

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

June 30, 2023



**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, 2023, 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, 2023, 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

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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 November 16, 2023, 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

November 16, 2023

**Upper Rio Grande School District C-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023. 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 2023 fiscal year. Total net position increased 5.2 percent.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$6 million or 71 percent of all revenues in FY2022 and \$6 million or 69 percent in FY2023. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$2.1 million or 23 percent of total revenues of \$8.91 million in FY2022 and \$2.1 million or 22.5 percent of \$9.5 million in FY 2023.
- The District had \$6 million in expenses related to governmental activities in FY2022 with \$2.1 million of these expenses offset by program specific charges for services, grants and contributions and \$8 million in expenses with \$2.1 million offset by program specific charges in FY2023. General revenues of \$6.8 million in FY2022 and \$7.4 million in FY2023 covered the remaining expenses in these programs.
- The District decreased its outstanding long-term debt by \$821,120.
- The District received a voter-approved mill levy override of 9.000 in November 2012.

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 11-37 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, 2023 and June 30, 2022.

Table 1				
Condensed Statement of Net Position				
	Governmental		Total	
	Activities		School District	
	FY 2023	FY 2022	FY 2023	FY 2022
Current and other assets	\$ 5,689,662	\$ 4,728,942	\$ 5,689,662	\$ 4,728,942
Capital assets, net	43,515,889	44,379,636	43,515,889	44,379,636
Total assets	49,205,551	49,108,578	49,205,551	49,108,578
Deferred outflows of resources	1,637,927	1,241,497	1,637,927	1,241,497
Long-term liabilities	22,099,405	20,939,142	22,099,405	20,939,142
Other liabilities	1,486,344	1,456,363	1,486,344	1,456,363
Total liabilities	23,585,749	22,395,505	23,585,749	22,395,505
Deferred inflows of resources	1,397,071	3,368,180	1,397,071	3,368,180
Net position				
Net investment in				
Capital assets	28,333,594	28,376,221	28,333,594	28,376,221
Restricted	1,707,910	1,677,411	1,707,910	1,677,411
Unrestricted (Deficit)	(4,180,846)	(5,467,242)	(4,180,846)	(5,467,242)
Total net position at June 30	\$ 25,860,658	\$ 24,586,390	\$ 25,860,658	\$ 24,586,390

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2023 and 2022 is summarized below:

	FY 2023	FY 2022
Net position (GAAP Basis)	\$ 25,860,658	\$ 24,586,390
GASB 68 - Pension	7,124,225	7,458,959
GASB 75 - OPEB	333,200	373,778
Net position excluding Pension and OPEB	<u>\$ 33,318,083</u>	<u>\$ 32,419,127</u>

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

	FY 2023	FY 2022
Unrestricted - Net position (GAAP Basis)	\$ (4,180,846)	\$ (5,467,242)
GASB 68 - Pension	7,124,225	7,458,959
GASB 75 - OPEB	333,200	373,778
Net position excluding Pension and OPEB	<u>\$ 3,276,579</u>	<u>\$ 2,365,495</u>

Management’s estimate of the District’s proportionate share of the State On-Behalf Direct Distribution is \$186,618, 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 2023	FY 2022	FY 2023	FY 2022
Revenues				
Program Revenues				
Charges for Services	\$ 38,853	\$ 43,562	\$ 38,853	\$ 43,562
Operating grants and contributions	2,098,429	2,032,213	2,098,429	2,032,213
Capital grants and contributions	-	-	-	-
General revenues			-	-
Property taxes	4,034,551	3,897,764	4,034,551	3,897,764
State formula revenue	2,560,711	2,414,750	2,560,711	2,414,750
Other	773,756	516,899	773,756	516,899
Total Revenues	9,506,300	8,905,188	9,506,300	8,905,188
Expenses				
Instructional Program	4,377,412	2,649,056	4,377,412	2,649,056
Support Services:				
Students	448,591	289,561	448,591	289,561
Instructional staff	291,548	560,294	291,548	560,294
Food Services	279,460	202,409	279,460	202,409
General administration	350,039	241,208	350,039	241,208
School administration	293,998	150,379	293,998	150,379
Business	121,358	56,442	121,358	56,442
Operations and maintenance of plant	1,084,991	961,762	1,084,991	961,762
Student transportation	237,535	161,176	237,535	161,176
Central	28,900	24,562	28,900	24,562
Other	52,774	39,271	52,774	39,271
Facilities Acquisition and Construction	56,333	49,019	56,333	49,019
Community Service Operations	84,483	79,375	84,483	79,375
Interest on Long-term Debt	524,610	529,204	524,610	529,204
Total Expenses	8,232,032	5,993,718	8,232,032	5,993,718
Increase (dec) in net position before transfers	1,274,268	2,911,470	1,274,268	2,911,470
Change in net position	\$ 1,274,268	\$ 2,911,470	\$ 1,274,268	\$ 2,911,470

The District's expenses predominantly relate to instruction and operations and maintenance, 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.

Fund Performance

Funds are self-balancing sets of accounts used to control and manage money for particular purposes. In the General Fund, revenues increased by \$349,669 and expenditures decreased by \$84,268 in fiscal year 2022-2023. In the Governmental Designated Purpose Grants Fund revenues increased by \$135,708 and expenditures increased by the same amount. The increase in both revenues and expenditures are due to ESSER III grant funds. The Debt Service Fund revenues and expenditures are as expected as the District continues to pay down District debt from the Best Grant. Non-Major Funds' expenditures increased by \$272,246 mostly in the categories of Debt Service and Facilities Acquisition and Construction Services. The increase in expenditures is from the fencing and concrete work around the baseball field, installation of weighted window shades for classrooms and the loan payment for the construction of the baseball field.

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 \$10,124.03 per funded pupil in FY2022 and \$10,729.04 per funded pupil in FY2023. In fiscal year 2021-2022, the funded pupil count was 427.7 and 428 in fiscal year 2022-2023. 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.

	Total Cost of Services		Net Cost of Services	
	FY 2023	FY 2022	FY 2023	FY 2022
Instructional Program	\$ 4,377,412	\$ 2,649,056	\$ 2,745,203	\$ 1,274,707
Students	448,591	289,561	184,026	64,161
Instructional Staff	291,548	560,294	291,548	557,030
Food Services	279,460	202,409	99,924	202,169
General Administration	350,039	241,208	350,039	22,633
School Administration	293,998	150,379	293,998	109,773
Business	121,358	56,442	121,358	52,021
Operations and Maintenance	1,084,991	961,762	1,057,725	959,697
Student Transportation	237,535	161,176	203,829	(10,076)
Central	28,900	24,562	28,900	(11,041)
Other Programs	137,257	118,646	137,257	118,646
Facilities Acquisition and Construction	56,333	49,019	56,333	49,019
Interest on Long-term Debt	524,610	529,204	524,610	529,204
Total	\$ 8,232,032	\$ 5,993,718	\$ 6,094,750	\$ 3,917,943

- The cost of all governmental activities this year was \$8,232,032.
- Some of the cost was financed by the users of the District's programs. \$38,853 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 \$2,098,429.
- Most of the District's costs (\$8,232,032), however, were financed by District and State taxpayers.
- This portion of governmental activities was financed with \$4,034,551 in property taxes, \$2,560,711 in state aid (equalization) based on the statewide formula for per pupil funding, and \$773,756 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 2023, 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 in the General Fund were \$100,936 below budget in FY2023, mainly in Operations and Maintenance and General Administration Support Services.

The fund balance as of June 30, 2022 was \$2,263,266 compared to \$3,081,237 as of June 30, 2023, including \$211,000 for TABOR Amendment emergency reserves.

Other Budgetary Highlights

The Governmental Designated Purpose Grants Fund was over budget in the amount of \$29,773 in FY 2023. This is due to additional revenues and expenditures received from the Counselor Corp Grant.

Capital Assets

By the end of the fiscal year 2023, the District had invested \$43,515,889 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 4.)

Table 4				
Capital Assets (net of depreciation)				
	Governmental Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022
Land	\$ 388,211	\$ 388,211	\$ 388,211	\$ 388,211
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Building and Site Improvements	41,952,359	42,822,948	41,952,359	42,822,948
Equipment & Vehicles	1,175,319	1,168,477	1,175,319	1,168,477
Total	\$ 43,515,889	\$ 44,379,636	\$ 43,515,889	\$ 44,379,636

Long-Term Debt

At year-end, the District had approximately \$15,182,295 in other long-term debt outstanding, a decrease of 5.13 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.

Table 5			
Outstanding Long-Term Debt			
	Total School District		Total Percentage Change
	FY 2023	FY 2022	FY 2022-2023
Governmental Activities			
Capital Lease Payable	\$ 704,526	\$ 794,024	-11.00%
Bonds Payable Series 2017	14,477,769	15,209,391	-4.81%
Total	\$ 15,182,295	\$ 16,003,415	-5.13%

During the 2022 fiscal year, the District decreased its debt. Colorado Revised Statute 22-42-104 states that a school district shall have a limit of bonded indebtedness determined by a specified formula. The District's outstanding debt is below the statutory limit.

Factors Bearing on the District's Future

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

- Information from the FY2023-2024 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 2025 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 was awarded a “Best” Grant in the amount of \$27.16 million in May of 2017 for the construction of a new K-12 School. The District passed a General Obligation Bond of \$17.91 million in November of 2017 for the matching money required to receive the awarded Best Grant funds. District taxes may be increased by the District up to \$1.45 million annually for payment of the General Obligation Bond.
- The District completed construction of the new baseball field in May of 2022. Total project cost was \$1,605,653.00. 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, 2023

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,808,867
Accounts Receivable	6,696
Due from Other Governments	541,357
Property Tax Receivable	328,013
Inventory	4,729
Capital Assets	
Capital Assets Not Being Depreciated	388,211
Capital Assets, Net of Accumulated Depreciation	43,127,678
TOTAL ASSETS	49,205,551
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,595,030
OPEB	42,897
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,637,927
LIABILITIES	
Current Liabilities	
Accounts Payable	18,617
Accrued Salaries and Benefits	550,500
Due to Other Governments	53
Accrued Interest Payable	38,888
Unearned Revenue	29,500
General Obligation Bonds	756,423
Financed Purchase Agreements	92,363
Noncurrent Liabilities	
General Obligation Bonds	13,721,346
Financed Purchase Agreements	612,163
Pension Liability	7,509,860
OPEB Liability	256,036
TOTAL LIABILITIES	23,585,749
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,209,395
OPEB	120,061
Unavailable Revenue - Property Tax	67,615
TOTAL DEFERRED INFLOWS OF RESOURCES	1,397,071
NET POSITION	
Net Investment in Capital Assets Restricted for	28,333,594
TABOR	211,000
TABOR Multi-Year Obligation	125,000
Debt Service	1,371,910
Unrestricted	(4,180,846)
TOTAL NET POSITION	\$ 25,860,658

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, 2023

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	\$ 4,377,412	\$ -	\$ 1,632,209	\$ -	\$ (2,745,203)
Student Support Services	448,591	-	264,565	-	(184,026)
Instructional Staff Support Services	291,548	-	-	-	(291,548)
General Administration Support Services	350,039	-	-	-	(350,039)
School Administration Support Services	293,998	-	-	-	(293,998)
Business Support Services	121,358	-	-	-	(121,358)
Operations and Maintenance of Plant Services	1,084,991	-	27,266	-	(1,057,725)
Student Transportation Services	237,535	-	33,706	-	(203,829)
Central Support Services	28,900	-	-	-	(28,900)
Other Support Services	52,774	-	-	-	(52,774)
Food Service Operations	279,460	38,853	140,683	-	(99,924)
Community Service Operations	84,483	-	-	-	(84,483)
Facilities Acquisition and Construction Services	56,333	-	-	-	(56,333)
Interest on Long-term Debt	524,610	-	-	-	(524,610)
Total Governmental Activities	8,232,032	38,853	2,098,429	-	(6,094,750)
Total Primary Government	\$ 8,232,032	\$ 38,853	\$ 2,098,429	\$ -	(6,094,750)
General Revenues					
Taxes:					
					4,034,551
					533,445
					226,061
					2,560,711
					14,250
					7,369,018
Change in Net Position					
					1,274,268
Net Position, Beginning of Year					
					24,586,390
Net Position, End of Year					
					\$ 25,860,658

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023

	GOVERNMENTAL DESIGNATED				
	GENERAL FUND	PURPOSE GRANTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 2,955,483	\$ -	\$ 1,325,236	\$ 528,148	\$ 4,808,867
Accounts Receivable	5,500	-	-	1,196	6,696
Property Tax Receivable	220,234	-	107,779	-	328,013
Due from Other Governments	1,272	526,664	-	13,421	541,357
Due from Other Funds	408,368	-	-	-	408,368
Inventory	-	-	-	4,729	4,729
TOTAL ASSETS	\$ 3,590,857	\$ 526,664	\$ 1,433,015	\$ 547,494	\$ 6,098,030
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 18,010	\$ -	\$ -	\$ 607	\$ 18,617
Accrued Salaries and Benefits	446,212	88,743	-	15,545	550,500
Due to Other Governments	-	53	-	-	53
Due to Other Funds	-	408,368	-	-	408,368
Accrued Interest Payable	-	-	38,888	-	38,888
Unearned Revenue	-	29,500	-	-	29,500
TOTAL LIABILITIES	464,222	526,664	38,888	16,152	1,045,926
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue -Property Tax	45,398	-	22,217	-	67,615
FUND BALANCE					
Nonspendable	-	-	-	4,729	4,729
Restricted	336,000	-	1,371,910	56,558	1,764,468
Committed	-	-	-	470,055	470,055
Assigned	-	-	-	-	-
Unassigned	2,745,237	-	-	-	2,745,237
TOTAL FUND BALANCE	3,081,237	-	1,371,910	531,342	4,984,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,590,857	\$ 526,664	\$ 1,433,015	\$ 547,494	\$ 6,098,030

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, 2023

Total governmental fund balances		\$ 4,984,489
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		43,515,889
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.		1,637,927
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Financed Purchase Agreements	\$ (704,526)	
General Obligation Bonds	<u>(14,477,769)</u>	
		(15,182,295)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(7,765,896)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(1,329,456)</u>
Net position of governmental activities		<u><u>\$ 25,860,658</u></u>

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2023

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 3,533,930	\$ -	\$ 1,378,787	\$ 173,598	\$ 5,086,315
State Sources	3,001,152	283,764	-	2,589	3,287,505
Federal Sources	-	1,045,480	-	138,094	1,183,574
Other Sources	25,520	-	-	-	25,520
TOTAL REVENUES	6,560,602	1,329,244	1,378,787	314,281	9,582,914
EXPENDITURES					
Instructional Program	2,780,510	727,365	-	211,523	3,719,398
Student Support Services	186,822	283,518	-	-	470,340
Instructional Staff Support Services	292,502	19,848	-	-	312,350
General Administration Support Services	369,611	-	-	-	369,611
School Administration Support Services	310,779	6,120	-	-	316,899
Business Support Services	135,585	73,610	-	-	209,195
Operations and Maintenance of Plant Services	954,457	64,023	-	7,281	1,025,761
Student Transportation Services	202,651	154,760	-	-	357,411
Central Support Services	28,900	-	-	-	28,900
Other Support Services	29,760	-	-	6,539	36,299
Food Service Operations	-	-	-	272,145	272,145
Community Service Operations	84,483	-	-	-	84,483
Facilities Acquisition and Construction Services	747	-	-	92,062	92,809
Debt Service	-	-	1,233,288	112,442	1,345,730
TOTAL EXPENDITURES	5,376,807	1,329,244	1,233,288	701,992	8,641,331
Excess (deficiency) of revenues over expenditures	1,183,795	-	145,499	(387,711)	941,583
OTHER FINANCING SOURCES (USES)					
Transfer from Other Funds	-	-	-	365,824	365,824
Transfer to Other Funds	(365,824)	-	-	-	(365,824)
TOTAL OTHER FINANCING SOURCES (USES)	(365,824)	-	-	365,824	-
Net Change in Fund Balance	817,971	-	145,499	(21,887)	941,583
FUND BALANCE, Beginning of Year	2,263,266	-	1,226,411	553,229	4,042,906
FUND BALANCE, End of Year	\$ 3,081,237	\$ -	\$ 1,371,910	\$ 531,342	\$ 4,984,489

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, 2023

Net change in fund balances - total governmental funds \$ 941,583

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	\$ 249,230	
Depreciation expense	<u>(1,112,977)</u>	(863,747)

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	<u>821,120</u>	821,120
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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>375,312</u>	
Change in net position of governmental activities	<u><u>\$ 1,274,268</u></u>	

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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.

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.

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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023 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.

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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

- *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, 2023

As of June 30, 2023, fund balances are composed of the following:

	GOVERNMENTAL				TOTAL
	DESIGNATED			TOTAL	
	GENERAL	PURPOSE	DEBT		
FUND	GRANTS	SERVICE	FUNDS	TOTAL	
Nonspendable	\$ -	\$ -	\$ -	\$ 4,729	\$ 4,729
Restricted for:					
TABOR	211,000	-	-	-	211,000
TABOR Multi-Year					
Obligation	125,000	-	-	-	125,000
Debt Service	-	-	1,371,910	-	1,371,910
Bond Proceeds for					
Capital Construction	-	-	-	56,558	56,558
	<u>336,000</u>	<u>-</u>	<u>1,371,910</u>	<u>56,558</u>	<u>1,764,468</u>
Committed:					
Capital Projects	-	-	-	312,110	312,110
Pupil Activities	-	-	-	149,239	149,239
Food Service	-	-	-	8,706	8,706
	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,055</u>	<u>470,055</u>
Unassigned	<u>2,745,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,745,237</u>
TOTAL FUND BALANCE	<u><u>\$ 3,081,237</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,371,910</u></u>	<u><u>\$ 531,342</u></u>	<u><u>\$ 4,984,489</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 2023, the District adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangement (SBITA), that establishes that a SBITA is defined as a contract that conveys

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This standard requires governmental entities to record a subscription liability and an intangible right-to-use subscription asset for those contracts for the subscription term. 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).

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable. 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 2023. However, expenditures exceeded budgeted appropriations in the General Purpose Designated Grant Fund by \$29,773. This may be a violation of Colorado Revised Statute 22-44-115(1).

NOTE 3 CASH AND DEPOSITS

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

Cash Deposited with Banks	\$ 4,433,607
Cash with Fiscal Agent	56,558
Investments	318,702
	\$ 4,808,867
Total cash and deposits on the Statement of Net Position	\$ 4,808,867

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, 2023

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, \$3,893,276 of the District’s bank balance of \$4,762,237 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.colotrust.com.

Investments	Maturity	Total	Rating
ColoTrust	Less than 1 Year	\$ 318,702	AAAm

NOTE 4 PROPERTY TAXES RECEIVABLE

Property taxes receivable at June 30, 2023, consisted of the following:

General Fund	\$ 220,234
Bond Redemption Fund	107,779
	\$ 328,013

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023, the District had \$541,357 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

Due to/from other funds are recorded at the fund level and are eliminated, where possible. Amounts are a result of pooled cash transactions. At the fund level at June 30, 2023, interfund payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	GDPG Fund	\$ 408,368
		\$ 408,368

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	\$ 67,000
Food Service Fund	General Fund	55,500
Capital Reserve Capital Projects Fund	General Fund	243,324
Total		\$ 365,824

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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 388,211	\$ -	\$ -	\$ 388,211
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>388,211</u>	<u>-</u>	<u>-</u>	<u>388,211</u>
Capital assets being depreciated				
Land Improvements	2,465,008	74,641	-	2,539,649
Buildings and Improvements	43,194,627	-	-	43,194,627
Equipment	1,377,212	19,829	-	1,397,041
Vehicles	1,088,317	154,760	-	1,243,077
Total capital assets being depreciated	<u>48,125,164</u>	<u>249,230</u>	<u>-</u>	<u>48,374,394</u>
Less accumulated depreciation for:				
Land Improvements	118,049	78,812	-	196,861
Buildings and Improvements	2,718,638	866,418	-	3,585,056
Equipment	352,843	105,963	-	458,806
Vehicles	944,209	61,784	-	1,005,993
Total accumulated depreciation	<u>4,133,739</u>	<u>1,112,977</u>	<u>-</u>	<u>5,246,716</u>
Total capital assets being depreciated, net	<u>43,991,425</u>	<u>(863,747)</u>	<u>-</u>	<u>43,127,678</u>
GOVERNMENTAL ACTIVITIES, NET	<u>\$ 44,379,636</u>	<u>\$ (863,747)</u>	<u>\$ -</u>	<u>\$ 43,515,889</u>

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

Governmental activities:

Instructional Program	\$ 895,688
Student Support Services	4,539
Instructional Staff Support Services	1,270
Operations and Maintenance of Plant Services	82,726
Student Transportation Services	45,530
Other Support Services	24,276
Food Service Operations	20,783
Facilities Acquisition and Construction Services	<u>38,165</u>
Total depreciation expense – governmental activities	<u>\$ 1,112,977</u>

UPPER RIO GRANDE SCHOOL DISTRICT C-7
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NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis; therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$550,500.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2023, were as follows:

	Beginning Balance <u>06/30/2022</u>	Additions	Deletions	Ending Balance <u>06/30/2023</u>	Due Within One Year
<i>Governmental Activities</i>					
Financed Purchase Agreement	\$ 794,024	\$ -	\$ (89,498)	\$ 704,526	\$ 92,363
Bonds Payable- Series 2017	<u>15,209,391</u>	<u>-</u>	<u>(731,622)</u>	<u>14,477,769</u>	<u>756,423</u>
Total <i>Governmental Activities</i>	<u><u>\$ 16,003,415</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (821,120)</u></u>	<u><u>\$ 15,182,295</u></u>	<u><u>\$ 848,786</u></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:

	Principal	Interest	Totals
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	864,329	365,799	1,230,128
FY 2029-2033	4,781,535	1,360,550	6,142,085
FY 2034-2038	<u>5,648,849</u>	<u>478,951</u>	<u>6,127,800</u>
	<u><u>\$ 14,477,769</u></u>	<u><u>\$ 3,948,177</u></u>	<u><u>\$ 18,425,946</u></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 \$64,226 at June 30, 2023.

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

	Principal	Interest	Totals
FY 2024	\$ 92,363	\$ 20,079	\$ 112,442
FY 2025	94,996	17,447	112,443
FY 2026	97,703	14,739	112,442
FY 2027	100,488	11,955	112,443
FY 2028	103,352	9,091	112,443
FY 2029-2030	215,624	9,261	224,885
	\$ 704,526	\$ 82,572	\$ 787,098

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, 2022. 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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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2023. Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer Contribution Rate	11.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	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	20.38%

*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 \$635,656 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million (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 Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is

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reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the District reported a liability of \$7,509,860 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Upper Rio Grande School District's proportionate share of the net position liability	\$	7,509,860
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Upper Rio Grande School District		2,188,449
Total	\$	<u>9,698,309</u>

At December 31, 2022, the District's proportion was 0.041%, which was a decrease of 0.006% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of (\$334,734) and revenue of \$186,618 for support from the State as a nonemployer contributing entity. At June 30, 2023, 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	\$ 71,073	\$ -
Changes of assumptions or other inputs	133,024	-
Net difference between projected and actual earnings on pension plan investments	1,008,851	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	63,585	1,209,395
Contributions subsequent to the measurement date	318,497	-
Total	<u>\$ 1,595,030</u>	<u>\$ 1,209,395</u>

\$318,497 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, 2024. 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,	
2024	\$ (554,682)
2025	(243,698)
2026	278,715
2027	586,804
2028	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2021 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 mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

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

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

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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:

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 nominal rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- 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 2020 AAP assessment. 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.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA’s negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 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	\$ 9,827,824	\$ 7,509,860	\$ 5,574,124

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.

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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 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. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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 \$31,814 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$256,036 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District proportion was 0.031%, which was an increase of 0.001% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023 the District recognized OPEB expense of (\$40,578). At June 30, 2023, 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	\$ 34	\$ 61,918
Net difference between projected and actual earnings on OPEB plan investments	15,638	-
Changes of assumptions or other inputs	4,115	28,258
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,170	29,885
Contributions subsequent to the measurement date	15,940	-
Total	<u>\$ 42,897</u>	<u>\$ 120,061</u>

\$15,940 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ended June 30,	
2024	(32,436)
2025	(32,591)
2026	(17,425)
2027	(3,330)
2028	(6,053)
Thereafter	(1,270)

Actuarial assumptions. The TOL in the December 31, 2021 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	6.50% in 2022 gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021 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.

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 HCTF:

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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:

<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>	

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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 nominal 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	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$248,789	\$256,036	\$263,922

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, 2022, 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 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

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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	\$ 296,822	\$ 256,036	\$ 221,151

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 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, 2023, program members contributed \$53,186 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2023. 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.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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
GENERAL FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 3,310,841	\$ 3,285,623	\$ 3,533,930	\$ 248,307
State Sources	2,924,641	2,907,449	3,001,152	93,703
Federal Sources	-	-	-	-
Other Sources	15,000	15,000	25,520	10,520
TOTAL REVENUES	6,250,482	6,208,072	6,560,602	352,530
EXPENDITURES				
Instructional Program	2,755,635	2,725,875	2,780,510	(54,635)
Student Support Services	177,365	194,325	186,822	7,503
Instructional Staff Support Services	304,681	316,581	292,502	24,079
General Administration Support Services	397,801	412,406	369,611	42,795
School Administration Support Services	312,446	316,145	310,779	5,366
Business Support Services	134,523	135,473	135,585	(112)
Operations and Maintenance of Plant Services	925,825	989,152	954,457	34,695
Student Transportation Services	212,873	213,628	202,651	10,977
Central Support Services	52,819	52,819	28,900	23,919
Other Support Services	34,850	34,850	29,760	5,090
Community Service Operations	83,549	82,989	84,483	(1,494)
Facilities Acquisition and Construction Services	3,500	3,500	747	2,753
Debt Service	-	-	-	-
TOTAL EXPENDITURES	5,395,867	5,477,743	5,376,807	100,936
Excess (deficiency) of revenues over expenditures	854,615	730,329	1,183,795	453,466
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(446,443)	(475,623)	(365,824)	109,799
Sale of Fixed Assets	4,000	4,000	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	(442,443)	(471,623)	(365,824)	105,799
NET CHANGE IN FUND BALANCE	412,172	258,706	817,971	559,265
FUND BALANCE, Beginning of Year	2,177,963	2,263,266	2,263,266	-
FUND BALANCE, End of Year	\$ 2,590,135	\$ 2,521,972	\$ 3,081,237	\$ (559,265)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
State Sources	\$ 276,353	\$ 238,711	\$ 283,764	\$ 45,053
Federal Sources	1,361,500	1,060,760	1,045,480	(15,280)
TOTAL REVENUES	1,637,853	1,299,471	1,329,244	29,773
EXPENDITURES				
Instructional Program	967,616	757,641	727,365	30,276
Student Support Services	207,998	234,006	283,518	(49,512)
Instructional Staff Support Services	107,520	23,663	19,848	3,815
School Administration Support Services	6,820	6,820	6,120	700
Business Support Services	23,687	61,769	73,610	(11,841)
Operations and Maintenance	323,712	60,312	64,023	(3,711)
Student Transportation Services	-	154,760	154,760	-
Other Support Services	500	500	-	500
TOTAL EXPENDITURES	1,637,853	1,299,471	1,329,244	(29,773)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of Year	-	-	-	-
FUND BALANCE, End of Year	\$ -	\$ -	\$ -	\$ -

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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0412415%	0.0471858%	0.0552258%	0.0522623%	0.0543333%	0.0606253%	0.0614325%	0.0628131%	0.0650425%
District's proportionate share of the net pension liability (asset)	\$ 7,509,860	\$ 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	2,188,449	629,494	-	990,330	1,315,515	-	-	-	-
Total	<u>\$ 9,698,309</u>	<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	\$ 3,183,190	\$ 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 pension liability (asset) as a percentage of its covered payroll	236%	186%	283%	254%	324%	701%	662%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	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 SCHEDTF PENSION PLAN
For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 635,656	\$ 619,918	\$ 575,105	\$ 583,550	\$ 584,106	\$ 548,406	\$ 505,389	\$ 489,989	\$ 462,013	\$ 427,298
Contributions in relation to the contractually required contribution	(635,656)	(619,918)	(575,105)	(583,550)	(584,106)	(548,406)	(505,389)	(489,989)	(462,013)	(427,298)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,119,007	\$ 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
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	19.01%	18.39%	17.74%	16.89%	16.00%

See Notes to Required Supplementary Information

UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTH CARE TRUST FUND

For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.03135860%	0.03080867%	0.03195058%	0.03416323%	0.03531694%	0.03444703%	0.03491624%
District's proportionate share of the net OPEB liability	\$ 256,036	\$ 265,665	\$ 303,602	\$ 383,994	\$ 480,502	\$ 447,674	\$ 452,701
District's covered payroll	\$ 3,183,190	\$ 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	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.6%	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 31,814	\$ 31,807	\$ 29,507	\$ 30,713	\$ 31,144	\$ 29,418	\$ 28,038	\$ 28,171	\$ 27,903	\$ 27,247
Contributions in relation to the contractually required contribution	(31,814)	(31,807)	(29,507)	(30,713)	(31,144)	(29,418)	(28,038)	(28,171)	(27,903)	(27,247)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,119,007	\$ 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
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
June 30, 2023

NOTE 1 NET PENSION LIABILITY

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

2022

- Required contribution increased from 10.50% to 11.00% for eligible employees.

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%.

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2023

- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

2022

- The Medicare Part A premium increased from \$471 to \$499 per month.
- The per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.
- Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability.

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:

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2023

- 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

- 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

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

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, 2023

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<u>CAPITAL RESERVE CAPITAL PROJECTS FUND</u>	<u>BUILDING FUND</u>	
	ASSETS				
Cash and Cash Equivalents	\$ 148,187	\$ 10,686	\$ 312,717	\$ 56,558	\$ 528,148
Accounts Receivable	1,052	144	-	-	1,196
Due From other Governments	-	13,421	-	-	13,421
Inventory	-	4,729	-	-	4,729
TOTAL ASSETS	<u>\$ 149,239</u>	<u>\$ 28,980</u>	<u>\$ 312,717</u>	<u>\$ 56,558</u>	<u>\$ 547,494</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 607	\$ -	\$ 607
Accrued Salaries and Benefits	-	15,545	-	-	15,545
TOTAL LIABILITIES	<u>-</u>	<u>15,545</u>	<u>607</u>	<u>-</u>	<u>16,152</u>
FUND BALANCE					
Nonspendable	-	4,729	-	-	4,729
Restricted	-	-	-	56,558	56,558
Committed	149,239	8,706	312,110	-	470,055
TOTAL FUND BALANCE	<u>149,239</u>	<u>13,435</u>	<u>312,110</u>	<u>56,558</u>	<u>531,342</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 149,239</u>	<u>\$ 28,980</u>	<u>\$ 312,717</u>	<u>\$ 56,558</u>	<u>\$ 547,494</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, 2023

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR FUNDS
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	BUILDING FUND	
REVENUES					
Local Sources	\$ 134,745	\$ 38,853	\$ -	\$ -	\$ 173,598
State Sources	-	2,589	-	-	2,589
Federal Sources	-	138,094	-	-	138,094
TOTAL REVENUES	<u>134,745</u>	<u>179,536</u>	<u>-</u>	<u>-</u>	<u>314,281</u>
EXPENDITURES					
Instruction Program	211,523	-	-	-	211,523
Student Support Services	-	-	-	-	-
General Administration Support Services	-	-	-	-	-
Operations and Maintenance of Plant Services	-	-	7,281	-	7,281
Other Support Services	-	-	6,539	-	6,539
Food Service Operations	-	272,145	-	-	272,145
Facilities Acquisition and Construction Services	-	-	92,062	-	92,062
Debt Service	-	-	112,442	-	112,442
TOTAL EXPENDITURES	<u>211,523</u>	<u>272,145</u>	<u>218,324</u>	<u>-</u>	<u>701,992</u>
Excess (deficiency) of revenues over expenditures	<u>(76,778)</u>	<u>(92,609)</u>	<u>(218,324)</u>	<u>-</u>	<u>(387,711)</u>
OTHER FINANCING SOURCES (USES)					
Transfer from General Fund	<u>67,000</u>	<u>55,500</u>	<u>243,324</u>	<u>-</u>	<u>365,824</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>67,000</u>	<u>55,500</u>	<u>243,324</u>	<u>-</u>	<u>365,824</u>
NET CHANGE IN FUND BALANCE	(9,778)	(37,109)	25,000	-	(21,887)
FUND BALANCE, Beginning of Year	<u>159,017</u>	<u>50,544</u>	<u>287,110</u>	<u>56,558</u>	<u>553,229</u>
FUND BALANCE, End of Year	<u>\$ 149,239</u>	<u>\$ 13,435</u>	<u>\$ 312,110</u>	<u>\$ 56,558</u>	<u>\$ 531,342</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, 2023

	<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	\$ 105,414	\$ 140,414	\$ 134,745	\$ (5,669)
TOTAL REVENUES	<u>105,414</u>	<u>140,414</u>	<u>134,745</u>	<u>(5,669)</u>
EXPENDITURES				
Student Support Services				
Pupil Activities	171,000	216,000	211,523	4,477
TOTAL EXPENDITURES	<u>171,000</u>	<u>216,000</u>	<u>211,523</u>	<u>4,477</u>
Excess (deficiency) of revenues over expenditures	(65,586)	(75,586)	(76,778)	(1,192)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	66,000	66,000	67,000	1,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>66,000</u>	<u>66,000</u>	<u>67,000</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	414	(9,586)	(9,778)	(192)
FUND BALANCE, Beginning of Year	<u>155,000</u>	<u>159,017</u>	<u>159,017</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 155,414</u>	<u>\$ 149,431</u>	<u>\$ 149,239</u>	<u>\$ (192)</u>

UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 32,500	\$ 32,500	\$ 38,853	\$ 6,353
State Sources	2,250	2,250	2,589	339
Federal Sources	116,000	116,000	138,094	22,094
TOTAL REVENUES	150,750	150,750	179,536	28,786
EXPENDITURES				
Food Service Operations				
Salaries	122,774	122,774	122,322	452
Fringe Benefits	41,465	41,465	33,065	8,400
Purchased Property Services	200	200	-	200
Other Purchased Services	25	25	-	25
Supplies	109,000	109,000	115,590	(6,590)
Other	1,000	1,000	1,168	(168)
TOTAL EXPENDITURES	274,464	274,464	272,145	2,319
Excess (deficiency) of revenues over expenditures	(123,714)	(123,714)	(92,609)	31,105
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	124,000	124,000	55,500	(68,500)
TOTAL OTHER FINANCING SOURCES (USES)	124,000	124,000	55,500	(68,500)
NET CHANGE IN FUND BALANCE	286	286	(37,109)	(37,395)
FUND BALANCE, Beginning of Year	36,740	50,546	50,544	(2)
FUND BALANCE, End of Year	\$ 37,026	\$ 50,832	\$ 13,435	\$ (37,397)

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, 2023

	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	68,000	68,000	7,281	60,719
Other Support Services	10,000	10,000	6,539	3,461
Facilities Acquisition and Construction Services	61,000	95,000	92,062	2,938
Debt Services	112,442	112,442	112,442	-
TOTAL EXPENDITURES	<u>251,442</u>	<u>285,442</u>	<u>218,324</u>	<u>67,118</u>
Excess (deficiency) of revenues over expenditures	<u>(251,442)</u>	<u>(285,442)</u>	<u>(218,324)</u>	<u>67,118</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	251,442	285,442	243,324	(42,118)
TOTAL OTHER FINANCING SOURCES (USES)	<u>251,442</u>	<u>285,442</u>	<u>243,324</u>	<u>(42,118)</u>
NET CHANGE IN FUND BALANCE	-	-	25,000	25,000
FUND BALANCE, Beginning of Year	<u>250,000</u>	<u>287,110</u>	<u>287,110</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 250,000</u>	<u>\$ 287,110</u>	<u>\$ 312,110</u>	<u>\$ 25,000</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, 2023

	<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				
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
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources				
Property Taxes	\$ 1,315,000	\$ 1,315,000	\$ 1,306,742	\$ (8,258)
Interest on Property Tax	-	-	72,045	72,045
Total Local Sources	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,378,787</u>	<u>63,787</u>
TOTAL REVENUES	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,378,787</u>	<u>63,787</u>
EXPENDITURES				
Debt Service				
Other	<u>1,237,000</u>	<u>1,237,000</u>	<u>1,233,288</u>	<u>3,712</u>
TOTAL EXPENDITURES	<u>1,237,000</u>	<u>1,237,000</u>	<u>1,233,288</u>	<u>3,712</u>
NET CHANGE IN FUND BALANCE	78,000	78,000	145,499	67,499
FUND BALANCE, Beginning of Year	<u>1,219,436</u>	<u>1,226,411</u>	<u>1,226,411</u>	<u>-</u>
FUND BALANCE, End of Year	<u><u>\$ 1,297,436</u></u>	<u><u>\$ 1,304,411</u></u>	<u><u>\$ 1,371,910</u></u>	<u><u>\$ 67,499</u></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, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing 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	\$ 29,117
National School Lunch Program	10.555	Colorado Department of Education, 4555/6555	98,495
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	9,201
<i>Total Child Nutrition Cluster</i>			136,813
<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	25,520
<i>Total Forest Service Schools and Roads Cluster</i>			25,520
<i>Total Clusters</i>			162,333
<i>Other Programs</i>			
U.S. Department of Agriculture			
Pandemic EBT Food Benefits	10.649	Colorado Department of Education, 4649	1,281
<i>Total U.S. Department of Agriculture</i>			1,281
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	175,488
Rural Education	84.358	Colorado Department of Education, 4358	10,340
Supporting Effective Instruction State Grants	84.367	Colorado Department of Education, 4367	21,482
Student Support and Academic Enrichment Grants	84.424	Colorado Department of Education, 4424	9,288
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/9414/4431	827,289
<i>Total U.S. Department of Education</i>			1,043,887
U.S. Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Education, 7323	1,593
<i>Total U.S. Department of Health and Human Services</i>			1,593
<i>Total Other Programs</i>			1,046,761
<i>Total Expenditures of Federal Awards</i>			\$ 1,209,094

UPPER RIO GRANDE SCHOOL DISTRICT C-7
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

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, 2023. 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, 2023. 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 16, 2023.

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) as a basis for designing 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. 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

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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 on the financial statements. 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

November 16, 2023

**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's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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, 2023.

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 Auditors' 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 District's 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

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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 Auditors' 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

November 16, 2023

**UPPER RIO GRANDE SCHOOL DISTRICT C-7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

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>Federal Assistance 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

Section IV – Summary Schedule of Prior Year Findings

None

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 2022-23
 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	2,263,266		5,760,606	4,942,635		3,081,238
18 Risk Mgmt Sub-Fund of General Fund	0		265,162	265,162		0
19 Colorado Preschool Program Fund	0		169,010	169,010		0
Sub-Total	2,263,266		6,194,778	5,376,807		3,081,238
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	50,546		235,035	272,146		13,435
22 Govt Designated-Purpose Grants Fund	0		1,329,243	1,329,243		0
23 Pupil Activity Special Revenue Fund	159,017		201,743	211,521		149,239
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	1,226,411		1,378,787	1,233,288		1,371,910
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	287,110		243,324	218,324		312,110
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	4,042,908		9,562,911	8,641,330		4,984,469
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