

**UPPER RIO GRANDE SCHOOL DISTRICT C-7  
DEL NORTE, COLORADO  
FINANCIAL STATEMENTS**

**June 30, 2019**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
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**June 30, 2019**

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Wall,  
Smith,  
Bateman Inc.

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Upper Rio Grande School District C-7  
Del Norte, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Rio Grande School District C-7 (the District), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, 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.

**Certified Public Accountants**

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## **Other Matters**

### *Required Supplementary Information*

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

### *Other 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 schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

December 10, 2019

**Upper Rio Grande School District C-7  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

As management of the Upper Rio Grande School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Upper Rio Grande School District for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

**Financial Highlights**

- The District's financial status increased over the course of the 2019 fiscal year. Total net position increased 370.02 percent.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$6 million or 68 percent of all revenues in FY2018 and \$5.8 million or 20 percent in FY2019. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$2.8 million or 32 percent of total revenues of \$8.8 million in FY2018 and \$22.7 million or 79 percent of \$28.5 million in FY 2019.
- The District had \$9.7 million in expenses related to governmental activities in FY2018 with \$2.8 million of these expenses offset by program specific charges for services, grants and contributions and \$5.7 million in expenses with \$22.7 million offset by program specific charges in FY2019. General revenues of \$6 million in FY2018 and \$5.7 million in FY2019 were not adequate to provide for these programs.
- The District decreased its outstanding long-term debt approximately \$608,370.
- The District received a voter-approved mill levy override of 9.000 in November 2012.
- The District was awarded a "Best" Grant in the amount of \$27.16 million in May of 2017 for construction of a new K-12 School. The District passed a General Obligation Bond of \$17.91 million in November of 2017 for the matching money required to receive the awarded Best Grant funds. District taxes may be increased by the District up to \$1.45 million annually for payment of the General Obligation Bond.

## **Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as an agent for the benefit of others.

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

### **District-wide Financial Statements**

The district-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Upper Rio Grande School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Upper Rio Grande School District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Included in governmental activities are most of the District's basic services such as regular and special education, transportation, and administration.

The district-wide financial statements can be found on pages 12 and 13 of this report.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Upper Rio Grande School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Upper Rio Grande School District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) general fund, (2) debt service, (3) governmental designated purpose grants fund (4) building fund, and (5) other governmental funds.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs.

## **Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21-46 of this report.

## **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for these funds as dictated by state law.

## District-wide Financial Analysis

Comparative information to the prior year is available for this section of the Management's Discussion and Analysis. The District will report prior year details along with current information.

Table 1 provides a summary of the District's net position at June 30, 2019 and June 30, 2018.

<b>Table 1</b>				
<b>Condensed Statement of Net Position</b>				
	<b>Governmental</b>		<b>Total</b>	
	<b>Activities</b>		<b>School District</b>	
	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
Current and other assets	\$ 24,923,682	\$ 22,220,332	\$ 24,923,682	\$ 22,220,332
Capital assets, net	27,401,980	6,410,668	27,401,980	6,410,668
<b>Total assets</b>	<b>52,325,662</b>	<b>28,631,000</b>	<b>52,325,662</b>	<b>28,631,000</b>
<b>Deferred outflows of resources</b>	<b>2,981,953</b>	<b>5,672,745</b>	<b>2,981,953</b>	<b>5,672,745</b>
Long-term liabilities	26,724,089	37,315,200	26,724,089	37,315,200
Other liabilities	4,694,028	1,991,800	4,694,028	1,991,800
<b>Total liabilities</b>	<b>31,418,117</b>	<b>39,307,000</b>	<b>31,418,117</b>	<b>39,307,000</b>
<b>Deferred inflows of resources</b>	<b>7,294,633</b>	<b>1,142,524</b>	<b>7,294,633</b>	<b>1,142,524</b>
Net position				
Net investment in				
Capital assets	28,010,350	6,410,668	28,010,350	6,410,668
Restricted	1,540,291	1,649,429	1,540,291	1,649,429
Unrestricted (Deficit)	(12,955,776)	(14,205,876)	(12,955,776)	(14,205,876)
<b>Total net position at June 30</b>	<b>\$ 16,594,865</b>	<b>\$ (6,145,779)</b>	<b>\$ 16,594,865</b>	<b>\$ (6,145,779)</b>

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2019 and 2018 is summarized below:

	<u>FY 2019</u>	<u>FY 2018</u>
Net position (GAAP Basis)	\$ 16,594,865	\$ (6,145,779)
GASB 68 - Pension	13,870,964	14,990,778
GASB 75 - OPEB	451,878	443,006
Net position excluding Pension and OPEB	<u>\$ 30,917,707</u>	<u>\$ 9,288,005</u>

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

	<u>FY19</u>	<u>FY18</u>
Unrestricted - Net position (GAAP Basis)	\$ (12,955,776)	\$ (14,205,876)
GASB 68 - Pension	13,870,964	14,990,778
GASB 75 - OPEB	451,878	443,006
Net position excluding Pension and OPEB	<u>\$ 1,367,066</u>	<u>\$ 1,227,908</u>

Management’s estimate of the District’s proportionate share of the State On-Behalf Direct Distribution is \$78,133, which is recognized as a contribution and allocation of expenditures in the General Fund.

Table 2 provides a summary of the changes in net position. Following Table 2 is a specific discussion related to overall revenues and expenses.

	<b>Governmental Activities</b>		<b>Total School District</b>	
	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 105,394	\$ 79,606	\$ 105,394	\$ 79,606
Operating grants and contributions	963,907	826,695	963,907	826,695
Capital grants and contributions	21,678,567	1,878,743	21,678,567	1,878,743
<b>General revenues</b>				
Property taxes	3,569,497	3,487,983	3,569,497	3,487,983
State formula revenue	2,322,452	2,167,726	2,322,452	2,167,726
Other	(149,490)	380,924	(149,490)	380,924
<b>Total Revenues</b>	<b>28,490,327</b>	<b>8,821,677</b>	<b>28,490,327</b>	<b>8,821,677</b>
<b>Expenses</b>				
Instructional Program	2,443,798	4,968,521	2,443,798	4,968,521
Support Services:				
Students	334,518	464,678	334,518	464,678
Instructional staff	364,766	658,462	364,766	658,462
Food Services	185,548	382,471	185,548	382,471
General administration	344,477	543,131	344,477	543,131
School administration	229,582	645,591	229,582	645,591
Business	111,477	239,152	111,477	239,152
Operations and maintenance of plant	729,877	883,731	729,877	883,731
Student transportation	192,056	389,851	192,056	389,851
Central	40,423	37,626	40,423	37,626
Other	178,229	181,477	178,229	181,477
Facilities Acquisition and Construction	-	(33,438)	-	(33,438)
Other	-	-	-	-
Interest on Long-term Debt	594,932	358,510	594,932	358,510
<b>Total Expenses</b>	<b>5,749,683</b>	<b>9,719,763</b>	<b>5,749,683</b>	<b>9,719,763</b>
Increase (dec) in net position before transfers	22,740,644	(898,086)	22,740,644	(898,086)
Special Item	-	-	-	-
Change in net position	<b>\$ 22,740,644</b>	<b>\$ (898,086)</b>	<b>\$ 22,740,644</b>	<b>\$ (898,086)</b>

The District's expenses predominantly relate to instruction and support services, which includes support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Del Norte School District is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District’s employees.

## Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the district received \$8633.43 per funded pupil in FY2018 and \$9212.28 per funded pupil in FY2019. In fiscal year 2017-2018, the funded pupil count was 438.9 and 432.1 in fiscal year 2018-2019. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 40 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 3 reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these programs.

	Total Cost of Services		Net Cost of Services	
	FY 2019	FY 2018	FY 2019	FY 2018
Instructional Program	\$ 2,443,798	\$ 4,968,521	\$ 1,684,640	\$ 4,377,756
Students	334,518	464,678	297,649	428,916
Instructional Staff	364,766	658,462	364,766	658,462
Food Services	185,548	382,471	43,320	228,396
General Administration	344,477	543,131	308,284	529,437
School Administration	229,582	645,591	229,582	645,591
Business	111,477	239,152	111,477	239,152
Operations and Maintenance	729,877	883,731	675,300	815,897
Student Transportation	192,056	389,851	151,780	345,680
Central	40,423	37,626	40,423	37,626
Other Programs	178,229	181,477	178,229	181,477
Facilities Acquisition and Construction	-	(33,438)	(21,678,567)	(1,912,181)
Interest on Long-term Debt	594,932	358,510	594,932	358,510
<b>Total</b>	<b>\$ 5,749,683</b>	<b>\$ 9,719,763</b>	<b>\$(16,998,185)</b>	<b>\$ 6,934,719</b>

- The cost of all governmental activities this year was \$5,749,683.00.
- Some of the cost was financed by the users of the District's programs. \$105,394 of revenues in this category include items such as student and food service fees.
- Federal and State government subsidized certain programs with grants and contributions amounting to \$22,747,868.
- Most of the District's costs (\$5,749,683), however, were financed by District and State taxpayers.
- This portion of governmental activities was financed with \$3,569,497 in property taxes, \$2,322,452 in state aid (equalization) based on the statewide formula for per pupil funding, and -\$149,490 in investment earnings and other miscellaneous revenues not pertaining specifically to a program.

## General Fund Budgetary Highlights

The District approves a budget in June based on enrollment projections for the following school year. In May 2019, the District revised the annual operating budget approved by the District's Board of Education in June 2018. The primary reason for the issuance of a supplemental budget was due to additional revenues received and expenditures incurred.

The actual expenditures were \$191,188 below budget in FY2018 and \$52,544 below budget in FY2019. Mainly in Student Support Services and Operations and Maintenance of Plant Services.

The fund balance as of June 30, 2018 was \$1,875,926 compared to \$1,840,730 as of June 30, 2019, including \$170,000 for TABOR Amendment emergency reserves.

## Capital Assets

By the end of the fiscal year 2019, the District had invested \$27,401,980 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 4.)

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
Land	\$ 423,065	\$ 445,059	\$ 423,065	\$ 445,059
Construction in Progress	\$ 23,557,310	\$ 1,912,181	\$ 23,557,310	\$ 1,912,181
Building and Site Improvements	3,077,460	3,721,927	3,077,460	3,721,927
Equipment & Vehicles	344,145	331,501	344,145	331,501
<b>Total</b>	<b>\$ 27,401,980</b>	<b>\$ 6,410,668</b>	<b>\$ 27,401,980</b>	<b>\$ 6,410,668</b>

## Long-Term Debt

At year-end, the District had approximately \$17,305,147 in other long-term debt outstanding, a decrease of 3.40 percent from last year, as shown in Table 5. More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.

	<b>Total School District</b>		<b>Total Percentage Change</b>
	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2018-2019</b>
Governmental Activities			
Capital Lease Payable	\$ 41,703	\$ -	0.00%
Bonds Payable Series 2017	17,263,444	17,913,517	-3.63%
<b>Total</b>	<b>\$ 17,305,147</b>	<b>\$ 17,913,517</b>	<b>-3.40%</b>

During the 2019 fiscal year, the District decreased its debt. Colorado Revised Statute 22-42-104 states that a school district shall have a limit of bonded indebtedness determined by a specified formula. The District's outstanding debt is below the statutory limit.

### **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.

- Information from the FY2019-2020 student enrollment "October Count" shows that Upper Rio Grande School District has remained stable in students from last year, resulting in an increase in revenue from the funded pupil count.
- Historical trends have shown a continuous decline in pupil enrollment.
- The United States and the State of Colorado have experienced growth in economic conditions in the past couple of years. One impact of this economic growth is an increase in the State of Colorado's general fund revenues, which are expected to continue to increase. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District anticipates its revenues to continue to increase.
- November 2012 the voters approved a mill levy override of 9.000. The revenue generated from the voter-approved mill levy override will be used to support student instruction and staff salaries and benefits.
- The District was awarded a "Best" Grant in the amount of \$27.16 million in May of 2017 for the construction of a new K-12 School. The District passed a General Obligation Bond of \$17.91 million in November of 2017 for the matching money required to receive the awarded Best Grant funds. District taxes may be increased by the District up to \$1.45 million annually for payment of the General Obligation Bond.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Superintendent's Office, Upper Rio Grande School District, 770 11<sup>th</sup> Street, Del Norte, CO 81132.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**BASIC FINANCIAL STATEMENTS**

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 21,237,338
Property Tax Receivable	241,602
Due from Other Governments	3,435,621
Due from County Treasurer	5,556
Inventory	3,565
<b>Capital Assets</b>	
Land	423,064
Construction in Progress	23,557,310
Land Improvements	173,211
Buildings and Improvements	7,431,671
Equipment	287,935
Vehicles	1,093,876
Less: Accumulated Depreciation	(5,565,087)
<b>TOTAL ASSETS</b>	<b>52,325,662</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	2,948,512
OPEB	33,441
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,981,953</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	3,437,496
Accrued Salaries and Benefits	466,539
Accrued Interest Payable	46,371
Unearned Revenue	61,234
Capital Lease Payable	20,399
General Obligation Bonds	661,989
<b>Long-term Liabilities</b>	
Due more than one year:	
Capital Lease Payable	21,304
General Obligation Bonds	16,601,455
Pension Liability	9,620,828
OPEB Liability	480,502
<b>TOTAL LIABILITIES</b>	<b>31,418,117</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	7,198,648
OPEB	4,817
Unavailable Revenue - Property Tax	91,168
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,294,633</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	28,010,350
Restricted for	
TABOR	170,000
TABOR Multi-Year Obligation	375,000
Debt Service	995,291
Unrestricted	(12,955,776)
<b>TOTAL NET POSITION</b>	<b>\$ 16,594,865</b>

The accompanying notes are an integral part of this financial statement.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Change in Net Position
					Primary Government
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Instructional Program	\$ 2,443,798	\$ -	\$ 759,158	\$ -	\$ (1,684,640)
Student Support Services	334,518	36,869	-	-	(297,649)
Instructional Staff Support Services	364,766	-	-	-	(364,766)
Food Service Operations	185,548	32,332	109,896	-	(43,320)
General Administration Support Services	344,477	36,193	-	-	(308,284)
School Administration Support Services	229,582	-	-	-	(229,582)
Business Support Services	111,477	-	-	-	(111,477)
Operations and Maintenance of Plant Services	729,877	-	54,577	-	(675,300)
Student Transportation Services	192,056	-	40,276	-	(151,780)
Central Support Services	40,423	-	-	-	(40,423)
Other Support Services	178,229	-	-	-	(178,229)
Facilities Acquisition and Construction Services	-	-	-	21,678,567	21,678,567
Interest on Long-term Debt	594,932	-	-	-	(594,932)
<b>Total Governmental Activities</b>	<b>5,749,683</b>	<b>105,394</b>	<b>963,907</b>	<b>21,678,567</b>	<b>16,998,185</b>
<b>Total Primary Government</b>	<b>\$ 5,749,683</b>	<b>\$ 105,394</b>	<b>\$ 963,907</b>	<b>\$ 21,678,567</b>	<b>16,998,185</b>
<b>General Revenues</b>					
Taxes:					
					3,569,497
					448,589
					17,270
					2,322,452
					15,126
					(630,475)
					<b>5,742,459</b>
<b>Change in Net Position</b>					
					22,740,644
<b>Net Position, Beginning of Year</b>					
					(6,145,779)
<b>Net Position, End of Year</b>					
					<b>\$ 16,594,865</b>

The accompanying notes are an integral part of this financial statement.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2019**

	<b>GENERAL FUND</b>	<b>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</b>	<b>DEBT SERVICE FUND</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,252,099	\$ -	\$ 986,820
Cash with Fiscal Agent	-	-	-
Property Tax Receivable	153,492	-	88,110
Due from Other Governments	16,269	46,796	-
Due from County Treasurer	5,556	-	-
Due from Other Funds	4,507	-	-
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,431,923</b>	<b>\$ 46,796</b>	<b>\$ 1,074,930</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 60,915	\$ 2,955	\$ -
Due to Other Funds	-	4,507	-
Accrued Salaries and Benefits	417,070	35,091	-
Accrued Interest Payable	-	-	46,371
Unearned Revenue	55,308	4,243	-
<b>TOTAL LIABILITIES</b>	<b>533,293</b>	<b>46,796</b>	<b>46,371</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue -Property Tax	57,900	-	33,268
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted for			
TABOR	170,000	-	-
TABOR Multi-Year Obligation	375,000	-	-
Debt Service	-	-	995,291
Bond Proceeds for Capital Construction	-	-	-
Committed			
Capital Projects	-	-	-
Pupil Activities	-	-	-
Food Service	-	-	-
Assigned			
Other Appropriated Reserves	736,522	-	-
Unassigned	559,208	-	-
<b>TOTAL FUND BALANCE</b>	<b>1,840,730</b>	<b>-</b>	<b>995,291</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<b>\$ 2,431,923</b>	<b>\$ 46,796</b>	<b>\$ 1,074,930</b>

The accompanying notes are an integral part of this financial statement.

<b>BUILDING FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ -	\$ 84,902	\$ 3,323,821
17,913,517	-	17,913,517
-	-	241,602
3,373,970	(1,414)	3,435,621
-	-	5,556
-	-	4,507
-	3,565	3,565
<b>\$ 21,287,487</b>	<b>\$ 87,053</b>	<b>\$ 24,928,189</b>
\$ 3,373,970	\$ (344)	\$ 3,437,496
-	-	4,507
-	14,378	466,539
-	-	46,371
-	1,683	61,234
<b>3,373,970</b>	<b>15,717</b>	<b>4,016,147</b>
-	-	91,168
-	3,565	3,565
-	-	170,000
-	-	375,000
-	-	995,291
17,913,517	-	17,913,517
-	30,631	30,631
-	17,370	17,370
-	19,770	19,770
-	-	736,522
-	-	559,208
<b>17,913,517</b>	<b>71,336</b>	<b>20,820,874</b>
<b>\$ 21,287,487</b>	<b>\$ 87,053</b>	<b>\$ 24,928,189</b>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

<b>Total governmental fund balances</b>		<b>\$ 20,820,874</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.</p>		27,401,980
<p>Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.</p>		2,981,953
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Capital Lease Payable	\$ (41,703)	
General Obligation Bonds	<u>(17,263,444)</u>	
		(17,305,147)
<p>Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.</p>		(10,101,330)
<p>Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.</p>		<u>(7,203,465)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 16,594,865</u></u></b>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2019**

	<b>GENERAL FUND</b>	<b>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</b>	<b>DEBT SERVICE FUND</b>
<b>REVENUES</b>			
Federal Sources	\$ -	\$ 383,900	\$ -
State Sources	2,693,050	27,134	-
Local Sources	2,826,435	-	-
Other Sources	26,751	-	1,305,868
<b>TOTAL REVENUES</b>	<b>5,546,236</b>	<b>411,034</b>	<b>1,305,868</b>
<b>EXPENDITURES</b>			
Instructional Program	2,735,899	248,775	-
Student Support Services	273,628	-	-
Instructional Staff Support Services	415,472	16,317	-
Food Service Operations	-	-	-
General Administration Support Services	389,886	-	-
School Administration Support Services	295,397	6,066	-
Business Support Services	125,782	19,202	-
Operations and Maintenance of Plant Services	616,710	120,462	-
Student Transportation Services	222,746	-	-
Central Support Services	19,500	-	-
Other Support Services	182,955	212	-
Facilities Acquisition and Construction Services	-	-	-
Debt Service	-	-	1,245,006
<b>TOTAL EXPENDITURES</b>	<b>5,277,975</b>	<b>411,034</b>	<b>1,245,006</b>
Excess (deficiency) of revenues over expenditures	268,261	-	60,862
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Fixed Assets	10,000	-	-
Capital Lease Proceeds	-	-	-
Transfer from Other Funds	-	-	-
Transfer to Other Funds	(313,457)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(303,457)</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCE	(35,196)	-	60,862
<b>FUND BALANCE, Beginning of Year</b>	<b>1,875,926</b>	<b>-</b>	<b>934,429</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 1,840,730</b>	<b>\$ -</b>	<b>\$ 995,291</b>

The accompanying notes are an integral part of this financial statement.

<b>BUILDING FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ -	\$ 107,265	\$ 491,165
21,678,567	2,631	24,401,382
-	69,201	2,895,636
-	-	1,332,619
<u>21,678,567</u>	<u>179,097</u>	<u>29,120,802</u>
-	-	2,984,674
-	122,122	395,750
-	-	431,789
-	224,621	224,621
-	16,670	406,556
-	-	301,463
-	-	144,984
-	6,500	743,672
-	-	222,746
-	-	19,500
-	-	183,167
21,678,567	207,591	21,886,158
-	22,250	1,267,256
<u>21,678,567</u>	<u>599,754</u>	<u>29,212,336</u>
-	(420,657)	(91,534)
-	47,600	57,600
-	63,954	63,954
-	313,457	313,457
-	-	(313,457)
-	<u>425,011</u>	<u>121,554</u>
-	4,354	30,020
<u>17,913,517</u>	<u>66,982</u>	<u>20,790,854</u>
<u>\$ 17,913,517</u>	<u>\$ 71,336</u>	<u>\$ 20,820,874</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

**Net change in fund balances - total governmental funds** **\$ 30,020**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

Capital asset additions	21,921,338	
Proceeds from sale of capital assets	57,600	
Loss on disposal of capital assets	(745,675)	
Depreciation expense	(241,952)	
	20,991,311	20,991,311

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principle Payments on General Obligation Bonds	650,073	
Capital Lease Payments	22,251	
Capital Lease Proceeds	(63,954)	
	608,370	608,370

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.

1,110,943

**Change in net position of governmental activities** **\$ 22,740,644**

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**June 30, 2019**

	<u><b>PUPIL ACTIVITY AGENCY FUND</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 120,391
Accounts Receivable	952
	\$ 121,343
<b>LIABILITIES</b>	
Pupil Activities Deposits	121,343
	\$ 121,343

The accompanying notes are an integral part of this financial statement.

**UPPER RIO GRANDE SCHOOL DISTRICT NO. C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

Upper Rio Grande School District C-7 is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Upper Rio Grande School District C-7 has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Governmental Designated Purpose Grants Fund** is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.
- The **Building Fund** is used to account for all resources available for acquiring capital sites, buildings, and equipment. Specifically, bond and grant proceeds for the BEST K-12 construction project.
- The **Bond Redemption Fund** is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on the long-term general obligation debt or long-term voter-approved lease-purchase debt.

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the District as an agent for student organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. All interfund transfers in the Statement of Activities have been eliminated.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash and Cash Equivalents***

The District’s cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District’s property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2019 have been recorded in the financial statements as an asset and a corresponding unavailable revenue.

***Receivables/Payables From Other District Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds.”

***Inventories***

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

***USDA Commodities***

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expenditure.

***Capital Assets***

Capital assets, which include land, land improvements, buildings and improvements, equipment, vehicles, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	20
Buildings and Improvements	7-50
Equipment	5-15
Vehicles	8

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

***Long-Term Obligations***

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

***Compensated Absences***

Employees of the District receive one day of sick leave for each month worked. At the end of each school year, an employee has the option to either accumulate unused sick leave or be paid at the rate of \$15 per day for each day over 51 days for nine months, 50 days for 10 months, 49 days for 12 months. An employee can accumulate up to 60 days of sick leave; however, benefits do not vest. Employees also receive two personal days each year. Unused personal days are purchased by the District at \$40 per day for a certified employee and \$25 per day for a support service employee. All accumulated sick and personal days are purchased by June 30 of the year accrued. Therefore, there is no liability for compensated absences at June 30, 2019.

***Unearned Grant Revenue***

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that period.

Certain amounts related to pensions must be deferred.

***Pensions***

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov)

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of the 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

***Other Postemployment Benefits***

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

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

***Fund Balance***

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

***Encumbrances***

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

Upper Rio Grande School District C-7 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.

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- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP) with the exception of the Food Service Fund.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2019.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

***Stewardship***

Total expenditures exceeded budgeted appropriations in the Capital Reserve Capital Projects Fund by \$28,161. This may be a violation of Colorado State Statute 22-44-115(1).

**NOTE 3 CASH AND DEPOSITS**

A summary of Cash and Deposits for the District are as follows:

Cash Deposited with Banks	\$ 3,444,212
Cash with Fiscal Agent	17,913,517
Less: amounts related to Agency Fund	<u>(120,391)</u>
Total cash and deposits on the Statement of Net Position	<u>\$ 21,237,338</u>

***Cash and Deposits***

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 the aggregate uninsured deposits.

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$3,030,334 of the District's bank balance of \$3,530,334 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

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**NOTE 4 PROPERTY TAXES RECEIVABLE**

Property taxes receivable at June 30, 2019, consisted of the following:

General Fund	\$ 153,492
Bond Redemption Fund	<u>88,110</u>
	<u>\$ 241,602</u>

**NOTE 5 DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2019, the District had \$3,435,621 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2019, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	GDPG Fund	<u>\$ 4,507</u>

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2019, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	\$ 67,000
Food Service Fund	General Fund	75,000
Capital Reserve Capital Projects Fund	General Fund	<u>171,457</u>
Total		<u>\$ 313,457</u>

These transfers were made to subsidize the Pupil Activity, Food Service and Capital Reserve Capital Projects Funds.

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**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 06/30/2018	Additions	Deletions	Balance 06/30/2019
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 445,059	\$ 85,531	\$ (107,525)	\$ 423,065
Construction in Progress	1,912,181	21,678,567	(33,438)	23,557,310
Total capital assets not being depreciated	<u>2,357,240</u>	<u>21,764,098</u>	<u>(140,963)</u>	<u>23,980,375</u>
Capital assets being depreciated				
Land Improvements	294,221	-	(121,010)	173,211
Buildings and Improvements	8,853,453	106,600	(1,528,382)	7,431,671
Equipment	285,385	20,124	(17,574)	287,935
Vehicles	1,181,189	63,954	(151,267)	1,093,876
Total capital assets being depreciated	<u>10,614,248</u>	<u>190,678</u>	<u>(1,818,233)</u>	<u>8,986,693</u>
Less accumulated depreciation for:				
Land Improvements	231,010	7,677	(69,510)	169,177
Buildings and Improvements	5,194,737	162,840	(999,332)	4,358,245
Equipment	194,310	16,078	(17,574)	192,814
Vehicles	940,763	55,356	(151,267)	844,852
Total accumulated depreciation	<u>6,560,820</u>	<u>241,951</u>	<u>(1,237,683)</u>	<u>5,565,088</u>
Total capital assets being depreciated, net	<u>4,053,428</u>	<u>(51,273)</u>	<u>(580,550)</u>	<u>3,421,605</u>
<b>GOVERNMENTAL ACTIVITIES, NET</b>	<u><u>\$ 6,410,668</u></u>	<u><u>\$ 21,712,825</u></u>	<u><u>\$ (721,513)</u></u>	<u><u>\$ 27,401,980</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

*Governmental activities:*

Instructional Program	\$ 141,436
Instructional Staff Support Services	2,719
Food Service Operations	1,001
Operations and Maintenance of Plant Services	63,341
Student Transportation Services	11,765
Central Support Services	20,923
Other Support Services	766
Total depreciation expense – governmental activities	<u><u>\$ 241,951</u></u>

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**NOTE 8 ACCRUED SALARIES AND BENEFITS**

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis; therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$466,539.

**NOTE 9 LONG-TERM LIABILITIES**

***Changes in Long-Term Liabilities***

Long-term liability balances for the year ended June 30, 2019, were as follows:

	Beginning Balance 06/30/2018	Additions	Deletions	Ending Balance 06/30/2019	Due Within One Year
<i>Governmental Activities</i>					
Capital Lease Payable	\$ -	\$ 63,954	\$ (22,251)	\$ 41,703	\$ 20,399
Bonds Payable- Series 2017	17,913,517	-	(650,073)	17,263,444	661,989
<b>Total Governmental Activities</b>	<b>\$ 17,913,517</b>	<b>\$ 63,954</b>	<b>\$ (672,324)</b>	<b>\$ 17,305,147</b>	<b>\$ 682,388</b>

***General Obligation Bond Payable***

On December 7, 2017, the District issued general obligation bonds series 2017 in the amount of \$17,913,517 with an interest rate of 3.39% to be paid in full December 1, 2037. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of the new school building and facilities.

The annual debt service for the General Obligation Bond payable is as follows:

	Principal	Interest	Totals
FY 2020	\$ 661,989	\$ 572,140	\$ 1,234,129
FY 2021	684,431	549,255	1,233,686
FY 2022	707,633	525,594	1,233,227
FY 2023	731,622	501,131	1,232,753
FY 2024	756,423	475,838	1,232,261
FY 2025-2029	4,184,592	1,968,757	6,153,349
FY 2030-2034	4,943,629	1,194,710	6,138,339
FY 2035-2037	4,593,125	304,925	4,898,050
	<b>\$ 17,263,444</b>	<b>\$ 6,092,350</b>	<b>\$ 23,355,794</b>

***Lease Purchase Agreements***

The District entered into a lease purchase agreement between TCF Equipment Finance, as lessor, and the District, as lessee, for the purpose of purchasing a Blue Bird 15 passenger bus. The lease, dated August 16, 2018, was for

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\$63,954 with an interest rate of 4.44%. The lease has a term of three annual payments from the Capital Reserve Capital Projects Fund, with final payment due on August 16, 2020. The cost of the bus was \$63,954 and accumulated depreciation was \$7,994 at June 30, 2019.

The annual debt service for the lease purchase agreement is as follows.

	Principal	Interest	Totals
FY 2020	\$ 20,399	\$ 1,852	\$ 22,251
FY 2021	21,304	946	22,250
	\$ 41,703	\$ 2,798	\$ 44,501

**NOTE 10 OPERATING LEASES**

The District is committed under an operating lease for office equipment. This lease is considered for accounting purposes as an operating lease. Lease expenses for the year totaled \$16,670.

**NOTE 11 DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plan***

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

*Benefits provided as of December 31, 2018.* 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 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to

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PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-414.

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

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

*Contributions provisions as of June 30, 2019.* Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-414. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total Employer Contribution Rate SCHDTF	19.13%	19.13%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, and Judicial Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a

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nonemployer contribution for financial reporting purposes. For Fiscal Year 2019, the portion of the direct distribution allocated to the District was \$78,133.

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 \$584,106 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the District reported a liability of \$9,620,828 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:

Upper Rio Grande School District's proportionate share of the net position liability	\$	9,620,828
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Upper Rio Grande School District		1,315,515
Total	<u>\$</u>	<u>10,936,343</u>

At December 31, 2018, District's proportion was 0.0543 percent, which was a decrease of 0.0063 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$(1,119,814) and revenue of \$78,133 for support from the State as a nonemployer contributing entity. At June 30, 2019, 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	\$ 326,349	\$ -
Changes of assumptions or other inputs	1,795,770	5,983,120
Net difference between projected and actual earnings on pension plan investments	524,395	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,215,528
Contributions subsequent to the measurement date	301,998	-
Total	<u>\$ 2,948,512</u>	<u>\$ 7,198,648</u>

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\$301,998 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	\$ (881,137)
2021	(2,384,560)
2022	(1,573,291)
2023	286,854
2024	-
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.78 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	0% through 2019 and 1.5% Compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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Healthy post-retirement mortality assumptions reflect the RP-2014 White Collar Employee Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. 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 3.50%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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 will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust

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Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date

*Sensitivity of District proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, 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 percent) or 1-percentage-point higher (8.25 percent) 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>\$ 12,231,236</u>	<u>\$ 9,620,828</u>	<u>\$ 7,430,254</u>

*Pension plan fiduciary net position-* Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS**

***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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration

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of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

*PERA Benefit Structure*

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

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

*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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$31,144 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$480,502 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard

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update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District proportion was 0.0353 percent, which was a decrease of 0.0008 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the District recognized OPEB expense of \$8,872. At June 30, 2019, 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	\$ 1,744	\$ 731
Net difference between projected and actual earnings on OPEB plan investments	2,763	-
Changes of assumptions or other inputs	3,371	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,461	4,086
Contributions subsequent to the measurement date	16,102	-
Total	\$ 33,441	\$ 4,817

\$16,102 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, 2019. 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,	
2020	2,040
2021	2,040
2022	2,040
2023	3,959
2024	2,348
Thereafter	96

*Actuarial assumptions.* The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

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Health care cost trend rates

PERA benefit structure:

Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop were adopted by the PERA Board during the November 18, 2016, Board Meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

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

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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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

The following health care cost assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

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- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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

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

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	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$467,233	\$480,502	\$495,763

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, 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 3.50%.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 537,640</u>	<u>\$ 480,502</u>	<u>\$ 431,654</u>

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*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 13 DEFINED CONTRIBUTION PENSION PLAN**

***Voluntary Investment Program***

*Plan Description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2019, program members contributed \$17,066 for the Voluntary Investment Program.

**NOTE 14 JOINT VENTURES AND RELATED PARTIES**

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

**San Luis Valley Board of Cooperative Services (BOCES)**

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2019. Complete separate financial statements may be obtained from BOCES.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

**Colorado School Districts' Self-Insurance Pool**

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB.

The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2019. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

**NOTE 15 TABOR EMERGENCY RESERVE**

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. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996 voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is accounted for as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**NOTE 16 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. These risks are covered by the Colorado School

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

Districts' Self Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**NOTE 17 PUPIL ACTIVITY AGENCY FUND BUDGET AND ACTUAL**

The District is required by the Colorado School District Budget Law to budget for the District's Pupil Activity Agency Fund. In accordance with GAAP, however, there is not a statement of revenues, expenses and changes in net position for agency funds to report the budget information, because agency funds do not recognize revenues, expenses or net position in accordance with GAAP.

**Therefore, the budget and actual amounts for agency funds received and disbursed for the year ended June 30, 2019 are presented below:**

	Original Budget	Final Budget	Actual	Variance
Agency Fund Receipts	\$ 250,000	\$ 250,000	\$ 87,787	\$ (162,213)
Agency Fund Disbursements	(250,000)	(250,000)	(105,262)	144,738
Change in Pupil Activity Deposits	-	-	(17,475)	(17,475)
Beginning Balance	138,588	138,818	138,818	-
Ending Balance	<u>\$ 138,588</u>	<u>\$ 138,818</u>	<u>\$ 121,343</u>	<u>\$ (17,475)</u>

**NOTE 18 COMMITMENTS AND CONTINGENCIES**

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is in the process of constructing a new school/administration building. The estimated building completion date is December 2019. Total project costs to date are approximately \$23,557,310 with a total estimated project cost of \$45,082,104. The District is using bond proceeds and BEST grant funds for the project.

**NOTE 19 SUBSEQUENT EVENTS**

In July 2019, the District granted a warranty deed for the "Old Middle School Building" property and the "Middle School Building" property. The District also granted a warranty deed for the "Fieldhouse Building" property in October 2019. The net book value of the donated properties was \$2,973,576.

## **UPPER RIO GRANDE SCHOOL DISTRICT C-7**

### **REQUIRED SUPPLEMENTARY INFORMATION**

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)**  
**GENERAL FUND**

**For the Year Ended June 30, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
State Sources	\$ 2,725,443	\$ 2,729,027	\$ 2,614,917	\$ (114,110)
Local Sources	2,620,976	2,657,360	2,826,435	169,075
Other Sources	5,000	27,000	26,751	(249)
<b>TOTAL REVENUES</b>	<u>5,351,418</u>	<u>5,413,386</u>	<u>5,468,103</u>	<u>54,717</u>
<b>EXPENDITURES</b>				
Instructional Program	2,528,313	2,629,576	2,657,766	(28,190)
Student Support Services	341,351	322,245	273,628	48,617
Instructional Staff Support Services	417,563	418,041	415,472	2,569
General Administration Support Services	412,160	373,190	389,886	(16,696)
School Administration Support Services	278,297	294,898	295,397	(499)
Business Support Services	125,571	125,571	125,782	(211)
Operations and Maintenance of Plant Services	698,878	754,749	616,710	138,039
Student Transportation Services	242,046	242,046	222,746	19,300
Central Support Services	54,450	57,650	19,500	38,150
Other Support Services	34,420	34,420	182,955	(148,535)
<b>TOTAL EXPENDITURES</b>	<u>5,133,049</u>	<u>5,252,386</u>	<u>5,199,842</u>	<u>52,544</u>
Excess (deficiency) of revenues over expenditures	<u>218,369</u>	<u>161,000</u>	<u>268,261</u>	<u>107,261</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Fixed Assets	-	4,000	10,000	6,000
Transfer from Other Funds	159,377	147,577	-	(147,577)
Transfer to Other Funds	(410,377)	(527,577)	(313,457)	214,120
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(251,000)</u>	<u>(376,000)</u>	<u>(303,457)</u>	<u>72,543</u>
<b>CHANGE IN FUND BALANCE-BUDGET BASIS</b>	<u>\$ (32,631)</u>	<u>\$ (215,000)</u>	<u>(35,196)</u>	<u>\$ 179,804</u>
<b>NON BUDGETED REVENUE (EXPENDITURE)</b>				
PERA State Contribution Revenue			78,133	
PERA State Contribution (Expenditure)			<u>(78,133)</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			(35,196)	
<b>FUND BALANCE, Beginning of Year</b>			<u>1,875,926</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 1,840,730</u>	

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND**  
**For the Year Ended June 30, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 369,696	\$ 322,544	\$ 383,900	\$ 61,357
State Sources	37,159	210,247	27,134	(183,113)
<b>TOTAL REVENUES</b>	<b>406,855</b>	<b>532,791</b>	<b>411,034</b>	<b>(121,757)</b>
<b>EXPENDITURES</b>				
Instructional Program	308,422	253,410	248,775	4,635
Student Support Services	9,433	6,000	-	6,000
Instructional Staff Support Services	76,925	77,740	16,317	61,423
School Administration Support Services	6,820	6,820	6,066	754
Business Support Services	4,754	5,320	19,202	(13,882)
Operation and Maintenance	-	183,000	120,462	62,538
Other Support Services	500	500	212	288
<b>TOTAL EXPENDITURES</b>	<b>406,855</b>	<b>532,791</b>	<b>411,034</b>	<b>121,757</b>
NET CHANGE IN FUND BALANCE	-	-	-	-
<b>FUND BALANCE, Beginning of Year</b>	-	-	-	-
<b>FUND BALANCE, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0543333049%	0.0606252697%	0.0614325184%	0.0628131197%	0.0650425406%
District's proportionate share of the net pension liability (asset)	\$ 9,620,828	\$ 19,604,058	\$ 18,290,836	\$ 9,606,823	\$ 8,815,449
State's proportionate share of the net pension liability (asset) associated with the District	1,315,515	-	-	-	-
Total	<u>\$ 10,936,343</u>	<u>\$ 19,604,058</u>	<u>\$ 18,290,836</u>	<u>\$ 9,606,823</u>	<u>\$ 8,815,449</u>
District's covered payroll	\$ 2,968,093	\$ 2,796,570	\$ 2,761,873	\$ 2,737,381	\$ 2,724,629
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	324%	701%	662%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	57.0%	44.0%	43.1%	59.2%	62.8%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 584,106	\$ 548,406	\$ 505,389	\$ 489,989	\$ 462,013	\$ 427,298	\$ 367,384	\$ 391,661	\$ 409,930
Contributions in relation to the contractually required contribution	(584,106)	(548,406)	(505,389)	(489,989)	(462,013)	(427,298)	(367,384)	(391,661)	(409,930)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,053,351	\$ 2,884,121	\$ 2,748,812	\$ 2,761,902	\$ 2,735,625	\$ 2,671,267	\$ 2,435,998	\$ 2,762,825	\$ 2,980,990
Contributions as a percentage of covered payroll	19.13%	19.01%	18.39%	17.74%	16.89%	16.00%	15.08%	14.18%	13.75%

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years which information is available.

See Notes to Required Supplementary Information

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**COLORADO PERA HEALTH CARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0353169396%	0.0344470292%	0.0349162414%
District's proportionate share of the net OPEB liability	\$ 480,502	\$ 447,674	\$ 452,701
District's covered payroll	\$ 2,968,093	\$ 2,796,570	\$ 2,761,873
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	17.0%	17.5%	20.0%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**COLORADO PERA HEALTH CARE TRUST FUND**

For the Years Ended June 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 31,144	\$ 29,418	\$ 28,038	\$ 28,171	\$ 27,903	\$ 27,247	\$ 24,847	\$ 28,181	\$ 30,406
Contributions in relation to the contractually required contribution	(31,144)	(29,418)	(28,038)	(28,171)	(27,903)	(27,247)	(24,847)	(28,181)	(30,406)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,053,351	\$ 2,884,121	\$ 2,748,812	\$ 2,761,902	\$ 2,735,625	\$ 2,671,267	\$ 2,435,998	\$ 2,762,825	\$ 2,980,990
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%

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years which information is available.

See Notes to Required Supplementary Information

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2019**

**NOTE 1 NET PENSION LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

*2018* The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

*2017* The discount rate was lowered from 5.26% to 4.78%.

*2016*

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

*2015* There were no changes in assumptions or other inputs this measurement period compared to the prior year.

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

*2018* There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

*2017* The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

# **UPPER RIO GRANDE SCHOOL DISTRICT C-7**

## **SUPPLEMENTARY INFORMATION**

The combining and individual fund financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7  
NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Pupil Activity Fund** – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

**Food Service Fund** - Used to account for the District's food service program. Revenues are derived from District contributions and student and adult charges.

**CAPITAL PROJECTS FUND**

**Capital Reserve Capital Projects Fund** – Used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL RESERVE</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,370	\$ 36,901	\$ 30,631	\$ 84,902
Accounts Receivable	-	(1,414)	-	(1,414)
Inventory	-	3,565	-	3,565
<b>TOTAL ASSETS</b>	<u>\$ 17,370</u>	<u>\$ 39,052</u>	<u>\$ 30,631</u>	<u>\$ 87,053</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ (344)	\$ -	\$ (344)
Accrued Salaries and Benefits	-	14,378	-	14,378
Unearned Revenue	-	1,683	-	1,683
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>15,717</u>	<u>-</u>	<u>15,717</u>
<b>FUND BALANCE</b>				
Nonspendable	-	3,565	-	3,565
Committed				
Capital Projects	-	-	30,631	30,631
Pupil Activities	17,370	-	-	17,370
Food Service	-	19,770	-	19,770
<b>TOTAL FUND BALANCE</b>	<u>17,370</u>	<u>23,335</u>	<u>30,631</u>	<u>71,336</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 17,370</u>	<u>\$ 39,052</u>	<u>\$ 30,631</u>	<u>\$ 87,053</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL RESERVE</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
<b>REVENUES</b>				
Federal Sources	\$ -	\$ 107,265	\$ -	\$ 107,265
State Sources	-	2,631	-	2,631
Local Sources	36,869	32,332	-	69,201
<b>TOTAL REVENUES</b>	<u>36,869</u>	<u>142,228</u>	<u>-</u>	<u>179,097</u>
<b>EXPENDITURES</b>				
Student Support Services	122,122	-	-	122,122
General Administration Support Services	-	-	16,670	16,670
Food Service Operations	-	224,621	-	224,621
Operations and Maintenance of Plant Services	-	-	6,500	6,500
Facilities Acquisition and Construction Services	-	-	207,591	207,591
Debt Service	-	-	22,250	22,250
<b>TOTAL EXPENDITURES</b>	<u>122,122</u>	<u>224,621</u>	<u>253,011</u>	<u>599,754</u>
Excess (deficiency) of revenues over expenditures	<u>(85,253)</u>	<u>(82,393)</u>	<u>(253,011)</u>	<u>(420,657)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Fixed Assets	-	-	47,600	47,600
Transfer from General Fund	67,000	75,000	171,457	313,457
Capital Lease Proceeds	-	-	63,954	63,954
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>67,000</u>	<u>75,000</u>	<u>283,011</u>	<u>425,011</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(18,253)</u>	<u>(7,393)</u>	<u>30,000</u>	<u>4,354</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>35,623</u>	<u>30,728</u>	<u>631</u>	<u>66,982</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 17,370</u>	<u>\$ 23,335</u>	<u>\$ 30,631</u>	<u>\$ 71,336</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PUPIL ACTIVITY FUND**  
**For the Year Ended June 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources				
Pupil Activities	\$ 29,414	\$ 29,414	\$ 36,869	\$ 7,455
<b>TOTAL REVENUES</b>	<u>29,414</u>	<u>29,414</u>	<u>36,869</u>	<u>7,455</u>
<b>EXPENDITURES</b>				
Student Support Services				
Pupil Activities	120,000	125,000	122,122	2,878
<b>TOTAL EXPENDITURES</b>	<u>120,000</u>	<u>125,000</u>	<u>122,122</u>	<u>2,878</u>
Excess (deficiency) of revenues over expenditures	<u>(90,586)</u>	<u>(95,586)</u>	<u>(85,253)</u>	<u>10,333</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	77,000	77,000	67,000	(10,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>77,000</u>	<u>77,000</u>	<u>67,000</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	(13,586)	(18,586)	(18,253)	333
<b>FUND BALANCE, Beginning of Year</b>	<u>36,164</u>	<u>35,623</u>	<u>35,623</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 22,578</u>	<u>\$ 17,037</u>	<u>\$ 17,370</u>	<u>\$ 333</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 105,000	\$ 105,000	\$ 97,206	\$ (7,794)
State Sources	2,250	2,250	2,631	381
Local Sources	32,500	32,500	32,332	(168)
<b>TOTAL REVENUES</b>	<b>139,750</b>	<b>139,750</b>	<b>132,169</b>	<b>(7,581)</b>
<b>EXPENDITURES</b>				
Food Service Operations				
Salaries	108,348	108,348	101,461	6,887
Fringe Benefits	53,522	53,522	45,882	7,640
Food	75,625	65,625	49,729	15,896
Milk	12,000	12,000	10,272	1,728
Supplies	12,000	12,000	6,897	5,103
Miscellaneous	1,100	1,100	877	223
Capital Outlay	1,000	1,000	-	1,000
<b>TOTAL EXPENDITURES</b>	<b>263,595</b>	<b>253,595</b>	<b>215,118</b>	<b>38,477</b>
Excess (deficiency) of revenues over expenditures	(123,845)	(113,845)	(82,949)	30,896
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	124,000	100,000	75,000	(25,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>124,000</b>	<b>100,000</b>	<b>75,000</b>	<b>(25,000)</b>
<b>CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<b>155</b>	<b>(13,845)</b>	<b>(7,949)</b>	<b>5,896</b>
<b>Non-Budgeted Revenues and Expenditures</b>				
USDA Commodities Received			10,059	
USDA Commodities Expended			(9,503)	
<b>Total Non-Budgeted Activity</b>			<b>556</b>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>155</b>	<b>(13,845)</b>	<b>(7,393)</b>	<b>6,452</b>
<b>FUND BALANCE, Beginning of Year</b>	<b>27,500</b>	<b>30,729</b>	<b>30,728</b>	<b>(1)</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 27,655</b>	<b>\$ 16,884</b>	<b>\$ 23,335</b>	<b>\$ 6,451</b>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL RESERVE CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
General Administration Support Services	-	-	16,670	(16,670)
Operations and Maintenance of Plant Services	1,750	116,600	6,500	110,100
Debt Service	21,000	21,000	22,250	(1,250)
Facilities Acquisition and Construction Services	-	87,250	207,591	(120,341)
<b>TOTAL EXPENDITURES</b>	<u>22,750</u>	<u>224,850</u>	<u>253,011</u>	<u>(28,161)</u>
Excess (deficiency) of revenues over expenditures	<u>(22,750)</u>	<u>(224,850)</u>	<u>(253,011)</u>	<u>(28,161)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Fixed Assets	-	25,000	47,600	22,600
Transfer from Other Funds	60,000	199,850	171,457	(28,393)
Capital Lease Proceeds	-	-	63,954	63,954
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>60,000</u>	<u>224,850</u>	<u>283,011</u>	<u>58,161</u>
<b>NET CHANGE IN FUND BALANCE</b>	37,250	-	30,000	30,000
<b>FUND BALANCE, Beginning of Year</b>	<u>34,068</u>	<u>631</u>	<u>631</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 71,318</u>	<u>\$ 631</u>	<u>\$ 30,631</u>	<u>\$ 30,000</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended June 30, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 1,315,000	\$ 1,315,000	\$ 1,299,236	\$ (15,764)
Interest on Property Tax	-	-	6,569	6,569
Other	-	-	63	63
Total Local Sources	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,305,868</u>	<u>(9,132)</u>
<b>TOTAL REVENUES</b>	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,305,868</u>	<u>(9,132)</u>
<b>EXPENDITURES</b>				
Debt Service				
Other	<u>1,247,350</u>	<u>1,247,350</u>	<u>1,245,006</u>	<u>2,344</u>
Total Debt Service	<u>1,247,350</u>	<u>1,247,350</u>	<u>1,245,006</u>	<u>2,344</u>
<b>TOTAL EXPENDITURES</b>	<u>1,247,350</u>	<u>1,247,350</u>	<u>1,245,006</u>	<u>2,344</u>
NET CHANGE IN FUND BALANCE	67,650	67,650	60,862	(6,788)
<b>FUND BALANCE, Beginning of Year</b>	<u>54,174</u>	<u>934,429</u>	<u>934,429</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 121,824</u>	<u>\$ 1,002,079</u>	<u>\$ 995,291</u>	<u>\$ (6,788)</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BUILDING FUND**  
**For the Year Ended June 30, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
State Sources	-	27,000,000	21,678,567	(5,321,433)
<b>TOTAL REVENUES</b>	-	27,000,000	21,678,567	(5,321,433)
<b>EXPENDITURES</b>				
Facilities Acquisition and Construction Services	-	44,900,000	21,678,567	23,221,433
<b>TOTAL EXPENDITURES</b>	-	44,900,000	21,678,567	23,221,433
<b>NET CHANGE IN FUND BALANCE</b>	-	(17,900,000)	-	17,900,000
<b>FUND BALANCE, Beginning of Year</b>	-	17,913,517	17,913,517	-
<b>FUND BALANCE, End of Year</b>	<b>\$ -</b>	<b>\$ 13,517</b>	<b>\$ 17,913,517</b>	<b>\$ 17,900,000</b>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**

**CDE COMPLIANCE SECTION**



Wall,  
Smith,  
Bateman Inc.

## REPORT ON COMPLIANCE WITH CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL

To the Board of Education  
Upper Rio Grande School District C-7  
Del Norte, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Rio Grande School District C-7 (the District), as of and for the year ended June 30, 2019, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 10, 2019.

In connection with our audit, one item came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to accounting matters. The District's total expenditures exceeded budgeted expenditures in the Capital Reserve Capital Projects Fund by \$28,161 for the fiscal year ended June 30, 2019. This may be a violation of Colorado Revised Statutes 22-44-115(1). However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

December 10, 2019

**Certified Public Accountants**

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2730 - Upper Rio Grande School District C-7  
 Fiscal Year 2018-19  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	1,875,926	4,901,755	4,936,951	1,840,730
18 Risk Mgmt Sub-Fund of General Fund	0	147,164	147,164	0
19 Colorado Preschool Program Fund	0	193,860	193,860	0
Sub-Total	1,875,926	5,242,779	5,277,976	1,840,730
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
21 Food Service Spec Revenue Fund	30,729	217,228	224,621	23,336
22 Govt Designated-Purpose Grants Fund	0	411,035	411,035	0
23 Pupil Activity Special Revenue Fund	35,623	103,868	122,121	17,370
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	934,429	1,305,868	1,245,006	995,291
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	17,913,517	21,678,567	21,678,567	17,913,517
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	631	283,011	253,011	30,631
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>20,790,855</b>	<b>29,242,356</b>	<b>29,212,337</b>	<b>20,820,874</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (53) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	138,818	87,787	105,262	121,344
79 GASB 34-Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>138,818</b>	<b>87,787</b>	<b>105,262</b>	<b>121,344</b>

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