

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

**June 30, 2020**



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

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

**FINANCIAL STATEMENTS**

**June 30, 2020**

# UPPER RIO GRANDE SCHOOL DISTRICT C-7

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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, 2020 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, 2020, 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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**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note 1- Summary of Significant Accounting Policies, in fiscal year 2020 the District adopted the provisions of *GASB Statement No. 84, Fiduciary Activities*, thereby reporting the Pupil Activity Agency Fund combined with the Pupil Activity Special Revenue Fund. The District previously reported this activity in a fiduciary fund. Our opinion is not modified with respect to this matter.

**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  
November 18, 2020

**Upper Rio Grande School District C-7  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

As management of the Upper Rio Grande School District, we offer readers of the Del Norte School 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, 2020. 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 2020 fiscal year. Total net position increased 12.50 percent.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$5.8 million or 20 percent of all revenues in FY2019 and \$6.2 million or 72 percent in FY2020. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$22.7 million or 79 percent of total revenues of \$28.5 million in FY2019 and \$4.9 million or 56 percent of \$8.67 million in FY 2020.
- The District had \$5.7 million in expenses related to governmental activities in FY2019 with \$22.7 million of these expenses offset by program specific charges for services, grants and contributions and \$6.7 million in expenses with \$4.9 million offset by program specific charges in FY2020. General revenues of \$5.7 million in FY2019 and \$3.8 million in FY2020 were not adequate to provide for these programs.
- The District decreased its outstanding long-term debt approximately \$682,387.
- 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.
- The District received \$326,836 in COVID-19 Relief Funds in May 2020 that were unspent as of June 30, 2020. The majority of the funds will be spent on a new air purifying system for the school building in fiscal year 2021.

## **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.

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 14 and 15 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.

### **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 22-47 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, 2020 and June 30, 2019.

<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 2020</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
Current and other assets	\$ 5,116,880	\$ 24,923,682	\$ 5,116,880	\$ 24,923,682
Capital assets, net	44,610,788	27,401,980	44,610,788	27,401,980
<b>Total assets</b>	<b>49,727,668</b>	<b>52,325,662</b>	<b>49,727,668</b>	<b>52,325,662</b>
<b>Deferred outflows of resources</b>	<b>970,437</b>	<b>2,981,953</b>	<b>970,437</b>	<b>2,981,953</b>
Long-term liabilities	24,108,899	26,724,089	24,108,899	26,724,089
Other liabilities	2,188,308	4,694,028	2,188,308	4,694,028
<b>Total liabilities</b>	<b>26,297,207</b>	<b>31,418,117</b>	<b>26,297,207</b>	<b>31,418,117</b>
<b>Deferred inflows of resources</b>	<b>5,732,005</b>	<b>7,294,633</b>	<b>5,732,005</b>	<b>7,294,633</b>
Net position				
Net investment in				
Capital assets	28,925,774	28,010,350	28,925,774	28,010,350
Restricted	1,621,833	1,165,291	1,621,833	1,540,291
Unrestricted (Deficit)	(11,878,714)	(12,580,776)	(11,878,714)	(12,955,776)
<b>Total net position at June 30</b>	<b>\$ 18,668,893</b>	<b>\$ 16,594,865</b>	<b>\$ 18,668,893</b>	<b>\$ 16,594,865</b>

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2020 and 2019 is summarized below:

	<u>FY 2020</u>	<u>FY 2019</u>
Net position (GAAP Basis)	\$ 18,668,893	\$ 16,594,865
GASB 68 - Pension	12,394,547	13,870,964
GASB 75 - OPEB	443,467	451,878
Net position excluding Pension and OPEB	<u>\$ 31,506,907</u>	<u>\$ 30,917,707</u>

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

	<u>FY20</u>	<u>FY19</u>
Unrestricted - Net position (GAAP Basis)	\$ (11,878,714)	\$ (12,955,776)
GASB 68 - Pension	12,394,547	13,870,964
GASB 75 - OPEB	443,467	451,878
Net position excluding Pension and OPEB	<u>\$ 959,300</u>	<u>\$ 1,367,066</u>

Management's estimate of the District's proportionate share of the State On-Behalf Direct Distribution is \$75,008, 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>Table 2</b>				
<b>Changes in Net Position from Operating Results</b>				
	<b>Governmental</b>		<b>Total</b>	
	<b>Activities</b>		<b>School District</b>	
	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 91,161	\$ 105,394	\$ 91,161	\$ 105,394
Operating grants and contributions	1,161,528	963,907	1,161,528	963,907
Capital grants and contributions	3,611,278	21,678,567	3,611,278	21,678,567
General revenues				
Property taxes	3,596,036	3,569,497	3,596,036	3,569,497
State formula revenue	2,581,120	2,322,452	2,581,120	2,322,452
Other	(2,370,656)	(149,490)	(2,370,656)	(149,490)
<b>Total Revenues</b>	<b>8,670,467</b>	<b>28,490,327</b>	<b>8,670,467</b>	<b>28,490,327</b>
<b>Expenses</b>				
Instructional Program	3,031,411	2,443,798	3,031,411	2,443,798
Support Services:				
Students	524,129	334,518	524,129	334,518
Instructional staff	337,890	364,766	337,890	364,766
Food Services	204,903	185,548	204,903	185,548
General administration	372,506	344,477	372,506	344,477
School administration	206,246	229,582	206,246	229,582
Business	88,066	111,477	88,066	111,477
Operations and maintenance of plant	651,208	729,877	651,208	729,877
Student transportation	182,306	192,056	182,306	192,056
Central	140,478	40,423	140,478	40,423
Other	208,074	178,229	208,074	178,229
Facilities Acquisition and Construction	196,049	-	196,049	-
Other	-	-	-	-
Interest on Long-term Debt	574,516	594,932	574,516	594,932
<b>Total Expenses</b>	<b>6,717,782</b>	<b>5,749,683</b>	<b>6,717,782</b>	<b>5,749,683</b>
Increase (dec) in net position before transfers	1,952,685	22,740,644	1,952,685	22,740,644
Special Item	-	-	-	-
Change in net position	\$ 1,952,685	\$ 22,740,644	\$ 1,952,685	\$ 22,740,644

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 \$9212.28 per funded pupil in FY2019 and \$9557.30 per funded pupil in FY2020. In fiscal year 2018-2019, the funded pupil count was 432.1 and 446.6 in fiscal year 2019-2020. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 68 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.

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
Instructional Program	\$ 3,031,411	\$ 2,443,798	\$ 2,254,095	\$ 1,684,640
Students	524,129	334,518	354,382	297,649
Instructional Staff	337,890	364,766	337,890	364,766
Food Services	204,903	185,548	82,460	43,320
General Administration	372,506	344,477	310,934	308,284
School Administration	206,246	229,582	206,246	229,582
Business	88,066	111,477	88,066	111,477
Operations and Maintenance	651,208	729,877	570,607	675,300
Student Transportation	182,306	192,056	141,296	151,780
Central	140,478	40,423	140,478	40,423
Other Programs	208,074	178,229	208,074	178,229
Facilities Acquisition and Construction	196,049	-	(3,415,229)	(21,678,567)
Interest on Long-term Debt	574,516	594,932	574,516	594,932
<b>Total</b>	<b>\$ 6,717,782</b>	<b>\$ 5,749,683</b>	<b>\$ 1,853,815</b>	<b>\$ (16,998,185)</b>

- The cost of all governmental activities this year was \$6,717,782.
- Some of the cost was financed by the users of the District's programs. \$91,161. 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 \$3,611,278.
- Most of the District's costs (\$6,717,782), however, were financed by District and State taxpayers.
- This portion of governmental activities was financed with \$3,596,036. in property taxes, \$2,581,120. in state aid (equalization) based on the statewide formula for per pupil funding, and -\$2,370,656 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 2020, the District revised the annual operating budget approved by the District’s Board of Education in June 2020. The primary reason for the issuance of a supplemental budget was due to additional revenues received and expenditures incurred.

The actual expenditures were \$52,544 below budget in FY2019 and \$302,524 below budget in FY2020. Mainly in Student Support Services and Central Support Services.

The fund balance as of June 30, 2019 was \$1,840,730 compared to \$1,839,283 as of June 30, 2020, including \$185,000 for TABOR Amendment emergency reserves.

**Capital Assets**

By the end of the fiscal year 2020, the District had invested \$44,610,788 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 4.)

<b>Table 4</b>				
<b>Capital Assets (net of depreciation)</b>				
	<b>Governmental Activities</b>		<b>Total</b>	
	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
Land	\$ 423,065	\$ 423,065	\$ 423,065	\$ 423,065
Construction in Progress	\$ 540,427	\$ 23,557,310	\$ 540,427	\$ 23,557,310
Building and Site Improvements	42,164,460	3,077,460	42,164,460	3,077,460
Equipment & Vehicles	1,482,836	344,145	1,482,836	344,145
<b>Total</b>	<b>\$ 44,610,788</b>	<b>\$ 27,401,980</b>	<b>\$ 44,610,788</b>	<b>\$ 27,401,980</b>

## Long-Term Debt

At year-end, the District had approximately \$16,622,760 in other long-term debt outstanding, a decrease of 3.71 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>Table 5</b>			
<b>Outstanding Long-Term Debt</b>			
	<b>Total School District</b>		<b>Total Percentage Change</b>
	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2019-2020</b>
Governmental Activities			
Capital Lease Payable	\$ 21,305	\$ 41,703	-47.96%
Bonds Payable Series 2017	16,601,455	17,263,444	-3.83%
<b>Total</b>	<b>\$ 16,622,760</b>	<b>\$ 17,305,147</b>	<b>-3.71%</b>

During the 2020 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 FY2020-2021 student enrollment “October Count” shows that Upper Rio Grande School District has seen a slight reduction in students from last year, we believe this is due to the current Covid-19 situation. This may reduce the total program funding in FY 2021.
- 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, however, this growth has been stalled by the current Covid-19 situation. The current decline in state revenues has decrease the District’s total program revenues by approximately \$250,000.00 in FY 2021. The District has received both CRF and ESSER funding to help mitigate the effects of the decrease in program funding for FY 2021. Based on the Governor’s most recent budget submission for FY 2022 we are hopeful to return to FY 2020 program funding.
- 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, 950 French 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, 2020**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 4,651,601
Accounts Receivable	4,807
Property Tax Receivable	330,833
Due from Other Governments	55,460
Due from County Treasurer	68,039
Inventory	6,140
<b>Capital Assets</b>	
Land	423,064
Construction in Progress	540,427
Buildings and Improvements	43,980,986
Equipment	1,329,282
Vehicles	1,132,411
Less: Accumulated Depreciation	(2,795,382)
<b>TOTAL ASSETS</b>	<b>49,727,668</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	942,895
OPEB	27,542
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>970,437</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	503,713
Accrued Salaries and Benefits	463,156
Accrued Interest Payable	44,593
Unearned Revenue	471,110
Capital Lease Payable	21,305
General Obligation Bonds	684,431
<b>Long-term Liabilities</b>	
Due more than one year:	
General Obligation Bonds	15,917,024
Pension Liability	7,807,881
OPEB Liability	383,994
<b>TOTAL LIABILITIES</b>	<b>26,297,207</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	5,529,561
OPEB	87,015
Unavailable Revenue - Property Tax	115,429
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,732,005</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	28,925,774
Restricted for	
TABOR	185,000
TABOR Multi-Year Obligation	375,000
Debt Service	1,061,833
Unrestricted	(11,878,714)
<b>TOTAL NET POSITION</b>	<b>\$ 18,668,893</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, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Revenue and Change in Net Position</b>
					<b>Primary Government</b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Instructional Program	\$ 3,031,411	\$ -	\$ 777,316	\$ -	\$ (2,254,095)
Student Support Services	524,129	-	169,747	-	(354,382)
Instructional Staff Support Services	337,890	-	-	-	(337,890)
Food Service Operations	204,903	29,589	92,854	-	(82,460)
General Administration Support Services	372,506	61,572	-	-	(310,934)
School Administration Support Services	206,246	-	-	-	(206,246)
Business Support Services	88,066	-	-	-	(88,066)
Operations and Maintenance of Plant Services	651,208	-	80,601	-	(570,607)
Student Transportation Services	182,306	-	41,010	-	(141,296)
Central Support Services	140,478	-	-	-	(140,478)
Other Support Services	208,074	-	-	-	(208,074)
Facilities Acquisition and Construction Services	196,049	-	-	3,611,278	3,415,229
Interest on Long-term Debt	574,516	-	-	-	(574,516)
<b>Total Governmental Activities</b>	<b>6,717,782</b>	<b>91,161</b>	<b>1,161,528</b>	<b>3,611,278</b>	<b>(1,853,815)</b>
<b>Total Primary Government</b>	<b>\$ 6,717,782</b>	<b>\$ 91,161</b>	<b>\$ 1,161,528</b>	<b>\$ 3,611,278</b>	<b>(1,853,815)</b>
<b>General Revenues</b>					
Taxes:					
					3,596,036
					482,776
					16,048
					2,581,120
					16,027
					(2,885,507)
					<b>3,806,500</b>
					<b>1,952,685</b>
					<b>16,594,865</b>
					<b>121,343</b>
					<b>16,716,208</b>
					<b>\$ 18,668,893</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, 2020**

	<b>GENERAL FUND</b>	<b>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</b>	<b>DEBT SERVICE FUND</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,504,525	\$ -	\$ 1,020,465
Cash with Fiscal Agent	-	-	-
Accounts Receivable	-	-	-
Property Tax Receivable	211,757	-	119,076
Due from Other Governments	1,600	53,860	-
Due from County Treasurer	59,608	-	8,431
Due from Other Funds	62,070	395,043	-
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,839,560</b>	<b>\$ 448,903</b>	<b>\$ 1,147,972</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 52,941	\$ 6,320	\$ -
Due to Other Funds	395,043	-	-
Accrued Salaries and Benefits	412,084	37,799	-
Accrued Interest Payable	-	-	44,593
Unearned Revenue	66,326	404,784	-
<b>TOTAL LIABILITIES</b>	<b>926,394</b>	<b>448,903</b>	<b>44,593</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue -Property Tax	73,883	-	41,546
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted for			
TABOR	185,000	-	-
TABOR Multi-Year Obligation	375,000	-	-
Debt Service	-	-	1,061,833
Bond Proceeds for Capital Construction	-	-	-
Committed			
Capital Projects	-	-	-
Pupil Activities	-	-	-
Food Service	-	-	-
Assigned			
Other Appropriated Reserves	119,991	-	-
Unassigned	1,159,292	-	-
<b>TOTAL FUND BALANCE</b>	<b>1,839,283</b>	<b>-</b>	<b>1,061,833</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,839,560</b>	<b>\$ 448,903</b>	<b>\$ 1,147,972</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>
\$ -	\$ 188,865	\$ 3,713,855
937,746	-	937,746
-	4,807	4,807
-	-	330,833
-	-	55,460
-	-	68,039
-	23,145	480,258
-	6,140	6,140
<u>\$ 937,746</u>	<u>\$ 222,957</u>	<u>\$ 5,597,138</u>
\$ 436,644	\$ 7,808	\$ 503,713
85,215	-	480,258
-	13,273	463,156
-	-	44,593
-	-	471,110
<u>521,859</u>	<u>21,081</u>	<u>1,962,830</u>
-	-	115,429
-	6,140	6,140
-	-	185,000
-	-	375,000
-	-	1,061,833
415,887	-	415,887
-	50,085	50,085
-	114,462	114,462
-	31,189	31,189
-	-	119,991
-	-	1,159,292
<u>415,887</u>	<u>201,876</u>	<u>3,518,879</u>
<u>\$ 937,746</u>	<u>\$ 222,957</u>	<u>\$ 5,597,138</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

<b>Total governmental fund balances</b>		\$ 3,518,879
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		44,610,788
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.		970,437
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital Lease Payable	\$ (21,305)	
General Obligation Bonds	<u>(16,601,455)</u>	
		(16,622,760)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(8,191,875)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(5,616,576)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 18,668,893</u></u></b>

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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2020**

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	DEBT SERVICE FUND
<b>REVENUES</b>			
Federal Sources	\$ -	\$ 334,786	\$ -
State Sources	2,942,960	164,582	-
Local Sources	2,899,551	-	-
Other Sources	52,315	-	1,301,194
<b>TOTAL REVENUES</b>	<b>5,894,826</b>	<b>499,368</b>	<b>1,301,194</b>
<b>EXPENDITURES</b>			
Instructional Program	2,667,054	296,810	-
Student Support Services	293,962	99,906	-
Instructional Staff Support Services	456,506	28,787	-
Food Service Operations	-	-	-
General Administration Support Services	462,836	-	-
School Administration Support Services	295,326	6,073	-
Business Support Services	129,061	4,252	-
Operations and Maintenance of Plant Services	662,396	52,260	-
Student Transportation Services	213,525	-	-
Central Support Services	70,993	-	-
Other Support Services	206,689	11,280	-
Facilities Acquisition and Construction Services	-	-	-
Debt Service	-	-	1,234,652
<b>TOTAL EXPENDITURES</b>	<b>5,458,348</b>	<b>499,368</b>	<b>1,234,652</b>
Excess (deficiency) of revenues over expenditures	436,478	-	66,542
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Fixed Assets	7,500	-	-
Transfer from Other Funds	-	-	-
Transfer to Other Funds	(445,425)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(437,925)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(1,447)	-	66,542
<b>Fund Balance, Beginning of Year, as Previously Stated</b>	<b>1,840,730</b>	<b>-</b>	<b>995,291</b>
<b>Change in Accounting Principle</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, Beginning of Year, Restated</b>	<b>1,840,730</b>	<b>-</b>	<b>995,291</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 1,839,283</b>	<b>\$ -</b>	<b>\$ 1,061,833</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>
\$ -	\$ 90,414	\$ 425,200
3,611,278	2,440	6,721,260
-	156,454	3,056,005
-	-	1,353,509
<u>3,611,278</u>	<u>249,308</u>	<u>11,555,974</u>
-	-	2,963,864
-	218,116	611,984
-	-	436,627
-	232,449	232,449
-	16,671	479,507
-	-	301,399
-	-	133,313
-	-	714,656
-	-	213,525
-	-	119,659
-	-	217,969
21,108,908	196,049	21,304,957
-	22,251	1,256,903
<u>21,108,908</u>	<u>685,536</u>	<u>28,986,812</u>
<u>(17,497,630)</u>	<u>(436,228)</u>	<u>(17,430,838)</u>
-	-	7,500
-	445,425	445,425
-	-	(445,425)
<u>-</u>	<u>445,425</u>	<u>7,500</u>
<u>(17,497,630)</u>	<u>9,197</u>	<u>(17,423,338)</u>
17,913,517	71,336	20,820,874
-	121,343	121,343
<u>17,913,517</u>	<u>192,679</u>	<u>20,942,217</u>
<u>\$ 415,887</u>	<u>\$ 201,876</u>	<u>\$ 3,518,879</u>

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

**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, 2020**

**Net change in fund balances - total governmental funds** \$ (17,423,338)

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	21,285,618	
Loss on disposal of capital assets	(2,893,008)	
Depreciation expense	<u>(1,183,802)</u>	
		17,208,808

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	661,989	
Capital Lease Payments	<u>20,398</u>	
		682,387

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.

<b>Change in net position of governmental activities</b>		<u><u>\$ 1,952,685</u></u>
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**UPPER RIO GRANDE SCHOOL DISTRICT NO. C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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, 2020**

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.

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, 2020**

**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, 2020 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, 2020**

***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***

Full-time employees of the District receive 8, 10 and 12 days of paid leave working up to 150, 151-162 and 162+ days a year respectively. Part time employee paid days are determined by hours worked per day/days worked per year. At the end of each school year employees with unused paid leave may “bank” up to 4, 5, or 6 days to their next year’s annual leave, with a maximum not to exceed 12, 15, or 18 days in any given year. Full time employees also receive 48 days per year for emergency paid leave to be used within the year. Upon separation with the District, employees are not paid for unused leave.

***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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

***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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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.

***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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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.

***Change in Accounting Principle***

During fiscal year 2020, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which revises and establishes new criteria for identification of fiduciary activities. The District previously reported pupil activity in an agency fund. Beginning in fiscal year 2020, such activity has been more appropriately presented in a Pupil Activity Special Revenue Fund. Accordingly, the Pupil Activity Special Revenue Fund reports a restated beginning fund balance of \$138,713.

**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.
- 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 2020.

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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 3 CASH AND DEPOSITS**

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

Cash Deposited with Banks	\$ 3,713,855
Cash with Fiscal Agent	<u>937,746</u>
Total cash and deposits on the Statement of Net Position	<u><u>\$ 4,651,601</u></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, \$3,207,113 of the District’s bank balance of \$3,807,516 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

Property taxes receivable at June 30, 2020, consisted of the following:

General Fund	\$ 211,757
Bond Redemption Fund	<u>119,076</u>
	<u><u>\$ 330,833</u></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, 2020, the District had \$55,460 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
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**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, 2020, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Building Fund	\$ 62,070
Capital Reserve Capital Projects Fund	Building Fund	23,145
GDPG Fund	General Fund	395,043
		\$ 480,258

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2020, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	\$ 67,000
Food Service Fund	General Fund	124,000
Capital Reserve Capital Projects Fund	General Fund	254,425
Total		\$ 445,425

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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
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**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 06/30/2019	Additions	Deletions	Balance 06/30/2020
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 423,065	\$ -	\$ -	\$ 423,065
Construction in Progress	23,557,310	21,108,909	(44,125,792)	540,427
Total capital assets not being depreciated	<u>23,980,375</u>	<u>21,108,909</u>	<u>(44,125,792)</u>	<u>963,492</u>
Capital assets being depreciated				
Land Improvements	173,211	-	(173,211)	-
Buildings and Improvements	7,431,671	42,949,432	(6,400,117)	43,980,986
Equipment	287,935	1,237,750	(196,403)	1,329,282
Vehicles	1,093,876	115,320	(76,785)	1,132,411
Total capital assets being depreciated	<u>8,986,693</u>	<u>44,302,502</u>	<u>(6,846,516)</u>	<u>46,442,679</u>
Less accumulated depreciation for:				
Land Improvements	169,177	2,213	(171,390)	-
Buildings and Improvements	4,358,245	1,001,933	(3,543,652)	1,816,526
Equipment	192,814	109,886	(161,681)	141,019
Vehicles	844,852	69,771	(76,785)	837,838
Total accumulated depreciation	<u>5,565,088</u>	<u>1,183,803</u>	<u>(3,953,508)</u>	<u>2,795,383</u>
Total capital assets being depreciated, net	<u>3,421,605</u>	<u>43,118,699</u>	<u>(2,893,008)</u>	<u>43,647,296</u>
<b>GOVERNMENTAL ACTIVITIES, NET</b>	<u>\$ 27,401,980</u>	<u>\$ 64,227,608</u>	<u>\$(47,018,800)</u>	<u>\$ 44,610,788</u>

***Loss on Asset Disposition***

The District granted a warranty deed for the “Old Middle School Building”, the “Middle School Building” and the “Fieldhouse Building” property during fiscal year 2020. The net loss on asset disposition was \$2,893,508.

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

*Governmental activities:*

Instructional Program	\$ 1,017,192
Instructional Staff Support Services	7,260
Food Service Operations	22,649
Operations and Maintenance of Plant Services	66,039
Student Transportation Services	26,180
Central Support Services	20,819
Other Support Services	23,664
Total depreciation expense – governmental activities	<u>\$ 1,183,803</u>

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
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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 \$463,151.

**NOTE 9 LONG-TERM LIABILITIES**

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

Long-term liability balances for the year ended June 30, 2020, were as follows:

	Beginning Balance 06/30/2019	Additions	Deletions	Ending Balance 06/30/2020	Due Within One Year
<i>Governmental Activities</i>					
Capital Lease Payable	\$ 41,703	\$ -	\$ (20,398)	\$ 21,305	\$ 21,305
Bonds Payable- Series 2017	17,263,444	-	(661,989)	16,601,455	684,431
<b>Total Governmental Activities</b>	<b>\$ 17,305,147</b>	<b>\$ -</b>	<b>\$ (682,387)</b>	<b>\$ 16,622,760</b>	<b>\$ 705,736</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 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	782,066	449,688	1,231,754
FY 2026-2030	4,326,450	1,824,094	6,150,544
FY 2031-2035	5,111,218	1,023,807	6,135,025
FY 2036-2037	3,501,612	174,211	3,675,823
	<b>\$ 16,601,455</b>	<b>\$ 5,523,617</b>	<b>\$ 22,125,072</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 \$15,989 at June 30, 2020.

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

	Principal	Interest	Totals
FY 2021	\$ 21,305	\$ 946	\$ 22,251
	\$ 21,305	\$ 946	\$ 22,251

**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 \$16,671.

**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 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, 2019.* 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 PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
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As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S, once certain criteria are met. Pursuant to SB 18-200, the annual increase in 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all of the DPS benefit structure employment will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. §24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S §24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of 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, 2020.* Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

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 nonemployer contribution for financial reporting purposes. For Fiscal Year 2019, the portion of the direct distribution allocated to the District was \$75,008.

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Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution To PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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 \$583,550 for the year ended June 30, 2020.

**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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the District reported a liability of \$7,807,881 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	\$	7,807,881
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Upper Rio Grande School District		990,330
Total	\$	8,798,211

At December 31, 2019, District's proportion was 0.0523 percent, which was a decrease of 0.0021 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$(1,476,417) and revenue of \$75,008 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 425,535	\$ -
Changes of assumptions or other inputs	222,903	3,541,581
Net difference between projected and actual earnings on pension plan investments	-	924,921
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,063,059
Contributions subsequent to the measurement date	294,457	-
<b>Total</b>	<b>\$ 942,895</b>	<b>\$ 5,529,561</b>

\$294,457 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, 2021. 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,	
2021	\$ (2,651,482)
2022	(1,863,834)
2023	(51,176)
2024	(314,631)
2025	-
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2018 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	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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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.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 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 actuarial assumptions used in the December 31, 2018, 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.

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:

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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%
Total	100.00%	

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 percent.

*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 percent.
- 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 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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- As specified in law, the State will provide an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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 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 rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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>\$ 10,354,922</u>	<u>\$ 7,807,881</u>	<u>\$ 5,669,418</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

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amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. 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 \$30,713 for the year ended June 30, 2020.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

At June 30, 2020, the District reported a liability of \$383,994 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.0342 percent, which was a decrease of 0.0012 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the District recognized OPEB expense of (\$8,411). At June 30, 2020, 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	\$ 1,274	\$ 64,525
Net difference between projected and actual earnings on OPEB plan investments	-	6,409
Changes of assumptions or other inputs	3,186	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(5,410)	3,087
Contributions subsequent to the measurement date	15,498	-
Total	\$ 14,548	\$ 74,021

\$15,498 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, 2021. 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,	
2021	(15,313)
2022	(15,312)
2023	(13,456)
2024	(14,984)
2025	(15,000)
Thereafter	(905)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029

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, 2018, 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 2019 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>
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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>
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

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

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

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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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%
Total	100.00%	

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 percent.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$374,872	\$383,994	\$394,535

*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, 2019, 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 percent.
- 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.
- 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:

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 434,183	\$ 383,994	\$ 341,072

*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 CAFR 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. The District does not contribute to this plan. For the year ended June 30, 2020, program members contributed \$20,151 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

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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, 2020. Complete separate financial statements may be obtained from BOCES.

**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, 2020. 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.

**UPPER RIO GRANDE SCHOOL DISTRICT C-7**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 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 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 completing land improvements at the new school/administration building. The land improvements will be completed in September 2020. Total project costs as of year-end were \$540,427 with a total remaining cost of \$415,886. The District is using bond proceeds and BEST grant funds for the project.

**COVID-19**

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020 to provide, among other things, funding for education. In June 2020, the School received \$326,836 of COVID Relief Funds (CRF) under the CARES Act, these funds have been deferred for use in fiscal year 2021. These funding sources are to address the impact COVID-19 has had and continues to have on elementary and secondary schools. There are specific allowable uses for the funds. The funds cannot be used to supplement reductions to per pupil funding that has resulted from the downturn in the economy due to COVID-19. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

## **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**  
**GENERAL FUND**  
**For the Year Ended June 30, 2020**

	<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>				
State Sources	\$ 2,857,542	\$ 3,017,542	\$ 2,942,960	\$ (74,582)
Local Sources	2,719,913	2,831,432	2,899,551	68,119
Other Sources	27,000	23,000	52,315	29,315
<b>TOTAL REVENUES</b>	<u>5,604,455</u>	<u>5,871,974</u>	<u>5,894,826</u>	<u>22,852</u>
<b>EXPENDITURES</b>				
Instructional Program	2,531,308	2,716,308	2,667,054	49,254
Student Support Services	288,436	383,436	293,962	89,474
Instructional Staff Support Services	391,838	426,838	407,840	18,998
General Administration Support Services	452,919	477,919	462,836	15,083
School Administration Support Services	295,626	301,626	295,326	6,300
Business Support Services	128,257	133,257	129,061	4,196
Operations and Maintenance of Plant Services	649,627	699,627	662,396	37,231
Student Transportation Services	228,869	228,869	213,525	15,344
Central Support Services	131,855	180,000	119,659	60,341
Other Support Services	197,992	212,992	206,689	6,303
<b>TOTAL EXPENDITURES</b>	<u>5,296,727</u>	<u>5,760,872</u>	<u>5,458,348</u>	<u>302,524</u>
Excess (deficiency) of revenues over expenditures	<u>307,728</u>	<u>111,102</u>	<u>436,478</u>	<u>325,376</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Fixed Assets	-	4,000	7,500	3,500
Transfer to Other Funds	(291,000)	(471,548)	(445,425)	26,123
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(291,000)</u>	<u>(467,548)</u>	<u>(437,925)</u>	<u>29,623</u>
NET CHANGE IN FUND BALANCE	16,728	(356,446)	(1,447)	354,999
<b>FUND BALANCE, Beginning of Year</b>	<u>1,660,927</u>	<u>1,840,730</u>	<u>1,840,730</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 1,677,655</u>	<u>\$ 1,484,284</u>	<u>\$ 1,839,283</u>	<u>\$ 354,999</u>

**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 REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND**  
**For the Year Ended June 30, 2020**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Federal Sources	\$ 208,785	\$ 372,577	\$ 334,786	\$ (37,791)
State Sources	141,006	210,402	164,582	(45,820)
<b>TOTAL REVENUES</b>	<b>349,791</b>	<b>582,979</b>	<b>499,368</b>	<b>(83,611)</b>
<b>EXPENDITURES</b>				
Instructional Program	244,148	314,148	296,810	17,338
Student Support Services	53,694	113,693	99,906	13,787
Instructional Staff Support Services	8,895	63,895	28,787	35,108
School Administration Support Services	3,320	6,820	6,073	747
Business Support Services	5,151	13,151	4,252	8,899
Operation and Maintenance	28,388	58,388	52,260	6,128
Other Support Services	6,195	12,884	11,280	1,604
<b>TOTAL EXPENDITURES</b>	<b>349,791</b>	<b>582,979</b>	<b>499,368</b>	<b>83,611</b>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<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 SCHEDTF PENSION PLAN**  
**For the Years Ended June 30,**

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0522623434%	0.0543333049%	0.0606252697%	0.0614325184%	0.0628131197%	0.0650425406%
District's proportionate share of the net pension liability (asset)	\$ 7,807,881	\$ 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	990,330	1,315,515	-	-	-	-
<b>Total</b>	<b>\$ 8,798,211</b>	<b>\$ 10,936,343</b>	<b>\$ 19,604,058</b>	<b>\$ 18,290,836</b>	<b>\$ 9,606,823</b>	<b>\$ 8,815,449</b>
District's covered payroll	\$ 3,070,365	\$ 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	254%	324%	701%	662%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	64.5%	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 SCHEDULE PENSION PLAN**  
**For the Years Ended June 30,**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 583,550	\$ 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	(583,550)	(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	\$ 3,011,089	\$ 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	19.38%	19.13%	19.01%	18.39%	17.74%	16.89%	16.00%	15.08%	14.18%	13.75%

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,**

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0341632266%	0.0353169396%	0.0344470292%	0.0349162414%
District's proportionate share of the net OPEB liability	\$ 383,994	\$ 480,502	\$ 447,674	\$ 452,701
District's covered payroll	\$ 3,070,365	\$ 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	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	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,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 30,713	\$ 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	(30,713)	(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	\$ 3,011,089	\$ 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%	1.02%

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, 2020**

**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:

- 2019* The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.
- 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:

- *2019* The PERA benefit structure for PERACare Medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.5 percent in 2019.
- The PERA benefit structure for Medicare Part A premiums was revised from 3.25 percent for 2018. Gradually rising to 5.00 percent in 2025 to .5 percent in 2019, gradually increasing to 4.5 percent in 2029.
- The monthly cost/premium assumed for the PERA benefit structure were revised from the following in 2018:

**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, 2020**

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
Medicare Plan		
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	23
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
to the following in 2019:		
Medicare Plan		
Medicare Advantage/Self-Insured Prescription	\$ 601	\$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

The Medicare Part A premium was increased from \$422 to \$437 per month.

The initial expected value of Medicare Part A benefits were revised from the following in 2018:

	Cost for Members without Medicare Part A
Medicare Plan	
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

	Cost for Members without Medicare Part A
to the following in 2019:	
Medicare Plan	
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	571

*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, 2020**

	<u>SPECIAL REVENUE FUNDS</u>		<b>CAPITAL RESERVE</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<b>CAPITAL PROJECTS FUND</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 121,759	\$ 40,166	\$ 26,940	\$ 188,865
Accounts Receivable	1,052	3,755	-	4,807
Due From other Funds	-	-	23,145	23,145
Inventory	-	6,140	-	6,140
<b>TOTAL ASSETS</b>	<u>\$ 122,811</u>	<u>\$ 50,061</u>	<u>\$ 50,085</u>	<u>\$ 222,957</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,349	\$ (541)	\$ -	\$ 7,808
Accrued Salaries and Benefits	-	13,273	-	13,273
<b>TOTAL LIABILITIES</b>	<u>8,349</u>	<u>12,732</u>	<u>-</u>	<u>21,081</u>
<b>FUND BALANCE</b>				
Nonspendable	-	6,140	-	6,140
Committed				
Capital Projects	-	-	50,085	50,085
Pupil Activities	114,462	-	-	114,462
Food Service	-	31,189	-	31,189
<b>TOTAL FUND BALANCE</b>	<u>114,462</u>	<u>37,329</u>	<u>50,085</u>	<u>201,876</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 122,811</u>	<u>\$ 50,061</u>	<u>\$ 50,085</u>	<u>\$ 222,957</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, 2020**

	<b>SPECIAL REVENUE FUNDS</b>		<b>CAPITAL RESERVE</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<b>PUPIL ACTIVITY FUND</b>	<b>FOOD SERVICE FUND</b>	<b>CAPITAL PROJECTS FUND</b>	
<b>REVENUES</b>				
Federal Sources	\$ -	\$ 90,414	\$ -	\$ 90,414
State Sources	-	2,440	-	2,440
Local Sources	126,865	29,589	-	156,454
<b>TOTAL REVENUES</b>	<u>126,865</u>	<u>122,443</u>	<u>-</u>	<u>249,308</u>
<b>EXPENDITURES</b>				
Student Support Services	218,116	-	-	218,116
General Administration Support Services	-	-	16,671	16,671
Food Service Operations	-	232,449	-	232,449
Operations and Maintenance of Plant Services	-	-	-	-
Facilities Acquisition and Construction Services	-	-	196,049	196,049
Debt Service	-	-	22,251	22,251
<b>TOTAL EXPENDITURES</b>	<u>218,116</u>	<u>232,449</u>	<u>234,971</u>	<u>685,536</u>
Excess (deficiency) of revenues over expenditures	<u>(91,251)</u>	<u>(110,006)</u>	<u>(234,971)</u>	<u>(436,228)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	<u>67,000</u>	<u>124,000</u>	<u>254,425</u>	<u>445,425</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>67,000</u>	<u>124,000</u>	<u>254,425</u>	<u>445,425</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(24,251)</u>	<u>13,994</u>	<u>19,454</u>	<u>9,197</u>
<b>FUND BALANCE, Beginning of Year, As Previously Stated</b>	17,370	23,335	30,631	71,336
<b>Change in Accounting Principle</b>	<u>121,343</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Beginning of Year, Restated</b>	<u>138,713</u>	<u>23,335</u>	<u>30,631</u>	<u>192,679</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 114,462</u>	<u>\$ 37,329</u>	<u>\$ 50,085</u>	<u>\$ 201,876</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, 2020**

	<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	\$ 244,914	\$ 126,865	\$ (118,049)
<b>TOTAL REVENUES</b>	<u>29,414</u>	<u>244,914</u>	<u>126,865</u>	<u>(118,049)</u>
<b>EXPENDITURES</b>				
Student Support Services				
Pupil Activities	106,000	346,500	218,116	128,384
<b>TOTAL EXPENDITURES</b>	<u>106,000</u>	<u>346,500</u>	<u>218,116</u>	<u>128,384</u>
Excess (deficiency) of revenues over expenditures	(76,586)	(101,586)	(91,251)	10,335
<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	<u>414</u>	<u>(24,586)</u>	<u>(24,251)</u>	<u>335</u>
<b>FUND BALANCE, Beginning of Year, As Previously Stated</b>	22,037	138,713	17,370	(121,343)
<b>Change in Accounting Principle</b>	<u>-</u>	<u>-</u>	<u>121,343</u>	<u>121,343</u>
<b>FUND BALANCE, Beginning of Year, Restated</b>	<u>22,037</u>	<u>138,713</u>	<u>138,713</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 22,451</u>	<u>\$ 114,127</u>	<u>\$ 114,462</u>	<u>\$ 335</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, 2020**

	<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	\$ 116,000	\$ 82,119	\$ (33,881)
State Sources	2,250	2,250	2,440	190
Local Sources	32,500	32,500	29,589	(2,911)
<b>TOTAL REVENUES</b>	<b>139,750</b>	<b>150,750</b>	<b>114,148</b>	<b>(36,602)</b>
<b>EXPENDITURES</b>				
Food Service Operations				
Salaries	110,007	110,007	109,726	281
Fringe Benefits	48,238	48,238	37,484	10,754
Food	80,750	86,000	53,915	32,085
Milk	12,000	12,000	10,120	1,880
Supplies	12,000	27,000	15,795	11,205
Miscellaneous	600	1,225	(479)	1,704
<b>TOTAL EXPENDITURES</b>	<b>263,595</b>	<b>284,470</b>	<b>226,561</b>	<b>57,909</b>
Excess (deficiency) of revenues over expenditures	(123,845)	(133,720)	(112,413)	21,307
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	124,000	124,000	124,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>124,000</b>	<b>124,000</b>	<b>124,000</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<b>155</b>	<b>(9,720)</b>	<b>11,587</b>	<b>21,307</b>
<b>Non-Budgeted Revenues and Expenditures</b>				
USDA Commodities Received			8,295	
USDA Commodities Expended			(5,888)	
<b>Total Non-Budgeted Activity</b>			<b>2,407</b>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>155</b>	<b>(9,720)</b>	<b>13,994</b>	<b>23,714</b>
<b>FUND BALANCE, Beginning of Year</b>	<b>16,884</b>	<b>23,336</b>	<b>23,335</b>	<b>(1)</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 17,039</b>	<b>\$ 13,616</b>	<b>\$ 37,329</b>	<b>\$ 23,713</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, 2020**

	<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>				
Local Sources	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
General Administration Support Services	-	-	16,671	(16,671)
Operations and Maintenance of Plant Services	5,100	35,000	-	35,000
Debt Service	17,000	17,000	22,251	(5,251)
Facilities Acquisition and Construction Services	-	147,670	196,049	(48,379)
<b>TOTAL EXPENDITURES</b>	<u>22,100</u>	<u>199,670</u>	<u>234,971</u>	<u>(35,301)</u>
Excess (deficiency) of revenues over expenditures	<u>(22,100)</u>	<u>(199,670)</u>	<u>(234,971)</u>	<u>(35,301)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	100,000	277,570	254,425	(23,145)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>100,000</u>	<u>277,570</u>	<u>254,425</u>	<u>(23,145)</u>
<b>NET CHANGE IN FUND BALANCE</b>	77,900	77,900	19,454	(58,446)
<b>FUND BALANCE, Beginning of Year</b>	<u>30,000</u>	<u>30,631</u>	<u>30,631</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 107,900</u>	<u>\$ 108,531</u>	<u>\$ 50,085</u>	<u>\$ (58,446)</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, 2020**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 1,315,000	\$ 1,315,000	\$ 1,296,207	\$ (18,793)
Interest on Property Tax	-	-	4,987	4,987
Total Local Sources	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,301,194</u>	<u>(13,806)</u>
<b>TOTAL REVENUES</b>	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,301,194</u>	<u>(13,806)</u>
<b>EXPENDITURES</b>				
Debt Service				
Other	1,238,000	1,258,000	1,234,652	23,348
Total Debt Service	<u>1,238,000</u>	<u>1,258,000</u>	<u>1,234,652</u>	<u>23,348</u>
<b>TOTAL EXPENDITURES</b>	<u>1,238,000</u>	<u>1,258,000</u>	<u>1,234,652</u>	<u>23,348</u>
NET CHANGE IN FUND BALANCE	77,000	57,000	66,542	9,542
<b>FUND BALANCE, Beginning of Year</b>	<u>1,002,079</u>	<u>995,291</u>	<u>995,291</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 1,079,079</u>	<u>\$ 1,052,291</u>	<u>\$ 1,061,833</u>	<u>\$ 9,542</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, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
State Sources	44,900,000	44,900,000	3,611,278	(41,288,722)
<b>TOTAL REVENUES</b>	<u>44,900,000</u>	<u>44,900,000</u>	<u>3,611,278</u>	<u>(41,288,722)</u>
<b>EXPENDITURES</b>				
Facilities Acquisition and Construction Services	44,900,000	62,813,517	21,108,908	41,704,609
<b>TOTAL EXPENDITURES</b>	<u>44,900,000</u>	<u>62,813,517</u>	<u>21,108,908</u>	<u>41,704,609</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(17,913,517)</u>	<u>(17,497,630)</u>	<u>415,887</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>17,913,517</u>	<u>17,913,517</u>	<u>17,913,517</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 17,913,517</u>	<u>\$ -</u>	<u>\$ 415,887</u>	<u>\$ 415,887</u>

**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, 2020, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 18, 2020.

In connection with our audit, nothing 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. 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

November 18, 2020

**Certified Public Accountants**

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**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2730 - Upper Rio Grande School District C-7  
 Fiscal Year 2019-20  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,840,730	5,085,122	5,086,568	1,839,284
18 Risk Mgmt Sub-Fund of General Fund	0	172,909	172,909	0
19 Colorado Preschool Program Fund	0	198,870	198,870	0
<b>Sub- Total</b>	<b>1,840,730</b>	<b>5,456,902</b>	<b>5,458,348</b>	<b>1,839,284</b>
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
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	23,336	246,443	232,450	37,329
22 Govt Designated-Purpose Grants Fund	0	499,368	499,368	0
23 Pupil Activity Special Revenue Fund	138,713	193,864	218,116	114,461
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	995,291	1,301,193	1,234,651	1,061,833
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	17,913,517	3,611,278	21,108,909	415,886
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	30,631	254,425	234,971	50,085
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>20,942,217</b>	<b>11,563,473</b>	<b>28,986,812</b>	<b>3,518,879</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<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	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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