

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

June 30, 2022



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

UPPER RIO GRANDE SCHOOL DISTRICT C-7
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Rio Grande School District C-7 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparisons, pension and other postemployment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial schedules, Colorado School District Auditor's Integrity Report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School District Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 5, 2022

**Upper Rio Grande School District C-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

As management of the Upper Rio Grande School District, we offer readers of the Upper Rio Grande 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, 2022. 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 2022 fiscal year. Total net position increased 13.4 percent.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$6 million or 68 percent of all revenues in FY2021 and \$6.8 million or 77 percent in FY2022. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$2.3 million or 26 percent of total revenues of \$8.83 million in FY2021 and \$2.1 million or 23 percent of \$8.91 million in FY 2022.
- The District had \$5.8 million in expenses related to governmental activities in FY2021 with \$2.3 million of these expenses offset by program specific charges for services, grants and contributions and \$6 million in expenses with \$2.1 million offset by program specific charges in FY2022. General revenues of \$6.5 million in FY2021 and \$6.8 million in FY2022 were adequate to provide for these programs.
- The District increased its outstanding long-term debt approximately \$86,391.00.
- 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 General Obligation Bond will end in fiscal year 2038.
- The District completed construction of the new baseball field in May of 2022. Total project cost was \$1,617,488. The District used District General Funds to Fund \$823,464.00 of the total project and financed \$794,024 through Hellas Construction, Inc.

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 5 and 6 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 11-35 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, 2022 and June 30, 2021.

Table 1				
Condensed Statement of Net Position				
	Governmental		Total	
	Activities		School District	
	FY 2022	FY 2021	FY 2022	FY 2021
Current and other assets	\$ 4,728,942	\$ 4,844,879	\$ 4,728,942	\$ 4,844,879
Capital assets, net	44,379,636	43,909,817	44,379,636	43,909,817
Total assets	49,108,578	48,754,696	49,108,578	48,754,696
Deferred outflows of resources	1,241,497	2,050,224	1,241,497	2,050,224
Long-term liabilities	20,939,142	23,862,018	20,939,142	23,862,018
Other liabilities	1,456,363	1,362,142	1,456,363	1,362,142
Total liabilities	22,395,505	25,224,160	22,395,505	25,224,160
Deferred inflows of resources	3,368,180	3,905,840	3,368,180	3,905,840
Net position				
Net investment in				
Capital assets	28,376,221	28,049,351	28,376,221	28,049,351
Restricted	1,677,411	1,701,436	1,677,411	1,701,436
Unrestricted (Deficit)	(5,467,242)	(8,075,867)	(5,467,242)	(8,075,867)
Total net position at June 30	\$ 24,586,390	\$ 21,674,920	\$ 24,586,390	\$ 21,674,920

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2022 and 2021 is summarized below:

	FY 2022	FY 2021
Net position (GAAP Basis)	\$ 24,586,390	\$ 21,674,920
GASB 68 - Pension	7,458,959	10,033,420
GASB 75 - OPEB	373,778	414,687
Net position excluding Pension and OPEB	<u>\$ 32,419,127</u>	<u>\$ 32,123,027</u>

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

	FY22	FY 21
Unrestricted - Net position (GAAP Basis)	\$ (5,467,242)	\$ (8,075,867)
GASB 68 - Pension	7,458,959	10,033,420
GASB 75 - OPEB	373,778	414,687
Net position excluding Pension and OPEB	<u>\$ 2,365,495</u>	<u>\$ 2,372,240</u>

Management's estimate of the District's proportionate share of the State On-Behalf Direct Distribution is \$67,207.00, 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.

Table 2				
Changes in Net Position from Operating Results				
	Governmental		Total	
	Activities		School District	
	FY 2022	FY 2021	FY 2022	FY 2021
Revenues				
Program Revenues				
Charges for Services	\$ 43,562	\$ 33,786	\$ 43,562	\$ 33,786
Operating grants and contributions	2,032,213	2,298,383	2,032,213	2,298,383
Capital grants and contributions	-	-	-	-
General revenues			-	-
Property taxes	3,897,764	3,747,683	3,897,764	3,747,683
State formula revenue	2,414,750	2,224,483	2,414,750	2,224,483
Other	516,899	523,703	516,899	523,703
Total Revenues	8,905,188	8,828,038	8,905,188	8,828,038
Expenses				
Instructional Program	2,649,056	2,645,706	2,649,056	2,645,706
Support Services:				
Students	289,561	324,088	289,561	324,088
Instructional staff	560,294	206,809	560,294	206,809
Food Services	202,409	153,298	202,409	153,298
General administration	241,208	359,348	241,208	359,348
School administration	150,379	142,830	150,379	142,830
Business	56,442	81,730	56,442	81,730
Operations and maintenance of plant	961,762	861,413	961,762	861,413
Student transportation	161,176	97,484	161,176	97,484
Central	24,562	24,544	24,562	24,544
Other	39,271	316,425	39,271	316,425
Facilities Acquisition and Construction	49,019	57,604	49,019	57,604
Other	79,375	-	79,375	-
Interest on Long-term Debt	529,204	550,732	529,204	550,732
Total Expenses	5,993,718	5,822,011	5,993,718	5,822,011
Increase (dec) in net position before transfers	2,911,470	3,006,027	2,911,470	3,006,027
Change in net position	\$ 2,911,470	\$ 3,006,027	\$ 2,911,470	\$ 3,006,027

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 Upper Rio Grande 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 \$9104.26 per funded pupil in FY2021 and \$10,124.03 per funded pupil in FY2022. In fiscal year 2020-2021, the funded pupil count was 434.9 and 427.7 in fiscal year 2021-2022. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 35 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.

Table 3				
Net Cost of Governmental Activities (in dollars)				
	Total Cost of Services		Net Cost of Services	
	FY 2022	FY 2021	FY 2022	FY 2021
Instructional Program	\$ 2,649,056	\$ 2,645,706	\$ 1,274,707	\$ 780,363
Students	289,561	324,088	64,161	179,871
Instructional Staff	560,294	206,809	557,030	206,809
Food Services	202,409	153,298	202,169	4,202
General Administration	241,208	359,348	22,633	331,370
School Administration	150,379	142,830	109,773	142,830
Business	56,442	81,730	52,021	81,730
Operations and Maintenance	961,762	861,413	959,697	746,593
Student Transportation	161,176	97,484	(10,076)	66,769
Central	24,562	24,544	(11,041)	24,544
Other Programs	118,646	316,425	118,646	316,425
Facilities Acquisition and Construction	49,019	57,604	49,019	57,604
Interest on Long-term Debt	529,204	550,732	529,204	550,732
Total	\$ 5,993,718	\$ 5,822,011	\$ 3,917,943	\$ 3,489,842

- The cost of all governmental activities this year was \$5,993,718.
- Some of the cost was financed by the users of the District's programs. \$43,562 of revenues in this category include items such as general and school administration service fees.
- Federal and State government subsidized certain programs with grants and contributions amounting to \$2,032,213.
- Most of the District's costs (\$5,993,718), however, were financed by District and State taxpayers.
- This portion of governmental activities was financed with \$3,897,764 in property taxes, \$2,414,750 in state aid (equalization) based on the statewide formula for per pupil funding,

and \$516,899 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 2022, the District revised the annual operating budget approved by the District’s Board of Education in June 2022. The primary reason for the issuance of a supplemental budget was due to additional revenues received and expenditures incurred.

The actual expenditures were \$47,633 below budget in FY2022 and \$224,036 below budget in FY2021. Mainly in Instructional Program and General Administration Support Services.

The fund balance as of June 30, 2021 was \$2,377,963 compared to \$2,263,266 as of June 30, 2022, including \$405,000 for TABOR Amendment emergency reserves and multi-year obligations.

Capital Assets

By the end of the fiscal year 2022, the District had invested \$44,379,636 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 4.)

Capital Assets (net of depreciation)				
	Governmental Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021
Land	\$ 388,211	\$ 423,065	\$ 388,211	\$ 423,065
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Building and Site Improvements	42,822,948	42,158,789	42,822,948	\$ 42,158,789
Equipment & Vehicles	1,168,477	1,327,963	1,168,477	\$ 1,327,963
Total	\$ 44,379,636	\$ 43,909,817	\$ 44,379,636	\$ 43,909,817

Long-Term Debt

At year-end, the District had approximately \$16,003,415 in other long-term debt outstanding, an increase of 0.54 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.

Outstanding Long-Term Debt			
	Total School District		Total Percentage Change
	FY 2022	FY 2021	FY 2021-2022
Governmental Activities			
Financed Purchase Payable	\$ 794,024	\$ -	100.00%
Bonds Payable Series 2017	15,209,391	15,917,024	-4.45%
Total	\$ 16,003,415	\$ 15,917,024	0.54%

During the 2022 fiscal year, the District increased 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 FY2022-2023 student enrollment "October Count" shows that Upper Rio Grande School District has seen a decrease in students from last year.
- 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. According to the FY 2024 Governor's Budget Request, the Upper Rio Grande School District is anticipating an increase in Per Pupil 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 completed construction of the new baseball field in May of 2022. Total project cost was \$1,617,488.00. The District used District General Funds to Fund \$823,464.00 of the total project and financed \$794,024.00 through Hellas Construction, Inc over an 8 year term. Final payment will be made in FY 2030.

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, 2022

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,297,490
Accounts Receivable	6,552
Due from Other Governments	174,857
Property Tax Receivable	243,017
Inventory	7,026
Capital Assets	
Capital Assets Not Being Depreciated	388,211
Capital Assets, Net of Accumulated Depreciation	43,991,425
TOTAL ASSETS	49,108,578
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,215,167
OPEB	26,330
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,241,497
LIABILITIES	
Current Liabilities	
Accounts Payable	74,793
Accrued Salaries and Benefits	487,713
Due to Other Governments	53
Accrued Interest Payable	40,854
Unearned Revenue	31,830
General Obligation Bonds	731,622
Financed Purchase Agreements	89,498
Long-term Liabilities	
Due more than one year:	
General Obligation Bonds	14,477,769
Financed Purchase Agreements	704,526
Pension Liability	5,491,182
OPEB Liability	265,665
TOTAL LIABILITIES	22,395,505
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,182,944
OPEB	134,443
Unavailable Revenue - Property Tax	50,793
TOTAL DEFERRED INFLOWS OF RESOURCES	3,368,180
NET POSITION	
Net Investment in Capital Assets	28,376,221
Restricted for	
TABOR	201,000
TABOR Multi-Year Obligation	250,000
Debt Service	1,226,411
Unrestricted	(5,467,242)
TOTAL NET POSITION	\$ 24,586,390

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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Change in Net Position
					Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 2,649,056	\$ -	\$ 1,374,349	\$ -	\$ (1,274,707)
Student Support Services	289,561	-	225,400	-	(64,161)
Instructional Staff Support Services	560,294	-	3,264	-	(557,030)
General Administration Support Services	241,208	6,746	211,829	-	(22,633)
School Administration Support Services	150,379	36,816	3,790	-	(109,773)
Business Support Services	56,442	-	4,421	-	(52,021)
Operations and Maintenance of Plant Services	961,762	-	2,065	-	(959,697)
Student Transportation Services	161,176	-	171,252	-	10,076
Central Support Services	24,562	-	35,603	-	11,041
Other Support Services	39,271	-	-	-	(39,271)
Food Service Operations	202,409	-	240	-	(202,169)
Community Service Operations	79,375	-	-	-	(79,375)
Facilities Acquisition and Construction Services	49,019	-	-	-	(49,019)
Interest on Long-term Debt	529,204	-	-	-	(529,204)
Total Governmental Activities	5,993,718	43,562	2,032,213	-	(3,917,943)
Total Primary Government	\$ 5,993,718	\$ 43,562	\$ 2,032,213	\$ -	(3,917,943)
General Revenues					
Taxes:					
					3,897,764
					508,173
					11,061
					2,414,750
					(5,409)
					3,074
					6,829,413
Change in Net Position					2,911,470
Net Position, Beginning of Year					21,674,920
Net Position, End of Year					\$ 24,586,390

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2022

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	DEBT SERVICE FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 2,561,443	\$ 3,577	\$ 1,199,859	\$ 287,717	\$ 244,894	\$ 4,297,490
Accounts Receivable	5,500	-	-	-	1,052	6,552
Property Tax Receivable	161,551	-	81,466	-	-	243,017
Due from Other Governments	-	153,788	-	-	21,069	174,857
Inventory	-	-	-	-	7,026	7,026
TOTAL ASSETS	\$ 2,728,494	\$ 157,365	\$ 1,281,325	\$ 287,717	\$ 274,041	\$ 4,728,942
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 31,574	\$ 42,612	\$ -	\$ 607	\$ -	\$ 74,793
Accrued Salaries and Benefits	396,921	82,870	-	-	7,922	487,713
Due to Other Governments	-	53	-	-	-	53
Accrued Interest Payable	-	-	40,854	-	-	40,854
Unearned Revenue	-	31,830	-	-	-	31,830
TOTAL LIABILITIES	428,495	157,365	40,854	607	7,922	635,243
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue -Property Tax	36,733	-	14,060	-	-	50,793
FUND BALANCE						
Nonspendable	-	-	-	-	7,027	7,027
Restricted	451,000	-	1,226,411	-	56,558	1,733,969
Committed	-	-	-	287,110	202,534	489,644
Assigned	-	-	-	-	-	-
Unassigned	1,812,266	-	-	-	-	1,812,266
TOTAL FUND BALANCE	2,263,266	-	1,226,411	287,110	266,119	4,042,906
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
	\$ 2,728,494	\$ 157,365	\$ 1,281,325	\$ 287,717	\$ 274,041	\$ 4,728,942

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances		\$ 4,042,906
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		44,379,636
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.		1,241,497
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Financed Purchase Agreements	\$ (794,024)	
General Obligation Bonds	<u>(15,209,391)</u>	
		(16,003,415)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(5,756,847)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(3,317,387)</u>
Net position of governmental activities		<u><u>\$ 24,586,390</u></u>

UPPER RIO GRANDE SCHOOL DISTRICT C-7
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2022

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	DEBT SERVICE FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local Sources	\$ 3,429,914	\$ -	\$ 1,318,735	\$ -	\$ 129,895	\$ 4,878,544
State Sources	2,753,315	264,244	-	-	1,296	3,018,855
Federal Sources	27,704	929,292	-	-	208,147	1,165,143
Other Sources	-	-	-	-	-	-
TOTAL REVENUES	6,210,933	1,193,536	1,318,735	-	339,338	9,062,542
EXPENDITURES						
Instructional Program	2,672,271	491,608	-	-	162,515	3,326,394
Student Support Services	217,988	235,565	-	-	-	453,553
Instructional Staff Support Services	443,777	243,519	-	-	-	687,296
General Administration Support Services	388,699	-	-	-	-	388,699
School Administration Support Services	316,303	6,111	-	-	-	322,414
Business Support Services	132,541	156,213	-	-	-	288,754
Operations and Maintenance of Plant Services	924,959	60,520	-	32,043	-	1,017,522
Student Transportation Services	234,834	-	-	-	-	234,834
Central Support Services	24,562	-	-	-	-	24,562
Other Support Services	25,629	-	-	-	-	25,629
Food Service Operations	-	-	-	-	267,231	267,231
Community Service Operations	79,375	-	-	-	-	79,375
Facilities Acquisition and Construction Services	94	-	-	1,620,145	-	1,620,239
Debt Service	43	-	1,233,760	3,034	-	1,236,837
TOTAL EXPENDITURES	5,461,075	1,193,536	1,233,760	1,655,222	429,746	9,973,339
Excess (deficiency) of revenues over expenditures	749,858	-	84,975	(1,655,222)	(90,408)	(910,797)
OTHER FINANCING SOURCES (USES)						
Transfer from Other Funds	-	-	-	782,000	112,000	894,000
Transfer to Other Funds	(894,000)	-	-	-	-	(894,000)
Financed Purchase Proceeds	-	-	-	794,024	-	794,024
Sale of Capital Assets	29,445	-	-	-	-	29,445
TOTAL OTHER FINANCING SOURCES (USES)	(864,555)	-	-	1,576,024	112,000	823,469
Net Change in Fund Balance	(114,697)	-	84,975	(79,198)	21,592	(87,328)
Fund Balance, Beginning of Year	2,377,963	-	1,141,436	366,308	244,527	4,130,234
FUND BALANCE, End of Year	\$ 2,263,266	\$ -	\$ 1,226,411	\$ 287,110	\$ 266,119	\$ 4,042,906

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, 2022

Net change in fund balances - total governmental funds \$ (87,328)

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	\$ 1,620,612	
Capital asset deletions	(34,854)	
Depreciation expense	<u>(1,115,939)</u>	469,819

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.

Principal Payments on General Obligation Bonds	707,633	
Financed Purchase Proceeds	<u>(794,024)</u>	(86,391)

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.

	<u>2,615,370</u>	
Change in net position of governmental activities	<u><u>\$ 2,911,470</u></u>	

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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 **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.
- The **Capital Reserve Capital Projects Fund** is 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.

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, 2022

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, 2022 have been recorded in the financial statements as an asset and a corresponding unavailable revenue.

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

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 another financing source and debt payments are reported as debt service expenditures.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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 out 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 (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) 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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

As of June 30, 2022, fund balances are composed of the following:

	GOVERNMENTAL			CAPITAL	TOTAL	TOTAL
	GENERAL	DESIGNATED	DEBT	RESERVE		
		PURPOSE		CAPITAL		
FUND	GRANTS	SERVICE	PROJECTS	NONMAJOR	GOVERNMENTAL	
	FUND	FUND	FUND	FUND	FUNDS	FUNDS
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 7,027	\$ 7,027
Restricted for:						
TABOR	201,000	-	-	-	-	201,000
TABOR Multi-Year Obligation	250,000	-	-	-	-	250,000
Debt Service	-	-	1,226,411	-	-	1,226,411
Bond Proceeds for Capital Construction	-	-	-	-	56,558	56,558
	<u>451,000</u>	<u>-</u>	<u>1,226,411</u>	<u>-</u>	<u>56,558</u>	<u>1,733,969</u>
Committed:						
Capital Projects	-	-	-	287,110	-	287,110
Pupil Activities	-	-	-	-	159,017	159,017
Food Service	-	-	-	-	43,517	43,517
	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,110</u>	<u>202,534</u>	<u>489,644</u>
Unassigned	<u>1,812,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,812,266</u>
TOTAL FUND BALANCE	<u><u>\$ 2,263,266</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,226,411</u></u>	<u><u>\$ 287,110</u></u>	<u><u>\$ 525,211</u></u>	<u><u>\$ 6,266,519</u></u>

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

Encumbrances

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

Use of Estimates

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

New Accounting Pronouncements

During fiscal year 2022, the District adopted the provisions of GASB Statement No. 87, Leases, that establishes that a single model for lease accounting based on the foundational principle that leases are financings of the right to

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

use an underlying asset. The standard requires the recognition of certain leases assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements of the District.

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 2022.

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

NOTE 3 CASH AND DEPOSITS

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

Cash Deposited with Banks	\$ 3,934,548
Cash with Fiscal Agent	56,558
Investments	<u>306,384</u>
 Total cash and deposits on the Statement of Net Position	 <u><u>\$ 4,297,490</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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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, \$3,355,086 of the District’s bank balance of \$4,211,868 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker’s acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk – Investments

State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of the nationally recognized rating agencies. COLOTRUST has over \$1 billion in assets, is rated AAAm by Standard and Poor’s, and maintains a constant net asset value of \$1 per share. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. Financial statements for COLOTRUST are available at www.colotruster.com.

Investments	Maturity	Total	Rating
ColoTrust	Less than 1 Year	\$ 306,384	AAAm

NOTE 4 PROPERTY TAXES RECEIVABLE

Property taxes receivable at June 30, 2022, consisted of the following:

General Fund	\$ 161,551
Bond Redemption Fund	81,466
	\$ 243,017

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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, 2022, the District had \$174,857 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	\$ 67,000
Food Service Fund	General Fund	45,000
Capital Reserve Capital Projects Fund	General Fund	782,000
Total		\$ 894,000

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

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NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 423,065	\$ -	\$ (34,854)	\$ 388,211
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>423,065</u>	<u>-</u>	<u>(34,854)</u>	<u>388,211</u>
Capital assets being depreciated				
Land Improvements	859,355	1,605,653	-	2,465,008
Buildings and Improvements	43,194,627	-	-	43,194,627
Equipment	1,362,253	14,959	-	1,377,212
Vehicles	1,088,317	-	-	1,088,317
Total capital assets being depreciated	<u>46,504,552</u>	<u>1,620,612</u>	<u>-</u>	<u>48,125,164</u>
Less accumulated depreciation for:				
Land Improvements	42,968	75,081	-	118,049
Buildings and Improvements	1,852,225	866,413	-	2,718,638
Equipment	242,557	110,286	-	352,843
Vehicles	880,050	64,159	-	944,209
Total accumulated depreciation	<u>3,017,800</u>	<u>1,115,939</u>	<u>-</u>	<u>4,133,739</u>
Total capital assets being depreciated, net	<u>43,486,752</u>	<u>504,673</u>	<u>-</u>	<u>43,991,425</u>
GOVERNMENTAL ACTIVITIES, NET	<u><u>\$ 43,909,817</u></u>	<u><u>\$ 504,673</u></u>	<u><u>\$ (34,854)</u></u>	<u><u>\$ 44,379,636</u></u>

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

Governmental activities:

Instructional Program	\$ 894,300
Instructional Staff Support Services	5,578
Food Service Operations	28,035
Operations and Maintenance of Plant Services	104,445
Student Transportation Services	26,180
Other Support Services	22,968
Facilities Acquisition and Construction Services	34,433
Total depreciation expense – governmental activities	<u><u>\$ 1,115,939</u></u>

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$487,713.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2022, were as follows:

	Beginning Balance <u>06/30/2021</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>06/30/2022</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Financed Purchase Agreement	\$ -	\$ 794,024	\$ -	\$ 794,024	\$ 89,498
Bonds Payable- Series 2017	<u>15,917,024</u>	<u>-</u>	<u>(707,633)</u>	<u>15,209,391</u>	<u>731,622</u>
Total <i>Governmental Activities</i>	<u>\$ 15,917,024</u>	<u>\$ 794,024</u>	<u>\$ (707,633)</u>	<u>\$ 16,003,415</u>	<u>\$ 821,120</u>

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:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	808,578	422,819	1,231,397
FY 2027	835,989	394,532	1,230,521
FY 2028-2032	4,624,756	1,520,429	6,145,185
FY 2033-2037	5,463,632	664,424	6,128,056
FY 2038	1,206,325	20,447	1,226,772
	<u>\$ 15,209,391</u>	<u>\$ 4,449,308</u>	<u>\$ 19,658,699</u>

Financed Purchase Agreements

The District entered into a financed purchase agreement for the purpose of financing a portion of a new baseball field. The agreement, dated October 26, 2021, was for \$794,024 with an interest rate of 2.85% and has a term of eight annual payments from the Capital Reserve Capital Projects Fund, with final payment due on November 1, 2029. The cost of the baseball field was \$1,605,653 and accumulated depreciation is \$32,113 at June 30, 2022.

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The annual debt service for the financed purchase agreement is as follows:

	Principal	Interest	Totals
FY 2023	\$ 89,498	\$ 22,944	\$ 112,442
FY 2024	92,363	20,079	112,442
FY 2025	94,996	17,447	112,442
FY 2026	97,703	14,739	112,442
FY 2027	100,488	11,955	112,442
FY 2028-2030	318,975	18,352	337,327
	\$ 794,024	\$ 105,515	\$ 899,539

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

In all cases the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic

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

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

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

Contributions provisions as of June 30, 2022. Eligible employees of the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer Contribution Rate	10.90%
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	9.88%
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	19.88%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$619,918, for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. §24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public School Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029,

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instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of \$5,491,182 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	\$	5,491,182
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Upper Rio Grande School District		629,494
Total	\$	6,120,676

At December 31, 2021, the District's proportion was 0.047%, which was a decrease of 0.008% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$2,574,461) and revenue of \$67,207 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 210,224	\$ -
Changes of assumptions or other inputs	419,211	-
Net difference between projected and actual earnings on pension plan investments	-	2,064,520
Changes in proportion and differences between contributions recognized and proportionate share of contributions	262,289	1,118,424
Contributions subsequent to the measurement date	323,443	-
Total	\$ 1,215,167	\$ 3,182,944

\$323,443 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30,	
2023	\$ (443,703)
2024	(958,762)
2025	(638,165)
2026	(250,589)
2027	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, 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 the Experience Study report dated October 28, 2020.

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

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

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

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

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

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

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from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), 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 AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	<u>\$ 8,082,571</u>	<u>\$ 5,491,182</u>	<u>\$ 3,328,765</u>

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

NOTE 11 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, 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

PERA Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$31,807 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$265,665 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.031%, which was a decrease of 0.001% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022 the District recognized OPEB expense of (\$40,909). At June 30, 2022, 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	\$ 405	\$ 62,992
Net difference between projected and actual earnings on OPEB plan investments	-	16,445
Changes of assumptions or other inputs	5,500	14,411
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,830	40,595
Contributions subsequent to the measurement date	16,595	-
Total	\$ 26,330	\$ 134,443

\$16,595 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, 2023. 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,	
2023	(32,413)
2024	(33,702)
2025	(33,885)
2026	(18,943)
2027	(5,014)
Thereafter	(752)

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Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% 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.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/ premiums (actual dollars) are assumed for 2021, for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund.

- 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 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$258,036	\$265,665	\$274,502

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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 year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 308,542	\$ 265,665	\$ 229,040

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

NOTE 12 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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the Voluntary Investment Program. That report can be obtained at 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, 2022, program members contributed \$20,151 for the Voluntary Investment Program. The District does not make matching contributions to this plan.

NOTE 13 JOINT VENTURES AND RELATED PARTIES

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

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

San Luis Valley Board of Cooperative Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2022. 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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, 2022. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 14 TABOR EMERGENCY RESERVE

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

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

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

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

NOTE 15 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 16 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7

REQUIRED SUPPLEMENTARY INFORMATION

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
GENERAL FUND
For the Year Ended June 30, 2022

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Local Sources	\$ 3,250,526	\$ 3,310,110	\$ 3,362,707	\$ 52,597
State Sources	2,785,208	2,741,898	2,753,315	11,417
Federal Sources	15,000	15,000	27,704	12,704
TOTAL REVENUES	6,050,734	6,067,008	6,143,726	76,718
EXPENDITURES				
Instructional Program	2,719,652	2,687,676	2,605,064	82,612
Student Support Services	210,243	218,493	217,988	505
Instructional Staff Support Services	384,053	330,531	443,777	(113,246)
General Administration Support Services	448,487	417,473	388,699	28,774
School Administration Support Services	311,489	318,132	316,303	1,829
Business Support Services	133,430	132,990	132,541	449
Operations and Maintenance of Plant Services	845,588	883,138	924,959	(41,821)
Student Transportation Services	248,453	260,894	234,834	26,060
Central Support Services	47,000	47,000	24,562	22,438
Other Support Services	34,770	34,770	25,629	9,141
Community Service Operations	81,904	81,904	79,375	2,529
Facilities Acquisition and Construction Services	3,500	3,500	94	3,406
Debt Service	25,000	25,000	43	24,957
TOTAL EXPENDITURES	5,493,569	5,441,501	5,393,868	47,633
Excess (deficiency) of revenues over expenditures	557,165	625,507	749,858	124,351
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(291,000)	(973,000)	(894,000)	79,000
Sale of Fixed Assets	-	-	29,445	29,445
TOTAL OTHER FINANCING SOURCES (USES)	(291,000)	(973,000)	(864,555)	108,445
CHANGE IN FUND BALANCE-BUDGET BASIS	266,165	(347,493)	(114,697)	232,796
NON BUDGETED REVENUE (EXPENDITURE)				
PERA State Contribution Revenue			67,207	
PERA State Contribution (Expenditure)			(67,207)	
CHANGE IN FUND BALANCE- GAAP BASIS	266,165	(347,493)	(114,697)	(232,796)
FUND BALANCE, Beginning of Year	2,100,000	2,377,963	2,377,963	-
FUND BALANCE, End of Year	\$ 2,366,165	\$ 2,030,470	\$ 2,263,266	\$ (232,796)

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, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
State Sources	\$ 360,110	\$ 351,205	\$ 264,244	\$ (86,961)
Federal Sources	1,515,545	1,370,973	929,292	(441,681)
TOTAL REVENUES	<u>1,875,655</u>	<u>1,722,178</u>	<u>1,193,536</u>	<u>(528,642)</u>
EXPENDITURES				
Instructional Program	1,149,184	704,003	491,608	212,395
Student Support Services	251,509	291,415	235,565	55,850
Instructional Staff Support Services	107,520	418,687	243,519	175,168
School Administration Support Services	6,820	6,820	6,111	709
Business Support Services	36,410	237,265	156,213	81,052
Operations and Maintenance	323,712	63,488	60,520	2,968
Other Support Services	500	500	-	500
TOTAL EXPENDITURES	<u>1,875,655</u>	<u>1,722,178</u>	<u>1,193,536</u>	<u>528,642</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of Year	-	-	-	-
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0471857808%	0.0552257862%	0.0522623434%	0.0543333049%	0.0606252697%	0.0614325184%	0.0628131197%	0.0650425406%
District's proportionate share of the net pension liability (asset)	\$ 5,491,182	\$ 8,349,025	\$ 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	<u>629,494</u>	<u>-</u>	<u>990,330</u>	<u>1,315,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,120,676</u>	<u>\$ 8,349,025</u>	<u>\$ 8,798,211</u>	<u>\$ 10,936,343</u>	<u>\$ 19,604,058</u>	<u>\$ 18,290,836</u>	<u>\$ 9,606,823</u>	<u>\$ 8,815,449</u>
District's covered payroll	\$ 2,948,956	\$ 2,954,618	\$ 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 position liability (asset) as a percentage of its covered payroll	186%	283%	254%	324%	701%	662%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	74.9%	67.0%	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 SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 619,918	\$ 575,105	\$ 583,550	\$ 584,106	\$ 548,406	\$ 505,389	\$ 489,989	\$ 462,013	\$ 427,298	\$ 367,384
Contributions in relation to the contractually required contribution	<u>(619,918)</u>	<u>(575,105)</u>	<u>(583,550)</u>	<u>(584,106)</u>	<u>(548,406)</u>	<u>(505,389)</u>	<u>(489,989)</u>	<u>(462,013)</u>	<u>(427,298)</u>	<u>(367,384)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,118,287	\$ 2,892,874	\$ 3,011,089	\$ 3,053,351	\$ 2,884,121	\$ 2,748,812	\$ 2,761,902	\$ 2,735,625	\$ 2,671,267	\$ 2,435,998
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	19.01%	18.39%	17.74%	16.89%	16.00%	15.08%

See Notes to Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0308086720%	0.0319505838%	0.0341632266%	0.0353169396%	0.0344470292%	0.0349162414%
District's proportionate share of the net OPEB liability	\$ 265,665	\$ 303,602	\$ 383,994	\$ 480,502	\$ 447,674	\$ 452,701
District's covered payroll	\$ 2,948,956	\$ 2,954,618	\$ 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	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	39.4%	32.8%	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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 31,807	\$ 29,507	\$ 30,713	\$ 31,144	\$ 29,418	\$ 28,038	\$ 28,171	\$ 27,903	\$ 27,247	\$ 24,847
Contributions in relation to the contractually required contribution	<u>(31,807)</u>	<u>(29,507)</u>	<u>(30,713)</u>	<u>(31,144)</u>	<u>(29,418)</u>	<u>(28,038)</u>	<u>(28,171)</u>	<u>(27,903)</u>	<u>(27,247)</u>	<u>(24,847)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,118,287	\$ 2,892,874	\$ 3,011,089	\$ 3,053,351	\$ 2,884,121	\$ 2,748,812	\$ 2,761,902	\$ 2,735,625	\$ 2,671,267	\$ 2,435,998
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, 2022

NOTE 1 NET PENSION LIABILITY

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

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- AI cap decreased from 1.25% to 1.00%

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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, 2022

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 31st measurement period for the following years ended:

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from 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.

2020

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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, 2022

2019

- 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.

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 FUNDS

Building Fund - 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	<u>SPECIAL REVENUE FUNDS</u>			<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<u>BUILDING FUND</u>	
ASSETS				
Cash and Cash Equivalents	\$ 157,965	\$ 30,371	\$ 56,558	\$ 244,894
Accounts Receivable	1,052	-	-	1,052
Due From other Governments	-	21,069	-	21,069
Inventory	-	7,026	-	7,026
TOTAL ASSETS	<u>\$ 159,017</u>	<u>\$ 58,466</u>	<u>\$ 56,558</u>	<u>\$ 274,041</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	7,922	-	7,922
TOTAL LIABILITIES	<u>-</u>	<u>7,922</u>	<u>-</u>	<u>7,922</u>
FUND BALANCE				
Nonspendable	-	7,027	-	7,027
Restricted	-	-	56,558	56,558
Committed	159,017	43,517	-	202,534
TOTAL FUND BALANCE	<u>159,017</u>	<u>50,544</u>	<u>56,558</u>	<u>266,119</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 159,017</u>	<u>\$ 58,466</u>	<u>\$ 56,558</u>	<u>\$ 274,041</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, 2022

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR FUNDS
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	BUILDING FUND	
REVENUES				
Local Sources	\$ 123,149	\$ 6,746	\$ -	\$ 129,895
State Sources	-	1,296	-	1,296
Federal Sources	-	208,147	-	208,147
TOTAL REVENUES	<u>123,149</u>	<u>216,189</u>	<u>-</u>	<u>339,338</u>
EXPENDITURES				
Instruction Program	162,515	-	-	162,515
Student Support Services	-	-	-	-
General Administration Support Services	-	-	-	-
Operations and Maintenance of Plant Services	-	-	-	-
Food Service Operations	-	267,231	-	267,231
Facilities Acquisition and Construction Services	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>162,515</u>	<u>267,231</u>	<u>-</u>	<u>429,746</u>
Excess (deficiency) of revenues over expenditures	<u>(39,366)</u>	<u>(51,042)</u>	<u>-</u>	<u>(90,408)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>67,000</u>	<u>45,000</u>	<u>-</u>	<u>112,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>67,000</u>	<u>45,000</u>	<u>-</u>	<u>112,000</u>
NET CHANGE IN FUND BALANCE	27,634	(6,042)	-	21,592
FUND BALANCE, Beginning of Year	<u>131,383</u>	<u>56,586</u>	<u>56,558</u>	<u>244,527</u>
FUND BALANCE, End of Year	<u>\$ 159,017</u>	<u>\$ 50,544</u>	<u>\$ 56,558</u>	<u>\$ 266,119</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, 2022

	<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>
REVENUES				
Local Sources				
Pupil Activities	\$ 29,414	\$ 174,414	\$ 123,149	\$ (51,265)
TOTAL REVENUES	<u>29,414</u>	<u>174,414</u>	<u>123,149</u>	<u>(51,265)</u>
EXPENDITURES				
Student Support Services				
Pupil Activities	106,000	251,000	162,515	88,485
TOTAL EXPENDITURES	<u>106,000</u>	<u>251,000</u>	<u>162,515</u>	<u>88,485</u>
Excess (deficiency) of revenues over expenditures	(76,586)	(76,586)	(39,366)	37,220
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	77,000	77,000	67,000	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>77,000</u>	<u>77,000</u>	<u>67,000</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	414	414	27,634	27,220
FUND BALANCE, Beginning of Year	<u>115,000</u>	<u>131,383</u>	<u>131,383</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 115,414</u>	<u>\$ 131,797</u>	<u>\$ 159,017</u>	<u>\$ 27,220</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, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 32,500	\$ 32,500	\$ 6,746	\$ (25,754)
State Sources	2,250	2,250	1,296	(954)
Federal Sources	116,000	116,000	194,113	78,113
TOTAL REVENUES	150,750	150,750	202,155	51,405
EXPENDITURES				
Food Service Operations				
Salaries	122,774	122,774	116,210	6,564
Fringe Benefits	41,465	41,465	38,287	3,178
Purchased Property Services	200	200	-	200
Other Purchased Services	25	25	-	25
Supplies	109,000	109,000	98,153	10,847
Other	1,000	1,000	1,000	-
TOTAL EXPENDITURES	274,464	274,464	253,650	20,814
Excess (deficiency) of revenues over expenditures	(123,714)	(123,714)	(51,495)	72,219
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	124,000	124,000	45,000	(79,000)
TOTAL OTHER FINANCING SOURCES (USES)	124,000	124,000	45,000	(79,000)
CHANGE IN FUND BALANCE - BUDGET BASIS	286	286	(6,495)	(6,781)
Non-Budgeted Revenues and Expenditures				
USDA Commodities Received			14,034	
USDA Commodities Expended			(13,581)	
Total Non-Budgeted Activity			453	
CHANGE IN FUND BALANCE - GAAP BASIS	286	286	(6,042)	(6,328)
FUND BALANCE, Beginning of Year	18,000	56,587	56,586	(1)
FUND BALANCE, End of Year	\$ 18,286	\$ 56,873	\$ 50,544	\$ (6,329)

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, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Operations and Maintenance of Plant Services	80,000	115,000	32,043	82,957
Other Support Services	20,000	-	-	-
Facilities Acquisition and Construction Services	-	1,600,000	1,620,145	(20,145)
Debt Services	-	-	3,034	(3,034)
TOTAL EXPENDITURES	<u>100,000</u>	<u>1,715,000</u>	<u>1,655,222</u>	<u>59,778</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(1,715,000)</u>	<u>(1,655,222)</u>	<u>59,778</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	100,000	782,000	782,000	-
Financed Purchase Proceeds	-	800,000	794,024	(5,976)
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>1,582,000</u>	<u>1,576,024</u>	<u>(5,976)</u>
NET CHANGE IN FUND BALANCE	-	(133,000)	(79,198)	53,802
FUND BALANCE, Beginning of Year	<u>\$ 315,000</u>	<u>\$ 366,307</u>	<u>\$ 366,308</u>	<u>1</u>
FUND BALANCE, End of Year	<u>\$ 315,000</u>	<u>\$ 233,307</u>	<u>\$ 287,110</u>	<u>\$ 53,803</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, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources				
Property Taxes	\$ 1,315,000	\$ 1,315,000	\$ 1,314,909	\$ (91)
Interest on Property Tax	-	-	3,826	3,826
Total Local Sources	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,318,735</u>	<u>3,735</u>
TOTAL REVENUES	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,318,735</u>	<u>3,735</u>
EXPENDITURES				
Debt Service				
Other	<u>1,237,000</u>	<u>1,237,000</u>	<u>1,233,760</u>	<u>3,240</u>
Total Debt Service	<u>1,237,000</u>	<u>1,237,000</u>	<u>1,233,760</u>	<u>3,240</u>
TOTAL EXPENDITURES	<u>1,237,000</u>	<u>1,237,000</u>	<u>1,233,760</u>	<u>3,240</u>
NET CHANGE IN FUND BALANCE	78,000	78,000	84,975	6,975
FUND BALANCE, Beginning of Year	<u>1,135,833</u>	<u>1,141,436</u>	<u>1,141,436</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 1,213,833</u>	<u>\$ 1,219,436</u>	<u>\$ 1,226,411</u>	<u>\$ 6,975</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, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Facilities Acquisition and Construction Services	56,558	56,558	-	56,558
TOTAL EXPENDITURES	<u>56,558</u>	<u>56,558</u>	<u>-</u>	<u>56,558</u>
NET CHANGE IN FUND BALANCE	<u>(56,558)</u>	<u>(56,558)</u>	<u>-</u>	<u>56,558</u>
FUND BALANCE, Beginning of Year	<u>56,558</u>	<u>56,558</u>	<u>56,558</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,558</u>	<u>\$ 56,558</u>

UPPER RIO GRANDE SCHOOL DISTRICT C-7

SINGLE AUDIT SECTION

UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 47,143
National School Lunch Program	10.555	Colorado Department of Education, 5555/6555	146,356
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	<u>14,034</u>
<i>Total Child Nutrition Cluster</i>			<u>207,533</u>
<i>Forest Service Schools and Roads Cluster</i>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Rio Grande County Treasurer, 7665	<u>27,704</u>
<i>Total Forest Service Schools and Roads Cluster</i>			<u>27,704</u>
<i>Total Clusters</i>			<u>235,237</u>
<i>Other Programs</i>			
U.S. Department of Agriculture			
Pandemic EBT Food Benefits	10.649	Colorado Department of Education, 4649	614
U.S. Department of Education			
Career and Technical Education - Basic Grants to States	84.048	State Board of Community Colleges, 5048	1,363
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	187,234
Rural Education	84.358	Colorado Department of Education, 4358	13,864
Supporting Effective Instruction State Grants	84.367	Colorado Department of Education, 4367	50,977
Student Support and Academic Enrichment Grants	84.424	Colorado Department of Education, 4424	12,466
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4425	2,031
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/9414	658,429
U.S. Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Education, 7323	<u>2,928</u>
<i>Total Other Programs</i>			<u>1,137,439</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,165,143</u></u>

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Upper Rio Grande School District C-7 did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2022. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Upper Rio Grande School District C-7 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Upper Rio Grande School District C-7, it is not intended to and does not present the financial position or changes in net position of Upper Rio Grande School District C-7.

NOTE 3: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



Wall,
Smith,
Bateman Inc.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Rio Grande School District C-7 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses, or significant deficiencies may exist that were not identified.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 5, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**



Wall,
Smith,
Bateman Inc.

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upper Rio Grande School District C-7 (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal

control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 05, 2022

**UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported
- Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425U	COVID-19 Education Stabilization Fund

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

Auditee qualified as a low-risk auditee? _____yes X no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

**UPPER RIO GRANDE SCHOOL DISTRICT C-7
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022**

Section II – Financial Statement Findings

**Finding 2021-001: Internal Control Over Financial Reporting
(Repeat of Finding 2020-001)**

Type of finding: Internal Control (material weakness)

Condition: The District does not have a complete system of internal controls that provides adequate segregation of duties to ensure proper monitoring of control activities and accurate financial statement preparation.

Status: Implemented.

UPPER RIO GRANDE SCHOOL DISTRICT C-7

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
 District: 2730 - Upper Rio Grande School District C-7
 Fiscal Year 2021-22
 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	2,377,963	4,915,262	5,029,958	2,263,266
18 Risk Mgmt Sub-Fund of General Fund	0	246,584	246,584	0
19 Colorado Preschool Program Fund	0	184,533	184,533	0
Sub- Total	2,377,963	5,346,378	5,461,075	2,263,266
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	56,587	261,188	267,229	50,546
22 Govt Designated-Purpose Grants Fund	0	1,193,536	1,193,536	0
23 Pupil Activity Special Revenue Fund	131,383	190,148	162,515	159,017
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,141,436	1,318,735	1,233,759	1,226,411
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	56,558	0	0	56,558
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	366,307	1,576,024	1,655,221	287,110
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	4,130,233	9,886,010	9,973,335	4,042,908
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL