

Wray School District RD-2
Wray, Colorado

Financial Statements

For the Year ended June 30, 2021

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14-15
Statement of Activities	16-17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Notes to Financial Statements	29-68
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	70
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	72-73
Schedule of District Contributions – PERA's School Division Trust Fund	74-75
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	76-77
Schedule of District Contributions – PERA's Health Care Trust Fund	78-79
Notes to the Required Supplementary Information	80
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	84
Budgetary Comparison Schedule - Expenditures	86-88

Table of Contents

	<u>Page</u>
Nonmajor Governmental Funds	
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	91
Budgetary Comparison Schedule – Food Service Fund	92
Budgetary Comparison Schedule – Head Start Fund	93
Budgetary Comparison Schedule – Pupil Activity Fund	94
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	96
Capital Projects Funds	
Budgetary Comparison Schedule - Building Fund	98
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	99
Enterprise Fund	
Budgetary Comparison Schedule – Wind Turbine Fund	102
Single Audit Section	
Schedule of Expenditures of Federal Awards	104
Notes to Schedule of Expenditures of Federal Awards	105
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 <i>Government Auditing Standards</i>	107-108
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	109-110
Schedule of Findings and Questioned Costs	111
Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Auditors' Integrity Report	115
Auditors' Integrity Report	116



Independent Auditors' Report

Board of Education
Wray School District RD-2
Wray, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wray School District RD-2 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 January 26, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
January 26, 2022

WRAY SCHOOL DISTRICT RD-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2021

This section of Wray School District RD-2's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of Wray School District RD-2 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,342,619 (net position).
- The district's total net position increased by \$14,798,041. This change in net position is due in large part to the inclusion of the District's share of PERA's pension and OPEB liabilities. Please refer to Notes H and J for more details.
- General revenues accounted for \$9,836,944 or 45% of the \$21,708,718 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$11,871,774 or 55% of revenues.
- The general fund ending fund balance reached \$5,267,189, an increase of \$401,914 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 School District is improving or deteriorating.

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 change occurs, regardless of the timing of related cash flows. Thus, revenues 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 retiree's early retirement bonuses). In the government-wide financial statements, the School District's activities are divided into two categories:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, food service and pupil activities. Taxes and intergovernmental revenues principally support these activities.
- **Business-type activities:** The wind turbine operations are intended to recover all or a significant portion of their costs through charges and fees.

The government-wide financial statements consolidate the governmental and business type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and proprietary funds.

Governmental Funds

Most of the District's basic services are included in the 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) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, Bond Redemption Fund, Building Fund and Capital Reserve Capital Projects Fund, which are considered to be major funds. Data for the other three nonmajor governmental funds are combined in a single, aggregated presentation. Individual fund data for the nonmajor governmental funds are provided in the form of a budgetary comparison schedule elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18-24 of this report.

Proprietary Fund

The School District maintains a proprietary fund to report the same functions presented as business-type activities in its wind turbine fund. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 29-68 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 84-102.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

80% of the School District's assets are investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net position as of June 30, 2021.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Current and Other assets	\$11,225,223	\$21,444,304	\$ 108,036	\$ 110,565	\$11,333,259	\$21,554,869	-47.42%
Capital assets	45,778,890	28,205,253	628,872	716,286	46,407,762	28,921,539	60.46%
Total assets	57,004,113	49,649,557	736,908	826,851	57,741,021	50,476,408	14.39%
Deferred outflows of resources	3,084,651	1,443,456	-	-	3,084,651	1,443,456	113.70%
Total assets and deferred outflows of resources	\$60,088,764	\$51,093,013	\$ 736,908	\$ 826,851	\$60,825,672	\$51,919,864	17.15%
Other liabilities	\$ 1,796,117	\$ 4,976,115	\$ -	\$ -	\$ 1,796,117	\$ 4,976,115	-63.91%
Long-term liabilities	27,719,826	27,814,578	-	-	27,719,826	27,814,578	-0.34%
Total liabilities	29,515,943	32,790,693	-	-	29,515,943	32,790,693	-9.99%
Deferred inflows of resources	4,967,110	7,584,593	-	-	4,967,110	7,584,593	-34.51%
Net investment in capital assets	29,827,954	20,034,255	628,872	716,286	30,456,826	20,750,541	46.78%
Restricted	2,907,017	10,627,526	-	-	2,907,017	10,627,526	-72.65%
Unrestricted	(7,129,260)	(19,944,054)	108,036	110,565	(7,021,224)	(19,833,489)	-64.60%
Total net position	25,605,711	10,717,727	736,908	826,851	26,342,619	11,544,578	128.18%
Total liabilities, deferred inflows and net position	\$ 60,088,764	\$ 51,093,013	\$ 736,908	\$ 826,851	\$60,825,672	\$51,919,864	17.15%

Following is a summary of the School District's change in net position.

Revenues	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Program Revenues							
Charges for services	\$ 51,946	\$ 111,053	\$ 91,200	\$ 102,621	\$ 143,146	\$ 213,674	-33.01%
Operating Grants & Contributions	2,102,858	1,349,607	-	-	2,102,858	1,349,607	55.81%
Capital Grants & Contributions	9,625,770	8,736,515	-	-	9,625,770	8,736,515	10.18%
General Revenue							
Property taxes	5,090,365	5,075,546	-	-	5,090,365	5,075,546	0.29%
State equalization	4,424,147	4,916,347	-	-	4,424,147	4,916,347	-10.01%
Other	322,418	550,815	14	18	322,432	550,833	-41.46%
Total Revenue	21,617,504	20,739,883	91,214	102,639	21,708,718	20,842,522	4.16%
Expenses							
Instruction	2,831,177	4,080,627	-	-	2,831,177	4,080,627	-30.62%
Supporting services	2,849,972	3,168,827	-	-	2,849,972	3,168,827	-10.06%
Unallocated depreciation	422,783	368,138	-	-	422,783	368,138	14.84%
Interest expense	625,588	661,743	-	-	625,588	661,743	-5.46%
Wind turbine services	-	-	181,157	151,756	181,157	151,756	19.37%
Total Expenses	6,729,520	8,279,335	181,157	151,756	6,910,677	8,431,091	-18.03%
Change in net position	\$14,887,984	\$12,460,548	\$ (89,943)	\$ (49,117)	\$14,798,041	\$12,411,431	19.23%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$8,583 per funded student. In fiscal year 2020-21 the funded pupil count was 720.5. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 57 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$2,855,939 in property taxes levied for general purposes for fiscal year 2021.

Business-Type Activities

Business-type activities are made up of the wind turbine fund. These programs had total revenues of \$91,214 and expenses of \$181,157. Business type activities receive no support from tax revenue.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$9,414,635, a decrease of \$7,044,761. The general fund had a fund balance increase of \$401,914.

General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

The differences found between the final budget and the actual expended amounts are as follows:

- Revenue variances in the General Fund was caused by an increase in specific ownership and property taxes, other local revenues, federal Coronavirus Relief Funds (CRF) and ESSER I funds totaling \$839,767.
- Some expenditures were lower than budgeted as the planned spending activity from prior year was decreased due to reduced activities during the pandemic. In addition, the CRF funds and ESSER I funds were able to offset technology and staffing expenses that occurred from in-person and remote student learning throughout the pandemic.

The Food Service Program incurred a favorable variance due to USDA fulling reimbursing student meals through the Summer Food Service Program (SFSP). All students K-12 received free meals during the 2020-21 school year. This program is anticipated to remain in effect for the 2021-22 school year.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$46,407,762 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, licensed vehicles and capital leases all with an original cost greater than \$5,000 for the governmental activities and \$1,000 for the business-type activities and proprietary funds.

Capital asset additions during the current fiscal year include the following:

- Construction in progress \$17,652,230
- Land improvements \$241,000
- Building improvements \$164,158
- Furniture and equipment \$162,783
- Licensed vehicles \$14,855

The School District's total capital assets at June 30, 2021, net of accumulated depreciation were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Construction in progress	\$ 465,375	\$ -	\$ 465,375
Land and improvements	942,231	-	942,231
Building and improvements	43,521,936	-	43,521,936
Furniture and equipment	439,345	628,872	1,068,217
Licensed vehicles	410,003	-	410,003
Total capital assets	<u>\$ 45,778,890</u>	<u>\$ 628,872</u>	<u>\$ 46,407,762</u>

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$16,369,789 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Compensated absences	\$ 102,454	\$ -	\$ 102,454
Bonds payable	15,946,900	-	15,946,900
Bond premium	78,909	-	78,909
Capital lease obligation	241,526	-	241,526
Total long-term debt	<u>\$ 16,369,789</u>	<u>\$ -</u>	<u>\$ 16,369,789</u>

Additional information on the School District's long-term debt can be found in note G to the basic financial statements.

Economic Factors

The budget is based upon the goals and objectives of all stakeholders which include the board of education, community and staff, school accountability committees, and administration. The four goals include: 1) improving student achievement, 2) retain and hire highly qualified staff, 3) develop curriculum and instruction rotation, and 4) maintain and improve facilities and student transportation. Many factors were considered by the District's administration during the process of developing the fiscal year 20-21 budget. Among them:

- The student enrollment has stabilized in FY21 and reflects a comparable trend to FY20;
- A general fund transfer of \$250,000 was made to our capital reserves for maintenance and upkeep of buildings and grounds as well as for the unforeseen expenses related to the PK-12 capital project;
- Health and property insurance premiums continue to rise at a rate much greater than the percentage of funding increase from the State;
- The budget was built on the following considerations:
 - Salary – staff will receive a vertical step on the salary schedule. The District continues to make every effort to raise salaries when possible.
 - Fringe Benefits – The District will remain with CEBT health insurance. The health insurance premiums increased, but still below the state average. An increase to the insurance reserve is there to mitigate an uncommon increase to the renewal.
 - PERA – The employer contribution is 20.90% with the employee contribution rate increasing to 10%.
 - Operation & Maintenance – Increased funds to the reserve to allow for various capital replacement needs.
 - A General Fund transfer to the Food Service Fund to maintain that it operates in the black.
- The PK-12 capital project was completed during FY21 and the district office and middle school staff moved into the new campus at the beginning of January, 2021.

The District maintains the budget, quarterly reports, monthly accounts payable and current salary schedules on its website: www.wrayschools.org.

Next Year Challenges

Each year the state budget is crafted by the governor and legislature to determine how much of the total budget will be allocated to K-12 education. The state economic forecast is important to the district because a major source of funding for the district's General Operating Fund is received through the state's School Finance ACT (SFA), established by the state legislature. During the Great Recession, state revenue shortfalls forced cuts to K-12 education even though constitutionally mandated funding increases exist under Amendment 23. After the state sets the total funding for K-12 public education, each local district determines how to fund its specific programs and allocate resources to each school within its district.

Colorado's public school finance laws are subject to review and examination through the judicial process and are subject to legislative changes as well. Appropriation decisions regarding the State's share of Total Program Funding are made on an annual basis by the State legislature. It is likely that the General Assembly may cut

public school funding as part of overall State spending cuts in the future. As a result, the District cannot anticipate, with certainty, all of the factors which may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws (including but not limited to the School Finance Act), provisions, and regulations which would have a material effect, directly or indirectly on the affairs of the District.

Additionally, we are managing the Mill Levy Equalization/Stabilization increase as it has a direct impact on the tax payers in the boundaries of Wray School District. While we were able to absorb the one mill increase through the bond debt repayment for the ensuing fiscal year, our challenges remain in the one mill increase over the next 11 years.

Finally, the challenges we all are facing with the global COVID pandemic and the uncertainty of funding during the rebound period.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Wray School District RD-2, 30222 County Road 35, Wray, Colorado 80758.

This page intentionally left blank.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

WRAY SCHOOL DISTRICT RD-2
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 7,732,486	\$ 65,940	\$ 7,798,426
Cash with fiscal agent	2,584,999		2,584,999
Investments	117,463		117,463
Receivables	777,822	34,448	812,270
Internal balances	(7,648)	7,648	-
Inventory	20,101		20,101
Capital assets, net of depreciation	45,778,890	628,872	46,407,762
Total assets	57,004,113	736,908	57,741,021
Deferred outflows of resources			
Deferred charges on refundings of bonds	74,872		74,872
Pension deferrals	2,981,817		2,981,817
Other post-employment benefit deferrals	27,962		27,962
Total deferred outflows of resources	3,084,651	-	3,084,651
Total assets and deferred outflows of resources	\$ 60,088,764	\$ 736,908	\$ 60,825,672

The accompanying notes are an integral part of these financial statements.

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 463,653		\$ 463,653
Construction contracts payable	429,544		429,544
Accrued salaries and benefits	833,747		833,747
Unearned revenues	18,355		18,355
Accrued interest payable	50,818		50,818
Noncurrent liabilities			
Due within one year	1,198,479		1,198,479
Due in more than one year	15,171,310		15,171,310
Net pension liability	10,951,715		10,951,715
Net OPEB liability	398,322		398,322
Total liabilities	29,515,943	\$ -	29,515,943
Deferred inflows of resources			
Pension deferrals	4,805,097		4,805,097
Other post-employment benefit deferrals	162,013		162,013
Total deferred inflows of resources	4,967,110	-	4,967,110
Net position			
Net investment in capital assets	29,827,954	628,872	30,456,826
Restricted for:			
Emergencies	510,000		510,000
Colorado Preschool Program	14,579		14,579
Debt service	2,352,572		2,352,572
Food service operations	1		1
Capital projects	29,865		29,865
Unrestricted (deficit)	(7,129,260)	108,036	(7,021,224)
Total net position	25,605,711	736,908	26,342,619
Total liabilities, deferred inflows of resources and net position	\$ 60,088,764	\$ 736,908	\$ 60,825,672

WRAY SCHOOL DISTRICT RD-2
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 2,831,177	\$ 37,011	\$ 1,379,906	
Supporting services				
Students	78,823		27,351	
Instructional staff	436,043		45,839	
General administration	191,338		97,589	
School administration	110,566		42,594	
Business services	151,515		4,480	
Operations and maintenance	767,758		13,586	\$ 173,000
Student transportation	371,433		95,417	
Central support services	357,282			
Food service operations	377,101	14,935	396,096	
Facilities acquisitions	8,113			9,452,770
Unallocated depreciation *	422,783			
Interest and fiscal charges	625,588			
Total governmental activities	6,729,520	51,946	2,102,858	9,625,770
Business-type activities				
Wind turbine services	181,157	91,200		
Total school district	\$ 6,910,677	\$ 143,146	\$ 2,102,858	\$ 9,625,770

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes and interest
 State categorical aid
 Earnings on investments
 Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,414,260)		\$ (1,414,260)
(51,472)		(51,472)
(390,204)		(390,204)
(93,749)		(93,749)
(67,972)		(67,972)
(147,035)		(147,035)
(581,172)		(581,172)
(276,016)		(276,016)
(357,282)		(357,282)
33,930		33,930
9,444,657		9,444,657
(422,783)		(422,783)
(625,588)		(625,588)
5,051,054	\$ -	5,051,054
	(89,957)	(89,957)
5,051,054	(89,957)	4,961,097
2,855,939		2,855,939
1,725,040		1,725,040
501,852		501,852
7,534		7,534
4,424,147		4,424,147
7,845	14	7,859
314,573		314,573
9,836,930	14	9,836,944
14,887,984	(89,943)	14,798,041
10,717,727	826,851	11,544,578
<u>\$ 25,605,711</u>	<u>\$ 736,908</u>	<u>\$ 26,342,619</u>

WRAY SCHOOL DISTRICT RD-2
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Assets				
Cash	\$ 6,210,012			\$ 1,320,650
Cash with fiscal agent	47,039	\$ 2,315,575	\$ 222,385	
Investments	117,463			
Due from other funds	92,591			250,000
Property taxes receivable	102,139	61,719		
Grants receivable	196,725		235,302	
Other receivables	29,661			
Inventory				
Total assets	\$ 6,795,630	\$ 2,377,294	\$ 457,687	\$ 1,570,650
Liabilities				
Accounts payable	\$ 416,778		\$ 46,875	
Construction contracts payable	48,597		380,947	
Due to other funds	257,648	\$ 130		
Accrued salaries and benefits	764,721			
Unearned revenues				
Total liabilities	1,487,744	130	427,822	\$ -
Deferred inflows of resources				
Deferred property tax revenues	40,697	24,592		
Total deferred inflows of resources	40,697	24,592	-	-
Fund balance				
Nonspendable inventory				
Restricted for:				
Emergencies	510,000			
Colorado Preschool Program	14,579			
Debt service		2,352,572		
Food service operations				
Capital projects			29,865	
Committed to pupil activities				
Committed to capital projects				1,570,650
Assigned for risk management	200,095			
Unassigned	4,542,515			
Total fund balance	5,267,189	2,352,572	29,865	1,570,650
Total liabilities, deferred inflows of resources and fund balance	\$ 6,795,630	\$ 2,377,294	\$ 457,687	\$ 1,570,650

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 201,824	\$ 7,732,486
	2,584,999
	117,463
	342,591
	163,858
149,589	581,616
2,687	32,348
20,101	20,101
<u>\$ 374,201</u>	<u>\$ 11,575,462</u>
	\$ 463,653
	429,544
\$ 92,461	350,239
69,026	833,747
18,355	18,355
<u>179,842</u>	<u>2,095,538</u>
	65,289
	65,289
20,101	20,101
	510,000
	14,579
	2,352,572
1	1
	29,865
174,257	174,257
	1,570,650
	200,095
	4,542,515
<u>194,359</u>	<u>9,414,635</u>
<u>\$ 374,201</u>	<u>\$ 11,575,462</u>

WRAY SCHOOL DISTRICT RD-2

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021**

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

Total fund balance - governmental funds	\$ 9,414,635
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	45,778,890
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	65,289
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(50,818)
Long-term liabilities and related deferred inflows and outflows of resources, including bonds payable, bond premium, compensated absences and the net pension and OPEB liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(29,602,285)</u>
Net position of the governmental activities	<u><u>\$ 25,605,711</u></u>

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

WRAY SCHOOL DISTRICT RD-2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Revenues				
Local sources	\$ 3,631,538	\$ 1,728,687		\$ 243
Intermediate sources	2,325	878		
State sources	5,001,302		\$ 9,452,770	
Federal sources	788,612			
Total revenues	9,423,777	1,729,565	9,452,770	243
Expenditures				
Instruction	4,568,188			
Supporting services	4,245,859			
Capital outlay	8,113		17,186,855	
Debt service				
Principal retirement	199,997	1,082,382		
Interest and fiscal charges	1,706	627,253		
Total expenditures	9,023,863	1,709,635	17,186,855	-
Excess of revenues over (under) expenditures	399,914	19,930	(7,734,085)	243
Other financing sources (uses)				
Capital lease proceeds	297,000			
Transfers in				250,000
Transfers out	(295,000)			
Total other financing sources (uses)	2,000	-	-	250,000
Net change in fund balance	401,914	19,930	(7,734,085)	250,243
Fund balance at beginning of year	4,865,275	2,332,642	7,763,950	1,320,407
Fund balance at end of year	<u>\$ 5,267,189</u>	<u>\$ 2,352,572</u>	<u>\$ 29,865</u>	<u>\$ 1,570,650</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 270,238	\$ 5,630,706
	3,203
3,514	14,457,586
<u>733,577</u>	<u>1,522,189</u>
1,007,329	21,613,684
476,279	5,044,467
558,813	4,804,672
	17,194,968
	1,282,379
	<u>628,959</u>
<u>1,035,092</u>	<u>28,955,445</u>
(27,763)	(7,341,761)
45,000	297,000
	295,000
	<u>(295,000)</u>
<u>45,000</u>	<u>297,000</u>
17,237	(7,044,761)
<u>177,122</u>	<u>16,459,396</u>
<u>\$ 194,359</u>	<u>\$ 9,414,635</u>

WRAY SCHOOL DISTRICT RD-2
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, 2021

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

Net change in fund balances - governmental fund	\$ (7,044,761)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	17,573,637
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	3,820
In the statement of activities, certain operating expenses - compensated absences, accrued interest payable, refunding deferred charges amortization and bond premium amortization - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(4,293)
Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions and OPEB are reported as expense.	3,374,202
Proceeds from the issuance of debt are reported as revenue in the governmental funds, but increase long-term liabilities in the statement of net position.	(297,000)
Repayment of principal on bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>1,282,379</u>
Change in net position of governmental activities	<u><u>\$ 14,887,984</u></u>

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

WRAY SCHOOL DISTRICT RD-2
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Business-type Activities</u>
	<u>Wind Turbine Fund</u>
Assets	
Current assets	
Cash	\$ 65,940
Due from other funds	7,648
Other receivables	<u>34,448</u>
Total current assets	108,036
Capital assets	
Machinery and equipment	1,748,278
Less accumulated depreciation	<u>(1,119,406)</u>
Total capital assets, net	<u>628,872</u>
Total assets	<u><u>\$ 736,908</u></u>
Liabilities and net position	
Current liabilities	\$ -
Net position	
Net investment in capital assets	628,872
Unrestricted	<u>108,036</u>
Total net position	<u>736,908</u>
Total liabilities and net position	<u><u>\$ 736,908</u></u>

The accompanying notes are an integral part of these financial statements.

WRAY SCHOOL DISTRICT RD-2
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities
	Wind Turbine Fund
Operating revenues	
Charges for services	\$ 91,200
Operating expenses	
Purchased services	86,243
Other	7,500
Depreciation	87,414
Total operating expenses	181,157
Operating loss	(89,957)
Nonoperating revenues	
Earnings on investments	14
Total nonoperating revenues	14
Change in net position	(89,943)
Net position at beginning of year	826,851
Net position at end of year	\$ 736,908

The accompanying notes are an integral part of these financial statements.

WRAY SCHOOL DISTRICT RD-2
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-type Activities</u>
	<u>Wind Turbine Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 65,264
Payments to suppliers	(93,743)
Net cash used by operating activities	(28,479)
Cash flows from investing activities	
Earnings on investments	14
Net cash provided by investing activities	14
Net decrease in cash	(28,465)
Cash at beginning of year	94,405
Cash at end of year	<u>\$ 65,940</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (89,957)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	87,414
Changes in assets and liabilities	
Accounts receivable	(25,936)
Net cash used by operating activities	<u>\$ (28,479)</u>

The accompanying notes are an integral part of these financial statements.

WRAY SCHOOL DISTRICT RD-2

Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Wray School District RD-2's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Wray School District RD-2 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any fiduciary funds.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments, certain capital outlay expenditures, certain debt service transactions, food service operations, scholarships, and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District’s nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District’s food service operations.

Head Start Fund – This fund is a special revenue fund used to account for expenditures related to the Head Start Program.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District’s major proprietary fund:

Wind Turbine Fund – This fund is an enterprise fund used to account for the financial activities associated with the District’s wind turbine operations.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

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

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as revenue.

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

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.9 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than \$5,000 for the governmental activities and \$1,000 for the business-type activities and proprietary funds are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land and improvements	25 years	n/a
Buildings and improvements	20-50 years	n/a
Furniture and equipment	5-25 years	5-25 years
Licensed vehicles	7-10 years	n/a

A.10 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Compensated absences benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

District employees are entitled to certain compensated absences based on their length of employment. Employees are allowed to carry over a maximum of 45 days of accumulated leave, unless employed by the District prior to the 2003-2004 school year, then employees may carry over a maximum of 100 days. Any such staff member who is in good standing with the District upon leaving employment shall be paid at a predetermined daily rate based on years of service for any unused accumulated leave.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.11 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.12 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.13 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are wind turbine utility billings. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District’s deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government’s name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$8,448,798, of which \$550,573 was insured and \$7,898,225 was collateralized with securities held by the pledging institution’s trust department or agent in the District’s name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note B – Cash and investments (Continued)

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2021, the District had invested \$117,463 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the District had the following investments. The investment in Colotrust (a local government investment pool) is maintained in the General Fund.

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Investment in Colotrust	\$ 117,463	\$ 117,463	\$ -	\$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colotrust were rated AAA by Standard and Poor’s.

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Property taxes receivable	\$ 163,858	\$ -	\$ 163,858
Grants receivable	581,616	-	581,616
Other receivables	32,348	34,448	66,796
Total	\$ 777,822	\$ 34,448	\$ 812,270

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note C – Receivables (Continued)

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Yuma County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the District in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 92,591	\$ 257,648
Bond redemption fund	-	130
Other governmental funds	<u>250,000</u>	<u>92,461</u>
Subtotal	342,591	350,239
<u>Business-type funds</u>		
Wind turbine fund	<u>7,648</u>	<u>-</u>
Totals	<u>\$ 350,239</u>	<u>\$ 350,239</u>

All balances resulted from the lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 295,000
Capital reserve capital project fund	250,000	
Other governmental funds	<u>45,000</u>	<u>-</u>
Total	<u>\$ 295,000</u>	<u>\$ 295,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. During the year, the District transferred funds in the amount of \$250,000 from the General Fund to the Capital Reserve Capital Projects Fund to set aside funds for capital acquisitions and \$45,000 to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 359,300	\$ -	\$ -	\$ 359,300
Construction in progress	<u>17,245,070</u>	<u>17,652,230</u>	<u>(34,431,925)</u>	<u>465,375</u>
Total capital assets, not being depreciated	17,604,370	17,652,230	(34,431,925)	824,675
Capital assets, being depreciated:				
Land improvements	1,400,484	241,000	-	1,641,484
Buildings and improvements	19,412,207	164,158	34,431,925	54,008,290
Furniture and equipment	878,762	162,783	-	1,041,545
Licensed vehicles	<u>2,446,225</u>	<u>14,855</u>	<u>-</u>	<u>2,461,080</u>
Total capital assets, being depreciated	<u>24,137,678</u>	<u>582,796</u>	<u>34,431,925</u>	<u>59,152,399</u>
Total capital assets	41,742,048	18,235,026	-	59,977,074
Less accumulated depreciation for:				
Land improvements	(1,031,315)	(27,238)	-	(1,058,553)
Buildings and improvements	(10,039,971)	(446,383)	-	(10,486,354)
Furniture and equipment	(537,016)	(65,184)	-	(602,200)
Licensed vehicles	<u>(1,928,493)</u>	<u>(122,584)</u>	<u>-</u>	<u>(2,051,077)</u>
Total accumulated depreciation	<u>(13,536,795)</u>	<u>(661,389)</u>	<u>-</u>	<u>(14,198,184)</u>
Governmental activities capital assets, net	<u>\$ 28,205,253</u>	<u>\$ 17,573,637</u>	<u>\$ -</u>	<u>\$ 45,778,890</u>
Business-type activities				
Capital assets, being depreciated:				
Furniture and equipment	\$ 1,748,278	\$ -	\$ -	\$ 1,748,278
Less accumulated depreciation	<u>(1,031,992)</u>	<u>(87,414)</u>	<u>-</u>	<u>(1,119,406)</u>
Business-type activities capital assets, net	<u>\$ 716,286</u>	<u>\$ (87,414)</u>	<u>\$ -</u>	<u>\$ 628,872</u>

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 47,023
Instructional staff	14,236
General administration	10,635
Operations and maintenance	34,113
Student transportation	122,584
Central support service	1,469
Food service operations	8,546
Unallocated	<u>422,783</u>
Subtotal	661,389
Business-type activities	
Wind turbine operations	<u>87,414</u>
Total depreciation expense	<u>\$ 748,803</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$833,747. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 94,790	\$ 7,664	\$ -	\$ 102,454	\$ -
General obligation bonds payable	17,029,281	-	(1,082,381)	15,946,900	1,118,691
Bond premium	108,500	-	(29,591)	78,909	-
Capital lease obligation	<u>144,523</u>	<u>297,000</u>	<u>(199,997)</u>	<u>241,526</u>	<u>79,788</u>
Total	<u>\$ 17,377,094</u>	<u>\$ 304,664</u>	<u>\$ (1,311,969)</u>	<u>\$ 16,369,789</u>	<u>\$ 1,198,479</u>

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note G – Long-term debt (Continued)

Payments on the general obligation bonds are made in the Bond Redemption Fund, while payments on the capital lease obligation will be made in the General Fund. The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

General obligation bonds

General obligation bonds payable consist of the following individual issue:

\$5,430,000 general obligation refunding bonds, dated March 14, 2013, due in annual installments beginning in fiscal year 2014 ranging from \$385,000 to \$570,000; varying annual interest rates ranging from 2.00% to 3.00%, payable semi-annually on June 15th and December 15th. \$ 1,505,000

\$15,524,231 general obligation bonds, dated November 6, 2018, due in annual installments beginning in fiscal year 2021 ranging from \$534,950 to \$1,088,538; fixed annual interest rate of 3.893%, payable semi-annually on June 1st and December 1st. 14,441,900

Total general obligation bonds \$ 15,946,900

Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$2,655,000 of bonds outstanding are considered defeased.

Capital lease obligations

Technology lease obligation – In June 2020, the District entered into an agreement with Apple, Inc. to purchase technology equipment, which serve as collateral for the agreement. The District received goods in the amount of \$62,930 in fiscal year 2020, with the remaining goods of \$297,000 received in fiscal year 2021. The agreement called for a lease term of four years. Annual payments of \$81,964 are due on July 15th of each year, with a final payment due in fiscal year 2024. The average interest rate over the lease term is 2.89%. The District has not capitalized any assets under this capital lease as none of the assets acquired met the District's capitalization threshold.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note G – Long-term debt (Continued)

The lease agreements above contain a provision that, in the event of default, the lessor may, at its sole discretion, do any or all of the following (a) declare due and payable any and all amounts which may then be due and payable under the lease, plus all lease payments remaining through the end of the then current fiscal period (b) enter the premises and take possession of the equipment or require the District at the District’s expense to promptly return any or all of such equipment (c) at the District’s expense sell or lease the equipment or, for the account of the District, sublease such equipment, continuing to hold the District liable for the difference between the lease payment payable by the District pursuant to the terms of such lease to the end of the current fiscal period and the net proceeds of any such sale, lease or sublease. In the event the lessor sells or otherwise liquidates the equipment following an event of default and realizes net proceeds (after payment of costs) in excess of total lease payments under the related lease that would have been paid during the related scheduled lease term plus any other amounts then due under the related lease, the lessor shall immediately pay the amount of any such excess to the District.

<u>Year Ending December 31,</u>	<u>Bonds Payable</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,118,691	\$ 588,054	\$ 79,788	\$ 2,176
2023	1,160,830	548,684	80,506	1,457
2024	998,832	510,910	81,232	732
2025	637,728	480,773	-	-
2026	662,555	455,463	-	-
2027-2031	3,720,351	1,861,805	-	-
2032-2036	4,503,138	1,063,780	-	-
2037-2038	3,144,775	186,755	-	-
Totals	<u>\$15,946,900</u>	<u>\$ 5,696,224</u>	<u>\$ 241,526</u>	<u>\$ 4,365</u>

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. 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. Section 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. Section 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. Section 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 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, 2021. 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. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

	July 1, 2020 Through <u>June 30, 2021</u>
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u>19.88%</u>

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

As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225 million (actual dollars) 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) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 \$779,412 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity’s proportion is zero percent. Pursuant to C.R.S. Section 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At year end, the District reported a liability of \$10,951,715 for its proportionate share of the net pension liability. 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:

District’s proportionate share of the net pension liability	\$ 10,951,715
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>-</u>
Total	<u>\$ 10,951,715</u>

At December 31, 2020, the District’s proportion was 0.0724 percent, which was an increase of 0.0058 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$2,560,919) and revenue of \$0 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 580,221	\$ -
Changes of assumptions or other inputs	1,053,521	1,760,449
Net difference between projected and actual earnings on pension plan investments	-	2,369,813
Changes in proportion and differences between contributions recognized and proportionate share of contributions	937,196	674,835
Contributions subsequent to the measurement date	<u>410,879</u>	<u>-</u>
Total	<u>\$ 2,981,817</u>	<u>\$ 4,805,097</u>

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

\$410,879 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2022	\$ (2,045,584)
2023	462,474
2024	(270,745)
2025	<u>(380,304)</u>
Totals	<u>\$ (2,234,159)</u>

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–9.70%
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)	1.25%
PERA benefit structure hired after 12/31/06:	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.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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)	1.25%
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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 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 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 based upon 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 based upon 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

¹ The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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 percent.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 14,939,036	\$ 10,951,715	\$ 7,628,963

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note I – 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 Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note I – Defined contribution pension plan (Continued)

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. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$44,773 for the Voluntary Investment Program.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of Significant Accounting Policies

OPEB. 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 FNP 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.

General Information about the OPEB Plan

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Enrollment in the PERACare 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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

DPS Benefit Structure

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 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 \$39,990 for the year ended June 30, 2021.

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

At year-end, the District reported a liability of \$398,322 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.0419 percent, which was a decrease of 0.0016 percent from its proportion measured as of December 31, 2019.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$6,119. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,133	\$ 90,017
Changes of assumptions or other inputs	3,178	24,424
Net difference between projected and actual earnings on OPEB plan investments	-	16,375
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,570	31,197
Contributions subsequent to the measurement date	<u>21,081</u>	<u>-</u>
Total	<u>\$ 27,962</u>	<u>\$ 162,013</u>

\$21,081 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2022	\$ (35,313)
2023	(32,873)
2024	(36,802)
2025	(35,025)
2026	(14,206)
2027	<u>(913)</u>
Total	<u>\$ (155,132)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Initial Costs for Members without Medicare Part A

<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 used to measure the total OPEB liability are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019 to December 31, 2020.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A

¹ C.R.S. Section 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA’s 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree 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 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 mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table 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 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 for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 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.

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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

¹ The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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 percent.

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	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 388,027	\$ 398,322	\$ 410,307

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 456,285	\$ 398,322	\$ 348,797

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

Note K – 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. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool’s objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District’s contribution for the year was \$196,440. The District continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures 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.

TABOR amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$510,000 for the emergency reserve.

Note M – Joint venture

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

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

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's financial contribution was \$199,932.

Note N – Construction commitments

The District began a construction project to build a new facility during the prior year at an estimated cost of \$34,498,292, funded in part with local bond funds as well as state BEST Grant funds. At year-end, the District had approximately \$494,189 in uncompleted construction contracts, which will be paid from remaining local bond funds as well as BEST Grant funds.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 3,236,570	\$ 3,510,070	\$ 3,631,538	\$ 121,468
Intermediate sources	3,500	5,300	2,325	(2,975)
State sources	4,930,426	5,077,795	5,001,302	(76,493)
Federal sources	164,427	805,870	788,612	(17,258)
Total revenues	8,334,923	9,399,035	9,423,777	24,742
Expenditures				
Instruction	4,613,359	4,683,451	4,568,188	115,263
Supporting services	3,122,421	3,708,895	4,245,859	(536,964)
Capital outlay			8,113	(8,113)
Debt service				
Principal retirement	84,800	202,000	199,997	2,003
Interest and fiscal charges			1,706	(1,706)
Appropriated reserves	4,210,031	5,764,306		5,764,306
Total expenditures	12,030,611	14,358,652	9,023,863	5,334,789
Excess of revenues over (under) expenditures	(3,695,688)	(4,959,617)	399,914	5,359,531
Other financing sources (uses)				
Capital lease proceeds			297,000	297,000
Transfers out	(270,000)	(320,000)	(295,000)	25,000
Total other financing sources (uses)	(270,000)	(320,000)	2,000	322,000
Net change in fund balance	\$ (3,965,688)	\$ (5,279,617)	401,914	\$ 5,681,531
Fund balance at beginning of year			4,865,275	
Fund balance at end of year			\$ 5,267,189	

This page intentionally left blank.

WRAY SCHOOL DISTRICT RD-2
Schedule of the District's Proportionate Share of the Net Pension Liability¹
PERA's School Division Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net pension liability	0.0724%	0.0666%	0.0693%	0.0790%
District's proportionate share of the net pension liability	\$ 10,951,715	\$ 9,948,304	\$ 12,266,775	\$ 25,548,045
State's proportionate share of the net pension liability	<u>-</u>	<u>1,261,816</u>	<u>1,677,311</u>	<u>-</u>
Total	<u>\$ 10,951,715</u>	<u>\$ 11,210,120</u>	<u>\$ 13,944,086</u>	<u>\$ 25,548,045</u>
District's covered payroll	\$ 3,876,419	\$ 3,913,264	\$ 3,808,484	\$ 3,644,497
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.52%	254.22%	322.09%	701.00%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%

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

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0783%	0.0770%	0.0779%	0.0824%
\$ 23,301,622	\$ 11,775,614	\$ 10,552,551	\$ 10,511,588
-	-	-	-
<u>\$ 23,301,622</u>	<u>\$ 11,775,614</u>	<u>\$ 10,552,551</u>	<u>\$ 10,511,588</u>
\$ 3,515,279	\$ 3,355,357	\$ 3,261,743	\$ 3,322,277
662.87%	350.95%	323.52%	316.40%
43.10%	59.20%	62.84%	64.07%

WRAY SCHOOL DISTRICT RD-2
Schedule of District Contributions¹
PERA's School Division Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 779,412	\$ 769,191	\$ 730,440	\$ 711,899
Contributions in relation to the contractually required contribution	<u>(779,412)</u>	<u>(769,191)</u>	<u>(730,440)</u>	<u>(711,899)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,920,569	\$ 3,968,983	\$ 3,818,290	\$ 3,768,879
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.89%

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 654,155	\$ 612,026	\$ 553,398	\$ 526,074
<u>(654,155)</u>	<u>(612,026)</u>	<u>(553,398)</u>	<u>(526,074)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,558,108	\$ 3,452,695	\$ 3,276,669	\$ 3,291,484
18.38%	17.73%	16.89%	15.98%

WRAY SCHOOL DISTRICT RD-2
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.0419%	0.0435%	0.0450%	0.0449%
District's proportionate share of the net OPEB liability	\$ 398,322	\$ 489,180	\$ 612,651	\$ 583,409
District's covered payroll	\$ 3,876,419	\$ 3,913,264	\$ 3,808,484	\$ 3,644,497
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%

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

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

June 30, 2017

0.0445%

\$ 577,214

\$ 3,515,279

16.42%

16.72%

WRAY SCHOOL DISTRICT RD-2
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 39,990	\$ 40,484	\$ 38,947	\$ 38,443
Contributions in relation to the contractually required contribution	<u>(39,990)</u>	<u>(40,484)</u>	<u>(38,947)</u>	<u>(38,443)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,920,569	\$ 3,968,983	\$ 3,818,290	\$ 3,768,879
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

June 30, 2017

\$ 36,293

(36,293)

\$ -

\$ 3,558,108

1.02%

WRAY SCHOOL DISTRICT RD-2
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

This page intentionally left blank.

Budgetary Comparison Schedules - General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 2,858,760	\$ 2,858,760	\$ 2,852,987	\$ (5,773)
Specific ownership taxes	314,000	374,000	501,852	127,852
Delinquent taxes and interest	8,000	8,000	4,680	(3,320)
Tuition	15,800	15,800	32,431	16,631
Earnings on investments	10,010	10,010	5,919	(4,091)
Pupil activities	7,000	3,500	4,580	1,080
Other local revenue	23,000	240,000	229,089	(10,911)
Total local sources	3,236,570	3,510,070	3,631,538	121,468
Intermediate sources	3,500	5,300	2,325	(2,975)
State sources				
Equalization	4,634,441	4,536,129	4,424,147	(111,982)
Vocational education	20,000	20,000	23,088	3,088
Transportation	88,131	88,131	95,417	7,286
State share mitigation funding			13,586	13,586
ELPA professional development	26,822	26,822	27,609	787
English language proficiency	18,662	18,662	24,649	5,987
State grants to libraries		3,500	3,500	-
Small rural schools funding		237,793	237,793	-
Additional at-risk funding		4,388	4,388	-
READ Act	13,870	13,870	15,383	1,513
Services within the BOCES	128,500	128,500	131,742	3,242
Total state sources	4,930,426	5,077,795	5,001,302	(76,493)
Federal sources				
Title I	117,931	117,931	72,685	(45,246)
Title II-A	22,496	22,496	27,339	4,843
Title IV-A	10,000	10,000	10,000	-
IDEA, Part D			13,238	13,238
Title III-A ELA SAI			6,064	6,064
Coronavirus relief funds		507,431	507,431	-
ESSER education stabilization fund		94,832	94,832	-
CRF: K-12 at-risk pupils		11,180	11,180	-
REAP		28,000	29,678	1,678
Services within the BOCES	14,000	14,000	16,165	2,165
Total federal sources	164,427	805,870	788,612	(17,258)
Total revenues	\$ 8,334,923	\$ 9,399,035	\$ 9,423,777	\$ 24,742

This page intentionally left blank.

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 2,702,556	\$ 2,726,716	\$ 2,760,946	\$ (34,230)
Employee benefits	1,361,746	1,377,424	1,238,906	138,518
Purchased services	365,945	371,861	262,237	109,624
Supplies and materials	108,602	113,052	146,692	(33,640)
Property	34,500	44,500	143,664	(99,164)
Other	40,010	49,898	15,743	34,155
Total instruction	4,613,359	4,683,451	4,568,188	115,263
Supporting services				
Students				
Salaries	119,650	119,650	122,237	(2,587)
Employee benefits	66,746	66,746	50,486	16,260
Purchased services	12,550	12,550		12,550
Supplies and materials	2,494	2,494	1,479	1,015
Other	430	430		430
Total students	201,870	201,870	174,202	27,668
Instructional staff				
Salaries	182,354	182,354	178,548	3,806
Employee benefits	94,228	94,228	88,531	5,697
Purchased services	93,128	106,628	45,387	61,241
Supplies and materials	66,164	83,164	28,354	54,810
Property	15,000	117,000	305,270	(188,270)
Other	1,500	1,900	450	1,450
Total instructional staff	452,374	585,274	646,540	(61,266)
General administration				
Salaries	104,600	104,600	129,375	(24,775)
Employee benefits	32,857	32,857	47,354	(14,497)
Purchased services	64,717	64,717	49,428	15,289
Supplies and materials	3,100	3,100	9,935	(6,835)
Other	18,800	18,800	6,165	12,635
Total general administration	224,074	224,074	242,257	(18,183)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	191,502	191,502	199,372	(7,870)
Employee benefits	84,097	84,097	62,642	21,455
Purchased services	3,000	3,000	1,838	1,162
Supplies and materials	1,800	1,800	1,101	699
Other	2,580	2,580	1,180	1,400
Total school administration	282,979	282,979	266,133	16,846
Business services				
Salaries	93,661	93,661	96,092	(2,431)
Employee benefits	40,145	40,145	32,607	7,538
Purchased services	37,009	37,009	61,969	(24,960)
Supplies and materials	40,200	50,200	29,529	20,671
Property	4,000	12,000	1,413	10,587
Other	8,125	8,125	3,370	4,755
Total business services	223,140	241,140	224,980	16,160
Operations and maintenance				
Salaries	230,000	305,000	218,577	86,423
Employee benefits	113,283	147,057	106,419	40,638
Purchased services	141,000	394,000	1,025,081	(631,081)
Supplies and materials	275,000	275,000	260,588	14,412
Property	95,000	155,000	236,207	(81,207)
Other	5,000	5,000		5,000
Total operations and maintenance	859,283	1,281,057	1,846,872	(565,815)
Student transportation				
Salaries	236,454	236,454	217,390	19,064
Employee benefits	112,427	112,427	106,510	5,917
Purchased services	30,500	32,300	58,166	(25,866)
Supplies and materials	90,000	90,000	51,085	38,915
Property	5,000	12,000	178	11,822
Other	(28,560)	(28,560)		(28,560)
Total student transportation	445,821	454,621	433,329	21,292

(continued)

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	87,750	87,750	71,426	16,324
Employee benefits	26,076	26,076	20,814	5,262
Purchased services	315,514	320,514	308,047	12,467
Supplies and materials	2,240	2,240	11,240	(9,000)
Other	1,300	1,300	19	1,281
Total central support services	432,880	437,880	411,546	26,334
Total supporting services	3,122,421	3,708,895	4,245,859	(536,964)
Capital outlay				
Facilities acquisitions				
Property			8,113	(8,113)
Total capital outlay	-	-	8,113	(8,113)
Debt service				
Principal retirement	84,800	202,000	199,997	2,003
Interest and fiscal charges			1,706	(1,706)
Total debt service	84,800	202,000	201,703	297
Appropriated reserves	4,210,031	5,764,306		5,764,306
Total expenditures	<u>\$ 12,030,611</u>	<u>\$ 14,358,652</u>	<u>\$ 9,023,863</u>	<u>\$ 5,334,789</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Head Start Fund – This fund is to account for expenditures related to the Head Start Program.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

WRAY SCHOOL DISTRICT RD-2
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Food Service Fund	Head Start Fund	Pupil Activity Fund	Totals
Assets				
Cash	\$ 13,557	\$ 14,010	\$ 174,257	\$ 201,824
Grants receivable	97,440	52,149		149,589
Other receivables	2,687			2,687
Inventory	20,101			20,101
Total assets	\$ 133,785	\$ 66,159	\$ 174,257	\$ 374,201
Liabilities				
Due to other funds	\$ 64,946	\$ 27,515		\$ 92,461
Accrued salaries and benefits	30,382	38,644		69,026
Unearned revenues	18,355			18,355
Total liabilities	113,683	66,159	\$ -	179,842
Fund balance				
Nonspendable inventory	20,101			20,101
Restricted for food service operations	1			1
Committed to pupil activities			174,257	174,257
Total fund balance	20,102	-	174,257	194,359
Total liabilities and fund balance	\$ 133,785	\$ 66,159	\$ 174,257	\$ 374,201

WRAY SCHOOL DISTRICT RD-2
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	Food Service Fund	Head Start Fund	Pupil Activity Fund	Totals
Revenues				
Local sources	\$ 17,553	\$ 9	\$ 252,676	\$ 270,238
State sources	3,514			3,514
Federal sources	392,582	340,995		733,577
Total revenues	413,649	341,004	252,676	1,007,329
Expenditures				
Instruction		255,228	221,051	476,279
Supporting services	473,037	85,776		558,813
Total expenditures	473,037	341,004	221,051	1,035,092
Excess of revenues over (under) expenditures	(59,388)	-	31,625	(27,763)
Other financing sources				
Transfers in	45,000			45,000
Net change in fund balances	(14,388)	-	31,625	17,237
Fund balance at beginning of year	34,490	-	142,632	177,122
Fund balance at end of year	\$ 20,102	\$ -	\$ 174,257	\$ 194,359

WRAY SCHOOL DISTRICT RD-2
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ (1,144)	\$ 111,183	\$ 17,553	\$ (93,630)
State sources	10,200	10,200	3,514	(6,686)
Federal sources	275,688	293,400	392,582	99,182
Total revenues	284,744	414,783	413,649	(1,134)
Expenditures				
Supporting services				
Salaries	131,924	138,500	133,903	4,597
Employee benefits	78,501	85,283	80,995	4,288
Purchased services	13,400	17,600	15,861	1,739
Supplies and materials	242,440	238,400	241,101	(2,701)
Property	4,000	5,000	1,177	3,823
Appropriated reserves	79,735	65,217		65,217
Total expenditures	550,000	550,000	473,037	76,963
Excess of revenues over (under) expenditures	(265,256)	(135,217)	(59,388)	75,829
Other financing sources				
Transfers in	70,000	70,000	45,000	(25,000)
Net change in fund balance	\$ (195,256)	\$ (65,217)	(14,388)	\$ 50,829
Fund balance at beginning of year			34,490	
Fund balance at end of year			\$ 20,102	

WRAY SCHOOL DISTRICT RD-2
Head Start Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
Revenues				
Local sources	\$ 4	\$ 4	\$ 9	\$ 5
Federal sources	267,581	307,733	340,995	33,262
Total revenues	267,585	307,737	341,004	33,267
Expenditures				
Instruction				
Salaries	76,366	102,798	138,973	(36,175)
Employee benefits	45,995	59,715	62,459	(2,744)
Purchased services	30,617	30,617	24,423	6,194
Supplies and materials	18,009	18,009	26,293	(8,284)
Property	1,000	1,000	3,080	(2,080)
Total instruction	171,987	212,139	255,228	(43,089)
Supporting services				
Salaries	61,542	61,542	57,501	4,041
Employee benefits	34,056	34,056	28,275	5,781
Total supporting services	95,598	95,598	85,776	9,822
Appropriated reserves	32,415	72,263		72,263
Total expenditures	300,000	380,000	341,004	38,996
Net change in fund balance	\$ (32,415)	\$ (72,263)	-	\$ 72,263
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

WRAY SCHOOL DISTRICT RD-2
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Pupil activities	\$ 550,000	\$ 580,000	\$ 252,676	\$ (327,324)
Expenditures				
Instruction				
Purchased services		190,000	73,190	116,810
Supplies and materials		260,000	113,807	146,193
Property		60,000	3,879	56,121
Other	550,000	40,000	30,175	9,825
Appropriated reserves	250,000	250,000		250,000
Total expenditures	800,000	800,000	221,051	578,949
Net change in fund balance	\$ (250,000)	\$ (220,000)	31,625	\$ 251,625
Fund balance at beginning of year			142,632	
Fund balance at end of year			\$ 174,257	

Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

Debt Service Funds – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

WRAY SCHOOL DISTRICT RD-2
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,727,715	\$ 1,727,715	\$ 1,724,172	\$ (3,543)
Delinquent taxes and interest	2,500	2,500	2,854	354
Interest on investments	15,600	15,600	1,661	(13,939)
Total local sources	1,745,815	1,745,815	1,728,687	(17,128)
Intermediate sources	500	500	878	378
Total revenues	1,746,315	1,746,315	1,729,565	(16,750)
Expenditures				
Debt service				
Principal retirement	1,621,015	1,621,015	1,082,382	538,633
Interest and fiscal charges	125,300	668,500	627,253	41,247
Appropriated reserves	545,561	2,361		2,361
Total expenditures	2,291,876	2,291,876	1,709,635	582,241
Net change in fund balance	\$ (545,561)	\$ (545,561)	19,930	\$ 565,491
Fund balance at beginning of year			2,332,642	
Fund balance at end of year			\$ 2,352,572	

Budgetary Comparison Schedules - Capital Projects Funds

The District reports the following major capital projects funds:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.
- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

WRAY SCHOOL DISTRICT RD-2
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 15,501,000	\$ 15,501,000		\$ (15,501,000)
State sources	19,000,000	19,000,000	\$ 9,452,770	(9,547,230)
Total revenues	34,501,000	34,501,000	9,452,770	(25,048,230)
Expenditures				
Capital outlay				
Property	12,390,258	12,390,258	17,186,855	(4,796,597)
Appropriated reserves	17,609,742	17,609,742		17,609,742
Total expenditures	30,000,000	30,000,000	17,186,855	12,813,145
Net change in fund balance	\$ 4,501,000	\$ 4,501,000	(7,734,085)	\$ (12,235,085)
Fund balance at beginning of year			7,763,950	
Fund balance at end of year			\$ 29,865	

**WRAY SCHOOL DISTRICT RD-2
 Capital Reserve Capital Projects Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 30	\$ 30	\$ 243	\$ 213
Expenditures				
Capital outlay		575,000		575,000
Appropriated reserves	1,520,177	1,000,000		1,000,000
Total expenditures	1,520,177	1,575,000	-	1,575,000
Excess of revenues over (under) expenditures	(1,520,147)	(1,574,970)	243	(1,574,787)
Other financing sources				
Transfers in	200,000	250,000	250,000	-
Net change in fund balance	\$ (1,320,147)	\$ (1,324,970)	250,243	\$ 1,575,213
Fund balance at beginning of year			1,320,407	
Fund balance at end of year			\$ 1,570,650	

This page intentionally left blank.

Budgetary Comparison Schedule – Enterprise Fund

The District reports the following major enterprise fund:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Wind Turbine Fund – This fund is used to record financial transactions related to the District's wind turbine operations.

WRAY SCHOOL DISTRICT RD-2
Wind Turbine Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 91,200	\$ (8,800)
Operating expenses				
Purchased services	50,859	50,859	86,243	(35,384)
Other	7,500	7,500	7,500	-
Depreciation	87,900	87,900	87,414	486
Appropriated reserves	79,187	79,187		79,187
Total expenses	225,446	225,446	181,157	44,289
Operating loss	(125,446)	(125,446)	(89,957)	35,489
Nonoperating revenues				
Earnings on investments	50	50	14	(36)
Total nonoperating revenues	50	50	14	(36)
Change in net position	\$ (125,396)	\$ (125,396)	(89,943)	\$ 35,453
Net position at beginning of year			826,851	
Net position at end of year			\$ 736,908	

Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- 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*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

WRAY SCHOOL DISTRICT RD-2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services Donated Commodities	10.555	4555	\$ 24,977
Colorado Department of Education National School Lunch Program	10.555	4555	92
COVID-19 Summer Food Service Program for Children	10.559	4559	32,867
Summer Food Service Program for Children	10.559	4559	<u>334,646</u>
Total Child Nutrition Cluster/U.S. Department of Agriculture			392,582
U.S. Department of Education			
Rural Education	84.358	4358	29,678
Pass-through programs from:			
Colorado Department of Education			
Title I Grants to Local Educational Agencies	84.010	4010	72,685
Special Education - State Personnel Development	84.323	5323	13,238
English Language Acquisition State Grants	84.365	7365	6,064
Supporting Effective Instruction State Grants	84.367	4367	27,339
Student Support and Academic Enrichment Program	84.424	4424	10,000
COVID-19 Education Stabilization Fund	84.425D	4425	<u>94,832</u>
Total U.S. Department of Education			253,836
U.S. Department of Health and Human Services			
Head Start	93.600	N/A	<u>307,733</u>
Total U.S. Department of Health and Human Services			307,733
U.S. Department of the Treasury			
COVID-19 Coronavirus Relief Fund	21.019	4012	33,262
Pass-through program from:			
Colorado Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	4012	507,431
COVID-19 Coronavirus Relief Fund	21.019	5012	<u>11,180</u>
Total CFDA Number 21.019/Total U.S. Department of the Treasury			<u>551,873</u>
Total expenditures of federal awards			<u><u>\$ 1,506,024</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

WRAY SCHOOL DISTRICT RD-2
Notes to Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wray School District RD-2 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *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 Wray School District RD-2, it is not intended to and does not present the financial position, changes in net position, or cash flows of Wray School District RD-2.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. 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.

Note C – Indirect Cost Rate

Wray School District RD-2 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Wray School District RD-2 did not pass through any federal grants to subrecipients.

Note E – Nonmonetary assistance

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Wray School District RD-2 received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	\$ <u>24,977</u>
-----------------	-------------------------------	------------------

This page intentionally left blank.



**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***

Board of Education
Wray School District RD-2
Wray, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Wray School District RD-2 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2022.

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 Districts' 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
January 26, 2022

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education
Wray School District RD-2
Wray, Colorado

Report on Compliance for Each Major Program

We have audited the Wray School District RD-2's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
January 26, 2022

**WRAY SCHOOL DISTRICT RD-2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Summary of audit results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Wray School District RD-2 (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The program tested as major was:

Coronavirus Relief Fund	CFDA No. 21.019
Educational Stabilization Fund	CFDA Nos. 84.425D
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did not qualify as a low-risk auditee.

Findings – Financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and Questioned Costs

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

Prior year findings

There were no findings or questioned costs reported for the year ended June 30, 2020.

This page intentionally left blank.

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

This page intentionally left blank.

Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Wray School District RD-2
Wray, Colorado

We have audited the basic financial statements of the Wray School District RD-2 (the District) as of and for the year ended June 30, 2021, and our report thereon dated January 26, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
January 26, 2022



Colorado Department of Education
Auditors Integrity Report
 District: 3210 - Wray RD-2
 Fiscal Year 2020-21
 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	4,705,205	9,385,752	9,023,863	5,067,095
18 Risk Mgmt Sub-Fund of General Fund	160,070	40,025	0	200,095
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	4,865,275	9,425,777	9,023,863	5,267,189
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	34,490	458,649	473,036	20,102
22 Govt Designated-Purpose Grants Fund	0	341,004	341,004	0
23 Pupil Activity Special Revenue Fund	142,632	252,676	221,051	174,257
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,332,642	1,729,565	1,709,635	2,352,572
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	7,763,950	9,452,770	17,186,855	29,865
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,320,407	250,243	0	1,570,650
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	16,459,395	21,910,684	28,955,444	9,414,636
Proprietary				
50 Other Enterprise Funds	826,851	91,215	181,157	736,908
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	826,851	91,215	181,157	736,908
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