administrative and supervisory staff, including instruction and business affairs, as best serves the District subject to the approval of the Board; shall timely suggest regulations, rules and procedures deemed necessary for best operations of the District; and shall, in general perform all duties incident to the office of superintendent of schools and such other duties as may be prescribed by the Board.

Dr. Bret Heller became Superintendent of the District in July 2025. Before coming to the Thompson School District, Dr. Heller served as the Superintendent of Schools for the School Town of Munster in Indiana. Before that role, he held leadership positions in the West Ada School District in Idaho, including Assistant Superintendent and Director of Curriculum and Instruction. Dr. Heller's career in education also includes service as a high school principal and middle school principal in Idaho. He holds a Doctor of Education degree from Northwest Nazarene University, along with advanced degrees in Educational Leadership.

Bob Ebersole, Chief Financial Officer. The Chief Financial Officer is responsible for advising the Superintendent and school board on the financial and budget matters of the District, and serves on the Superintendent's Cabinet. The Chief Financial Officer prepares and administers the District budget, guides the development of long-term capital financing methods, directs and supervises all business/finance functions including, but not limited to, procurement, accounting, payroll, accounts payable, risk management budgeting, and grants management while adhering to District policies and procedures.

Bob Ebersole has served as the Chief Financial Officer for the District since February 2025. He has more than four decades of senior financial management and operations experience. He has served in several financial and management positions in non-profits and municipal and state governments, including Deputy Director for the Massachusetts Department of Housing and Community Development. Bob earned a Bachelor of Science degree in Criminal Justice from Northeastern University. He also holds a Master's degree in Public Administration from Harvard University and he earned a Juris Doctor degree from Suffolk Law School.

Todd Piccone, Chief Operations Officer. The Assistant Superintendent of Operations serves the District regarding all matters pertaining to operations. The Assistant Superintendent of Operations oversees operations of the following departments: Bond operations, Facilities/Maintenance, Custodial Operations, Planning, Safety and Security, Transportation, Nutrition Services, and other operational divisions of the school district as assigned. In addition, the Assistant Superintendent of Operations oversees the budgets of all applicable operational departments and serves on the Superintendent's Cabinet, district committees, boards and councils.

Todd Piccone came to the District as the Chief Operations Officer in July 2018. Prior to coming to the District, he spent the past 10 years at St. Vrain Valley School District in Longmont, Colorado, as director of operations, where his duties included directing the construction and maintenance departments, which included leading the District through approximately \$370 million in successful bond initiatives. His previous professional roles include work in private industry as an operations manager for large-scale commercial construction companies.

Employees; Benefits and Pension Matters; Employment Contracts

Employees. The District currently employs 2,196 personnel, 1,891 of which are full time and 305 of which are part time. Included in the total number of employees are 1,082 licensed, 908 classified, and 163 administrative employees. Licensed personnel include teachers, counselors, media specialists and psychologists. Classified employees include all employees of the District who are not certified teachers, including maintenance personnel, bus drivers, custodians and other administrative, professional or technical positions. Administrators include the Superintendent, cabinet members, the department directors, building principals and other professional/technical staff. Licensed/certificated employees of the District hold the following degrees:

<u>Degree Held</u>	<u>% of Licensed Staff (1)</u>
Bachelors	16.93%
Bachelors plus (2)	19.18
Masters	17.12
Masters plus (2)	45.37
Doctorate	1.40
Total	100.00%

(1) Not all licensed staff are in the classroom.

(2) Credit hours acquired toward an advanced degree. All licensed employees have a Bachelor's degree.

Approximately 65.59% of the District's teachers are non-probationary, with the average salary for teachers being \$70,559. As of October 1, 2025, the overall student/teacher ratio was 24:1 for elementary students; 22.5:1 for middle school students, and 23.25:1 for high school students.

Employee Benefits. The District provides its employees with a comprehensive benefits program, including medical, dental, vision and life insurance. Workers' compensation and unemployment insurance are provided in accordance with State law.

Labor Relations. Teachers are employed by the District pursuant to contracts established by the Board and a collective bargaining agreement. The individual contract between each teacher and the District is a one year contract. Approximately 65% of the eligible licensed personnel of the District are members of the Thompson Education Association, the local chapter of the Colorado Education Association, and bargaining agent for its members. Included in the contracts are provisions for the benefits discussed above. The term of the negotiated collective bargaining agreement lasts no more than three years. The District's current collective bargaining agreement is for two years and expires on June 30, 2027. The District considers its relations with the teachers as good.

Classified employees are not represented by a formal organization; a representative group of classified employees meets monthly as a body called the Classified Staff Advisory Council. The purpose of the Classified Staff Advisory Council is to develop recommendations regarding salaries, benefits and other policies and procedures which affect nonsupervisory classified personnel and to forward the same to the Board. The Board may accept or reject the recommendations.

Pension Matters; Health Care Trust Fund; No OPEB. All District employees are members of the Colorado Public Employees Retirement Association ("PERA"), which operates cost-sharing multiple-employer defined benefit plans. The District participates in the School Division plan.

Pension Matters. The District and each member employee are required to contribute to PERA at rates set by statute. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (the "HCTF," described below). The District's contribution also includes a required amortization equalization disbursement ("AED") and supplemental AED ("SAED"). State law provides that the SAED is to be funded, to the extent allowed by law, from monies otherwise available for employee wage increases. See Note 7 in the audited financial statements attached hereto as Appendix A for a further description of PERA.

PERA has reported significant unfunded pension liability for well over a decade. Legislation adopted in 2010 imposed the AED and the SAED and mandated annual increases through 2018 which, along with changes to benefits, were originally designed to achieve full funding within 30 years; however, PERA's actuarial projections indicated that full funding within the 30-year closed amortization period would not be met.

In response to the continued underfunding, in 2018, Senate Bill 18-200 ("SB 200") was enacted. SB 200 was designed to restore PERA to full funding within 30 years. SB 200 mandated a phased-in 2% increase in the employee contribution rate, a 0.25% increase in the employer contribution rate and maintenance of the AED and SAED. SB 200 also required the General Assembly to directly contribute \$225 million annually to PERA starting July 1, 2018; however, the General Assembly suspended the contribution for the 2020-21 fiscal year and has funded varying amounts in the fiscal years since then. During the 2022 legislative session, the General Assembly authorized a \$380 million contribution to repay PERA for the contribution it suspended in 2020. Beginning July 1, 2023, the State's contribution will be dependent upon PERA's investment return. The July 1, 2023, payment of \$225 million was reduced by \$190

million to \$35 million. The July 1, 2024, payment of \$225 million was not reduced due to PERA’s negative investment return in 2022.

SB 200 also made various benefit changes for current members and retirees, including decreasing the retiree annual cost-of-living increase, increasing the retirement age, and changes to various components of the defined benefit pension calculation. Employees hired after July 1, 2019, have increased eligibility requirements for full retirement benefits and incremental increases in base employee contribution rates. If actual contributions in any year are less than 98% of the ADC (discussed in more detail below), SB 200 also requires adjustments to annual benefit increases and contribution rates. The employee and employer contributions will not be affected by automatic adjustments in July 2025 and the annual increase for most eligible benefit recipients will be 1.0%.

A history of contribution rates for selected years is set forth below.

<u>Year(1)</u>	<u>Employee Contribution</u>	<u>District (Employer) Contribution Rate</u>			
		<u>Base Rate (2)</u>	<u>AED</u>	<u>SAED</u>	<u>Total</u>
2020(3)	10.00%	10.90%	4.50%	5.50%	20.90%
2021(3)	10.50	10.90	4.50	5.50	20.90
2022(3)	11.00	11.40	4.50	5.50	21.40
2023	11.00	11.40	4.50	5.50	21.40
2024	11.00	11.40	4.50	5.50	21.40
2025	11.00	11.40	4.50	5.50	21.40

(1) SB 200 Contributions. These contributions are effective on July 1 of each year shown.

(2) Includes 1.02% allocated to the HCTF.

(3) Includes the additional contributions described in the prior paragraph.

Source: PERA, SB 200.

State law provides that if the District is in arrears in its payments to PERA, all state funds due to the District are to be reduced by 10%. The District reports that it is current in its payments to PERA. See Note 7 in the audited financial statement attached hereto as Appendix A for a further description of PERA, including payments made by the District to PERA.

Accounting standards mandate the accounting standards to be used by PERA in reporting its funding status. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability. PERA is required to determine and report net pension liability (“NPL”) as well as actuarially determined contributions (“ADC”), which are intended as a gauge of the adequacy of the State’s statutory contribution rates. PERA also reports the amount of contributions, the ADC amount and the difference between those amounts. The ADC is calculated using the investment rate of return and discount rate assumptions according to the PERA board’s then-current funding policy.

An ADC deficiency arises when contributions are less than the ADC. For 2024, the School Division’s ADC excess was \$140.5 million (compared to an excess of \$1.2 million in 2023, and \$125.1 million in 2022); over the past five years (2019-2023), the ADC cumulative shortfall in School Division funding (without adjustment for investment earnings) has been \$71.8 million. The District has no legal obligation to fund PERA’s ADC, nor does it have any ability to

affect funding, benefits or annual required contribution decisions made by PERA in administering the defined benefit pension plan.

Among other requirements, the District is required to report its proportionate share of the total School Division NPL in its government-wide financial statements. Fund level statements, including the General Fund statements, are not impacted by the reporting. The NPL is an accounting estimate of the District's proportionate share of the School Division's unfunded liability at a specific point in time. Inclusion of NPL in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown; the District's liability is limited to the annually required contributions established by the General Assembly as described above.

For a further description of PERA and the School Division Plan, including a history of the District's proportionate share of NPL, a description of the plan, benefits provided, annual required contribution and actual contribution information, net pension liability information, actuarial assumptions, discount rates, and other information, see Note 7 and the schedules related to Net Pension Liabilities and PERA contributions in "Required Supplementary Information" contained in the audited financial statements attached hereto as Appendix A.

Health Care Trust Fund. The District also contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. Participation in the HCTF constitutes the provision of "other post-employment benefits" or "OPEB." The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No employee member contributions are required. For 2024, the HCTF (which includes school district contributions) had an ADC deficiency of \$6.1 million (as compared to deficiencies of \$7.5 million in 2023 and \$2.5 million in 2022). The District has no ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the HCTF. See Note 8 in the audited financial statements attached hereto as Appendix A for a further description of the HCTF.

The District reports its proportionate share of the total School Division HCTF net OPEB liability in its government-wide financial statements. Fund level statements, including the General Fund statements, are not impacted by the reporting. The net OPEB liability is an accounting estimate of the District's proportionate share of the School Division HCTF's unfunded liability at a specific point in time. Inclusion of the net OPEB liability in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown; the District's liability is limited to the annually required contributions established by the General Assembly as described above.

For further information about the HCTF, including a history of the District's proportionate share of the HCTF Net OPEB liability, a description of the plan, benefits provided, annual required contribution and actual contribution information, net OPEB liability information, actuarial assumptions, discount rates, and other information, see Note 8 and the schedules related to the District's share of Net OPEB Liability and HCTF contributions in "Required Supplementary Information" contained in the audited financial statements attached hereto as Appendix A.

No Other OPEB Offered by District. Other than its participation in the HCTF, the District does not offer any OPEB to its retirees. Accordingly, it does not have material unfunded actuarial liability for OPEB and does not expect to have any in the future.

Facilities and Enrollment

Enrollment. The District’s fall enrollment (October headcount) for the past five years is shown in the following table.

<u>District Enrollment-Headcount</u> ⁽¹⁾⁽²⁾		
School Year	Enrollment	Percent Change
2021-22	15,291	--
2022-23	15,212	(0.52)%
2023-24	15,039	(1.14)
2024-25	14,753	(1.90)
2025-26 ⁽³⁾	14,282	(3.20)

- (1) Total student enrollment (headcount) for Early Childhood Education through 12th grade.
- (2) With the implementation of Universal Pre-K, ECE students attending community site programs are no longer included in the District’s enrollment numbers beginning in the school year 2023-24.
- (3) Preliminary enrollment based on the active October 1 headcount; official numbers will not be available until mid-January 2026.

Source: The District.

Enrollment Forecast. The District expects enrollment will decline by about 250 students in each of the next two years, consistent with trends in Colorado and the nation. These declines are attributable to declining birth rates, neighborhoods aging without turnover, depressed building permits and increased housing costs as well as increased educational options for families.

Existing Facilities. The District operates a central administration facility, 14 early childhood centers, 18 elementary schools, two K-8 schools, five middle schools, five high schools, a career and technical education facility, and three special programs. The high schools have fine arts centers and three of the high schools have swimming pools as part of the campus. One of the high schools is a program designed to provide an alternative non-traditional approach for students.

In addition to the buildings, the property on which they are located, and their contents, the District owns 28 modular units, football bleachers/scoreboard and press box, two maintenance/storage facilities, a transportation building, tennis courts, a track, and baseball fields with scoreboards. The District also owns numerous maintenance and delivery vehicles, 130 school buses and 11 Suburban/Type A vehicles.

District Charter Schools

In Colorado, a charter school is a public school operated by a group of parents, teachers and/or community members as a semi-autonomous school within a school district, operating under a contract or “charter” between the members of the charter school community and the local board of education. The “charter,” as defined in the Charter Schools Act (Sections 22-30.5-101 et. seq. C.R.S.), specifies the school goals, standards, education design, governance and operations. The degree of autonomy to be exercised by the charter school on such issues as

personnel, curriculum and facilities is negotiated between the charter applicants and the local school district and reflected in the charter.

A charter school generally cannot charge tuition and the funding for charter schools, as prescribed by law, flows from the Colorado Department of Education through the District and to the charter school on a monthly basis. Each charter school is responsible for its own operation, including but not limited to, preparation of a budget, contracting for services and personnel matters. Services for which a charter school contracts with the District are negotiated and provided by the District at cost. No rent may be charged by the District for use of District facilities which are available for use by the charter school. The District currently has two operating charter schools.

Loveland Classical Schools. Loveland Classical Schools (“LCS”) is chartered to the District and serves students across Northern Colorado. LCS has an enrollment of 996 students for the 2025-26 academic year. LCS is comprised of three schools: Loveland Classical Elementary School, a K-6th, Core Knowledge and classical school; Loveland Classical Middle School, a 7-8th, Core Knowledge and classical school; and Loveland Classical High School, a 9-12th, Core classical, liberal arts high school. LCS is responsible for the payment of operating costs for its facilities. LCS was initially chartered under a charter that was granted for a three year period beginning July 1, 2011 and most recently was renewed in 2025 for an additional five years.

New Vision Charter School. New Vision Charter School (“NVCS”), a K-8th Core Knowledge school, is chartered to the District and serves students in the Loveland/Berthoud area, with an enrollment of 1,017 students for the 2025-26 academic year. NVCS is responsible for the payment of operating costs for its facilities. NVCS was initially chartered under a charter that was granted for a three year period beginning July 1, 2006, and most recently was renewed in 2024 for another five years.

District Capital Plans

The Board of Education for the District created a Master Plan Committee (“MPC”) in 1995. The charge to this group was, and still is, to provide an ongoing assessment of District facility conditions and recommendations on the most efficient use of those facilities. During the 2024-25 school year the MPC completed its facility snapshot project which identified key maintenance priorities in each District school and building that would be designated for bond expenditure. These recommendations from MPC were a large part of the basis for a bond ballot issue, which was approved by the electors of the District at the 2025 election. Completion of improvements and projects called for in the bond ballot issue will be monitored by the Citizen’s Bond Oversight Committee. All of the work identified for the 2019 Bonds has been completed.

Additionally, every year as part of the annual budget process, administration and staff compile a list of capital priorities. These proposed initiatives are vetted and balanced with available budgetary resources and financed through the District’s capital reserve fund. These items typically consist of projects associated with health, safety and security; infrastructure; quality learning environments; equipment; sustainability; and curb appeal.

Risk Management

District Insurance Coverage. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other districts to participate in the

Colorado School Districts Self Insurance Pool (“CSDSIP”), a public entity risk pool currently operating as a common risk management and insurance program for school districts. Participation in CSDSIP is approved by and managed under regulations promulgated by the Colorado State Insurance Division of Regulatory Agencies. The District pays an annual premium to CSDSIP for its general property and liability insurance coverage. CSDSIP is self-sustaining through member premiums and currently carries reinsurance for property claims in excess of \$1,000,000 and for liability claims in excess of \$500,000. The District also purchases commercial insurance for workers’ compensation coverage and other types of coverage not provided by CSDSIP. In the past three years there have been no amounts of settlements which exceeded insurance coverage.

Cybersecurity. The District relies on computer systems and technologies to conduct many of its operations. Despite security measures, policies and training, the District, like other public and private entities, may be vulnerable to cyber-attacks by third parties. Any such attack could compromise systems and the information stored thereon. A cyber-attack could result in a disruption in the operations of the District and may adversely affect revenues. The District carries cyber security coverage and has protocols in place to protect confidential data and detect unauthorized intrusions. No assurances can be given that these security measures will successfully prevent all cyber-attacks. The District has no such attacks to report.

Intergovernmental Relationships and Other Agreements

The District maintains cooperative working relationships with adjacent and overlapping governmental entities.

In January 2004 and March 2023, the District entered into agreements with respect to property tax increment revenues generated in urban renewal areas known as Centerra and Centerra South, respectively. Pursuant to these agreements, the Loveland Urban Renewal Authority (LURA) agreed to make property tax increment revenues received by LURA from certain of the District’s mill levies through the operation of the Colorado Urban Renewal Law available to the District to construct certain District facilities.

The District may enter into additional intergovernmental or other agreements at any time.

DISTRICT FINANCIAL OPERATIONS

The School Finance Act and Total Program Funding

General. Through fiscal year 2024-25, school districts in Colorado were funded pursuant to the terms of the Public School Finance Act of 1994, as amended (the “Old School Finance Act”). The Old School Finance Act required that all school districts operate under the same financing formula.

In 2024, the Legislature adopted the School Finance Act of 2025 (the “School Finance Act”), which maintains the requirement that all school districts operate under the same financing formula. The School Finance Act attempts to increase funding for rural students, students living in poverty and English language learners. The School Finance Act was amended by the Legislature in 2025. The School Finance Act incorporates a new funding formula that, after amendments during the 2025 legislative session, is expected to be phased in over six fiscal years beginning with the 2025-26 fiscal year. The new phase-in formula funds 15% of the change in 2025-26, 30% in 2026-27, 45% in 2027-28, 60% in 2028-29, 75% in 2029-30, 90% in 2030-31 and 100% in 2031-32. However, the Legislature may implement delays in the phase-in schedule or other changes to the School Finance Act in the future.

The Legislature approved a phase-out of the current student count methodology by reducing the number of years included in the enrollment smoothing formula by one year each year from the current five years to two years. The Governor’s proposed 2026-27 budget proposal includes those changes and funds the required percentage of the phase-in of the School Finance Act discussed in the prior paragraph. It also provides for increases in the State’s share of Total Program Funding and for categorical programs (each described below). However, the State budget is adopted by the Legislature, which is not bound to follow the Governor’s recommendations.

In recent years, the State Legislature (the “Legislature”) has made amendments to the various formulas embedded in the School Finance Act in response to severe State budget difficulties; those amendments have negatively impacted the amount of State funding available to districts pursuant to the School Finance Act. It is possible that future legislative amendments to the School Finance Act will further erode State support of public education. It also is possible that future legislative amendments will take the form of more substantial modifications or even the complete revamping of the school finance system in the State, rather than changes to the existing embedded funding formulas. Any such actions could have a detrimental effect on the District’s future operations.

Total Program Funding Formula. The amount of annual Total Program Funding revenue allowed under the School Finance Act is determined by a statutory formula. Every school district in the State is allocated the same “base” dollar amount of per-pupil funding. In addition, the Statewide base per-pupil funding amount and the funding for categorical programs are required to increase by at least the rate of inflation pursuant to a State constitutional amendment adopted in 2000 and implemented in 2001 (the “School Amendment”). The School Amendment provides that funding in an amount equal to all revenues collected from 1/3 of 1% of the State’s existing income tax will be transferred to the State Education Fund created by the School Amendment. The Legislature may appropriate funds only to increase funding in preschool through twelfth-grade education or for purposes specifically stated in the School Amendment. The funds may not be used to reduce the previous level of General Fund appropriations for Total Program Funding and categorical programs.

The following table illustrates a history of the “base” amount per pupil under the School Finance Act.

<u>Historical Base Per Pupil Funding</u>				
<u>Base Per-Pupil Funding Amount</u>				
<u>Fiscal Year</u>	<u>Base Amount</u>	<u>Addition</u>	<u>Total</u>	<u>Addition Due To:</u>
2020-21	\$6,952	\$132	\$7,084	Inflation (1.9%)
2021-22	7,084	141	7,225	Inflation (2.0%)
2022-23	7,225	253	7,478	Inflation (3.5%)
2023-24	7,478	598	8,076	Inflation (8.0%)
2024-25	8,076	420	8,496	Inflation (5.2%)
2025-26	8,496	195	8,692	Inflation (2.3%)

The School Finance Act determines Total Program Funding by using “Foundation Funding” equal to the base per-pupil funding amount times the school districts funded pupil count. The formula then adds amounts (based on the Foundation Funding) to increase funding for the following factors: At Risk students (generally defined as students who qualify for the federal free lunch program); English language learners; special education; cost of living in the school district; school district size; school district locale (urban or rural); and online and extended high school enrollment. School districts are guaranteed a minimum amount of Total Program Funding based on a student count of 60 students.

Under the Old School Finance Act, the formula provided funding based on the greater of the school district’s current year student count or an average of student count for a period up to five years. The use of student count averaging protects school districts from precipitous drops in funding in the event of declining enrollment. The School Finance Act currently provides funding based on the greater of the school district’s current year student count, or an average of the current year count and counts for up to three prior years (four-year averaging) for fiscal year 2025-26. Beginning in fiscal 2026-27, three-year averaging will be used to determine the funded pupil count, however, averaging could shift to four-year or two-year averaging depending on future funding outcomes.

If a school district’s total program funding under the School Finance Act would be less than its funding under the Old School Finance Act formula, the School Finance Act includes “hold harmless” provisions which allow affected school districts to receive fiscal year 2024-25 Total Program Funding (which was calculated slightly differently under the Old School Finance Act) for two full fiscal years. School districts are then required to transition to a formula equal to the old formula plus 1% through fiscal year 2030-31 and fully to the new formula beginning in fiscal year 2031-32.

Sources of Total Program Funding. Total Program Funding is provided by (a) local sources of revenue consisting of property taxes and specific ownership taxes (a State-imposed tax on motor vehicles which is shared with local governments), and (b) if necessary to fund any shortfall, State funds in the form of State “equalization” payments.

The District’s share of the cost of its Total Program Funding is derived from its property tax mill levy (imposed in compliance with Article X, Section 20 of the State constitution (“TABOR”)) and specific ownership tax receipts. The State’s share of the cost of the District’s Total Program Funding each year is equal to the amount by which the Total Program Funding

calculation exceeds the District's local revenue amounts for that year, assuming 100% collection of the local revenues.

Uses of Total Program Funding. The Board has the discretion to determine how the District's Total Program Funding will be expended. The Legislature may impose or remove requirements as to the spending of portions of the Total Program Funding in its discretion.

Funding of the State's Share of Total Program Funding. The Legislature is to make annual appropriations to fund the State's share of the Total Program Funding of all school districts. The availability of State funds to school districts may be affected by actions of the Legislature and by the cash position of the State itself. The ability of the State to fund the Total Program Funding of all State school districts may be impacted by numerous factors beyond the control of the State and the District, including general economic conditions, other State program increases, unemployment, the rate of economic growth, and tourism. If the State's appropriation for its share of the Total Program Funding of all school districts is not sufficient to fully fund such share, the State Department of Education must submit a request for a supplemental appropriation in an amount which will fully fund the State's share during the fiscal year in which such insufficiency occurs.

In 2003, the State Office of Legislative Legal Services issued an opinion stating that the School Amendment does not limit or restrict the Legislature's ability to set the level of appropriations for public education or rescind a portion of the General Fund appropriation for Total Program Funding for public schools. This opinion is not binding and represents only the legal advice currently being provided to the Legislature; however, it could be relied upon by the Legislature to decrease the amount of State aid to public education in the future.

Changes to State Laws. Colorado's public school finance laws are subject to review and examination through the judicial process and are subject to legislative changes as well. Appropriation decisions regarding the State's share of Total Program Funding are made on an annual basis by the Legislature.

All school districts in Colorado were severely impacted by cuts in State funding for the School Finance Act in recent years, beginning with a State budget shortfall in excess of \$1.4 billion for fiscal year 2010. The General Assembly included the "Budget Stabilization Factor" or "negative factor" in the Total Program Funding formula beginning in fiscal year 2010-11 to assist the State in balancing its budget due to the economic downturn. Since 2010, the total amount of the Budget Stabilization Factor reached or exceeded \$1 billion three times. As a result of the Budget Stabilization Factor, the District's per-pupil funding under the School Finance Act declined from fiscal years 2010 through 2013. Since fiscal year 2015, the State appropriated funds in some years to "buy down" the size of the Budget Stabilization Factor. The Budget Stabilization Factor was repealed effective July 1, 2024, but the Legislature may again implement the Budget Stabilization Factor or similar legislation which could have the effect of reducing the amount of funding available to public schools.

There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws (including but not limited to the School Finance Act), provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District.

Other Sources of School District Revenue

Additional Property Taxes. In addition to property taxes levied to fund a school district's portion of Total Program Funding, school districts may impose certain other levies with the approval of local voters. The proceeds of these mill levies are not included in the Total Program Funding calculation.

Override Levy. School districts are permitted to receive additional property taxes for general operating uses pursuant to a separate mill levy (an "override levy"). For override levies approved prior to 2009, a school district's override revenues cannot exceed, generally, 20% of its Total Program Funding, or \$200,000, whichever is greater. Override levies voted in 2009 or later cannot exceed, generally, 25% of the district's Total Program Funding or \$200,000, whichever is greater.

The District's electors have previously authorized override levies that began in the 1999 levy year, the 2006 levy year and the 2018 levy year, for the purposes of funding the maintenance of current class sizes, and additional instructional materials, resources, staff, services, and programs. At the 1999 election, District voters approved a mill levy override that may provide up to \$7,500,000 annually, so long as the District's associated mill levy does not exceed 8.5 mills. At the 2006 election, District voters approved a mill levy override that may provide up to \$6,540,000 annually, so long as the District's associated mill levy does not exceed 4.15 mills. At the 2018 election, District voters approved a mill levy override of 7.6 mills. Under certain circumstances, the School Finance Act of 2025 authorizes the District to increase (to 27%) the percentage of Total Program Funding that can be obtained through override levies if voter approval is obtained prior to July 1, 2030. Override mill levies also increase a district's share of the specific ownership tax.

Bond Redemption Levy. School districts also may impose a separate mill levy for purposes of generating revenues for the Bond Redemption Fund. Property taxes imposed for the repayment of general obligation debt are received and accounted for separately from property taxes imposed to finance the Total Program and pursuant to override authorization. The District currently imposes a bond redemption mill levy for purposes of paying debt service on its general obligation bonds.

Other Authorized Levies. Additional property tax levies authorized by law include special building, transportation, capital construction and full-day kindergarten levies. Each of those mill levies must be imposed in amounts authorized by law and must be used for specific purposes.

Other State Revenue - Categorical Programs. In addition to the State equalization payments made pursuant to the School Finance Act, school districts may receive State funding to pay for specific programs designed to serve particular groups of students or particular student needs, such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education. Such programs are known as "categorical" programs. The District receives various levels of State funding to pay for such programs.

Fees. Pursuant to the School Finance Act, any fee collected by a school district for a specific purpose is to be spent only for that purpose. For example, if a district imposes a \$100 fee for athletics, all money collected from that fee must be used for athletics. In addition, school

districts must disclose whether a fee is voluntary or mandatory and what activities a child will be excluded from for failure to pay the fee. The District imposes various such fees.

Miscellaneous Revenue Sources. The District also receives General Fund revenues from specific ownership taxes (levied by the State on owners of motor vehicles and shared with local governments), investment earnings, athletics, activities, parking fees, and rental of District facilities.

District Funds and Accounts

Funds and Accounts Mandated by State Law. The basic format for the financial operation of Colorado school districts is mandated by State law, which creates the following funds: the General Fund, the Bond Redemption Fund, the Capital Projects Fund, the Insurance Reserve Fund (which may be an internal service fund or an account in the General Fund to satisfy Generally Accepted Accounting Principles (“GAAP”)), the Special Building and Technology Fund and the Transportation Fund. Interpretive regulations of the State Board of Education also authorize the use of additional funds. Some school districts also maintain certain Special Revenue Funds, Enterprise Funds and Internal Service Funds.

General Fund. The bulk of the financial operations of most school districts, including the District, are conducted through the General Fund. The General Fund contains all revenues of the District not attributable to its other established funds. The majority of these revenues are derived from the District’s general property tax levy and from State aid.

TABOR requires each school district to establish emergency reserves constituting 3% of fiscal year spending. See “LEGAL MATTERS--Certain Constitutional Limitations.” Pursuant to State law, the District’s budget must ensure that the TABOR reserve requirement is met by holding unrestricted General Fund or cash fund emergency reserves; except that a district may designate property owned by the district as all or a portion of the required reserve subject to certain statutory requirements. The District currently maintains its TABOR reserve in its General Fund.

Bond Redemption Fund. The Bond Redemption Fund contains the revenues from property tax levies for the purpose of satisfying, when due, the principal and interest obligations on any debt of a school district. The Bond Redemption Fund may also include certain other voter-approved tax revenues imposed to pay long-term obligations authorized by law. In accordance with State law, the District has designated UMB Bank, n.a., in Denver, Colorado, as the custodian of its Bond Redemption Fund. The Custodian is responsible for making debt service payments on the District’s general obligation bonds from the Bond Redemption Fund. See “THE BONDS--Payment Provisions - Third-Party Custodian.”

Capital Projects Fund and Risk Management Reserves. The Capital Projects Fund and the Insurance Fund (which may be an internal service fund or an account of the General Fund if it is funded) receive the majority of funding from an allocation of a portion of the District’s Total Program Funding. The District does not maintain a separate Risk Management Fund.

Primary Sources of General Fund Revenues

Local and State Shares of General Fund Revenues. The percentage of revenues derived from local, State and other sources for each school district varies depending upon the local tax base and other factors relevant to each school district.

Local Sources. For fiscal years 2023-24 and 2024-25, local sources accounted for approximately \$136.5 million and \$140.0 million, comprising approximately 65.6% and 64.2%, respectively, of the District's General Fund revenues.

The primary local source of General Fund revenues is the District's General Fund levy (described below). Other sources of General Fund local revenue received by the District include the District's share of the annual specific ownership tax levied by the State on owners of motor vehicles, interest income earned on the District's investments, fines and fees, tuition and miscellaneous income.

Calculation of Local Share Mill Levy. The District's mill levy for its share of Total Program Funding is limited by the School Finance Act to the lesser of (i) the number of mills levied by the District for the immediately preceding property tax year; (ii) the number of mills necessary to generate property tax revenue in an amount equal to the District's Total Program Funding for the applicable budget year less the minimum State aid and less the amount of specific ownership tax revenue paid to the District; or (iii) 27 mills. The General Assembly may take additional action with respect to the local share mill levy reset at any time in the future.

These formulas do not impact the District's ability to levy taxes to pay debt service on the Bonds (and any other outstanding general obligation bonds); the debt service mill levy is entirely separate from the Total Program Funding calculation. The formulas do not impact the District's override mill levies, which are outside the formulas.

Mill Levy Information. The District's General Fund levy includes its operating mill levy, its override levies and any delinquent taxes, penalties and interest associated with those levies. In fiscal years 2023-24 and 2024-25, the District's General Fund mill levy (including the override levies and delinquent taxes, penalties and interest) yielded collections of \$120.8 million and \$121.5 million, respectively, or 58.1% and 55.7% of General Fund revenue. For fiscal year 2025-26, the District budgeted to receive \$137.7 million in General Fund property tax revenues.

State Sources. For fiscal years 2023-24 and 2024-25, State sources (including State equalization payments) accounted for approximately \$71.5 million and \$78.0 million, comprising approximately 34.4% and 35.8%, respectively, of the District's General Fund revenues.

State equalization payments are the second largest source of revenues in the General Fund. The following table sets forth State equalization payments received by the District for the past five years.

State Equalization Payments(1)

<u>Fiscal Year Ended June 30</u>	<u>Gross State Equalization Payment</u>	<u>Percent Change</u>
2021	\$62,000,145	--
2022	69,127,089	11.5%
2023	66,524,920	(3.8)
2024	61,281,499	(7.9)
2025	67,893,200	10.8

(1) State equalization payments include amounts paid to charter schools operating within the District.

Source: Derived from the District's annual comprehensive financial reports for fiscal years 2021-2025.

State equalization payments received by the District for 2023-24 and 2024-25 represented 29.5% and 31.1%, respectively, of General Fund revenues. The District has budgeted to receive \$56.5 million in State equalization payments in fiscal year 2025-26,

Cash Flow Measures

The salaries of most school district employees are paid over a 12-month period, and most school district expenses occur on a relatively consistent monthly basis. Prior to fiscal year 2024-2025, a significant portion of school district revenue was received from March through June when property taxes are paid to the District. Accordingly, many school districts typically experienced cash flow shortages from October until tax collections begin in March of the following year. Starting with fiscal year 2024-2025 the State of Colorado switched its payment schedule for their portion of Total Program Funding so that it was received by school districts from July to February moving payments up several months.

Even with the updated payment schedule, it is possible the District would need cash flow assistance as it waits for the property tax receipts each spring that make up a significant portion of that Total Program Funding for each year. Colorado school districts typically address this problem by (i) borrowing funds from the State pursuant to a special State loan program designed to alleviate cash flow management problems (the "State Program," described below); (ii) transferring funds to the General Fund from other district funds on a short-term basis; or (iii) borrowing funds on a short-term basis through the issuance of tax anticipation notes.

Under the State Program, the State Treasurer is directed to provide sufficient funds in the form of no-interest or low-interest loans from the State general fund to any district which applies for such funds and which does not have moneys available for expenditure, in each month of the budget year. The Legislature may change the terms of the State Program at any time or abolish it altogether. In fiscal year 2025, the District borrowed \$14.9 million through the State Program; that loan was repaid in full. For fiscal year 2026, the Board authorized borrowing up to \$35 million from the State program; the District began borrowing in December 2025.

Budget Process

General. The District is required by State law to adopt an annual budget which presents a complete financial plan for the ensuing fiscal year. At the time of adoption, the Board is required to adopt a resolution specifying the amount of money appropriated to each fund. The

proposed budget and a statement describing the major objectives of the educational program for the ensuing fiscal year must be submitted to the Board no later than thirty days prior to the start of the fiscal year, i.e., on or before June 1. Within ten days after submission of the proposed budget, the Board must publish a notice stating that the proposed budget is available for inspection, that any District taxpayer may file or register objections to the proposed budget at any time prior to its adoption, and that the Board will consider adoption of the proposed budget at a designated meeting of the Board. Formal adoption of the budget is required by resolution by the Board by June 30 of each year. The Board may review and amend the budget with respect to both revenues and expenditures at any time prior to January 31 of the fiscal year for which the budget was adopted.

The District is prohibited from expending any moneys in excess of the amount appropriated by resolution for a particular fund. When money for a specific purpose, other than ad valorem taxes, subsequently becomes available, a supplemental budget for expenditures not to exceed the amount of said money may be adopted and appropriation of said money may be made therefrom. Such procedure is applied to unbudgeted revenues from State and federal sources.

Districts are prohibited from providing for expenditures in excess of available revenues and beginning fund balances and the Board is required to review the financial condition of the District at least quarterly. Districts are required to annually prepare an itemized reconciliation between the fiscal year-end fund balances based on the budgetary basis and the fiscal year-end fund balances based on a modified accrual basis of accounting (utilizing GAAP). Districts also are required to adopt a resolution authorizing and explaining any use of beginning fund balance authorized for expenditure in the budget.

Pursuant to the provisions of the School Finance Act, during any budget year, if the Board determines that the anticipated revenues specified in the budget and the amounts appropriated in the budget for expenditure exceed the actual revenues available to the district due, in whole or in part, to action by the Legislature or the Governor relating to the State appropriation for the Total Program Funding under the School Finance Act, the Board may declare a fiscal emergency in such budget year. A declaration of emergency may only occur upon an affirmative vote of two-thirds of the members of the Board at a public meeting held after a duly noticed public hearing. If a fiscal emergency is declared, the Board may implement a reduction in salaries for all employees of the District on a proportional basis or may alter the work year of such employees. This reduction in salaries is permitted to be made notwithstanding provisions of State law which otherwise prohibit the Board from changing or modifying teacher salary schedules during a school year.

Budget Summary and Comparison

General. The following tables set forth a comparison of the budgets for the fiscal years ended June 30, 2024, 2025 and 2026 for the General Fund, as compared to unaudited, interim results for those funds for the 12-month periods ended December 31, 2024 and 2025.

The District uses the modified accrual method of accounting in its budget (rather than the budgetary basis of accounting) in order to better conform the budget to the presentation used in the Annual Comprehensive Financial Report (“ACFR”).

General Fund Reserve Policy. The District has adopted a reserve policy for the General Fund. The policy requires that total General Fund reserves range between 5% and 15% of annual revenue. Of those reserves, 3% is used to comply with the requirements of TABOR and

at least 2% shall is undesignated, to be used only for an unexpected loss of revenue or for extraordinary expenditures. Any expenditure from the undesignated reserve must be reported to the Board. If any part of the general fund reserve is used in any fiscal year to cover an unexpected loss of revenue or an extraordinary expenditure, in the subsequent fiscal year funds will be allocated to fulfill the 2% required year-end reserve before making any other budget allocations, unless the Board approves otherwise.

General Fund - Budget to Actual Comparison

	FY 2024 Final Budget	FY 2024 Actual	FY 2025 Final Budget	FY 2025 Actual	FY 2026 Adopted Budget
Revenues					
Taxes					
School Finance Act property tax (1)	\$62,980,922	\$83,048,043	\$96,421,010	\$83,355,788	\$97,684,341
Mill Levy Override	37,849,035	37,782,524	38,017,305	38,100,132	39,998,587
Specific Ownership Taxes	8,073,328	9,062,477	8,813,578	5,559,465	5,079,267
Intergovernmental					
Equalization Entitlements (1)	81,593,170	61,281,499	55,055,578	67,893,200	56,461,575
Universal Pre-K Revenue	2,787,860	2,474,722	3,489,377	2,009,177	2,548,964
Special Education	5,800,000	6,020,525	6,029,912	6,351,401	6,160,411
Vocational Education	300,000	344,230	326,843	383,676	344,230
Transportation	1,200,000	1,385,587	1,193,245	1,384,969	1,256,723
Other	575,555	4,396,441	2,600,000	10,955,280	8,654,554
Investment Earnings	2,000,000	2,186,961	--	2,016,918	--
Total Revenues	203,159,315	207,983,009	211,946,848	218,010,006	218,188,652
Expenditures					
Instruction	98,768,795	98,030,235	107,151,354	108,878,744	104,115,359
Supporting Services	74,104,645	76,112,902	86,911,962	89,190,047	88,315,324
Capital Outlay	1,443,247	123,698	1,170,997	177,316	1,209,873
Charter School Allocation	23,606,737	23,860,463	25,602,417	25,688,594	27,538,893
Total expenditures	197,923,424	198,127,298	220,836,730	233,934,701	221,179,450
Excess of revenues over (under) expenditures	5,235,891	9,855,711	(8,889,882)	(5,924,695)	(2,990,798)
Other Financing Sources (Uses)					
Transfers In	--	--	--	2,560,087	--
Transfers out	(4,663,368)	(3,633,316)	(1,276,216)	(5,427,853)	--
Net change in fund balance	572,523	6,222,395	(10,166,098)	(8,792,461)	(2,990,798)
Fund Balance, Beginning	33,770,304	33,770,304	39,992,699	39,992,699	31,200,238
Fund Balance, Ending	\$34,342,827	\$39,992,699	\$29,826,601	\$31,200,238	\$27,209,440

(1) The differences in budgeted versus actual Equalization Entitlements and School Finance Act property taxes received by the District are a result of the application of the School Finance Act and significant increases in assessed values of property located within the District. See "DISTRICT FINANCIAL OPERATIONS--The School Finance Act and Total Program Funding."

Sources: The District, the District's audited financial statements for fiscal years 2024 and 2025, and the District's 2026 Budget.

Accounting Records and Financial Statements

General. The District accounts for its financial operations in compliance with State law. All District funds are required to be audited on a fiscal year running from July 1 to June 30. The annually audited financial statements must be submitted to the Board within five months after the end of the fiscal year and filed with the State auditor and the commissioner of education 30

days after receipt by the District. If the District fails to file an audit report with the State auditor, the State auditor may, after notice to the District, notify the County Treasurer holding moneys of the District (if any) and authorize the County Treasurer to prohibit release of such moneys until the District files the audit report with the State. The District's fiscal year 2024-2025 audit was filed on time.

The audited basic financial statements for the fiscal year ended June 30, 2025, attached hereto as Appendix A, represent the most recent audited financial statements of the District.

Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting, and ASBO awarded a Certificate of Excellence in Financial Reporting to the District for its Annual Report for the fiscal year ended June 30, 2025. This was the thirty-seventh time the District has received the GFOA award and the twenty-ninth consecutive year. The District has received the ASBO award for twenty-eight consecutive years.

History of General Fund Revenues, Expenditures, and Changes in Fund Balance

General. Set forth in the following table is a five-year comparative statement of revenues and expenditures for the General Fund, including the beginning and ending fund balances for each year. The information has been derived from the District's audited financial statements for the fiscal years ended June 30, 2021 through 2025. The information was derived from the District's ACFRs for those years.

This table should be read in conjunction with the District's audited basic financial statements and accompanying notes for the year ended June 30, 2025, which are attached hereto as Appendix A. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

General Fund - Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis)

Revenues	2021	2022	2023	2024	2025
Taxes					
School Finance Act	\$56,449,633	\$57,362,529	\$65,634,485	\$83,048,043	\$83,355,788
Mill Levy Override	34,245,252	32,729,631	34,615,127	37,782,524	38,100,132
Specific Ownership Taxes	8,312,971	8,296,788	8,799,653	9,062,477	5,559,465
Intergovernmental					
Equalization Entitlements	62,000,145	69,127,089	66,524,920	61,281,499	67,893,200
Universal Pre-K Revenue	--	--	--	2,474,722	2,009,177
Special Education	3,642,465	3,913,253	5,429,821	6,020,525	6,351,401
Vocational Education	412,856	731,807	306,429	344,230	383,676
Transportation	1,174,627	1,186,087	1,213,058	1,385,587	1,384,969
Other Federal Grants	39,690	51,159	47,362	--	--
Charter School Chargebacks	2,049,257	2,332,919	2,303,678	--	--
Other ⁽¹⁾	668,495	4,526,296	7,490,961	4,396,441	10,955,280
Investment Earnings	65,271	180,329	1,513,126	2,186,961	2,016,918
Total Revenues	169,060,662	180,437,887	193,878,620	207,983,009	218,010,006
Expenditures					
Instruction	82,523,446	91,340,146	97,357,204	98,030,235	108,878,744
Supporting Services	60,318,089	67,797,070	72,124,521	76,112,902	89,190,047
Capital Outlay	25,000	40,726	15,450	123,698	177,316
Charter School Allocation	13,780,897	18,925,723	21,061,375	23,860,463	25,688,594
Total expenditures	156,647,432	178,103,665	190,558,550	198,127,298	233,934,701
Excess of revenues over (under) expenditures	12,413,230	2,334,222	3,320,070	9,855,711	(5,924,695)
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	2,560,087
Transfers out ⁽²⁾	(2,572,709)	(3,636,922)	(2,985,606)	(3,633,316)	(5,427,853)
Net change in fund balance ⁽³⁾	9,840,521	(1,302,700)	334,464	6,222,395	(8,792,461)
Fund Balance, Beginning	24,898,019	34,738,540	33,435,840	33,770,304	39,992,699
Fund Balance, Ending	\$34,738,540	\$33,435,840	\$33,770,304	\$39,992,699	\$31,200,238

(1) Represents transfers to the Grants Fund, Fee Supported Programs Fund, and Capital Projects Fund.

(2) In fiscal year 2025, the "Other" category includes specific ownership taxes not required to be included in the local share for purposes of the School Finance Act (approximately \$3.8 million), the District's charges for charter school services (approximately \$3.1 million), the District's share of payments made to PERA by the State (approximately \$2.3 million) and other miscellaneous revenues.

(3) In fiscal year 2022, the District spent down fund balance to remain within the fund balance policy. In 2025, the District spent down fund balance to comply with Board-directed one-time bonuses for staff and to account for annual transfers to the General Fund for salaries paid from Medicaid grants.

Source: Derived from the District's ACFRs for the fiscal years ended June 30, 2021 through 2025.

Management Discussion. The District's management discussion and analysis for fiscal year 2025 can be found in the audited basic financial statements attached hereto as Appendix A.

PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT

Ad Valorem Property Taxes

Extraordinary Actions Taken in Response to Declaration of Emergency. The Governor, State agencies and the General Assembly took several actions in response to COVID-19 that impacted the administration of property taxes, such as extending filing deadlines, extending deadlines for the payment of property taxes and authorizing county treasurers to waive delinquent interest on late property tax payments for a period of time. Similar actions may be taken if another national pandemic or other national or State emergency is declared in the future. As a result, there is no guarantee that additional executive orders or legislation deferring the payment of property taxes to a later date, permanently waiving interest, or forgiving property tax liability in its entirety will occur and, if these or similar measures are adopted into law, the receipt of property taxes by the District may be delayed or reduced, and such reduction could be material.

Property Subject to Taxation. Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the District. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Calculation of Property Taxes Generally. The calculation of ad valorem tax revenues is described in State law. The taxation process includes the following steps, each of which is described in more detail below.

- Taxable property is first appraised by the County Assessor to determine its statutory "actual" value. See "Determination of Statutory Actual Value" below.
- Statutory "actual" value is then multiplied by the appropriate assessment percentage ratio to determine the assessed value of each property. The property types and the assessment ratios are determined by State law. See "Determination of Assessed Value" below.
- The mill levy of each taxing entity is then multiplied by the assessed value to determine the amount of property tax levied upon each property by each taxing entity. See "Taxation Procedure" below.

The statutes governing each step in this process may be amended by the Legislature to the extent they are not governed by State constitutional provisions, including TABOR. In recent years, the Legislature has taken action to amend the property taxation statutes, particularly the statutes governing the classes of property and related assessment ratios.

Future legislative actions and/or initiated constitutional amendments or statutory provisions may further amend the property taxation laws.

Determination of Statutory Actual Value. The county assessors annually conduct appraisals in order to determine, on the basis of statutorily specified approaches, the statutory “actual” value of all taxable property within the county as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is required to be valued using the market approach. Agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Under current law, real property is reappraised by the County Assessor’s office every odd numbered year. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2023 (collection year 2024) were based on an analysis of sales and other information for the period January 1, 2020 to June 30, 2022.

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Valuation. Assessed value, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. Since 2020, the Legislature has adopted statutes reducing the amount of actual value that is used to determine assessed valuation. The percentage used to calculate assessed valuation, called the assessment rate or the assessment ratio, differs depending upon the classification of each property. *Future actions of the Legislature or future citizen-initiated measures may take additional action to change property classifications, reduce the assessment rates, or change the calculation of statutory actual value for property at any time in the future.*

Prior to tax levy year 2021, the residential assessment rate was adjusted every two years in connection with the general reassessment of property described above. This adjustment was mandated by a provision of the State Constitution (known as “Gallagher”) intended to avoid extraordinary increases in residential real property taxes when the base year level of value changed. As a result of application of Gallagher and TABOR, the residential assessment ratio declined from 21% to 7.15% of statutory actual value. In November 2020, the State’s voters approved the repeal of Gallagher and the Legislature is now responsible for setting residential assessment rates.

Since the repeal, the Legislature has adopted property tax-related legislation in each year, including the establishment of different residential assessment rates for school districts and non-school district governments. The following assessment rates are applicable to school districts. These changes may be changed by the Legislature in the future; however, pursuant to the requirements of TABOR, any increase would generally require a Statewide vote.

Assessment Rates Applicable to School Districts – Tax Years 2024-2027⁽¹⁾

Property Class	Tax Year 2024	Tax Year 2025	Tax Year 2026	Tax Year 2027 and later
Residential	6.70% ⁽²⁾	7.05%	7.05%	7.05%
Nonresidential				
Commercial	29.0% ⁽²⁾	27.0%	25.0%	25.0%
Agricultural/renewable energy	26.4	27.0	25.0	25.0
Vacant land	27.9	27.0	26.0	25.0
Producing oil & gas ⁽³⁾	87.5	87.5	87.5	87.5

- (1) “Tax year” refers to the year in which taxes are levied; the collection year is the following calendar year.
- (2) For 2024, multifamily residential property was assessed at 6.7% of actual value after an actual value adjustment of \$55,000; thereafter it is included in residential property. For 2024, lodging property was assessed at 27.9% of actual value after an actual value adjustment of \$30,000; thereafter it is included in commercial property.
- (3) Based on the selling price of oil and gas.

School District Property Tax Limit. State law creates a new property tax limit for school districts beginning with the 2025 property tax year (for taxes payable in 2026) equal to the greatest amount of statewide local share total program property tax revenue (also referred to as “qualified property tax revenue”) collected for a year during a previous assessment cycle, increased by the greater of 6% for each year in a reassessment cycle or the percentage by which the Legislature increases the statewide base per pupil funding, plus public K-12 enrollment growth. The limit currently would be 12% per two-year reassessment cycle. Under current law, the growth limitation would be calculated using the *statewide* local share amount calculated under the School Finance Act and if necessary, the residential assessment rate described in the table above would be adjusted downward to achieve the revenue limitation. Revenues from property taxes levied for debt service on general obligation bonds and for override levies are excluded from the limit.

The limit excludes certain revenue, such as increases due to valuation from new construction, changes in classification, annexations, changes in exemption status, and increases from oil and gas. It also excludes increases from the expiration of tax increment financing diversions, specific ownership tax, new mill levies, and an amount equal to disaster emergency spending. If qualified property tax revenue exceeds the limit, the residential assessment rate for school districts will be adjusted to a temporary level that will result in qualified revenue meeting the limit. If qualified revenue fails to reach the limit during a reassessment cycle, the difference can be carried over and applied to the limit in the subsequent reassessment cycle.

Voters may waive the school district limit in the bill by a statewide vote, and the bill specifies ballot language for waiving the limit, which can be waived for a single year, a specified number of years, or all future years.

Reimbursement of “Lost” Revenues to Local Governments. The Legislature also established mechanisms for the State to determine and reimburse local governments (other than school districts) for revenues “lost” as a result of legislation; each county treasurer is required to distribute the total amount received from the State to the eligible local governmental entities within the county as if the revenues had been regularly paid as property taxes. There is no guarantee that the State will have sufficient resources to reimburse local governments for the lost property tax revenues. The reimbursement requirement may negatively impact State funds available to fund Total Program Funding in future years.

State law required the State treasurer to transfer \$200 million from the State general fund on July 1, 2022, and an additional \$146 million on July 1, 2024, to the State Public Schools Fund for the purpose of offsetting property tax revenue reductions.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County’s Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The Legislature is required to cause a valuation for assessment study to be conducted each year to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Legislature and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District’s assessed valuation may be subject to modification following any such annual assessment study.

Homestead/Disabled Veterans Property Tax Exemptions. The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009 to 2012), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who

have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessors are required to certify to the District the assessed valuation of property within the District no later than August 25th of each year. If the County Assessors make changes in the valuation for assessment or the total actual value prior to December 10, the County Assessors notify the District of those changes. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessors, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property tax, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Commissioners levy the tax on all property subject to taxation by the District. By December 22nd of each year, the Commissioners must certify to the County Assessors the levy for all taxing entities within the applicable county. If the Commissioners fail to so certify, it is the duty of the County Assessors to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessors of the tax list and warrant to the Treasurers of the Counties.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2023 are being collected in 2024 and taxes certified in 2024 will be collected in 2025. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurers collect current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remit the balance to the District on a monthly basis. The payments to the District must be made by the 10th of each month and shall include all taxes collected through the end of the preceding month. The County Treasurers are also required to make a second monthly payment to the District on or before the 24th day of the months of March, May and June, reflecting taxes collected through the 20th day of the respective month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens

of other general taxes. It is the Treasurers of the Counties' duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the Treasurers of the Counties, would be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the Treasurers of the Counties remove the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to a county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Potential for Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas" to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. If any such area were implemented, it is impossible to predict the terms of the plan, including whether it would negatively impact the District's property tax revenues.

Similarly, the State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. Certain of the property within the District is located within tax increment districts established by the city of Loveland. With respect to the property included in the boundaries of such districts (or within any urban renewal authority or downtown development authority created in the future and subject to a renewal plan), the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above the "base" amount is paid to the applicable authority. See the table entitled "History of District Assessed Valuations and Mill Levies" in "Ad Valorem Property Tax Data" below for information on the assessed valuation attributable to the existing increment districts. Currently, it is the CDE's policy to provide State equalization funding to school districts in order to equalize amounts of taxes that would be lost as a result of tax increment areas. However, this policy could change at any time.

Ad Valorem Property Tax Data

A five-year history of the District's assessed valuation and mill levies is set forth in the following tables.

History of Assessed Valuations for the District

Levy/ Collection Year	Boulder County	Larimer County	Weld County	Total ⁽¹⁾	Percent Change
2021/2022	\$5,386,890	\$2,401,857,137	\$49,265,470	\$2,456,509,497	--
2022/2023	5,395,016	2,600,134,157	77,077,790	2,682,606,963	9.2%
2023/2024	7,204,512	3,207,978,161	72,449,840	3,287,632,513	22.6
2024/2025	7,054,050	3,082,088,231	65,766,270	3,154,908,551	(4.0)
2025/2026	7,442,539	3,603,639,713	62,353,370	3,673,435,622	16.4

(1) Figures do not include the assessed valuation attributable to tax increment financing districts in the following amounts for the respective levy years: \$170,393,925 in 2021; \$173,740,516 in 2022; \$192,137,133 in 2023; \$195,837,391 in 2024; and \$226,556,974 in 2025.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2021-2024; and the Assessors' Offices of Boulder, Larimer and Weld Counties.

History of Mill Levies for the District – Boulder and Larimer Counties

Levy/ Collection Year	General Fund	Debt Service	Overrides	Abatements	Total Levy
2021/2022	23.360	7.790	13.315	0.123	44.588
2022/2023	24.360	7.133	12.834	0.244	44.571
2023/2024	25.360	5.823	11.514	0.063	42.760
2024/2025	26.360	6.075	12.051	0.397	44.883
2025/2026	27.000	6.075	11.422	0.339	44.836

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2021-2024; and the Colorado Department of Education.

History of Mill Levies for the District – Weld County

Levy/ Collection Year	General Fund	Debt Service	Overrides	Abatements	Total Levy
2021/2022	23.360	7.790	13.315	0.123	44.588
2022/2023	24.360	7.133	12.834	0.244	44.571
2023/2024	25.360	5.823	11.514	0.063	42.760
2024/2025	26.360	6.075	12.050	0.397	44.882
2025/2026	27.000	6.075	11.422	0.339	44.836

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2021-2024; and the Colorado Department of Education.

The following chart sets forth a history of the District's ad valorem property tax collections.

Property Tax Collections for the District

Levy/ Collection Year	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate
2020/2021	\$103,275,123	\$103,531,167	100.25%
2021/2022	109,530,846	109,176,422	99.68
2022/2023	119,566,475	119,437,427	99.89
2023/2024	140,579,167	139,691,429	99.37
2024/2025	141,601,696	141,020,779	99.59

- (1) Levied amounts do not reflect abatements or other adjustment. Levied amounts do not include the assessed revenue attributable to tax increment financing districts in the following amounts for the respective levy years: \$7,025,665 for 2020; \$7,597,524 for 2021; \$7,743,788 for 2022; \$8,215,783 for 2023; and \$8,789,769 for 2024.
- (2) The various County Treasurer collection fees have not been deducted from these amounts. Figures do not include interest, fees or penalties.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2020-2024; and the Treasurers' Offices of Boulder, Larimer and Weld Counties.

Based upon the most recent information available from Boulder, Larimer and Weld Counties, the following table presents the ten largest taxpayers within the District. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following table. Furthermore, the taxpayers shown in the table may own additional parcels within the District not included herein.

No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District.

Ten Largest Taxpayers in the District for 2025

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Extraction Oil and Gas LLC	\$40,882,830	1.11%
Kerr McGee ⁽²⁾	40,029,672	1.09
Public Service Co. of Colo. (Xcel)	31,243,510	0.85
Wal-Mart ⁽³⁾	28,617,143	0.78
Galway Centerra LLC	27,459,027	0.75
Stag Industrial Holdings LLC	13,527,000	0.37
Centerra Retail Shops LLC	12,598,200	0.34
Hach Chemical Co.	10,259,976	0.28
Fossil Ridge Holdings LLC	9,341,710	0.26
Waterbury Orchards LLC	<u>9,222,039</u>	<u>0.25</u>
TOTAL	<u>\$223,181,107</u>	<u>6.08</u>

(1) Based on a 2025 certified assessed valuation of \$3,673,435,622.

(2) Kerr McGee includes Kerr McGee Oil and Gas Onshore LP and Kerr-McGee Gathering LLC.

(3) Wal-Mart includes Wal-Mart Stores East LP and Wal-Mart Stores Inc.

Sources: Assessors' Offices of Boulder, Larimer and Weld Counties.

The following table sets forth the 2025 certified assessed valuations of specific classes of property within the District. As shown below, residential property accounts for the largest percentage of the District's assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the District.

2025 Assessed Valuation of Classes of Property in the District

<u>Class</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Residential	\$2,193,485,681	56.24%
Commercial	1,232,194,378	31.60
Vacant	154,151,555	3.95
Industrial	146,724,727	3.76
Oil and Gas	96,924,884	2.49
State Assessed	60,880,116	1.56
Agricultural	14,093,685	0.36
Natural Resources	1,537,420	0.04
Minerals	<u>150</u>	<u>0.00</u>
TOTAL ⁽¹⁾	<u>\$3,899,992,596</u>	<u>100.00%</u>

(1) The assessed valuation shown includes \$226,556,974 of assessed valuation attributable to tax increment financing districts located within the District. Therefore, the total assessed valuation figure given here differs from the assessed valuation figure set forth elsewhere in this Official Statement.

Sources: Assessors' Offices of Boulder, Larimer and Weld Counties.

Sample Mill Levies Affecting Property Owners within the District

In addition to the District's ad valorem property tax levy, owners of property within the District are obligated to pay taxes to other taxing entities in which their property is located. As

a result, property owners within the District's boundaries may be subject to different mill levies depending upon the location of their property. The following table reflects sample mill levies that may be imposed on certain properties within the District and is not intended to portray the mills levied against all properties within the areas shown. Property owners within the areas indicated may be subject to a larger or smaller total mill levy than the samples given in the following table.

Sample Mill Levies Affecting District Property Owners

<u>Taxing Entity⁽¹⁾</u>	<u>2025 Mill Levy⁽²⁾</u>
<u>Boulder County Sample Levy</u>	
Boulder County	24.046
Berthoud Fire Protection District	13.342
St. Vrain Left Hand Water Conservancy District	1.406
Northern Colorado Water Conservancy District	<u>1.000</u>
Total Overlapping Sample Mill Levy	39.794
The District	<u>44.836</u>
Total Boulder County Sample Mill Levy	<u>84.630</u>
<u>Larimer County Sample Levy</u>	
Larimer County	22.496
City of Loveland	9.564
Thompson Valley Health Services District	1.745
Northern Colorado Water Conservancy District	1.000
Larimer County Pest Control District	<u>0.142</u>
Total Overlapping Sample Mill Levy	34.947
The District	<u>44.836</u>
Total Larimer County Sample Mill Levy	<u>79.783</u>
<u>Weld County Sample Levy</u>	
Weld County	15.956
Berthoud Fire Protection District	13.342
High Plains Library District	3.044
Northern Colorado Water Conservancy District	<u>1.000</u>
Total Overlapping Sample Mill Levy	33.342
The District	<u>44.836</u>
Total Weld County Sample Mill Levy	<u>78.178</u>

(1) Multiple taxing entities overlap the District that do not assess a mill levy.

(2) One mill equals 1/10 of one percent. Mill levies certified in 2025 are for the collection of property taxes in 2026.

Sources: Assessors' Offices of Boulder, Larimer and Weld Counties.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt chargeable to property owners within the District as of November 30, 2025. Additional taxing entities may overlap the District in the future.

Estimated Overlapping General Obligation Debt

Name of Overlapping Entity ⁽¹⁾	2024 Assessed Valuation ⁽²⁾	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District ⁽³⁾	
			Percent	Amount
Berthoud-Heritage Metropolitan Districts Nos. 1, 2, 4, 6 and 8 ⁽⁴⁾⁽⁵⁾	\$39,180,831	\$56,570,000	100.00%	\$56,570,000
Berthoud-Heritage Metropolitan Districts Nos. 3, 5, 7 and 11 to 17 ⁽⁴⁾⁽⁵⁾	5,713,301	50,000,000	100.00	50,000,000
Berthoud-Heritage Metro. Dist. No. 10 ⁽⁴⁾	3,362,051	16,750,000		16,750,000
Brands East Metro. Dist. Nos. 2 to 4 ⁽⁴⁾⁽⁵⁾	16,421,482	6,038,423	100.00	6,038,423
Brands Metropolitan District No. 2 ⁽⁴⁾	2,950,797	5,400,000	100.00	5,400,000
Cascade Ridge Metropolitan District ⁽⁴⁾	1,043,850	15,955,000	100.00	15,955,000
Centerra Metropolitan Districts Nos. 1, 2, 3 and 5 ⁽⁴⁾⁽⁵⁾	18,886,006	213,300,000	100.00	213,300,000
Central Colo. Water Cons. District ⁽⁴⁾⁽⁶⁾	7,043,147,954	36,113,946	0.00	-0-
Central Colo. Water Cons. District Groundwater Mgmt. Subdistrict ⁽⁴⁾⁽⁶⁾	4,612,219,389	37,682,132	0.00	-0-
Deer Meadows Metropolitan District ⁽⁴⁾	4,375,210	2,500,000	100.00	2,500,000
Eagle Brook Meadows Metropolitan Districts Nos. 2 and 3 ⁽⁴⁾⁽⁵⁾	13,438,506	14,000,000	100.00	14,000,000
Estes Valley Recreation and Park Dist.	596,347,254	13,680,000	3.62	495,216
Foundry Loveland Metropolitan Dist. ⁽⁴⁾	23,400,675	738,000	100.00	738,000
Hammond Farm Metropolitan Districts Nos. 2 to 4 ⁽⁴⁾⁽⁵⁾	12,143,127	11,956,919	100.00	11,956,919
Heritage Ridge Metropolitan District ⁽⁴⁾	16,479,365	15,570,000	100.00	15,570,000
Highpointe Vista Metro. District No. 2 ⁽⁴⁾	21,919,099	4,825,000	100.00	4,825,000
Johnstown North Metropolitan Districts Nos. 2 and 3 ⁽⁴⁾⁽⁵⁾	22,337,088	8,025,000	100.00	8,025,000
Johnstown Plaza Metropolitan District ⁽⁷⁾	26,519,488	94,200,237	100.00	94,200,237
Kinston Metropolitan Districts Nos. 2 to 5 and 10 ⁽⁴⁾⁽⁵⁾	13,417,640	52,430,000	100.00	52,430,000
The Lakes at Centerra Metropolitan Districts Nos. 2 and 3 ⁽⁴⁾⁽⁵⁾	36,033,607	53,031,276	100.00	53,031,276
Loveland Midtown Metro. District ⁽⁴⁾	6,278,720	1,244,730	100.00	1,244,730
Northern Colo. Water Cons. Dist. ⁽⁸⁾	32,850,659,296	1,761,985	9.48	167,036
Parkside Metropolitan District ⁽⁴⁾	3,523,881	5,520,000	100.00	5,520,000
PrairieStar Metropolitan District No. 2 ⁽⁴⁾	19,718,819	21,380,000	100.00	21,380,000
Ridge at Johnstown Metro. Dist. No. 3 ⁽⁴⁾	9,117,535	5,653,000	100.00	5,653,000
Ridge at Johnstown Metro. Dist. No. 7 ⁽⁴⁾	152,225	16,935,000	100.00	16,935,000
Rose Farm Acres Metropolitan District ⁽⁴⁾	4,997,461	3,845,000	100.00	3,845,000
Thompson Crossing Metro. Dist. No. 2 ⁽⁴⁾	125,238,721	19,055,000	100.00	19,055,000
Thompson Crossing Metro. Dist. No. 4 ⁽⁴⁾	34,729,337	31,175,000	100.00	31,175,000
Thompson Crossing Metro. Dist. No. 6 ⁽⁴⁾	6,183,033	3,540,000	100.00	3,540,000
Van De Water Metropolitan Districts Nos. 2 and 3 ⁽⁴⁾⁽⁵⁾	\$40,880,185	\$9,945,000	100.00%	\$9,945,000
Waterfall Metro District No. 1 ⁽⁴⁾	8,933,978	5,515,000	100.00	5,515,000
Waterfront Metropolitan District	11,644,325	3,355,000	100.00	3,355,000
Windsor Highlands Metropolitan Districts Nos. 1 and 2 to 4 ⁽⁴⁾⁽⁵⁾	41,562,513	11,710,000	41.09	4,811,639
Windsor Highlands Metropolitan Districts Nos. 6, 9 and 10 ⁽⁴⁾⁽⁵⁾	8,641,796	15,330,000	99.23	<u>15,211,959</u>
Total				<u>\$769,138,435</u>

Footnotes on following page.

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- (1) The following entities also overlap the District, but have no reported general obligation debt outstanding: Town of Berthoud; Berthoud 160 Metropolitan District; Berthoud Community Library District; Berthoud Fire Protection District; Berthoud-Heritage Metropolitan District No. 9; Block 41 - Findleys Addition Urban Renewal Plan; Boulder County; Brands East Metropolitan District No. 1; Brands Metropolitan Districts Nos. 1, 3 and 4; Brands West Metropolitan Districts Nos. 1 to 4; Centerra Metropolitan District No. 4; Centerra South Metropolitan Districts Nos. 1 to 3; Centerra South Urban Renewal Plan; Eagle Brook Meadows Metropolitan District No. 1; Encore on 34 Metropolitan Districts Nos. 1 to 3; City of Fort Collins; Fort Collins - Loveland Water District; Front Range Fire Rescue Fire Protection District; Hammond Farm Metropolitan District No. 1; Health District of Northern Larimer County; High Plains Library District; High Plains Metropolitan District No. 1; Historic Loveland Business Improvement District; Hygiene Fire Protection District; Town of Johnstown; Johnstown North Metropolitan District No. 1; Kinston Metropolitan Districts Nos. 1 and 6 to 9; The Lakes at Centerra Metropolitan District No. 1; Lakeview Metropolitan District; Larimer Conservation District; Larimer County; Larimer County General Improvement District No. 8; Larimer County Pest Control District; Larimer County Public Improvement Districts Nos. 27, 31, 33, 35, 36, 39, 40, 41, 44, 45, 49, 53, 55, 56, 57, 59, 61, 63, 64, 65, 66, 67, 69 and 74; Lee Farm Metropolitan Districts Nos. 1 to 4; Little Thompson Water District; Longmont Soil Conservation District; Longs Peak Water District; City of Loveland; Loveland Downtown Development Authority; Loveland General Improvement District No. 1; Loveland Rural Fire Protection District; Lyons Fire Protection District; Lyons Regional Library District; Town of Mead; Mountain View Fire Protection District; North Carter Lake Water District; Poudre River Public Library District; Poudre Valley Fire Protection District; PrairieStar Metropolitan Districts Nos. 1, 3 and 4; Regional Transportation District; Reservoir's Edge Metropolitan District; Ridge at Johnstown Metropolitan Districts Nos. 1, 2, 4, 5, 6 and 8; Ridge at Johnstown Metropolitan District No. 8, Special Improvement District No. 1; South Fort Collins Sanitation District; South Village Metropolitan Districts Nos. 1 and 2; Spring Canyon Water and Sanitation District; St. Vrain and Left Hand Water Conservancy District; Taft Ridge Metropolitan Districts Nos. 1 to 4; Thompson Crossing Metropolitan Districts Nos. 1, 3 and 5; Thompson Rivers Park and Recreation District; Thompson Valley Health Services District; US 34/Crossroads Corridor Renewal Plan; Van De Water Metropolitan District No. 1; Weld County; West Boyd Metropolitan Districts Nos. 1 to 3; Town of Windsor; Windsor - Severance Fire Protection District; and Windsor Highlands Metropolitan District No. 11.
 - (2) Assessed values certified in 2024 are for collection of ad valorem property taxes in 2025. Figures include the total assessed valuation for entities located in more than one county.
 - (3) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.
 - (4) This district's debt consists of limited tax general obligation bonds or special revenue bonds or loans secured by a required mill levy, specific ownership taxes, and other moneys legally available for debt service.
 - (5) The district that issued the debt receives property tax revenues from additional districts. The assessed valuation figure in the table includes the issuer and all districts that transfer property tax revenue towards repayment of the general obligation debt, although not all districts overlap the District.
 - (6) The debt of this district consists of mill levy supported loans from the Colorado Water Resources and Power Development Authority and/or the Colorado Water Conservation Board.
 - (7) Johnstown Plaza Metropolitan District's debt consists of limited tax general obligation bonds secured by a required mill levy, specific ownership taxes, and other moneys legally available for debt service. The debt also includes \$3,723,237 of limited tax general obligation bonds to satisfy an obligation under the exclusion agreement from Thompson Crossing Metropolitan District No. 2.
 - (8) The Northern Colorado Water Conservancy District ("NCWCD") lies in eight counties. NCWCD's general obligation debt consists of a perpetual contract payable with the United States Bureau of Reclamation for the Horsetooth Dam Rehabilitation project.

Sources: Assessors' Offices of Adams, Boulder, Jefferson, Larimer, Logan, Morgan, Sedgwick, Washington and Weld Counties; Assessor's Office of the City and County of Broomfield; and individual taxing entities.

DISTRICT DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

General. “Debt” or “indebtedness” as used in this Official Statement means, generally, obligations backed by the full faith and credit of the District and secured by the unlimited power to levy ad valorem property taxes of the District. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include debt that has been refinanced, obligations arising upon a contingency or obligations which do not extend beyond the fiscal year in which incurred.

Authorization. The Board has the power to contract indebtedness on behalf of the District for specific purposes authorized by statute relating to the acquiring, purchasing, constructing, enlarging, improving, remodeling, repairing, and equipping or furnishing of school grounds and buildings, for funding floating indebtedness, for acquiring, constructing or improving any capital asset that the District is authorized by law to own or for supporting charter school capital construction. Debt may be incurred only by resolution which is irrevocable until such indebtedness has been fully paid, specifying the use of the funds, and providing for the levy of a tax which, together with other legally available revenues of the District, will be sufficient to pay the principal of and interest on such debt when due, subject to the limitations of TABOR. No debt can be created unless the question of incurring the indebtedness has first been submitted to and approved by a majority of the registered electors of the District voting at an election held for that purpose.

Limitations on School District Indebtedness. The State Constitution provides that the Legislature shall establish limitations on the authority of any political subdivision to incur general obligation indebtedness in any form. Bonded indebtedness of school districts is limited by Section 22-42-104 of C.R.S. In its 1994 session (as amended during its 1996, 1998 and 2007 sessions), the Legislature established the limitation as the greater of (1) 20% of the latest valuation for assessment of the taxable property in such district, or (2) 6% of the most recent determination of the actual value of property in such district, each as certified to the board of county commissioners. The limitation is different for districts in which enrollment has increased by 2.5% in each of the three preceding years. The assessed valuation used to determine the District’s debt limitation is the assessed valuation certified on the December 10 prior to the date on which the applicable bonds are issued. By law, any obligations which have been refunded, either by immediate payment or redemption and retirement or by the placement of proceeds of refunding bonds in escrow, shall not be deemed outstanding for the purposes of determining compliance with debt limitations.

The District’s total legal debt limit (based upon a limitation of 20% of its 2025 certified assessed valuation of \$3,899,992,596, which includes the assessed valuation attributable to the tax increment districts located within the District), is \$779,998,519.

Outstanding General Obligation Debt

As of the date of issuance of the Bonds, the District will have the following general obligation debt outstanding (assuming the issuance of the Bonds).

General Obligation Debt Outstanding*

<u>Bond Issue</u>	<u>Amount Outstanding</u>
2019 General Obligation Bonds	\$146,735,000
2026 General Obligation Bonds (this issue)*	99,000,000*
Total	\$245,735,000

Other Obligations of the District

Certificates of Participation Transactions. In October 2014, the District entered into an annually renewable lease purchase agreement with UMB Bank, n.a. (the “2014 Lease”) to finance the costs of acquiring, constructing, installing and improving facilities for school purposes. Base rentals payable under the 2014 Lease support the payment of certain certificates of participation (assuming annual appropriations are made for that purpose). The related certificates of participation are outstanding in the aggregate principal amount of \$1,625,000.

In May 2022, the District entered into an annually renewable lease purchase agreement with UMB Bank, n.a. (the “2022 Lease”) to finance the costs of acquiring, constructing, installing and improving facilities for school purposes. Base rentals payable under the 2022 Lease support the payment of certain certificates of participation (assuming annual appropriations are made for that purpose). The related certificates of participation are outstanding in the aggregate principal amount of \$9,130,000.

Other Lease Obligations. In August 2017, the District entered into a 10 year capital lease with JPMorgan Chase Bank, N.A. in the amount of \$2,100,000 with a 2.175% interest rate per annum to lease the following: twelve 77 passenger diesel buses; three 77 passenger propane buses; two 42 passenger propane busses; and three 29 passenger gasoline buses, along with bus radio equipment. Annual principal and interest payments of \$231,216 are required through maturity, September 1, 2026.

In April 2025, the District entered into an equipment lease purchase agreement with Banc of America Public Capital Corp., a national banking association, for the purpose of acquiring, constructing and installing capital improvements, including certain energy improvements and upgrades at various District owned facilities. As of the date of this Official Statement, the aggregate principal amount outstanding on such lease is \$5,546,620.

Selected Debt Ratios

The following table sets forth certain debt ratios of the District.

* Subject to change.

Selected Debt Ratios of the District (Unaudited)*

Estimated Population of District (1)	138,817
Direct Debt (2)	\$ 245,735,000
Overlapping Debt.....	<u>764,138,435</u>
Total Direct and Overlapping Debt	\$1,009,873,435
Per Capita Direct Debt	\$1,770.21
Per Capita Direct and Overlapping Debt	\$7,274.85
2025 Assessed Valuation	\$3,673,435,622
Direct Debt to 2025 Assessed Valuation	6.69%
Direct and Overlapping Debt to 2025 Assessed Valuation.....	27.49%
2025 Statutory “Actual” Value	\$37,224,372,336
Direct Debt to 2025 Statutory “Actual” Value	0.66%
Direct and Overlapping Debt to 2025 Statutory “Actual” Value.....	2.71%

(1) Source: ESRI 2025 population counts.

(2) Assumes the issuance of the Bonds.

Sources: Larimer, Weld and Boulder Counties Assessor’s Office and the District.

* Subject to change.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the Counties of Boulder, Larimer and Weld and is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population

The following table sets forth the respective populations of the Counties and the State for the time periods shown. Between 2010 and 2020, the populations of Boulder, Larimer and Weld Counties increased 12.3%, 19.8% and 30.1%, respectively. The State's population increased 14.8% during the same time period.

<u>Population</u>								
Year	Boulder County	Percent Change	Larimer County	Percent Change	Weld County	Percent Change	Colorado	Percent Change
1980	189,625	--	149,184	--	123,438	--	2,889,735	--
1990	225,339	18.8%	186,136	24.8%	131,821	6.8%	3,294,394	14.0%
2000 ⁽¹⁾	269,814	19.7	251,494	35.1	180,936	37.3	4,301,261	30.6
2010	294,567	9.2	299,630	19.1	252,825	39.7	5,029,196	16.9
2020	330,758	12.3	359,066	19.8	328,981	30.1	5,773,714	14.8
2021	327,135	--	362,836	--	339,934	--	5,813,551	--
2022	328,029	0.3%	368,062	1.4%	350,563	3.1%	5,850,121	0.6%
2023	328,337	0.1	371,450	0.9	360,272	2.8	5,900,420	0.9
2024	329,996	0.5	374,387	0.8	369,880	2.7	5,956,729	1.0

(1) The Colorado State Demography Office adjusted the 2000 figure for Boulder County to reflect the creation of the City and County of Broomfield in 2001.

Sources: United States Department of Commerce, Bureau of the Census (1980 to 2020 figures) and Colorado State Demography Office (2021 to 2024 figures, which are subject to revisions).

Income

The following table sets forth annual per capita personal income levels for the Counties, the State and the nation.

Annual Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Boulder County</u>	<u>Larimer County</u>	<u>Weld County</u>	<u>Colorado</u>	<u>United States</u>
2019	\$78,583	\$56,225	\$49,754	\$61,278	\$55,567
2020	81,963	59,520	51,918	64,704	59,151
2021	92,317	64,885	56,330	71,928	64,692
2022	95,454	67,788	59,270	76,685	66,298
2023	100,242	71,359	62,532	80,169	70,002
2024	n/a	n/a	n/a	83,055	73,204

(1) Figures for Boulder, Larimer and Weld Counties updated February 20, 2025. Figures for the State and the nation updated September 26, 2025. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table presents information on employment within the Counties, the State and the nation for the period indicated.

Labor Force and Percent Unemployed

<u>Year</u>	<u>Boulder County⁽¹⁾</u>		<u>Larimer County⁽¹⁾</u>		
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	
2020	184,024	6.0%	193,235	6.1%	
2021	188,886	4.6	199,215	5.0	
2022	191,787	2.7	201,982	2.9	
2023	193,551	3.2	206,039	3.1	
2024	193,777	4.2	208,235	4.1	
<u>Month of August</u>					
2024	192,573	4.7%	207,555	4.5%	
2025	191,920	3.7	204,780	3.6	

<u>Year</u>	<u>Weld County⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2020	165,138	6.5%	3,079,767	6.8%	8.1%
2021	167,535	5.8	3,146,263	5.5	5.3
2022	170,031	3.3	3,184,962	3.1	3.6
2023	174,156	3.5	3,231,187	3.3	3.6
2024	177,807	4.5	3,267,766	4.3	4.0
<u>Month of August</u>					
2024	179,522	4.9%	3,290,782	4.6%	4.2%
2025	176,269	4.0	3,273,826	3.7	4.3

(1) Figures for Boulder, Larimer and Weld Counties and the State are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data and United States Department of Labor, Bureau of Labor Statistics.

The following table sets forth the number of individuals employed within selected Boulder County industries that are covered by unemployment insurance. In 2024, the largest employment sector in Boulder County was professional and technical services (comprising approximately 18.0% of the county's work force), followed, in order, by educational services,

health care and social assistance, manufacturing, and accommodation and food services. For the twelve-month period ended December 31, 2024, total average employment in Boulder County decreased 0.6% as compared to the twelve-month period ending December 31, 2023, and the average weekly wage increased 5.2 % during the same period.

Average Number of Employees within Selected Industries - Boulder County

Industry	2020	2021	2022	2023	2024	2025 ⁽²⁾
Accommodation and Food Services	13,441	15,391	17,074	17,250	16,694	15,402
Administrative and Waste Services	6,198	6,250	6,122	5,697	5,487	5,054
Agriculture, Forestry, Fishing, Hunting	611	650	694	634	655	587
Arts, Entertainment and Recreation	2,605	2,837	3,303	3,619	3,431	3,478
Construction	5,447	5,457	5,581	5,744	5,503	5,111
Educational Services	22,172	21,997	22,937	23,494	23,962	24,211
Finance and Insurance	4,108	4,158	4,297	4,123	3,973	3,973
Government	8,323	7,997	8,036	8,332	8,633	8,420
Health Care and Social Assistance	22,056	22,702	22,429	23,248	23,674	23,759
Information	8,527	8,977	9,391	8,580	8,585	8,175
Management of Companies/Enterprises	1,614	1,811	1,873	1,899	1,852	1,717
Manufacturing	20,056	21,076	21,949	21,230	20,858	20,252
Mining	172	226	206	195	217	212
Non-classifiable	20	18	20	72	42	-0-
Other Services	4,862	5,240	5,454	5,649	5,885	5,673
Professional and Technical Services	30,439	32,063	34,751	35,715	34,856	34,414
Real Estate, Rental and Leasing	2,700	2,843	2,766	2,741	2,572	2,548
Retail Trade	16,565	17,181	16,700	16,824	16,620	16,334
Transportation and Warehousing	2,291	2,343	2,185	2,197	2,213	2,279
Utilities	311	330	392	498	549	557
Wholesale Trade	<u>6,481</u>	<u>6,778</u>	<u>7,223</u>	<u>7,335</u>	<u>7,642</u>	<u>7,288</u>
Total ⁽¹⁾	<u>178,999</u>	<u>186,322</u>	<u>193,381</u>	<u>195,074</u>	<u>193,902</u>	<u>189,447</u>

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

(2) Figures are averaged through the first quarter of 2025.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table sets forth the number of individuals employed within selected Larimer County industries that are covered by unemployment insurance. In 2024, the largest employment sector in Larimer County was health care and social assistance (comprising approximately 16.2% of the county's work force), followed, in order, by educational services, accommodation and food services, retail trade, and manufacturing. For the twelve-month period ended December 31, 2024, total average employment in Larimer County increased 0.1% as compared to the twelve-month period ending December 31, 2023, and average weekly wages increased 3.6% during the same period.

Average Number of Employees within Selected Industries - Larimer County

Industry	2020	2021	2022	2023	2024	2025 ⁽²⁾
Accommodation and Food Services	15,251	17,191	18,794	18,892	19,168	18,011
Administrative and Waste Services	7,915	7,785	7,765	7,864	7,530	7,189
Agriculture, Forestry, Fishing, Hunting	946	926	906	899	900	831
Arts, Entertainment and Recreation	2,631	3,014	3,391	3,648	3,974	3,450
Construction	11,144	11,606	11,716	11,397	11,114	10,735
Educational Services	17,657	17,763	18,405	19,483	19,540	20,380
Finance and Insurance	3,371	3,445	3,635	3,615	3,563	3,621
Government	8,191	8,314	8,559	9,071	9,442	9,078
Health Care and Social Assistance	24,776	25,772	26,718	27,786	28,322	25,259
Information	3,228	2,952	2,820	2,649	2,609	2,462
Management of Companies/Enterprises	1,030	1,122	1,008	996	1,017	1,036
Manufacturing	13,973	14,547	15,016	15,176	14,721	14,340
Mining	487	448	407	438	495	389
Non-classifiable	31	27	29	56	33	4
Other Services	4,681	4,938	5,252	5,494	5,626	5,510
Professional and Technical Services	11,179	11,601	13,084	13,658	13,428	13,301
Real Estate, Rental and Leasing	3,123	3,278	3,306	3,166	3,126	2,987
Retail Trade	18,480	19,573	19,902	19,279	19,158	18,737
Transportation and Warehousing	3,700	4,184	4,091	4,267	4,303	4,127
Utilities	844	866	873	909	953	947
Wholesale Trade	5,152	5,329	5,873	6,015	5,917	5,732
Total ⁽¹⁾	<u>157,790</u>	<u>164,680</u>	<u>171,548</u>	<u>174,758</u>	<u>174,936</u>	<u>168,126</u>

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

(2) Figures are averaged through the first quarter of 2025.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table sets forth the number of individuals employed within selected Weld County industries that are covered by unemployment insurance. In 2024, the largest employment sector in Weld County was manufacturing (comprising approximately 11.7% of the county's work force), followed, in order, by construction, retail trade, health care and social assistance, and educational services. For the twelve-month period ended December 31, 2024, total average employment in Weld County increased 2.3% as compared to the twelve-month period ending December 31, 2023, and average weekly wages increased 1.0% during the same period.

Average Number of Employees within Selected Industries - Weld County

Industry	2020	2021	2022	2023	2024	2025 ⁽³⁾
Accommodation and Food Services	7,724	8,439	9,246	9,661	9,713	9,388
Administrative and Waste Services	5,726	5,774	5,972	6,162	5,592	5,192
Agriculture, Forestry, Fishing, Hunting	4,243	4,223	4,101	4,037	3,935	3,733
Arts, Entertainment and Recreation	988	1,183	1,216	1,460	1,550	1,172
Construction	11,548	11,321	11,988	13,226	13,706	13,880
Educational Services	9,549	9,528	10,242	10,399	10,673	11,048
Finance and Insurance	2,865	2,817	2,903	2,808	2,797	2,772
Government	5,621	5,705	6,043	6,449	6,902	7,035
Health Care and Social Assistance	9,873	10,196	10,396	10,572	11,018	12,468
Information	799	800	781	826	792	837
Management of Companies/Enterprises	1,929	1,830	1,833	1,768	1,991	2,068
Manufacturing	13,803	13,165	13,314	13,435	13,959	14,976
Mining	5,728	4,693	5,230	6,150	6,577	6,659
Non-classifiable	n/a ⁽²⁾	13	27	55	20	-0-
Other Services	2,593	2,752	2,877	2,985	3,217	3,435
Professional and Technical Services	3,326	3,563	3,993	4,298	4,420	4,688
Real Estate, Rental and Leasing	1,389	1,366	1,401	1,517	1,618	1,568
Retail Trade	10,610	10,838	11,048	11,199	11,287	11,205
Transportation and Warehousing	3,977	4,051	4,137	4,145	4,009	4,071
Utilities	511	528	536	572	578	577
Wholesale Trade	4,272	4,277	4,323	4,482	4,476	4,557
Total ⁽¹⁾	<u>107,080</u>	<u>107,063</u>	<u>111,607</u>	<u>116,205</u>	<u>118,826</u>	<u>121,328</u>

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

(2) Figures were not released due to confidentiality.

(3) Figures are averaged through the first quarter of 2025.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Major Employers

The following table sets forth a selection of the largest employers in the District's geographic area. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers in the area.

Selected Major Employers in Northern Colorado

Employer	Industry/Service	Estimated Number of Employees ⁽¹⁾
Colorado State University	Higher education	8,664
University of Colorado Boulder	Higher education	6,267
JBS USA	Meat producer/exporter	6,000
BAE Systems Inc.	Space and mission systems	5,200
UCHealth ⁽²⁾	Healthcare	4,861
St. Vrain Valley School District	Education	4,500
Boulder Valley School District	Education	3,750
Weld County School District 6 (Greeley-Evans)	Education	3,688
Poudre School District R1	Education	3,515
Boulder Community Health ⁽³⁾	Healthcare	3,109

(1) Figures are for the number of employees in the region, which includes Boulder, Larimer and Weld Counties; the City and County of Broomfield; and the Cities of Brighton and Westminster.

(2) UCHealth includes Greeley Hospital, Longs Peak Hospital, Medical Center of the Rockies, and Poudre Valley Hospital.

(3) Boulder Community Health includes Foothills Hospital.

Source: BizWest, *The Lists: Public-Sector Employers and Private-Sector Employers*, published July 2025.

Foreclosure Activity

The following table sets forth the number of foreclosures filed in the Counties during the time period shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures that were filed and subsequently redeemed or withdrawn.

<u>History of Foreclosures</u>						
Year	Boulder County	Percent Change	Larimer County	Percent Change	Weld County	Percent Change
2020	48	--	82	--	116	--
2021	38	(20.8)%	56	(31.7)%	61	(47.4)%
2022	127	234.2	179	219.6	453	642.6
2023	116	(8.7)	216	20.7	407	(10.2)
2024	123	6.0	204	(5.6)	414	1.7
2025 ⁽¹⁾	135	--	203	--	456	--

(1) Figures are for foreclosures filed from January 1 through November 30, 2025.

Sources: Colorado Division of Housing (2020 figures) and the Public Trustees' Offices of Boulder, Larimer and Weld Counties (2021 to 2025 figures).

TAX MATTERS

General Matters. In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinions described above assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Tax Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under laws of the State of Colorado in effect on the date of delivery of the Bonds, interest on the Bonds is exempt from Colorado income tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the Bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or

otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the “adjusted issue price” of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. The reporting requirement

does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds are advised to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Bonds.

LEGAL MATTERS

Litigation

There is no litigation now pending or threatened which questions the validity of the Bonds or any proceedings the District has taken with respect to the issuance or sale thereof or which would affect the District’s ability to pay the Bonds from the sources pledged therefore. The District is, however, subject to certain pending and threatened litigation or administrative proceedings regarding various other matters arising in the ordinary course of the District’s business. It is the opinion of General Counsel to the District that the pending litigation is either adequately covered by insurance or, to the extent not insured, the final settlement thereof, individually or in the aggregate, is not expected to materially, adversely affect the District’s financial position or its ability to perform its obligations to the owners of the Bonds.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the “Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform

an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. Financial immunity is also waived for serious bodily injury or death resulting from an incident of school violence (murder, first degree assault or felony sexual assault). In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$505,000 for claims accruing on or after January 1, 2026, and before January 1, 2030; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,421,000 for claims accruing on or after January 1, 2026, and before January 1, 2030, except in such instance, no person may recover in excess of \$505,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The District may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws.

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, as Bond Counsel, will be delivered with the Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix D. Butler Snow LLP, Denver, Colorado, has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel. Stradling Yocca Carlson & Rauth LLP, Denver, Colorado, is acting as counsel to the Underwriter.

Certain Constitutional Limitations

TABOR - General. In 1992, Colorado voters approved TABOR as Article X, Section 20 of the Colorado constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes and to issue debt and certain other types of obligations without voter approval in advance. TABOR generally applies to the State and all local governments, including school districts (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption and

additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that imposed in the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever (subject to certain exceptions such as the refinancing of obligations at a lower interest rate). Issuance of the Bonds was approved by District voters at the Election.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based, for school districts, upon the percentage change in enrollment from year to year. Unless voter approval is obtained as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the Bonds, can be paid without regard to any spending limits, assuming revenues are available to do so.

At the November 2020 election, the District's voters approved an election question which authorizes the District to collect, retain and spend all revenues from any source received that are in excess of any revenue-raising, spending or other limitation in TABOR.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. According to the District, it has budgeted emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Denver, Colorado, are serving as Municipal Advisor to the District with respect to the sale of the Bonds. The Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Bonds. The Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

RATINGS

Moody's Investors Service ("Moody's") has assigned the Bonds the Intercept Rating shown on the cover page of this Official Statement as a result of the State Intercept Program. Moody's has also assigned the Bonds the Underlying Rating shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

The ratings reflect only the views of the rating agency and there is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or liquidity of the Bonds. Other than its obligations under the Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

INDEPENDENT AUDITORS

The audited basic financial statements of the District for the fiscal year ended June 30, 2025, included in this Official Statement as Appendix A, have been audited by CliftonLarsonAllen LLC, independent certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon. Will remain for FY 2026

The District will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. CliftonLarsonAllen LLC, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLC also has not performed any procedures relating to this Official Statement.

UNDERWRITING

General. Stifel, Nicolaus & Company, Incorporated, Denver, Colorado (the "Underwriter") has agreed to purchase the Bonds from the District pursuant to a Bond Purchase Agreement at a purchase price equal to \$_____ (which is equal to the par amount of the Bonds, plus/less net original issue premium/discount of \$_____, and less Underwriter's discount of \$_____). The Underwriter is committed to take and pay for all of the Bonds if any are taken.

The Underwriter intends to offer the Bonds to the public at the offering prices or yields set forth on the inside cover page of this Official Statement. The Underwriter may allow

concessions from the public offering price to certain dealers who may reallocate concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Bonds into investment accounts.

Information Provided by Stifel, Nicolaus & Company, Incorporated ("Stifel").
Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution has been authorized by the Board. This Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

THOMPSON SCHOOL DISTRICT NO. R2-J

By: /s/
President, Board of Education

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2025

NOTE: The audited basic financial statements of the District contained in this Appendix A were excerpted from the District's Annual Comprehensive Financial Report for the year ended June 30, 2025. Certain supplemental schedules (including the combining and individual fund financial statements and other schedules referred to in the attached independent auditor's report) and other information included in the ACFR were purposely excluded from this Official Statement. Such statements provide supporting details and are not necessary for a fair presentation of the basic financial statements of the District.

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INDEPENDENT AUDITORS' REPORT

Board of Education
Thompson School District R2-J

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Thompson School District R2-J (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, 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.

We did not audit the financial statements of Loveland Classical Schools or New Vision Charter School, which represent 100% of the assets, net position, and revenue of the District's aggregate discretely presented component units as of June 30, 2025. Those 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 Loveland Classical Schools and New Vision Charter School is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, budgetary comparison schedules, component unit combining schedules, and state required report – Colorado Department of Education – Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the combining and individual fund financial statements and schedules, budgetary comparison schedules, component unit combining schedules, and state required report – Colorado Department of Education – Auditor's Integrity Report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, on our consideration of the District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
December 23, 2025

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

As management of the Thompson School District R2-J (the District), 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, 2025. 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 2025 are as follows:

- The District's government-wide net position decreased \$1.2 million during the fiscal year ended June 30, 2025, to a deficit of \$164.7 million, which represents a decrease of 0.7% from the prior year. The negative net position is due primarily to the financial reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, resulting in a net pension liability of \$278.4 million as of June 30, 2025, representing the District's proportionate share of the plan's net pension liability, deferred outflows, and deferred inflows. District employees, including the two charter schools' employees, participate in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability on the government-wide financial statement. The District and its charter schools have no legal obligation to fund any shortfall, nor do they have the ability to impact funding, benefits or annual required contribution decisions made by PERA.
- Total governmental activities revenue increased by \$13.1 million (5.0%), predominantly associated with higher operating grants and contributions (\$7.8 million) and state equalization (\$6.6 million). Expenses increased by \$14.1 million (5.4%) mostly due increases in salaries and benefits costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of seven 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. Required and Other Supplementary Information – including Budget to Actual comparisons.
5. Statistical – providing broader relevant contextual information.
6. Compliance – auditor's reports on internal controls and compliance.
7. Electronic Municipal Market Access (EMMA) – continuing disclosure statements regarding District tax exempt bonds.

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

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

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

Government-Wide Financial Statements

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

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

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

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

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

Fund Specific Financial Statements

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

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

Governmental Funds

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

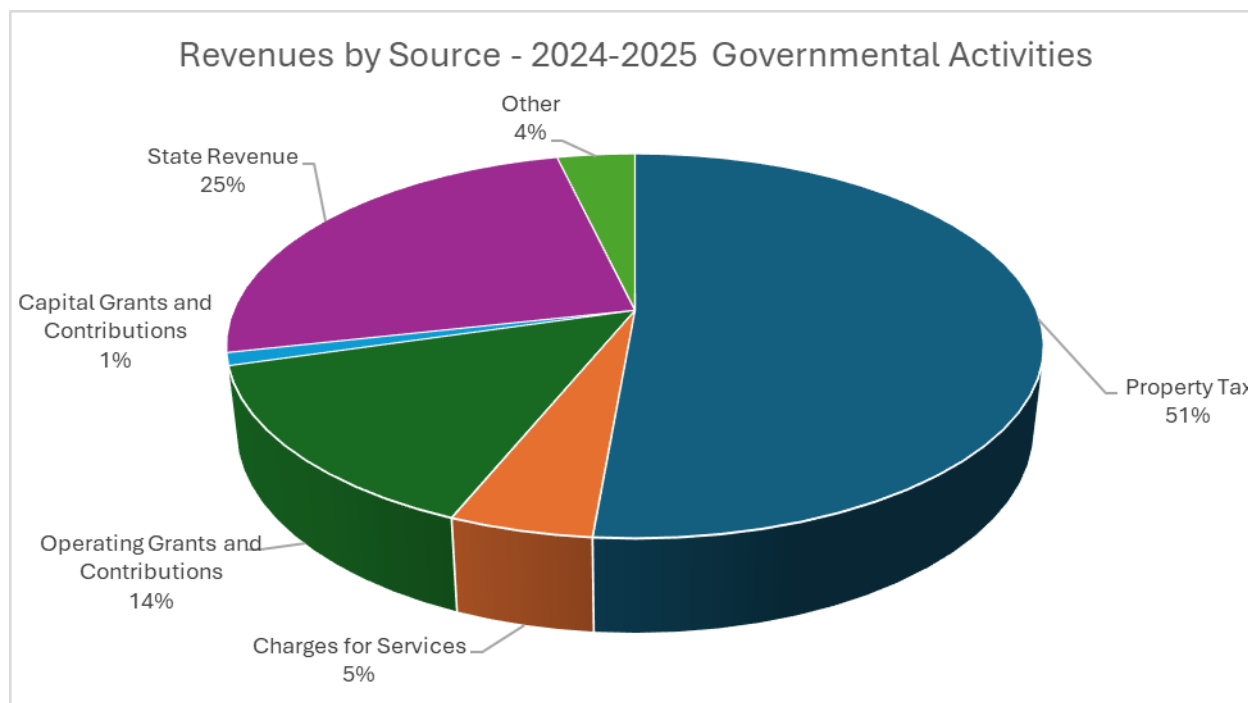
The District maintains nine individual governmental funds including the general fund, designated purpose grants fund, bond redemption fund, building fund, nutrition services fund, interscholastic athletics/activities fund, land reserve fund, fee supported programs fund and capital projects fund. The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

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

Revenues by Source: 2024-25 Governmental Activities

Property taxes (51%), state equalization (25%), and operating grants & contributions (14%) are the District's primary revenue sources overall as shown in the chart below. These three categories comprise 90% of the revenues received by the District.

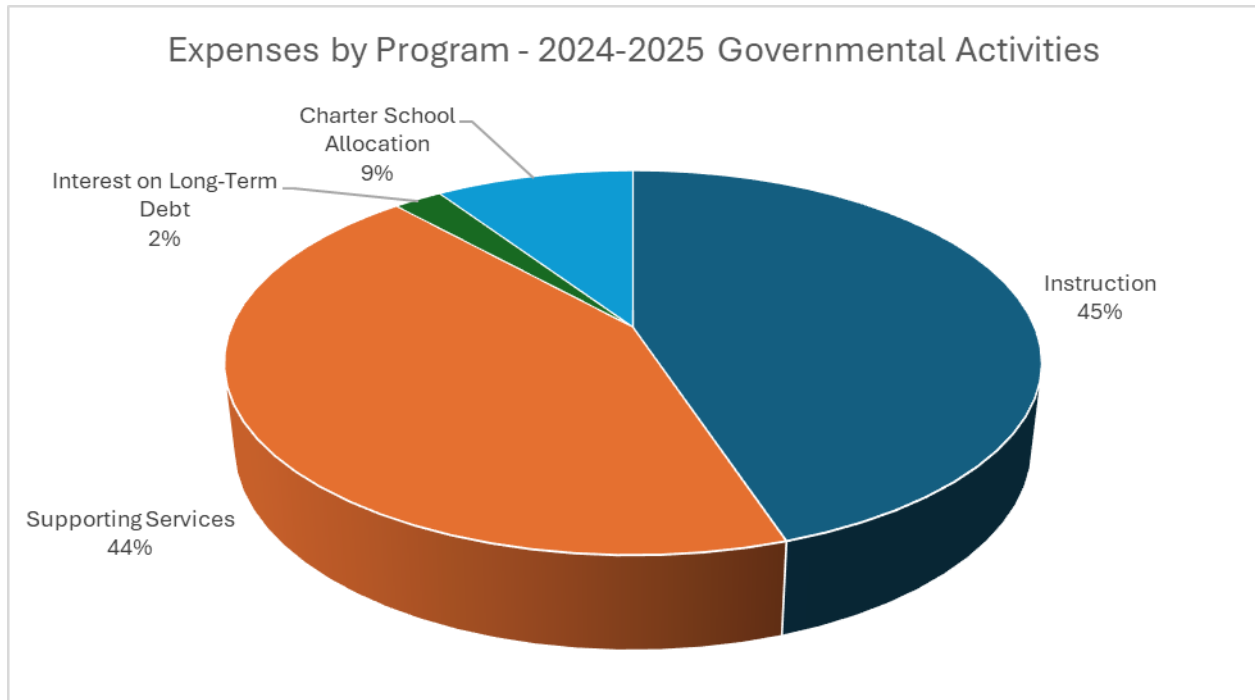


- In fiscal 2024-25 property tax revenue accounted for 51% of the District's total governmental activities revenues and State equalization monies were approximately 25% of total revenues.
- The District collects property taxes through three different mill levy overrides (MLOs) which were approved by voters in 1999, 2006 and 2018. These funds are used to support specified General Fund services and an additional mill levy is used to fund the annual principal and interest payments of the District's bonded debt.
- Federal and state governmental grants and contributions by local governments, businesses, and individuals accounted for 15% of District revenues in 2024-25. The largest grants were for the Individuals with Disabilities Education Act (IDEA), Title I, and Head Start programs.
- The District collected 5% of total revenues via fees for supplemental services or programs such as rental of district facilities, fund raising activities and fees for certain elective classes and athletic participation. An additional 4% of other revenues were from specific ownership taxes, payments-in-lieu-of (PILO) land dedication from developers, investment earnings and miscellaneous other revenue sources.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

Expenses by Program: 2024-25 Governmental Activities

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



- Classroom teacher salaries and benefits, curriculum, professional development and instructional supplies and materials were the foundation of student instruction. At 45% of the total, costs of instruction comprised the largest category of expenses for the organization.
- The District expended 44% of total governmental activities costs for supporting services which includes costs in direct support of students and the staff that instruct them, maintenance and operation costs including utilities and custodial staffing, and administration and business expenses.
- 100% of per pupil revenues derived from students enrolled in District charter schools was categorized as expenses and flowed to the charters on a monthly basis at the same time the funds were received. In addition, the sharing of mill levy override revenue with charters was included in this category. These allocations to charter schools were calculated based on percentage of student counts and comprised approximately 9% of total governmental activities spending for 2024-25.
- Interest on long-term debt remained consistent with prior year expenses. This expense made up 2% of total expenses in the current year.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Percentage Change
	2025	2024	2024-25
ASSETS			
Current and Other Assets	\$ 99,519,006	\$ 121,196,688	-17.9%
Capital Assets	208,143,816	217,843,527	-4.5%
Total Assets	307,662,822	339,040,215	-9.3%
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	52,261,688	76,637,798	-31.8%
OPEB Related	1,156,483	1,573,418	-26.5%
Loss on Refunding	-	723,454	-100.0%
Total Deferred Outflows of Resources	53,418,171	78,934,670	-32.3%
LIABILITIES			
Other Liabilities	41,168,248	40,629,540	1.3%
Long-Term Liabilities	182,503,521	210,914,561	-13.5%
Net Pension Liability	278,370,976	306,204,615	-9.1%
Net OPEB Liability	4,939,087	7,393,609	-33.2%
Total Liabilities	506,981,832	565,142,325	-10.3%
DEFERRED INFLOWS OF RESOURCES			
Pension Related	15,502,245	13,327,666	16.3%
OPEB Related	3,317,921	3,073,060	8.0%
Total Deferred Inflows of Resources	18,820,166	16,400,726	14.8%
NET POSITION			
Net Investment in Capital Assets	16,338,943	11,307,862	44.5%
Restricted	37,187,667	39,298,181	-5.4%
Unrestricted (Deficit)	(218,247,615)	(214,174,209)	1.9%
Total Net Position (Deficit)	\$ (164,721,005)	\$ (163,568,166)	0.7%

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

- Total current and other assets shown above decreased \$21.7 million in 2024-25 as compared to the prior year. This decrease is primarily due to using current resources to pay down long-term liabilities.
- Total capital assets, shown net of depreciation, decreased by \$9.7 million reflecting annual depreciation expense (\$13.6 million) offset by capital additions (\$7.7 million) for the year. In addition, the District sold land with historical cost of \$3.6 million for \$4.0 million during the year.
- Total liabilities decreased \$58.2 million, primarily due to an decrease in the District's proportionate share of PERA's unfunded pension liability (\$27.8 million) as well as decreases in long-term liabilities (\$28.4 million) relating to principal payments on long-term debt and amortization of premiums.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

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

	Governmental Activities	
	2025	2024
REVENUES		
Program Revenues:		
Charges for Services	\$ 13,109,066	\$ 10,483,354
Operating Grants and Contributions	38,841,843	31,002,534
Capital Grants and Contributions	2,892,288	2,880,038
General Revenues:		
Property Tax	140,433,922	140,687,984
State Equalization Revenue	67,893,200	61,281,499
Other	10,056,193	13,809,902
Total Revenues	<u>273,226,512</u>	<u>260,145,311</u>
EXPENSES		
Instruction	123,466,725	125,261,084
Supporting Services	118,885,053	103,591,089
Interest on Long-Term Debt	6,338,979	7,561,374
Charter School Allocation	25,688,594	23,860,463
Total Expenses	<u>274,379,351</u>	<u>260,274,010</u>
INCREASE (DECREASE) IN NET POSITION	(1,152,839)	(128,699)
Net Position (Deficit) - Beginning of Year	<u>(163,568,166)</u>	<u>(163,439,467)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ (164,721,005)</u></u>	<u><u>\$ (163,568,166)</u></u>

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

- Governmental activities revenues increased by approximately \$13.1 million compared to the prior year. The increase was primarily associated with increased state equalization (\$6.6 million) and increased operating grants and contributions (\$7.8 million).
- Total expenses in governmental activities increased by \$14.1 million versus the prior year, primarily relating to increased salaries and benefits costs in fiscal year 2025 compared to the prior year.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

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 2024-25 show governmental fund balances, in total, having decreased approximately \$3.6 million, from \$77.2 million to \$73.5 million at the current fiscal year-end.

The General Fund is the primary operating fund of the District. The balance of this fund decreased \$8.8 million in 2024-25 versus a budgeted decrease of \$10.2 million. Total revenue in the year was \$6.1 million greater than budgeted. This increase can be attributed to increased assessed property values, and improved investment earnings.

The original 2024-25 General Fund budget adopted by the Board of Education included expenses in excess of expenditures (including transfers out to other funds) by \$1.0 million. Drawing from reserves to support the budget.

Mid-year, budget amendments were approved by the Board to decrease revenue expectations by \$1.9 million due to projected decreases in Per Pupil Revenue (PPR) and Funded Pupil Count (FPC), as well as a decrease in the Local Property Tax mill levy override. By the end of the year both of these amounts actually increased. Additional increases for staff stipends, a school roof replacement, reallocation of expenses from the Medicaid to the general funds and several other areas were also approved. This was funded by a draw upon the District's reserves.

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

- The Designated Purpose Grants Fund fund balance decreased \$0.8 million for the 2024-25 fiscal year, primarily due to unreimbursed matching costs associated with grants being recorded within the fund in fiscal year 2025.

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

- The Bond Redemption Fund balance increased by \$1.0 million as a function of normal adherence to the existing debt service schedules and local property tax collections for the next year.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

Capital Assets

At the end of the 2025 fiscal year the District had invested \$208.1 million in land, buildings, water rights and transportation vehicles, net of depreciation. Table 3 provides a comparison of capital assets for fiscal year 2025 versus fiscal year 2024.

**Table 3
Capital Assets at June 30, 2025
(Net of Depreciation)**

	Governmental Activities		Total Percentage Change 2024-25
	2025	2024	
Land	\$ 13,450,369	\$ 17,074,783	-21.2%
Water Rights	2,872,714	2,992,984	-4.0%
Construction In Progress	1,736,071	956,511	81.5%
Land Improvements	3,472,290	4,243,765	-18.2%
Buildings	181,349,422	186,844,162	-2.9%
Equipment	1,864,181	1,950,739	-4.4%
Transportation	3,398,769	3,780,583	-10.1%
Total	<u>\$ 208,143,816</u>	<u>\$ 217,843,527</u>	<u>-4.5%</u>

New investments in capital assets were \$7.7 million, primarily relating to construction of "The Landing" youth shelter and expansion of the Thompson Career Campus to include space for a new Emergency Medical Technician pathway, as well as HVAC improvements and vehicle purchases. Net depreciation on all depreciable capital assets was \$13.6 million. In addition, the District sold vacant land with historical cost of \$3.6 million.

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

Debt Administration

At year-end, the District had \$176.9 million in outstanding bonds, certificates of participation, and financed purchases. Of the total outstanding debt, \$13.7 million of principal is due within one year.

**Table 4
Outstanding Debt at June 30, 2025**

	Governmental Activities	
	2025	2024
General Obligation Bonds	\$ 157,910,000	\$ 168,610,000
Certificates of Participation	13,080,000	15,295,000
Financed Purchases	5,994,391	664,533
Total	<u>\$ 176,984,391</u>	<u>\$ 184,569,533</u>

Additional information on the District's long-term debt can be found in Note 5.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

Factors bearing on the District's Future

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

- Fluctuations in student enrollment impact the primary revenue source for District General Fund operations, the School Finance Act. While the District has seen some recovery since the 2020-21 school year, student headcount is still below pre-pandemic levels. As part of the existing School Finance Act of the State of Colorado (as modified), the District has been able to somewhat lessen the impact of fewer students by utilizing the state's five year declining enrollment averaging methodology. For the 2024-25 fiscal year the Per Pupil Revenue (PPR) has shown an increase over the prior year. Both of these trends warrant continued monitoring and analysis from both a facilities utilization and financial impact perspective.
- Home prices along the Front Range and in northern Colorado continue to increase, with the median single-family home in Larimer County estimated to be approximately \$595,000 as of November 2024. The ability of younger families with school age children to affordably attain housing in the area remains a challenge and further contributes to home ownership and declining enrollment pressure.
- Healthcare costs remain a significant portion of the District's expenditures. The District is part of the Colorado Employer Benefit Trust (CEBT) for health insurance coverage. The purpose of the trust is to spread the risk of adverse claims over a large base of members (approximately 260 participating groups covering 25,000 members) and reduce administration costs. Since the pool is self-insured, the participating groups are generally able to benefit from positive overall claims experience and low administrative costs. The trust purchases stop loss reinsurance for high claims so some relief is provided for those individuals on the plan with annual medical costs over the stop loss threshold. The District's Joint Insurance Committee and staff continue to analyze appropriate recommendations of managing this significant cost.
- The District currently receives property tax revenues associated with three local MLOs approved by voters in 1999, 2006, and 2018. The first two initiatives have reached the maximum funding levels called for in the ballot language. Therefore, no additional revenue will be realized for these two overrides even as assessed valuations in the District boundaries continue to increase. Further, locally authorized MLO collections are legislatively restricted to a maximum of 25% of total program revenue as determined by the School Finance Act. Due to increasing assessed valuations of property the District is nearing that statutory limit and future revenue could be capped.
- Under state law, the District may contract with individuals and organizations for the operation of schools referred to as "charter schools," within the District. For purposes of the School Finance Act, pupils enrolled in charter schools within the District boundaries are included in the pupil enrollment count of the District. Such charter schools are financed primarily from the associated per pupil revenues received under the School Finance Act. The District is required to pay its charters 100% of per pupil revenue for each pupil enrolled in the charter, less administrative and purchased services costs, where applicable. The addition of new charter schools or expansion of existing charter schools could negatively impact the District's finances. No plans or applications for new charter schools within the District boundaries are known of at this time.

**THOMPSON SCHOOL DISTRICT R2-J
MANAGEMENT'S DISCUSSION OF ANALYSIS
YEAR ENDED JUNE 30, 2025**

- Each year the District budgets for all planned positions to be filled for the entire year depending on the applicable work calendar for each of those roles. Achieving that goal is increasingly challenged by remaining regionally competitive from a salary perspective, both from neighboring school districts and from the private sector. The ability to successfully recruit and retain a full labor force and be an employer of choice is an ongoing effort across all sectors of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

THOMPSON SCHOOL DISTRICT R2-J
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government Governmental Activities	Discretely Presented Component Units
ASSETS		
Cash and Investments	\$ 85,933,891	\$ 23,625,764
Restricted Cash and Investments	5,581,193	6,813,256
Accounts Receivable	644,878	58,791
Property Tax Receivable	5,205,469	-
Grants Receivable	1,876,943	-
Deposits	-	68,224
Prepaid Items	3,666	60,131
Inventory	272,966	-
Capital Assets, Not Being Depreciated	18,059,154	2,609,254
Capital Assets, Net of Accumulated Depreciation	190,084,662	49,193,427
Total Assets	<u>307,662,822</u>	<u>82,428,847</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	52,261,688	4,720,825
OPEB Related	1,156,483	175,298
Total Deferred Outflows of Resources	<u>53,418,171</u>	<u>4,896,123</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,807,678	1,077,324
Retainage Payable	80,176	-
Accrued Salaries and Benefits	19,885,178	771,051
Unearned Revenue	1,271,162	-
Accrued Interest Payable	398,855	704,059
Noncurrent Liabilities:		
Due Within One Year	17,725,199	1,725,346
Due in More Than One Year:	182,503,521	58,446,542
Net Pension Liability	278,370,976	22,029,749
Net OPEB Liability	4,939,087	390,871
Total Liabilities	<u>506,981,832</u>	<u>85,144,942</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related	15,502,245	831,592
OPEB Related	3,317,921	212,846
Total Deferred Inflows of Resources	<u>18,820,166</u>	<u>1,044,438</u>
NET POSITION		
Net Investment in Capital Assets	16,338,943	(6,964,122)
Restricted For:		
TABOR	7,572,598	836,500
Debt Service	22,658,900	4,729,698
Land and Land Improvements	5,703,801	-
Nutrition Services	1,252,368	-
Repairs and Replacement	-	173,628
Unrestricted (Deficit)	<u>(218,247,615)</u>	<u>2,359,886</u>
Total Net Position (Deficit)	<u>\$ (164,721,005)</u>	<u>\$ 1,135,590</u>

See accompanying Notes to Financial Statements.

THOMPSON SCHOOL DISTRICT R2-J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position	
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
PRIMARY GOVERNMENT						
Instruction	\$ 123,466,725	\$ 6,670,769	\$ 19,765,326	\$ 2,892,288	\$ (94,138,342)	\$ -
Supporting Services	118,885,053	6,438,297	19,076,517	-	(93,370,239)	-
Charter School Allocation	25,688,594	-	-	-	(25,688,594)	-
Interest on Long-Term Debt	6,338,979	-	-	-	(6,338,979)	-
Total Primary Government	<u>\$ 274,379,351</u>	<u>\$ 13,109,066</u>	<u>\$ 38,841,843</u>	<u>\$ 2,892,288</u>	(219,536,154)	-
COMPONENT UNITS						
New Vision Charter School	\$ 13,258,807	\$ 110,503	\$ 498,914	\$ 390,431	-	(12,258,959)
Loveland Classical Schools	14,695,279	1,970,704	492,263	29,982	-	(12,202,330)
Total Component Units	<u>\$ 27,954,086</u>	<u>\$ 2,081,207</u>	<u>\$ 991,177</u>	<u>\$ 420,413</u>	-	(24,461,289)
GENERAL REVENUES						
Property Taxes					140,433,922	-
Specific Ownership Taxes					5,559,465	-
Equalization					67,893,200	-
Payment in Lieu of Land Dedication					1,168,763	-
Interest and Investment Earnings					3,101,535	1,356,902
Charter School Funding					-	26,071,062
Miscellaneous					226,430	126,024
Total General Revenues					<u>218,383,315</u>	<u>27,553,988</u>
CHANGE IN NET POSITION					(1,152,839)	3,092,699
Net Position (Deficit) - Beginning of Year					(163,568,166)	(1,957,109)
NET POSITION (DEFICIT) - ENDING					<u>\$ (164,721,005)</u>	<u>\$ 1,135,590</u>

See accompanying Notes to Financial Statements.

THOMPSON SCHOOL DISTRICT R2-J
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Government Designated- Purpose Grants	Bond Redemption	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 46,713,955	\$ 890,912	\$ 22,974,099	\$ 15,354,925	\$ 85,933,891
Restricted Cash and Investments	-	-	-	5,581,193	5,581,193
Accounts Receivable	586,111	-	-	58,767	644,878
Property Tax Receivable	4,517,909	-	618,221	69,339	5,205,469
Grants Receivable	-	1,876,943	-	-	1,876,943
Due from Other Funds	750,881	-	-	-	750,881
Prepaid Items	-	-	-	3,666	3,666
Inventory	-	-	-	272,966	272,966
Total Assets	<u>\$ 52,568,856</u>	<u>\$ 2,767,855</u>	<u>\$ 23,592,320</u>	<u>\$ 21,340,856</u>	<u>\$ 100,269,887</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 1,013,147	\$ 499,454	\$ -	\$ 295,077	\$ 1,807,678
Retainage Payable	-	74,693	-	5,483	80,176
Accrued Salaries and Benefits	18,108,639	1,396,563	-	379,976	19,885,178
Due to Other Funds	-	750,881	-	-	750,881
Unearned Revenue	-	1,109,366	-	161,796	1,271,162
Total Liabilities	<u>19,121,786</u>	<u>3,830,957</u>	<u>-</u>	<u>842,332</u>	<u>23,795,075</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	2,246,832	306,528	383,608	-	2,936,968
FUND BALANCES					
Nonspendable	-	-	-	276,632	276,632
Restricted For:					
TABOR	6,908,409	-	534,565	129,624	7,572,598
Debt Service	-	-	22,674,147	-	22,674,147
Land and Land Improvements	-	-	-	5,703,801	5,703,801
Capital Projects	-	-	-	5,581,193	5,581,193
Nutrition Services	-	-	-	1,252,368	1,252,368
Committed to Student Specific Programs	-	-	-	3,609,715	3,609,715
Assigned to Capital Projects	-	-	-	3,945,191	3,945,191
Assigned for Subsequent Year's Budget	2,990,798	-	-	-	2,990,798
Unassigned	21,301,031	(1,369,630)	-	-	19,931,401
Total Fund Balances	<u>31,200,238</u>	<u>(1,369,630)</u>	<u>23,208,712</u>	<u>20,498,524</u>	<u>73,537,844</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52,568,856</u>	<u>\$ 2,767,855</u>	<u>\$ 23,592,320</u>	<u>\$ 21,340,856</u>	<u>\$ 100,269,887</u>

See accompanying Notes to Financial Statements.

**THOMPSON SCHOOL DISTRICT R2-J
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds	\$ 73,537,844
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Amounts reported for governmental activities in the statement of net position are different because:

Revenues earned but not considered available are not current financial resources and, therefore, are not reported in the governmental funds.	2,936,968
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Governmental Capital Assets	419,272,715
Accumulated Depreciation	(211,128,899)

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

Accrued Interest Payable	(398,855)
Bonds Payable	(157,910,000)
Premium on Bonds	(19,027,485)
Certificates of Participation	(13,080,000)
Premium on Certificates of Participation	(954,650)
Financed Purchases	(5,994,391)
Compensated Absences	(1,346,053)
Severance Incentive Stipend	(1,916,141)
Net Pension Liability	(278,370,976)
Net OPEB Liability	(4,939,087)

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

Deferred Outflow Related to Pensions	52,261,688
Deferred Outflow Related to OPEB	1,156,483
Deferred Inflow Related to Pensions	(15,502,245)
Deferred Inflow Related to OPEB	(3,317,921)

Total Net Position (Deficit) - Governmental Activities	<u>\$ (164,721,005)</u>
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THOMPSON SCHOOL DISTRICT R2-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Government Designated- Purpose Grants	Bond Redemption	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 131,722,012	\$ 1,551,367	\$ 18,978,002	\$ -	\$ 152,251,381
Intergovernmental	84,271,076	17,489,510	-	8,376,258	110,136,844
Loveland URA Distribution	-	-	-	2,892,288	2,892,288
Charges for Services	-	-	-	1,074,605	1,074,605
Payments in Lieu of Land Dedication	-	-	-	1,168,763	1,168,763
Fund Raising and Events	-	-	-	2,774,215	2,774,215
Investment Earnings	2,016,918	5,910	847,613	231,094	3,101,535
Other	-	-	-	109,943	109,943
Total Revenues	218,010,006	19,046,787	19,825,615	16,627,166	273,509,574
EXPENDITURES					
Current:					
Instruction:					
Salaries and Benefits	99,752,098	4,999,686	-	383,387	105,135,171
Purchased Services	5,330,603	160,954	-	825,611	6,317,168
Supplies and Materials	3,398,485	671,995	-	1,543,880	5,614,360
Other	397,558	11,762	-	310,142	719,462
Total Instruction	108,878,744	5,844,397	-	3,063,020	117,786,161
Supporting Services:					
Pupil Services	13,097,679	5,679,939	-	-	18,777,618
Instructional Staff	17,810,336	1,826,956	-	50,028	19,687,320
General Administration	1,517,944	-	-	66,060	1,584,004
School Administration	14,261,962	796,356	-	-	15,058,318
Business Services	3,649,075	-	-	244,045	3,893,120
Maintenance/Operations	23,287,161	665,776	-	2,862,872	26,815,809
Pupil Transportation	8,082,678	-	-	4,635	8,087,313
Central Supporting Services	7,283,192	-	-	1,789,862	9,073,054
Nutrition Services	112,702	7,599	-	8,996,094	9,116,395
Community Services	7,839	-	-	1,039,191	1,047,030
Facilities	79,479	43,038	-	418,891	541,408
Total Supporting Services	89,190,047	9,019,664	-	15,471,678	113,681,389
Capital Outlay	177,316	4,777,373	-	2,645,893	7,600,582
Debt Service - Principal	-	-	10,700,000	2,431,762	13,131,762
Debt Service - Interest	-	-	8,122,219	694,576	8,816,795
Charter School Allocation	25,688,594	-	-	-	25,688,594
Total Expenditures	223,934,701	19,641,434	18,822,219	24,306,929	286,705,283
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,924,695)	(594,647)	1,003,396	(7,679,763)	(13,195,709)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,560,087	26,500	-	8,749,221	11,335,808
Transfers Out	(5,427,853)	-	-	(5,907,955)	(11,335,808)
Issuance of Financed Purchase	-	-	-	5,546,620	5,546,620
Sale of Capital Assets	-	-	-	4,000,000	4,000,000
Total Other Financing Sources (Uses)	(2,867,766)	26,500	-	12,387,886	9,546,620
NET CHANGE IN FUND BALANCES	(8,792,461)	(568,147)	1,003,396	4,708,123	(3,649,089)
Fund Balances - Beginning of Year	39,992,699	(801,483)	22,205,316	15,790,401	77,186,933
FUND BALANCES - END OF YEAR	<u>\$ 31,200,238</u>	<u>\$ (1,369,630)</u>	<u>\$ 23,208,712</u>	<u>\$ 20,498,524</u>	<u>\$ 73,537,844</u>

See accompanying Notes to Financial Statements.

**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
YEAR ENDED JUNE 30, 2025**

Total Net Change in Fund Balances - Governmental Funds	\$ (3,649,089)
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Amounts reported for governmental activities in the statement of activities are different because:

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available.	(864,239)
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Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	7,666,299
Depreciation Expense	(13,592,461)
Net Book Value of Disposals	(3,773,549)

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

Change in Severance Incentive Stipends	431,656
Change in Compensated Absences	(510,089)
Change in Accrued Interest	22,138

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

Bond Principal Payments	10,700,000
Bond Premium Amortization	3,179,131
COP Principal Payments	2,215,000
Issuance of Financed Purchase	(5,546,620)
Financed Purchase Principal Payments	216,762
Amortization of Deferred Loss on Refunding	(723,454)

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

Net Pension Expense	1,282,950
Net OPEB Expense	1,792,726

Change in Net Position of Governmental Activities	<u>\$ (1,152,839)</u>
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THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Blended Component Unit

Thompson School Facilities Corporation

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

Discrete Component Units

The District includes the New Vision Charter School and Loveland Classical Schools (the Entities) within its reporting entity because the District is financially accountable for the Entities. The charter schools are authorized by the District and the District is legally obligated to provide the majority of their revenues. Since the Entities have separately elected boards, the balances and transactions of the Entities are discretely presented in the financial statements. New Vision Charter School issues separate financial statements, which can be obtained at 299 Peridot Avenue, Loveland, CO 80537. Loveland Classical Schools issues separate financial statements, which can be obtained at 3835 14th Street Southwest, Loveland, CO 80537.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

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

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

General Fund

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

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

Government Designated-Purpose Grants Fund

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

Bond Redemption Fund

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

C. Basis of Presentation

Government-Wide Financial Statements

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

**THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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.

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

D. Basis of Accounting

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

Revenues – Exchange and Nonexchange 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.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Revenues – Exchange and Nonexchange Transactions (Continued)

On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the District considers all revenues reported in the governmental funds to be available if the revenues are received within sixty days after year-end. The District's major revenue sources that are susceptible to accrual are property taxes, intergovernmental revenues, and investment earnings.

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Expenses/Expenditures

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

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

E. Cash and Investments

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

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

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.

**THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 to 20 Years
Buildings and Improvements	10 to 50 Years
Furniture and Equipment	5 to 20 Years
Vehicles	4 to 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 10 months. The salaries and benefits earned, but unpaid, at June 30, 2025, are reflected as a liability in the accompanying financial statements.

I. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

J. Severance Incentive Benefit Amounts

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. The District budgets the subsequent year's available financial resources for each year's anticipated severance incentive benefits. The unpaid liability for severance incentive benefits is reported on the government-wide financial statements.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 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, financed purchases, 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.

L. Defined Benefit Plans

Pensions

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

On-behalf Payment

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to the PERA. Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year. PERA allocates the contribution to the trust funds of the state, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1 of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Defined Benefit Plans (Continued)

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by PERA and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

M. 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.

N. Net Position

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. 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.

Q. Use of Estimates

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

NOTE 2 CASH AND INVESTMENTS

Colorado statutes govern the District's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the District's carrying amount of deposits was \$2,101,033.

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute generally limits investments to a maturity of five years from date of purchase, 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, 2025 the District had investments of \$83,832,858 in an external investment pool, the Colorado Local Government Liquid Asset Trust (ColoTrust) Plus+ fund, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado State Securities Commissioner administers and enforces all State statutes governing ColoTrust. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. The investments in ColoTrust were valued at net asset value (NAV). ColoTrust Plus+ is rated AAAM by S&P Global Ratings. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Money Market Account

At June 30, 2025, \$5,581,193 is held in a separate account required for the District's financed purchase agreement for energy and water capital improvements. This account is invested in money market accounts that are rated AAAM by S&P Global Ratings and are shown at amortized cost.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	June 30, 2024	Additions	Deletions / Transfers	June 30, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 17,074,783	\$ -	\$ (3,624,414)	\$ 13,450,369
Water Rights	2,992,984	28,865	(149,135)	2,872,714
Construction in Progress	956,511	6,504,679	(5,725,119)	1,736,071
Total Capital Assets, Not Being Depreciated	21,024,278	6,533,544	(9,498,668)	18,059,154
Capital Assets, Being Depreciated:				
Land Improvements	7,531,077	-	-	7,531,077
Buildings	353,164,255	5,709,962	-	358,874,217
Equipment	16,834,187	702,131	(39,995)	17,496,323
Transportation	16,866,163	445,781	-	17,311,944
Total Capital Assets, Being Depreciated	394,395,682	6,857,874	(39,995)	401,213,561
Less Accumulated Depreciation For:				
Land Improvements	(3,287,312)	(771,475)	-	(4,058,787)
Buildings	(166,320,093)	(11,204,702)	-	(177,524,795)
Equipment	(14,883,448)	(788,689)	39,995	(15,632,142)
Transportation	(13,085,580)	(827,595)	-	(13,913,175)
Total Accumulated Depreciation	(197,576,433)	(13,592,461)	39,995	(211,128,899)
Total Capital Assets, Being Depreciated, Net	196,819,249	(6,734,587)	-	190,084,662
Governmental Activities Capital Assets, Net	<u>\$ 217,843,527</u>	<u>\$ (201,043)</u>	<u>\$ (9,498,668)</u>	<u>\$ 208,143,816</u>

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2025 was charged to the following governmental functions:

Instruction	\$ 6,916,752
Supporting Services:	
Pupil Services	1,102,677
Instructional Staff	1,156,098
General Administration	93,017
School Administration	884,269
Business Services	228,616
Maintenance/Operations	1,574,704
Pupil Transportation	474,911
Central Supporting Services	532,797
Nutrition Services	535,342
Community Services	61,485
Facilities Acquisition and Construction Services	31,793
Total	<u>\$ 13,592,461</u>

NOTE 4 SHORT-TERM DEBT

During the year ended June 30, 2025, the District borrowed \$14,947,738 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, 2025, from property taxes received primarily from February through March. The schedule of changes is summarized below.

	Balance July 1, 2024	Additions	Payments	Balance June 30, 2025
State-Sponsored Interest-Free Loan	<u>\$ -</u>	<u>\$ 14,947,738</u>	<u>\$ (14,947,738)</u>	<u>\$ -</u>

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2025.

	June 30, 2024	Additions	Deletions	June 30, 2025	Amount Due in One Year
Governmental Activities:					
Bonds Payable - Series 2012	\$ 21,825,000	\$ -	\$ (10,675,000)	\$ 11,150,000	\$ 11,150,000
Bonds Payable - Series 2019	146,785,000	-	(25,000)	146,760,000	25,000
Premium Bond Payable 2012	851,611	-	(425,806)	425,805	425,805
Premium Bond Issuance 2019	20,876,522	-	(2,274,842)	18,601,680	2,274,610
Certification of Participation 2014	3,330,000	-	(835,000)	2,495,000	870,000
Certification of Participation 2022	11,965,000	-	(1,380,000)	10,585,000	1,455,000
Premium Certificate of Participation 2014	658,307	-	(260,093)	398,214	167,430
Premium Certificate of Participation 2022	774,826	-	(218,390)	556,436	190,934
Financed Purchase - Bus	664,533	-	(216,762)	447,771	221,477
Financed Purchase - Energy and Water	-	5,546,620	-	5,546,620	23,528
Compensated Absences	835,964	510,089	-	1,346,053	207,380
Severance Incentive Stipend	2,347,797	296,885	(728,541)	1,916,141	714,035
Total	<u>\$ 210,914,560</u>	<u>\$ 6,353,594</u>	<u>\$ (17,039,434)</u>	<u>\$ 200,228,720</u>	<u>\$ 17,725,199</u>

The change in compensated absences liability is presented as a net change.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

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 rates are between 2% and 5% and 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 rates are between 2% and 5% and payments are due semi-annually on June 15 and December 15. Principal payments are due annually on December 15, through 2038.

The principal and interest requirements to maturity for the Series 2012 general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 11,150,000	\$ 278,750	\$ 11,428,750

The principal and interest requirements to maturity for the Series 2019 general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 25,000	\$ 7,337,125	\$ 7,362,125
2027	8,285,000	7,129,625	15,414,625
2028	8,700,000	6,705,000	15,405,000
2029	9,135,000	6,259,125	15,394,125
2030	9,590,000	5,791,000	15,381,000
2031-2035	55,635,000	21,073,125	76,708,125
2036-2040	55,390,000	5,707,750	61,097,750
Total	<u>\$ 146,760,000</u>	<u>\$ 60,002,750</u>	<u>\$ 206,762,750</u>

Certificates of Participation

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

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation (Continued)

On May 5, 2022, the Thompson School Facilities Corporation issued \$14,870,000 Certificates of Participation. The proceeds from the sale of the Certificates will provide funds to construct and equip an addition to the High Plains School. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at the rates ranging from 4% to 5% per annum. Principal payments are due annually on December 1, through 2029. Debt service is expected to be paid with distributions from the Loveland Urban Renewal Authority.

The principal and interest requirements to maturity for the 2014 certificates of participation are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 870,000	\$ 73,088	\$ 943,088
2027	385,000	44,850	429,850
2028	405,000	30,619	435,619
2029	410,000	18,900	428,900
2030	425,000	6,375	431,375
Total	<u>\$ 2,495,000</u>	<u>\$ 173,832</u>	<u>\$ 2,668,832</u>

The principal and interest requirements to maturity for the 2022 certificates of participation are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,455,000	\$ 492,875	\$ 1,947,875
2027	2,105,000	403,875	2,508,875
2028	2,210,000	296,000	2,506,000
2029	2,350,000	182,000	2,532,000
2030	2,465,000	61,625	2,526,625
Total	<u>\$ 10,585,000</u>	<u>\$ 1,436,375</u>	<u>\$ 12,021,375</u>

Financed Purchases

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 agreement through September 1, 2026. Interest accrues on the outstanding balance at 2.175% per annum.

The principal and interest requirements to maturity for the financed purchase are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 221,477	\$ 9,739	\$ 231,216
2027	226,294	4,922	231,216
Total	<u>\$ 447,771</u>	<u>\$ 14,661</u>	<u>\$ 462,432</u>

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Financed Purchases (Continued)

In April 2025, the District entered an Energy Performance Tax-Exempt Lease Purchase Financing for \$5,546,620 to purchase energy savings equipment and improvements. Total payments of \$9,077,992 are due under the lease agreement through April 24, 2044. Interest accrues on the outstanding balance at 4.593% per annum.

The principal and interest requirements to maturity for the financed purchase are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 23,528	\$ 254,923	\$ 278,451
2027	40,433	253,841	294,274
2028	58,995	251,983	310,978
2029	79,340	249,272	328,612
2030	101,601	245,625	347,226
2031-2035	919,602	1,134,154	2,053,756
2036-2040	1,858,515	843,556	2,702,071
2041-2045	2,464,606	298,018	2,762,624
Total	<u>\$ 5,546,620</u>	<u>\$ 3,531,372</u>	<u>\$ 9,077,992</u>

At June 30, 2025, there were 59 former employees eligible for severance incentive payments totaling \$1,916,141, payable over a five-year period beginning after termination of employment. Below are the anticipated remaining severance incentive payments:

Year Ended June 30,	Severance Incentive Stipends
2026	\$ 714,035
2027	604,992
2028	359,338
2029	166,233
2030	71,543
Total	<u>\$ 1,916,141</u>

NOTE 6 INTERFUND BALANCES AND TRANSFERS

Interfund balances of \$750,881 due to the General Fund were the result of (1) indirect and overhead costs due to the General Fund from the Government Designated-Purpose Fund and (2) advances from the General Fund to the Government Designated-Purpose Grants Fund to fund grants operating on a reimbursement basis

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers at June 30, 2025, were composed of the following:

Fund	Transfers in	Transfer Out
Capital Project Fund	\$ 2,526,216	\$ 3,957,955
Grants Fund	26,500	-
General Fund	2,560,087	5,427,853
Fee Supported Fund	315,050	-
Building Fund	5,907,955	-
Land Reserve Fund	-	1,950,000
	<u>\$ 11,335,808</u>	<u>\$ 11,335,808</u>

The General Fund routinely subsidizes programs of the Fee Supported Fund. The General Fund also transfers monies to the Grants Fund for matching programs. The General Fund transfers monies to the Capital Projects Fund for facility maintenance, transportation, technology, and debt service. The Land Reserve Fund and Capital Project Fund transferred amounts to the Building Fund for certain capital improvements.

NOTE 7 DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided as of December 31, 2024

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

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

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Plan Description (Continued)

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

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

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

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

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

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

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions Provisions as of June 30, 2025

Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025.

Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through June 30, 2025
Employer Contribution Rate	11.40 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	10.38 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	5.50 %
Total Employer Contribution Rate to the SCHDTF ¹	<u>20.38 %</u>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$26,364,194 for the year ended June 30, 2025

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For the July 2024 payment, a portion of the direct distribution payment was allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions Provisions as of June 30, 2025 (Continued)

The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity

At June 30, 2025, the District reported a liability of \$278,370,976 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate Share of the Net Pension Liability	\$ 278,370,976
State's Proportionate Share of the Net Pension Liability	
Associated with the District	25,002,133
Total	<u><u>\$ 303,373,109</u></u>

At December 31, 2024, the District's proportion was 1.61329%, which was a decrease of 0.11830% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$11,960,872 and revenue of \$2,636,675 for support from the State as a nonemployer contributing entity.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 15,763,730	\$ -
Changes of Assumptions or other Inputs	2,086,980	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	5,252,087	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	15,915,069	15,502,245
Contributions Subsequent to the Measurement Date	13,243,822	-
Total	<u><u>\$ 52,261,688</u></u>	<u><u>\$ 15,502,245</u></u>

\$13,243,822 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions Provisions as of June 30, 2025 (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ 19,041,647
2027	18,175,299
2028	(9,955,548)
2029	(3,745,777)

Actuarial Assumptions

The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40 - 11.00%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.00% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Actuarial Assumptions (Continued)

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

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

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Actuarial Assumptions (Continued)

	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00 %	5.00 %
Fixed Income	23.00	2.60
Private Equity	10.00	7.60
Real Estate	10.00	4.10
Alternatives	6.00	5.20
Total	<u>100.00 %</u>	

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

Discount rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Discount rate (Continued)

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

Sensitivity of the District'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 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate Share of the Net Pension Liability	<u>\$ 377,406,527</u>	<u>\$ 278,370,976</u>	<u>\$ 195,414,859</u>

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Events Subsequent to Measurement Date

SB 25-310, enacted June 2, 2025, and effective immediately, allowed PERA to accept a series of warrants from the State Treasurer totaling \$500 million on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information About the OPEB Plan

Plan Description

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

Benefits Provided

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

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

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information About the OPEB Plan (Continued)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

Contributions

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

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information About the OPEB Plan (Continued)

Contributions (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$1,319,503 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$4,939,087 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF .

At December 31, 2024, the District's proportion was 1.03292% which was a decrease of 0.00300% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(1,129,890). At June 30 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 1,089,463
Changes of Assumptions or other Inputs	56,635	1,578,778
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	16,744	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	420,267	649,680
Contributions Subsequent to the Measurement Date	662,837	-
Total	<u>\$ 1,156,483</u>	<u>\$ 3,317,921</u>

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

\$662,837 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (723,471)
2027	(490,582)
2028	(647,763)
2029	(488,954)
2030	(330,434)
Thereafter	(143,071)

Actuarial assumptions. The December 31, 2023 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial Cost Method		Entry Age		
Price Inflation		2.30%		
Real Wage Growth		0.70%		
Wage Inflation		3.00%		
Salary Increases, Including Wage Inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-Term Investment Rate of Return, Net of OPEB Plan Investment				
Expenses, Including Price Inflation		7.25%		
Discount rate		7.25%		
Health Care Cost Trend Rates				
Service-based Premium Subsidy		0.00%		
PERACare Medicare Plans		16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034		
MAPD PPO #2		105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034		
Medicare Part A Premiums		3.50% in 2024, gradually increasing to 4.50% in 2033		

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023 actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions						
Participant Age		Annual Increase (Male)		Annual Increase (Female)		
65-68		2.20%		2.30%		
69		2.80%		2.20%		
70		2.70%		1.60%		
71		3.10%		0.50%		
72		2.30%		0.70%		
73		1.20%		0.80%		
74		0.90%		1.50%		
75-85		0.90%		1.30%		
86 and older		0.00%		0.00%		

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,710	\$ 1,420	\$ 585	\$ 486	\$ 1,897	\$ 1,575
70	\$ 1,921	\$ 1,589	\$ 657	\$ 544	\$ 2,130	\$ 1,763
75	\$ 2,122	\$ 1,670	\$ 726	\$ 571	\$ 2,353	\$ 1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,536	\$ 5,429	\$ 4,241	\$ 3,523	\$ 7,063	\$ 5,866
70	\$ 7,341	\$ 6,073	\$ 4,764	\$ 3,941	\$ 7,933	\$ 6,563
75	\$ 8,110	\$ 6,385	\$ 5,262	\$ 4,143	\$ 8,763	\$ 6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Year	PERACare Medicare	MAPD PPO #2 ¹	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act

Mortality assumptions used in the December 31, 2023 valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023 valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
<u>Post-Retirement (Retiree), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
<u>Post-Retirement (Beneficiary), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
<u>Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

- Per capita health care costs in effect as of the December 31, 2023 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023 valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023 valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020 to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023 to December 31, 2024

	State Division	School Division	Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70% - 13.30%	4.00% - 13.40%	3.40% - 13.00%	2.30% - 4.70%
Safety Officers	3.20% - 16.30%	N/A	3.20% - 16.30%	N/A

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$ 1,824	\$ 6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 80 / 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85 / 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019 meeting, and again at the Board's September 20, 2024, meeting. 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:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	51.00 %	5.00 %
Fixed Income	23.00	2.60
Private Equity	10.00	7.60
Real Estate	10.00	4.10
Alternatives	6.00	5.20
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 nominal rate of return assumption of 7.25%.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 Trend Rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 4,806,015	\$ 4,939,087	\$ 5,089,686

¹ For the January 1, 2025 plan year.

Discount Rate

The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023 and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024 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.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate (Continued)

- As of the December 31, 2024 measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	<u>\$ 6,052,926</u>	<u>\$ 4,939,087</u>	<u>\$ 3,978,821</u>

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 9 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.

THOMPSON SCHOOL DISTRICT R2-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 RISK MANAGEMENT (CONTINUED)

Colorado School District Self Insurance Pool (Continued)

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

Other Risks

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

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, 2025.

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, 2025, the District has complied with the requirements to establish emergency reserves that are recorded in the financial statements as restricted fund balance.

NOTE 11 SUBSEQUENT EVENTS

On July 8, 2025, the District sold the Monroe Elementary School building for \$5,000,000.

REQUIRED SUPPLEMENTARY INFORMATION

THOMPSON SCHOOL DISTRICT R2-J
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
JUNE 30, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NET PENSION LIABILITY										
District's Proportion of the Net Pension Liability	1.61329 %	1.73159 %	1.47061 %	1.62810 %	1.85065 %	1.58008 %	1.56165 %	1.80383 %	1.79751 %	1.86731 %
District's Proportionate Share of the Net Pension Liability	\$ 278,370,976	\$ 306,204,615	\$ 267,790,369	\$ 189,467,584	\$ 279,781,405	\$ 236,059,928	\$ 276,522,868	\$ 583,294,071	\$ 535,189,442	\$ 279,079,146
State's Proportionate Share of the Net Pension Liability	25,002,133	6,714,159	78,036,805	21,720,298	-	29,941,199	37,810,662	-	-	-
Total Proportionate Share of the Net Pension Liability	<u>\$ 303,373,109</u>	<u>\$ 312,918,774</u>	<u>\$ 345,827,174</u>	<u>\$ 211,187,882</u>	<u>\$ 279,781,405</u>	<u>\$ 266,001,127</u>	<u>\$ 314,333,530</u>	<u>\$ 583,294,071</u>	<u>\$ 535,189,442</u>	<u>\$ 279,079,146</u>
District's Covered Payroll	\$ 124,666,039	\$ 114,473,754	\$ 113,494,855	\$ 101,750,907	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 83,209,077	\$ 80,682,995	\$ 79,521,895
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223.3%	267.5%	235.9%	186.2%	282.7%	254.3%	322.1%	701.0%	663.3%	350.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%
DISTRICT CONTRIBUTIONS										
Statutorily Required Contribution	\$ 26,364,194	\$ 24,219,224	\$ 22,517,132	\$ 22,051,000	\$ 19,734,869	\$ 18,802,332	\$ 16,898,698	\$ 15,882,065	\$ 15,078,469	\$ 14,135,265
Contributions in Relation to the Statutorily Required Contribution	26,364,194	24,219,224	22,517,132	22,051,000	19,734,869	18,802,332	16,898,698	15,882,065	15,078,469	14,135,265
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 129,363,071	\$ 118,838,119	\$ 110,486,384	\$ 110,889,653	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703	\$ 82,018,638	\$ 79,689,504
Contributions as a Percentage of Covered Covered Payroll	20.4%	20.4%	20.4%	19.9%	19.9%	19.4%	19.1%	18.9%	18.4%	17.7%

See accompanying Notes to Required Supplementary Information.

THOMPSON SCHOOL DISTRICT R2-J
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
JUNE 30, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016
NET OPEB LIABILITY									
District's Proportion of the Net OPEB Liability	1.03292%	1.03592%	1.11843%	1.06302%	1.07030%	1.03256%	1.01506%	1.02494%	1.02182%
District's Proportionate Share of the Net OPEB Liability	\$ 4,939,087	\$ 7,393,609	\$ 9,131,785	\$ 9,166,507	\$ 10,170,275	\$ 11,605,958	\$ 13,810,320	\$ 13,320,067	\$ 13,248,264
District's Covered Payroll	\$ 124,666,039	\$ 114,473,754	\$ 113,494,855	\$ 101,750,907	\$ 98,975,738	\$ 92,843,522	\$ 85,850,523	\$ 88,242,833	\$ 80,682,995
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4.0%	6.5%	8.0%	9.0%	10.3%	12.5%	16.1%	15.1%	16.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
DISTRICT CONTRIBUTIONS										
Statutorily Required Contribution	\$ 1,319,503	\$ 1,212,149	\$ 1,126,961	\$ 1,131,074	\$ 1,012,553	\$ 989,622	\$ 900,809	\$ 857,817	\$ 836,590	\$ 812,833
Contributions in Relation to the Statutorily Required Contribution	1,319,503	1,212,149	1,126,961	1,131,074	1,012,553	989,622	900,809	857,817	836,590	812,833
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 129,363,071	\$ 118,838,119	\$ 110,486,384	\$ 110,889,653	\$ 99,269,927	\$ 97,021,717	\$ 88,314,605	\$ 84,099,703	\$ 82,018,638	\$ 79,689,504
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See accompanying Notes to Required Supplementary Information.

GENERAL FUND

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

**THOMPSON SCHOOL DISTRICT R2-J
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Local Property - School Finance Act	\$ 96,421,010	\$ 96,421,010	\$ 83,355,788	\$ (13,065,222)
Local Property - Mill Levy Override	39,291,365	38,017,305	38,100,132	82,827
Specific Ownership	8,813,578	8,813,578	5,559,465	(3,254,113)
Intergovernmental:				
State Equalization	55,730,872	55,055,578	67,893,200	12,837,622
Universal Pre-K Revenue	3,489,377	3,489,377	2,009,177	(1,480,200)
Special Education	6,029,912	6,029,912	6,351,401	321,489
Vocational Education	326,843	326,843	383,676	56,833
Transportation	1,193,245	1,193,245	1,384,969	191,724
Investment Earnings	-	-	2,016,918	2,016,918
Other Revenue	2,600,000	2,600,000	10,955,280	8,355,280
Total Revenue	213,896,202	211,946,848	218,010,006	6,063,158
EXPENDITURES				
Current:				
Instruction:				
Salaries and Benefits	96,070,662	97,514,978	99,752,098	(2,237,120)
Purchased Services	3,681,788	3,681,788	5,330,603	(1,648,815)
Supplies and Material	3,728,590	3,728,590	3,398,485	330,105
Equipment	1,209,450	1,659,450	-	1,659,450
Other	566,548	566,548	397,558	168,990
Total Instruction	105,257,038	107,151,354	108,878,744	(1,727,390)
Supporting Services:				
Pupil Services	11,895,626	12,883,626	13,097,679	(214,053)
Instructional Staff	18,622,084	19,178,064	17,810,336	1,367,728
General Administration	1,886,331	2,088,822	1,517,944	570,878
School Administration	11,701,658	11,878,479	14,261,962	(2,383,483)
Business Services	3,236,785	3,582,176	3,649,075	(66,899)
Maintenance/Operations	21,442,842	22,912,042	23,287,161	(375,119)
Pupil Transportation	7,585,288	7,713,993	8,082,678	(368,685)
Central Supporting Services	6,513,164	6,674,760	7,283,192	(608,432)
Nutrition Services	-	-	112,702	(112,702)
Community Services	-	-	7,839	(7,839)
Facilities	-	-	79,479	(79,479)
Total Supporting Services	82,883,778	86,911,962	89,190,047	(2,278,085)
Capital Outlay	1,170,997	1,170,997	177,316	993,681
Charter School Allocation	25,599,417	25,602,417	25,688,594	(86,177)
Total Expenditures	214,911,230	220,836,730	223,934,701	(3,097,971)
EXCESS OF REVENUES OVER EXPENDITURES	(1,015,028)	(8,889,882)	(5,924,695)	2,965,187
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,560,087	2,560,087
Transfers Out:	(1,276,216)	(1,276,216)	(5,427,853)	(4,151,637)
Total Other Financing Sources (Uses)	(1,276,216)	(1,276,216)	(2,867,766)	(1,591,550)
NET CHANGE IN FUND BALANCE	(2,291,244)	(10,166,098)	(8,792,461)	1,373,637
Fund Balance - Beginning of Year	39,992,699	39,992,699	39,992,699	-
FUND BALANCE - END OF YEAR	<u>\$ 37,701,455</u>	<u>\$ 29,826,601</u>	<u>\$ 31,200,238</u>	<u>\$ 1,373,637</u>

See accompanying Notes to Required Supplementary Information.

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
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Sources	\$ 14,463,000	\$ 14,463,000	\$ 14,880,665	\$ 417,665
State/Local Sources	2,661,880	2,661,880	4,160,212	1,498,332
Investment Earnings	-	-	5,910	5,910
Total Revenues	17,124,880	17,124,880	19,046,787	1,921,907
EXPENDITURES				
Current:				
Instruction:				
Salaries and Benefits	7,775,986	7,775,986	4,999,686	2,776,300
Purchased Services	259,755	259,755	160,954	98,801
Supplies and Materials	400,653	400,653	671,995	(271,342)
Equipment	87,401	87,401	-	87,401
Other	69,223	69,223	11,762	57,461
Total Instruction	8,593,018	8,593,018	5,844,397	2,748,621
Supporting Services:				
Pupil Services	6,617,443	6,617,443	5,679,939	937,504
Instructional Staff	1,283,922	1,283,922	1,826,956	(543,034)
School Administration	696,624	696,624	-	696,624
Maintenance/Operations	42,528	42,528	796,356	(753,828)
Community Services	27,845	27,845	665,776	(637,931)
Nutrition Services	-	-	7,599	(7,599)
Facilities	-	-	43,038	(43,038)
Total Supporting Services	8,668,362	8,668,362	9,019,664	(351,302)
Capital Outlay	-	-	4,777,373	(4,777,373)
Total Expenditures	17,261,380	17,261,380	19,641,434	(2,380,054)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(136,500)	(136,500)	(594,647)	(458,147)
OTHER FINANCING SOURCES				
Transfers In	381,500	381,500	26,500	355,000
NET CHANGE IN FUND BALANCE	245,000	245,000	(568,147)	(813,147)
Fund Balances - Beginning of Year	(245,000)	(801,483)	(801,483)	-
FUND BALANCES - END OF YEAR	\$ -	\$ (556,483)	\$ (1,369,630)	\$ (813,147)

See accompanying Notes to Required Supplementary Information.

THOMPSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 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.

For the year ended June 30, 2025, the District recorded expenditures in excess of the final budgeted expenditures of \$3,097,971 in the General Fund, \$2,380,054 in the Government Designated-Purposes Grants Fund, \$289,833 in the Nutrition Services Fund, \$186,586 in the Fee Supported Programs Fund. In addition, the District recorded other financing uses greater than budget by \$4,151,637 in the General Fund and \$3,957,955 in the Capital Projects Fund relating to transfers to other funds that were not budgeted. This may be a violation of Colorado budget law.

The General Fund expenditures exceeded the final budget due primarily to recording the noncash PERA on-behalf transaction determined by the State. This transaction increased both revenues and expenditures but did not impact the ending fund balance of the General Fund. The excess of actual expenditures over budgeted expenditures for the Government Designated-Purposes Grants Fund were due to unanticipated grant allocations, but the awards were not reflected in the budget. The excess of actual expenditures over budgeted expenditures in the Nutrition Services Fund were related to one-time expenditures that were not foreseen at the time of the budget, and were supported by current year revenue or fund balance. The excess of actual expenditures over budgeted expenditures in the Fee Supported Programs fund were primarily due to increased activity supported by offsetting revenue.

**THOMPSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

Changes in assumptions or other input effective for the December 31, 2023 measurement period are as follows:

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

There were no changes in terms or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25% to 1%, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

THOMPSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

**NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the 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 assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

**THOMPSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

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

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

NOTE 3 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- As of the December 31, 2024 measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

THOMPSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 3 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

Changes in assumptions or other input effective for the December 31, 2023 measurement period are as follows:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Changes in assumptions or other input effective for the December 31, 2022 measurement period are as follows:

- Per capital health costs were developed by plan option based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend.
- Health care cost trend rates were revised to reflect an expectation of future increases in rates of inflation.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the 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 assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

**THOMPSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 3 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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**THOMPSON SCHOOL DISTRICT NO. R2-J,
COUNTIES OF BOULDER, LARIMER AND WELD AND STATE OF COLORADO
GENERAL OBLIGATION BONDS
SERIES 2026**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Thompson School District No. R2-J, Counties of Boulder, Larimer and Weld and State of Colorado (the “Issuer”) in connection with the issuance of its General Obligation Bonds, Series 2026, dated as of [CLOSING DATE], in the aggregate principal amount of \$[] (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the Issuer on December 17, 2025 (the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on July 1 of a calendar year and ending on June 30 of the succeeding calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s Fiscal Year of each year, commencing nine (9) months following the end of the Issuer’s Fiscal Year ending June 30, 20[], provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer; it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: [CLOSING DATE].

THOMPSON SCHOOL DISTRICT NO. R2-J,
COUNTIES OF BOULDER, LARIMER AND
WELD AND STATE OF COLORADO

By: _____
President

EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Thompson School District No. R2-J, Counties of Boulder, Larimer
and Weld and State of Colorado

Name of Bond Issue: General Obligation Bonds, Series 2026

Date of Issuance: [CLOSING DATE]

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [CLOSING DATE]. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

THOMPSON SCHOOL DISTRICT NO. R2-J,
COUNTIES OF BOULDER, LARIMER AND
WELD AND STATE OF COLORADO

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

[TO COME]

APPENDIX D
FORM OF BOND COUNSEL OPINION

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_____, 2026

Thompson School District No. R2-J
800 South Taft Avenue
Loveland, Colorado 80537

§ _____
**Thompson School District No. R2-J,
In the Counties of Boulder, Larimer
and Weld and State of Colorado
General Obligation Bonds
Series 2026**

Ladies and Gentlemen:

We have acted as bond counsel to the Thompson School District No. R2-J, in the Counties of Boulder, Larimer and Weld and State of Colorado (the “District”), in connection with the issuance of its General Obligation Bonds, Series 2026, in the aggregate principal amount of \$_____ (the “Bonds”), pursuant to an authorizing resolution of the Board of Directors of the District adopted on December 17, 2025 (the “Bond Resolution”). In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding general obligations of the District.
2. All of the taxable property of the District is subject to the levy of an ad valorem tax to pay the Bonds without limitation of rate and in an amount sufficient to pay the Bonds when due.
3. Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account

in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP