

Wray School District RD-2
Wray, Colorado

Financial Statements

For the Year ended June 30, 2022

Table of Contents

	Page
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	29-66
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	68
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	70-71
Schedule of District Contributions – PERA's School Division Trust Fund	72-73
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	74-75
Schedule of District Contributions – PERA's Health Care Trust Fund	76-77
Notes to the Required Supplementary Information	78
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	82-83
Budgetary Comparison Schedule - Expenditures	84-86

Table of Contents

	<u>Page</u>
Nonmajor Governmental Funds	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	89
Budgetary Comparison Schedule – Food Service Fund	90
Budgetary Comparison Schedule – Pupil Activity Fund	91
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	94
Capital Projects Funds	
Budgetary Comparison Schedule - Building Fund	96
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	97
Enterprise Fund	
Budgetary Comparison Schedule – Wind Turbine Fund	100
Single Audit Section	
Schedule of Expenditures of Federal Awards	102
Notes to Schedule of Expenditures of Federal Awards	103
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>	105-106
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	107-109
Schedule of Findings and Questioned Costs	110
Colorado Department of Education Supplementary Schedule	
Auditors’ Integrity Report	112



Independent Auditors' Report

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

Opinions

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 the Wray School District RD-2 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, auditors' integrity report and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the auditors' integrity report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 21, 2023

**WRAY SCHOOL DISTRICT RD-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

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, 2022.

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 \$31,396,182 (net position).
- The district's total net position increased by \$5,053,563. 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 \$11,052,422 or 84% of the \$13,254,378 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$2,201,956 or 16% of revenues.
- The general fund ending fund balance reached \$6,408,765, an increase of \$1,141,576 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 two 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 29-66 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 68-100.

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.

79% 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, 2022.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2021-2022
	2022	2021	2022	2021	2022	2021	
Current and Other assets	\$12,152,594	\$11,225,223	\$ 138,891	\$ 108,036	\$12,291,485	\$11,333,259	8.45%
Capital assets	45,016,158	45,778,890	541,458	628,872	45,557,616	46,407,762	-1.83%
Total assets	57,168,752	57,004,113	680,349	736,908	57,849,101	57,741,021	0.19%
Deferred outflows of resources	2,082,942	3,084,651	-	-	2,082,942	3,084,651	-32.47%
Total assets and deferred outflows of resources	\$59,251,694	\$60,088,764	\$ 680,349	\$ 736,908	\$59,932,043	\$60,825,672	-1.47%
Other liabilities	\$ 1,286,143	\$ 1,796,117	\$ -	\$ -	\$ 1,286,143	\$ 1,796,117	-28.39%
Long-term liabilities	23,134,935	27,719,826	-	-	23,134,935	27,719,826	-16.54%
Total liabilities	24,421,078	29,515,943	-	-	24,421,078	29,515,943	-17.26%
Deferred inflows of resources	4,114,783	4,967,110	-	-	4,114,783	4,967,110	-17.16%
Net investment in capital assets	30,185,427	29,827,954	541,458	628,872	30,726,885	30,456,826	0.89%
Restricted	2,709,847	2,907,017	-	-	2,709,847	2,907,017	-6.78%
Unrestricted	(2,179,441)	(7,129,260)	138,891	108,036	(2,040,550)	(7,021,224)	-70.94%
Total net position	30,715,833	25,605,711	680,349	736,908	31,396,182	26,342,619	19.18%
Total liabilities, deferred inflows and net position	\$ 59,251,694	\$ 60,088,764	\$ 680,349	\$ 736,908	\$59,932,043	\$60,825,672	-1.47%

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

Revenues	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2021-2022
	2022	2021	2022	2021	2022	2021	
Program Revenues							
Charges for services	\$ 67,859	\$ 51,946	\$ 56,736	\$ 91,200	\$ 124,595	\$ 143,146	-12.96%
Operating Grants & Contributions	1,858,540	2,102,858	-	-	1,858,540	2,102,858	-11.62%
Capital Grants & Contributions	218,821	9,625,770	-	-	218,821	9,625,770	-97.73%
General Revenue							
Property taxes	5,444,872	5,090,365	-	-	5,444,872	5,090,365	6.96%
State equalization	5,079,701	4,424,147	-	-	5,079,701	4,424,147	14.82%
Other	527,832	322,418	17	14	527,849	322,432	63.71%
Total Revenue	13,197,625	21,617,504	56,753	91,214	13,254,378	21,708,718	-38.94%
Expenses							
Instruction	3,268,772	2,831,177	-	-	3,268,772	2,831,177	15.46%
Supporting services	3,163,141	2,849,972	-	-	3,163,141	2,849,972	10.99%
Unallocated depreciation	1,070,947	422,783	-	-	1,070,947	422,783	153.31%
Interest expense	584,643	625,588	-	-	584,643	625,588	-6.55%
Wind turbine services	-	-	113,312	181,157	113,312	181,157	-37.45%
Total Expenses	8,087,503	6,729,520	113,312	181,157	8,200,815	6,910,677	18.67%
Change in net position	\$ 5,110,122	\$14,887,984	\$ (56,559)	\$ (89,943)	\$ 5,053,563	\$14,798,041	-65.85%

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 \$9,769 per funded student. In fiscal year 2021-22 the funded pupil count was 721.2. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 72 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 \$3,204,637 in property taxes levied for general purposes for fiscal year 2022.

Business-Type Activities

Business-type activities are made up of the wind turbine fund. These programs had total revenues of \$56,753 and expenses of \$113,312. 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 \$10,845,767, an increase of \$1,431,132. The general fund had a fund balance increase of \$1,141,576.

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 due to an increased amount of specific ownership tax and property tax, other local revenue and the addition of ESSER funds totaling \$206,765.
- Some expenditures approved with ESSER funds were able to offset technology and staffing expenses that occurred from in-person and remote student learning throughout the recovery period.
- The Food Service Program incurred a favorable variance due to USDA fully reimbursing student meals through the Summer Food Service Program (SFSP). All students K-12 received free meals during 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, 2022 amounts to \$45,557,616 (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:

- Land improvements \$16,508
- Building improvements \$512,448
- Furniture and equipment \$269,182
- Licensed vehicles \$99,846

The School District's total capital assets at June 30, 2022, net of accumulated depreciation were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Construction in progress	\$ -	\$ -	\$ -
Land and improvements	831,891	-	831,891
Building and improvements	43,166,712	-	43,166,712
Furniture and equipment	630,245	541,458	1,171,703
Licensed vehicles	387,310	-	387,310
Total capital assets	<u>\$ 45,016,158</u>	<u>\$ 541,458</u>	<u>\$ 45,557,616</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 \$15,139,590 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Compensated absences	\$ 105,802	\$ -	\$ 105,802
Bonds payable	14,828,208	-	14,828,208
Bond premium	49,318	-	49,318
Capital lease obligation	156,262	-	156,262
Total long-term debt	<u>\$ 15,139,590</u>	<u>\$ -</u>	<u>\$ 15,139,590</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 21-22 budget. Among them:

- 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 3.5% increase to salary. The District continues to make every effort to raise salaries when possible.
 - Fringe Benefits – The District will remain with CEBT health insurance. Health insurance premiums increased, but are still below the state average. The district will look at other insurance options to remain that best meets the needs of our staff and to remain competitive. The general fund transferred \$40,000 to the insurance reserve for a renewal increase.
 - Operation & Maintenance – Increased funds to the reserve to allow for various capital replacement needs and for upkeep of grounds.

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 as well as last year, our challenges remain in the one mill increase over the next 10 years.

Finally, the challenges we all are facing with the global COVID pandemic and the uncertainty of funding during the rebound period. Specifically with the discontinuation of ESSER funding, small-rural funding and USDA fully reimbursable student meals in the 2022-23 school year.

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.

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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, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 8,845,539	\$ 127,563	\$ 8,973,102
Cash with fiscal agent	2,555,129		2,555,129
Investments	117,757		117,757
Receivables	623,933	3,680	627,613
Internal balances	(7,648)	7,648	-
Inventory	17,884		17,884
Capital assets, net of depreciation	45,016,158	541,458	45,557,616
Total assets	57,168,752	680,349	57,849,101
Deferred outflows of resources			
Deferred charges on refundings of bonds	46,795		46,795
Pension deferrals	1,993,348		1,993,348
Other post-employment benefit deferrals	42,799		42,799
Total deferred outflows of resources	2,082,942	-	2,082,942
Total assets and deferred outflows of resources	\$ 59,251,694	\$ 680,349	\$ 59,932,043

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

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 5,430		\$ 5,430
Construction contracts payable	380,947		380,947
Accrued salaries and benefits	830,870		830,870
Unearned revenues	17,761		17,761
Accrued interest payable	51,135		51,135
Noncurrent liabilities			
Due within one year	1,237,747		1,237,747
Due in more than one year	13,901,843		13,901,843
Net pension liability	7,626,379		7,626,379
Net OPEB liability	368,966		368,966
Total liabilities	24,421,078	\$ -	24,421,078
Deferred inflows of resources			
Pension deferrals	3,960,233		3,960,233
Other post-employment benefit deferrals	154,550		154,550
Total deferred inflows of resources	4,114,783	-	4,114,783
Net position			
Net investment in capital assets	30,185,427	541,458	30,726,885
Restricted for:			
Emergencies	265,000		265,000
Debt service	2,382,998		2,382,998
Food service operations	36,830		36,830
Capital projects	25,019		25,019
Unrestricted (deficit)	(2,179,441)	138,891	(2,040,550)
Total net position	30,715,833	680,349	31,396,182
Total liabilities, deferred inflows of resources and net position	<u>\$ 59,251,694</u>	<u>\$ 680,349</u>	<u>\$ 59,932,043</u>

WRAY SCHOOL DISTRICT RD-2
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 3,268,772	\$ 41,930	\$ 885,142	
Supporting services				
Students	90,442		44,309	
Instructional staff	377,890		101,074	
General administration	184,240		25,659	
School administration	146,990		63,208	
Business services	171,001		182,500	
Operations and maintenance	826,706		108,572	\$ 218,821
Student transportation	430,843			
Central support services	420,838			
Food service operations	493,091	25,929	448,076	
Facilities acquisitions	21,100			
Unallocated depreciation *	1,070,947			
Interest and fiscal charges	584,643			
Total governmental activities	8,087,503	67,859	1,858,540	218,821
Business-type activities				
Wind turbine services	113,312	56,736		
Total school district	\$ 8,200,815	\$ 124,595	\$ 1,858,540	\$ 218,821

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
 Gain on disposal of assets

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
\$ (2,341,700)		\$ (2,341,700)
(46,133)		(46,133)
(276,816)		(276,816)
(158,581)		(158,581)
(83,782)		(83,782)
11,499		11,499
(499,313)		(499,313)
(430,843)		(430,843)
(420,838)		(420,838)
(19,086)		(19,086)
(21,100)		(21,100)
(1,070,947)		(1,070,947)
(584,643)		(584,643)
(5,942,283)	\$ -	(5,942,283)
	(56,576)	(56,576)
(5,942,283)	(56,576)	(5,998,859)
3,204,637		3,204,637
1,725,511		1,725,511
496,373		496,373
18,351		18,351
5,079,701		5,079,701
11,426	17	11,443
451,635		451,635
64,771		64,771
11,052,405	17	11,052,422
5,110,122	(56,559)	5,053,563
25,605,711	736,908	26,342,619
<u>\$ 30,715,833</u>	<u>\$ 680,349</u>	<u>\$ 31,396,182</u>

WRAY SCHOOL DISTRICT RD-2
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Assets				
Cash	\$ 7,350,694			\$ 1,320,914
Cash with fiscal agent	26,094	\$ 2,330,147	\$ 198,888	
Investments	117,757			
Due from other funds	32,410			500,000
Property taxes receivable	145,059	78,113		
Grants receivable	86,146		212,508	
Other receivables	3,177			
Inventory				
Total assets	\$ 7,761,337	\$ 2,408,260	\$ 411,396	\$ 1,820,914
Liabilities				
Accounts payable			\$ 5,430	
Construction contracts payable			380,947	
Due to other funds	\$ 507,648	\$ 130		
Accrued salaries and benefits	798,237			
Unearned revenues				
Total liabilities	1,305,885	130	386,377	\$ -
Deferred inflows of resources				
Deferred property tax revenues	46,687	25,132		
Total deferred inflows of resources	46,687	25,132	-	-
Fund balance				
Nonspendable inventory				
Restricted for:				
Emergencies	265,000			
Debt service		2,382,998		
Food service operations				
Capital projects			25,019	
Committed to pupil activities				
Committed to capital projects				1,820,914
Assigned for risk management	240,127			
Unassigned	5,903,638			
Total fund balance	6,408,765	2,382,998	25,019	1,820,914
Total liabilities, deferred inflows of resources and fund balance	\$ 7,761,337	\$ 2,408,260	\$ 411,396	\$ 1,820,914

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

Other Governmental Funds	Total Governmental Funds
\$ 173,931	\$ 8,845,539
	2,555,129
	117,757
	532,410
	223,172
94,421	393,075
4,509	7,686
17,884	17,884
<u>\$ 290,745</u>	<u>\$ 12,692,652</u>
	\$ 5,430
	380,947
\$ 32,280	540,058
32,633	830,870
17,761	17,761
<u>82,674</u>	<u>1,775,066</u>
	71,819
-	71,819
17,884	17,884
	265,000
	2,382,998
36,830	36,830
	25,019
153,357	153,357
	1,820,914
	240,127
	5,903,638
<u>208,071</u>	<u>10,845,767</u>
<u>\$ 290,745</u>	<u>\$ 12,692,652</u>

WRAY SCHOOL DISTRICT RD-2
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

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

Total fund balance - governmental funds	\$ 10,845,767
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	45,016,158
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.	71,819
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.	(51,135)
Long-term liabilities and related deferred inflows and outflows of resources, including bonds payable, bond premium, financed purchases, 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>(25,166,776)</u>
Net position of the governmental activities	<u><u>\$ 30,715,833</u></u>

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

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WRAY SCHOOL DISTRICT RD-2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Revenues				
Local sources	\$ 4,463,649	\$ 1,736,237		\$ 264
Intermediate sources	6,615	2,133		
State sources	5,867,008		\$ 5,924	
Federal sources	832,150			
Total revenues	11,169,422	1,738,370	5,924	264
Expenditures				
Instruction	5,234,807			
Supporting services	4,395,088			
Capital outlay	21,100		10,770	
Debt service				
Principal retirement	75,153	1,118,691		
Interest and fiscal charges	6,698	589,253		
Total expenditures	9,732,846	1,707,944	10,770	-
Excess of revenues over (under) expenditures	1,436,576	30,426	(4,846)	264
Other financing sources (uses)				
Transfers in				250,000
Transfers out	(295,000)			
Total other financing sources (uses)	(295,000)	-	-	250,000
Net change in fund balance	1,141,576	30,426	(4,846)	250,264
Fund balance at beginning of year	5,267,189	2,352,572	29,865	1,570,650
Fund balance at end of year	<u>\$ 6,408,765</u>	<u>\$ 2,382,998</u>	<u>\$ 25,019</u>	<u>\$ 1,820,914</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 376,526	\$ 6,576,676
	8,748
3,498	5,876,430
444,578	1,276,728
<hr/>	<hr/>
824,602	13,738,582
371,487	5,606,294
484,403	4,879,491
	31,870
	1,193,844
	595,951
<hr/>	<hr/>
855,890	12,307,450
(31,288)	1,431,132
45,000	295,000
	(295,000)
<hr/>	<hr/>
45,000	-
13,712	1,431,132
194,359	9,414,635
<hr/>	<hr/>
\$ 208,071	\$ 10,845,767
<hr/> <hr/>	<hr/> <hr/>

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, 2022

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

Net change in fund balances - governmental fund \$ 1,431,132

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 depreciation exceeded capital outlays in the current period. (424,237)

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. 6,530

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). 7,960

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. 3,233,388

Proceeds received from the disposal of assets are reported in governmental funds, but the net book value of these assets reduces net position in the statement of activities. (338,495)

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. 1,193,844

Change in net position of governmental activities \$ 5,110,122

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

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WRAY SCHOOL DISTRICT RD-2
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities
	Wind Turbine Fund
Assets	
Current assets	
Cash	\$ 127,563
Due from other funds	7,648
Other receivables	3,680
Total current assets	138,891
Capital assets	
Machinery and equipment	1,748,278
Less accumulated depreciation	(1,206,820)
Total capital assets, net	541,458
Total assets	\$ 680,349
Liabilities and net position	
Current liabilities	\$ -
Net position	
Net investment in capital assets	541,458
Unrestricted	138,891
Total net position	680,349
Total liabilities and net position	\$ 680,349

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, 2022

	Business-type Activities
	Wind Turbine Fund
Operating revenues	
Charges for services	\$ 56,736
Operating expenses	
Purchased services	18,398
Other	7,500
Depreciation	87,414
Total operating expenses	<u>113,312</u>
Operating loss	(56,576)
Nonoperating revenues	
Earnings on investments	<u>17</u>
Total nonoperating revenues	<u>17</u>
Change in net position	(56,559)
Net position at beginning of year	<u>736,908</u>
Net position at end of year	<u><u>\$ 680,349</u></u>

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, 2022

	<u>Business-type Activities</u>
	<u>Wind Turbine Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 87,504
Payments to suppliers	<u>(25,898)</u>
Net cash provided by operating activities	61,606
Cash flows from investing activities	
Earnings on investments	<u>17</u>
Net cash provided by investing activities	<u>17</u>
Net increase in cash	61,623
Cash at beginning of year	<u>65,940</u>
Cash at end of year	<u><u>\$ 127,563</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (56,576)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	87,414
Changes in assets and liabilities	
Accounts receivable	<u>30,768</u>
Net cash provided by operating activities	<u><u>\$ 61,606</u></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.

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 \$9,743,633, of which \$500,000 was insured and \$9,243,633 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, 2022, the District had invested \$117,757 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.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	<u>\$ 117,757</u>	<u>\$ 117,757</u>	<u>\$ -</u>	<u>\$ -</u>

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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes receivable	\$ 223,172	\$ -	\$ 223,172
Grants receivable	393,075	-	393,075
Other receivables	<u>7,686</u>	<u>3,680</u>	<u>11,366</u>
Total	<u>\$ 623,933</u>	<u>\$ 3,680</u>	<u>\$ 627,613</u>

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	\$ 32,410	\$ 507,648
Bond redemption fund	-	130
Other governmental funds	<u>500,000</u>	<u>32,280</u>
Subtotal	532,410	540,058
<u>Business-type funds</u>		
Wind turbine fund	<u>7,648</u>	<u>-</u>
Totals	<u>\$ 540,058</u>	<u>\$ 540,058</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	\$ -	\$ (61,000)	\$ 298,300
Construction in progress	<u>465,375</u>	<u>-</u>	<u>(465,375)</u>	<u>-</u>
Total capital assets, not being depreciated	824,675	-	(526,375)	298,300
Capital assets, being depreciated:				
Land improvements	1,641,484	16,508	(48,475)	1,609,517
Buildings and improvements	54,008,290	512,448	(892,423)	53,628,315
Furniture and equipment	1,041,545	269,182	(62,349)	1,248,378
Licensed vehicles	<u>2,461,080</u>	<u>99,486</u>	<u>-</u>	<u>2,560,566</u>
Total capital assets, being depreciated	<u>59,152,399</u>	<u>897,624</u>	<u>(1,003,247)</u>	<u>59,046,776</u>
Total capital assets	59,977,074	897,624	(1,529,622)	59,345,076
Less accumulated depreciation for:				
Land improvements	(1,058,553)	(33,131)	15,758	(1,075,926)
Buildings and improvements	(10,486,354)	(1,089,145)	1,113,896	(10,461,603)
Furniture and equipment	(602,200)	(77,406)	61,473	(618,133)
Licensed vehicles	<u>(2,051,077)</u>	<u>(122,179)</u>	<u>-</u>	<u>(2,173,256)</u>
Total accumulated depreciation	<u>(14,198,184)</u>	<u>(1,321,861)</u>	<u>1,191,127</u>	<u>(14,328,918)</u>
Governmental activities capital assets, net	<u>\$ 45,778,890</u>	<u>\$ (424,237)</u>	<u>\$ (338,495)</u>	<u>\$ 45,016,158</u>
Business-type activities				
Capital assets, being depreciated:				
Furniture and equipment	\$ 1,748,278	\$ -	\$ -	\$ 1,748,278
Less accumulated depreciation	<u>(1,119,406)</u>	<u>(87,414)</u>	<u>-</u>	<u>(1,206,820)</u>
Business-type activities capital assets, net	<u>\$ 628,872</u>	<u>\$ (87,414)</u>	<u>\$ -</u>	<u>\$ 541,458</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	\$ 47,620
Instructional staff	17,083
General administration	10,635
Operations and maintenance	43,240
Student transportation	122,179
Central support service	1,469
Food service operations	8,688
Unallocated	<u>1,070,947</u>
Subtotal	1,321,861
Business-type activities	
Wind turbine operations	<u>87,414</u>
Total depreciation expense	<u>\$ 1,409,275</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 \$830,870. 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	\$ 102,454	\$ 3,348	\$ -	\$ 105,802	\$ -
General obligation bonds payable	15,946,900	-	(1,118,692)	14,828,208	1,160,830
Bond premium	78,909	-	(29,591)	49,318	-
Financed purchases	<u>231,415</u>	<u>-</u>	<u>(75,153)</u>	<u>156,262</u>	<u>76,917</u>
Total	<u>\$ 16,359,678</u>	<u>\$ 3,348</u>	<u>\$ (1,223,436)</u>	<u>\$ 15,139,590</u>	<u>\$ 1,237,747</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 financed purchases 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. \$ 955,000

\$15,524,231 general obligation bonds, dated November 6, 2018, due in annual installments beginning in fiscal year 2022 ranging from \$534,950 to \$1,088,538; fixed annual interest rate of 3.893%, payable semi-annually on June 1st and December 1st. 13,873,208

Total general obligation bonds \$ 14,828,208

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, \$2,165,000 of bonds outstanding are considered defeased.

Financed purchases

Technology 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 \$287,178 received in fiscal year 2021. The agreement called for a term of four years. Annual payments of \$81,851 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%.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note G – Long-term debt (Continued)

The financed purchase agreement above contains 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 obligation, plus all 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 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 payments under the related obligation that would have been paid during the related scheduled term plus any other amounts then due under the related obligation, 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>Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,160,830	\$ 548,683	\$ 76,917	\$ 4,934
2024	998,832	510,910	79,345	2,505
2025	637,728	480,773	-	-
2026	662,555	455,463	-	-
2027	688,348	429,168	-	-
2028-2032	3,865,184	1,714,153	-	-
2033-2037	4,678,445	885,061	-	-
2038	<u>2,136,286</u>	<u>83,959</u>	<u>-</u>	<u>-</u>
Totals	<u>\$14,828,208</u>	<u>\$ 5,108,170</u>	<u>\$ 156,262</u>	<u>\$ 7,439</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)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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% and then multiplied by years of service credit.
- \$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% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. 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 lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2022. Eligible employees of the District 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

	July 1, 2021 Through <u>June 30, 2022</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><u>19.88%</u></u>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$869,368 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

At year end, the District reported a liability of \$7,626,379 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,626,379
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>874,267</u>
Total	<u>\$ 8,500,646</u>

At December 31, 2021, the District's proportion was 0.0655%, which was a decrease of 0.0069% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(2,428,016) and revenue of \$93,339 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:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 311,195	\$ -
Changes of assumptions or other inputs	643,591	-
Net difference between projected and actual earnings on pension plan investments	-	2,969,041
Changes in proportion and differences between contributions recognized and proportionate share of contributions	572,528	991,192
Contributions subsequent to the measurement date	<u>466,034</u>	<u>-</u>
Total	<u>\$ 1,993,348</u>	<u>\$ 3,960,233</u>

\$466,034 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>
2023	\$ (252,896)
2024	(986,115)
2025	(845,881)
2026	<u>(348,027)</u>
Totals	<u>\$ (2,432,919)</u>

Actuarial assumptions. The total pension liability in the December 31, 2020 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 H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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%.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), 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.
- 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	<u>\$ 11,225,406</u>	<u>\$ 7,626,379</u>	<u>\$ 4,623,125</u>

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

Funding policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. 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 June 30, 2022, program members contributed \$39,134 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

PERA Benefit Structure

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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.

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 service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The 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% 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 \$44,605 for the year ended June 30, 2022.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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 \$368,966 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District’s proportion was 0.0428%, which was an increase of 0.0009% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(7,050). 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	\$ 591	\$ 87,935
Changes of assumptions or other inputs	7,734	19,607
Net difference between projected and actual earnings on OPEB plan investments	-	22,629
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,563	24,379
Contributions subsequent to the measurement date	<u>23,911</u>	<u>-</u>
Total	<u>\$ 42,799</u>	<u>\$ 154,550</u>

\$23,911 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:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

Year Ended June 30, _____	Amount
2023	\$ (36,588)
2024	(40,517)
2025	(38,740)
2026	(17,921)
2027	(1,746)
2028	<u>(150)</u>
Total	<u>\$ (135,662)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

<u>Initial Costs for Members without Medicare Part A</u>			
<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	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

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

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

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

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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

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

Pre-retirement mortality assumptions for the 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.

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

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

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

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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

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

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 358,370	\$ 368,966	\$ 381,240

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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

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

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 428,515</u>	<u>\$ 368,966</u>	<u>\$ 318,100</u>

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR 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 \$284,664. 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

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 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 \$265,000 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note M – Joint venture (Continued)

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 \$196,601.

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 \$441,974 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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues				
Local sources	\$ 3,477,870	\$ 3,834,968	\$ 4,463,649	\$ 628,681
Intermediate sources	5,300	5,300	6,615	1,315
State sources	5,705,756	5,722,448	5,867,008	144,560
Federal sources	805,870	2,072,469	832,150	(1,240,319)
Total revenues	9,994,796	11,635,185	11,169,422	(465,763)
Expenditures				
Instruction	5,229,431	5,312,777	5,234,807	77,970
Supporting services	3,823,130	3,941,630	4,395,088	(453,458)
Capital outlay			21,100	(21,100)
Debt service				
Principal retirement	202,000	202,000	75,153	126,847
Interest and fiscal charges			6,698	(6,698)
Appropriated reserves	5,765,569	5,563,723		5,563,723
Total expenditures	15,020,130	15,020,130	9,732,846	5,287,284
Excess of revenues over (under) expenditures	(5,025,334)	(3,384,945)	1,436,576	4,821,521
Other financing uses				
Transfers out	(320,000)	(320,000)	(295,000)	25,000
Total other financing uses	(320,000)	(320,000)	(295,000)	25,000
Net change in fund balance	\$ (5,345,334)	\$ (3,704,945)	1,141,576	\$ 4,846,521
Fund balance at beginning of year			5,267,189	
Fund balance at end of year			\$ 6,408,765	

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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, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
District's proportion of the net pension liability	0.0655%	0.0724%	0.0666%	0.0693%
District's proportionate share of the net pension liability	\$ 7,626,379	\$ 10,951,715	\$ 9,948,304	\$ 12,266,775
State's proportionate share of the net pension liability	<u>874,267</u>	<u>-</u>	<u>1,261,816</u>	<u>1,677,311</u>
Total	<u>\$ 8,500,646</u>	<u>\$ 10,951,715</u>	<u>\$ 11,210,120</u>	<u>\$ 13,944,086</u>
District's covered payroll	\$ 4,095,627	\$ 3,876,419	\$ 3,913,264	\$ 3,808,484
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.21%	282.52%	254.22%	322.09%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%

* 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, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0790%	0.0783%	0.0770%	0.0779%	0.0824%
\$ 25,548,045	\$ 23,301,622	\$ 11,775,614	\$ 10,552,551	\$ 10,511,588
-	-	-	-	-
<u>\$ 25,548,045</u>	<u>\$ 23,301,622</u>	<u>\$ 11,775,614</u>	<u>\$ 10,552,551</u>	<u>\$ 10,511,588</u>
\$ 3,644,497	\$ 3,515,279	\$ 3,355,357	\$ 3,261,743	\$ 3,322,277
701.00%	662.87%	350.95%	323.52%	316.40%
43.96%	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, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 869,368	\$ 779,412	\$ 769,191	\$ 730,440
Contributions in relation to the contractually required contribution	<u>(869,368)</u>	<u>(779,412)</u>	<u>(769,191)</u>	<u>(730,440)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,373,067	\$ 3,920,569	\$ 3,968,983	\$ 3,818,290
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%

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, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 711,899	\$ 654,155	\$ 612,026	\$ 553,398	\$ 526,074
<u>(711,899)</u>	<u>(654,155)</u>	<u>(612,026)</u>	<u>(553,398)</u>	<u>(526,074)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,768,879	\$ 3,558,108	\$ 3,452,695	\$ 3,276,669	\$ 3,291,484
18.89%	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, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
District's proportion of the net OPEB liability	0.0428%	0.0419%	0.0435%	0.0450%
District's proportionate share of the net OPEB liability	\$ 368,966	\$ 398,322	\$ 489,180	\$ 612,651
District's covered payroll	\$ 4,095,627	\$ 3,876,419	\$ 3,913,264	\$ 3,808,484
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	10.28%	12.50%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%

* 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.

<u>June 30, 2018</u>	<u>June 30, 2017</u>
----------------------	----------------------

0.0449%	0.0445%
---------	---------

\$ 583,409	\$ 577,214
------------	------------

\$ 3,644,497	\$ 3,515,279
--------------	--------------

16.01%	16.42%
--------	--------

17.53%	16.72%
--------	--------

WRAY SCHOOL DISTRICT RD-2
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 44,605	\$ 39,990	\$ 40,484	\$ 38,947
Contributions in relation to the contractually required contribution	<u>(44,605)</u>	<u>(39,990)</u>	<u>(40,484)</u>	<u>(38,947)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,373,067	\$ 3,920,569	\$ 3,968,983	\$ 3,818,290
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.

<u>June 30, 2018</u>	<u>June 30, 2017</u>
----------------------	----------------------

\$ 38,443	\$ 36,293
-----------	-----------

<u>(38,443)</u>	<u>(36,293)</u>
-----------------	-----------------

<u>\$ -</u>	<u>\$ -</u>
-------------	-------------

\$ 3,768,879	\$ 3,558,108
--------------	--------------

1.02%

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.

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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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 2,999,560	\$ 3,143,761	\$ 3,198,647	\$ 54,886
Specific ownership taxes	374,000	374,000	496,373	122,373
Delinquent taxes and interest	8,000	8,000	11,468	3,468
Tuition	15,800	15,800	31,189	15,389
Earnings on investments	10,010	10,010	6,769	(3,241)
Pupil activities	3,500	3,500	10,740	7,240
Other local revenue	67,000	279,897	707,949	428,052
Services within the BOCES			514	514
Total local sources	3,477,870	3,834,968	4,463,649	628,681
Intermediate sources	5,300	5,300	6,615	1,315
State sources				
Equalization	5,125,946	5,135,862	5,079,701	(56,161)
Vocational education	20,000	20,000	22,614	2,614
Transportation	88,131	88,131	108,572	20,441
ELPA professional development	26,822	26,822		(26,822)
English language proficiency	18,662	18,662	33,661	14,999
State grants to libraries	3,500	4,500	4,500	-
Small rural schools funding	280,325	280,325	280,325	-
Additional at-risk funding		5,776	5,776	-
READ Act	13,870	13,870	19,852	5,982
Menstrual hygiene funding			2,500	2,500
Mitigation at-risk funding			73,595	73,595
On-behalf payment			93,339	93,339
Services within the BOCES	128,500	128,500	142,573	14,073
Total state sources	5,705,756	5,722,448	5,867,008	144,560

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Federal sources				
Title I	117,931	117,931	126,636	8,705
Title II-A	22,496	22,496	25,471	2,975
Coronavirus relief funds	507,431	507,431		(507,431)
Title III			3,992	3,992
ARP ESSER III		867,960	197,810	(670,150)
ESSER III - State set-aside		8,610		(8,610)
ESSER II - 9.5%		3,831		(3,831)
ESSER II - Distribution 90%		386,198	382,367	(3,831)
Title IV-A	10,000	10,000	10,000	-
ESSER education stabilization func	94,832	94,832	10,493	(84,339)
CRF: K-12 at-risk pupils	11,180	11,180		(11,180)
Other state agencies			29,330	29,330
REAP	28,000	28,000	29,424	1,424
Services within the BOCES	14,000	14,000	16,627	2,627
Total federal sources	805,870	2,072,469	832,150	(1,240,319)
Total revenues	\$ 9,994,796	\$ 11,635,185	\$ 11,169,422	\$ (465,763)

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 3,064,072	\$ 3,064,072	\$ 3,124,238	\$ (60,166)
Employee benefits	1,492,536	1,561,296	1,438,448	122,848
Purchased services	373,511	375,511	364,697	10,814
Supplies and materials	209,302	216,112	247,608	(31,496)
Property	44,500	44,500	36,712	7,788
Other	45,510	51,286	23,104	28,182
Total instruction	5,229,431	5,312,777	5,234,807	77,970
Supporting services				
Students				
Salaries	125,626	125,626	125,720	(94)
Employee benefits	66,746	66,746	58,676	8,070
Purchased services	12,550	12,550		12,550
Supplies and materials	2,494	2,494	1,827	667
Other	430	430	30	400
Total students	207,846	207,846	186,253	21,593
Instructional staff				
Salaries	196,737	196,737	149,732	47,005
Employee benefits	94,228	94,228	100,161	(5,933)
Purchased services	106,628	106,628	49,179	57,449
Supplies and materials	83,165	86,665	105,596	(18,931)
Property	117,000	117,000	69,625	47,375
Other	1,900	1,900	625	1,275
Total instructional staff	599,658	603,158	474,918	128,240
General administration				
Salaries	130,158	130,158	130,715	(557)
Employee benefits	32,857	32,857	48,172	(15,315)
Purchased services	64,717	64,717	65,699	(982)
Supplies and materials	3,100	3,100	1,502	1,598
Other	18,800	18,800	27,135	(8,335)
Total general administration	249,632	249,632	273,223	(23,591)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
School administration				
Salaries	206,480	206,480	268,942	(62,462)
Employee benefits	84,097	84,097	75,100	8,997
Purchased services	3,000	3,000	2,807	193
Supplies and materials	1,800	1,800	3,278	(1,478)
Other	2,580	2,580	1,825	755
Total school administration	297,957	297,957	351,952	(53,995)
Business services				
Salaries	98,582	98,582	99,889	(1,307)
Employee benefits	40,145	40,145	39,093	1,052
Purchased services	37,009	37,009	56,205	(19,196)
Supplies and materials	50,200	50,200	49,689	511
Property	12,000	12,000	676	11,324
Other	8,125	8,125	1,575	6,550
Total business services	246,061	246,061	247,127	(1,066)
Operations and maintenance				
Salaries	301,000	301,000	269,428	31,572
Employee benefits	151,017	151,017	139,491	11,526
Purchased services	271,000	346,000	606,957	(260,957)
Supplies and materials	275,000	275,000	270,206	4,794
Property	180,000	220,000	482,588	(262,588)
Other	5,000	5,000		5,000
Total operations and maintenance	1,183,017	1,298,017	1,768,670	(470,653)
Student transportation				
Salaries	246,458	246,458	236,970	9,488
Employee benefits	112,540	112,540	124,935	(12,395)
Purchased services	32,300	32,300	30,351	1,949
Supplies and materials	90,000	90,000	95,022	(5,022)
Property	127,000	127,000	101,530	25,470
Other	(28,560)	(28,560)	(63)	(28,497)
Total student transportation	579,738	579,738	588,745	(9,007)

(continued)

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	83,750	83,750	111,311	(27,561)
Employee benefits	26,076	26,076	30,917	(4,841)
Purchased services	345,855	345,855	352,412	(6,557)
Supplies and materials	2,240	2,240	9,341	(7,101)
Other	1,300	1,300	219	1,081
Total central support services	459,221	459,221	504,200	(44,979)
Total supporting services	3,823,130	3,941,630	4,395,088	(453,458)
Capital outlay				
Facilities acquisitions				
Property			21,100	(21,100)
Total capital outlay	-	-	21,100	(21,100)
Debt service				
Principal retirement	202,000	202,000	75,153	126,847
Interest and fiscal charges			6,698	(6,698)
Total debt service	202,000	202,000	81,851	120,149
Appropriated reserves	5,765,569	5,563,723		5,563,723
Total expenditures	<u>\$ 15,020,130</u>	<u>\$ 15,020,130</u>	<u>\$ 9,732,846</u>	<u>\$ 5,287,284</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.
- 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, 2022

	Food Service Fund	Pupil Activity Fund	Totals
Assets			
Cash	\$ 20,574	\$ 153,357	\$ 173,931
Grants receivable	94,421		94,421
Other receivables	4,509		4,509
Inventory	17,884		17,884
Total assets	\$ 137,388	\$ 153,357	\$ 290,745
Liabilities			
Due to other funds	\$ 32,280		\$ 32,280
Accrued salaries and benefits	32,633		32,633
Unearned revenues	17,761		17,761
Total liabilities	82,674	\$ -	82,674
Fund balance			
Nonspendable inventory	17,884		17,884
Restricted for food service operations	36,830		36,830
Committed to pupil activities		153,357	153,357
Total fund balance	54,714	153,357	208,071
Total liabilities and fund balance	\$ 137,388	\$ 153,357	\$ 290,745

WRAY SCHOOL DISTRICT RD-2
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 25,939	\$ 350,587	\$ 376,526
State sources	3,498		3,498
Federal sources	444,578		444,578
Total revenues	474,015	350,587	824,602
Expenditures			
Instruction		371,487	371,487
Supporting services	484,403		484,403
Total expenditures	484,403	371,487	855,890
Excess of revenues over (under) expenditures	(10,388)	(20,900)	(31,288)
Other financing sources			
Transfers in	45,000		45,000
Net change in fund balances	34,612	(20,900)	13,712
Fund balance at beginning of year	20,102	174,257	194,359
Fund balance at end of year	\$ 54,714	\$ 153,357	\$ 208,071

WRAY SCHOOL DISTRICT RD-2
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 111,183	\$ 30,018	\$ 25,939	\$ (4,079)
State sources	10,200	3,500	3,498	(2)
Federal sources	293,400	381,265	444,578	63,313
Total revenues	414,783	414,783	474,015	59,232
Expenditures				
Supporting services				
Salaries	134,500	134,500	133,941	559
Employee benefits	88,805	88,805	78,204	10,601
Purchased services	18,078	18,078	13,112	4,966
Supplies and materials	238,400	238,400	258,730	(20,330)
Property	5,000	5,000	416	4,584
Appropriated reserves	65,217	65,217		65,217
Total expenditures	550,000	550,000	484,403	65,597
Excess of revenues over (under) expenditures	(135,217)	(135,217)	(10,388)	124,829
Other financing sources				
Transfers in	70,000	70,000	45,000	(25,000)
Net change in fund balance	\$ (65,217)	\$ (65,217)	34,612	\$ 99,829
Fund balance at beginning of year			20,102	
Fund balance at end of year			\$ 54,714	

WRAY SCHOOL DISTRICT RD-2
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Pupil activities	\$ 550,000	\$ 550,000	\$ 350,587	\$ (199,413)
Expenditures				
Instruction				
Purchased services	190,000	190,000	130,664	59,336
Supplies and materials	260,000	260,000	190,102	69,898
Property	60,000	60,000	43,661	16,339
Other	40,000	40,000	7,060	32,940
Appropriated reserves	250,000	250,000		250,000
Total expenditures	800,000	800,000	371,487	428,513
Excess of revenues over (under) expenditures	(250,000)	(250,000)	(20,900)	229,100
Other financing sources				
Transfers in	30,000	30,000		(30,000)
Net change in fund balance	<u>\$ (280,000)</u>	<u>\$ (280,000)</u>	(20,900)	<u>\$ 259,100</u>
Fund balance at beginning of year			174,257	
Fund balance at end of year			<u>\$ 153,357</u>	

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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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,727,715	\$ 1,727,715	\$ 1,724,971	\$ (2,744)
Delinquent taxes and interest	2,500	2,500	6,883	4,383
Interest on investments	15,600	15,600	4,383	(11,217)
Total local sources	1,745,815	1,745,815	1,736,237	(9,578)
Intermediate sources	500	500	2,133	1,633
Total revenues	1,746,315	1,746,315	1,738,370	(7,945)
Expenditures				
Debt service				
Principal retirement	1,621,015	1,621,015	1,118,691	502,324
Interest and fiscal charges	668,500	668,500	589,253	79,247
Appropriated reserves	210,485	210,485		210,485
Total expenditures	2,500,000	2,500,000	1,707,944	792,056
Net change in fund balance	\$ (753,685)	\$ (753,685)	30,426	\$ 784,111
Fund balance at beginning of year			2,352,572	
Fund balance at end of year			\$ 2,382,998	

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 15,501,000	\$ 500,000		\$ (500,000)
State sources	19,000,000	500,000	\$ 5,924	(494,076)
Total revenues	34,501,000	1,000,000	5,924	(994,076)
Expenditures				
Capital outlay				
Property	12,390,258	1,000,000	10,770	989,230
Appropriated reserves	7,609,742	19,000,000		19,000,000
Total expenditures	20,000,000	20,000,000	10,770	19,989,230
Net change in fund balance	\$ 14,501,000	\$ (19,000,000)	(4,846)	\$ 18,995,154
Fund balance at beginning of year			29,865	
Fund balance at end of year			\$ 25,019	

WRAY SCHOOL DISTRICT RD-2
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 20	\$ 20	\$ 264	\$ 244
Expenditures				
Capital outlay	575,000	575,000		575,000
Appropriated reserves	1,425,000	1,425,000		1,425,000
Total expenditures	2,000,000	2,000,000	-	2,000,000
Excess of revenues over (under) expenditures	(1,999,980)	(1,999,980)	264	(1,999,756)
Other financing sources				
Transfers in	250,000	250,000	250,000	-
Net change in fund balance	<u>\$ (1,749,980)</u>	<u>\$ (1,749,980)</u>	250,264	<u>\$ 2,000,244</u>
Fund balance at beginning of year			1,570,650	
Fund balance at end of year			<u>\$ 1,820,914</u>	

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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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 100,050	\$ 100,050	\$ 56,736	\$ (43,314)
Operating expenses				
Purchased services	50,859	50,859	18,398	32,461
Other	7,500	7,500	7,500	-
Depreciation	87,900	87,900	87,414	486
Appropriated reserves	103,741	103,741		103,741
Total expenses	250,000	250,000	113,312	136,688
Operating loss	(149,950)	(149,950)	(56,576)	93,374
Nonoperating revenues				
Earnings on investments			17	17
Total nonoperating revenues	-	-	17	17
Change in net position	<u>\$ (149,950)</u>	<u>\$ (149,950)</u>	(56,559)	<u>\$ 93,391</u>
Net position at beginning of year			736,908	
Net position at end of year			<u>\$ 680,349</u>	

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, 2022

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	\$ 22,290
Colorado Department of Education School Breakfast Program	10.553	5553	52,898
National School Lunch Program	10.555	5555	352,664
National School Lunch Program	10.555	6555	16,112
Total CFDA Number 10.555			<u>391,066</u>
Total Child Nutrition Cluster			443,964
Pass-through program from:			
Colorado Department of Education Pandemic EBT Administrative Costs	10.649	4649	614
Total U.S. Department of Agriculture			<u>444,578</u>
U.S. Department of Education			
Rural Education	84.358	N/A	29,424
Pass-through programs from:			
Colorado Department of Education Title I Grants to Local Educational Agencies	84.010	4010	126,636
English Language Acquisition State Grants	84.365	7365	3,992
Supporting Effective Instruction State Grants	84.367	4367	25,471
Student Support and Academic Enrichment Program	84.424	4424	10,000
COVID-19 Education Stabilization Fund	84.425U	4414	197,810
COVID-19 Education Stabilization Fund	84.425U	4418	10,493
COVID-19 Education Stabilization Fund	84.425D	4420	382,367
Total CFDA Number 84.425			<u>590,670</u>
Total U.S. Department of Education			786,193
U.S. Department of Health and Human Services			
Pass-through programs from:			
Colorado Department of Human Services Child Care and Development Block Grant	93.575	7575	29,330
Total U.S. Department of Health and Human Services			<u>29,330</u>
Total expenditures of federal awards			<u><u>\$ 1,260,101</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, 2022. 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>22,290</u>
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**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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 21, 2023

**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 of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wray School District RD-2's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 21, 2023

WRAY SCHOOL DISTRICT RD-2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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:

Child Nutrition Cluster	CFDA Nos. 10.553 and 10.555
-------------------------	-----------------------------
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did 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, 2021.

**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.



Colorado Department of Education
Auditors Integrity Report
 District: 3210 - Wray RD-2
 Fiscal Year 2021-22
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	5,067,095		10,834,389		9,732,846		6,168,638
18 Risk Mgmt Sub-Fund of General Fund	200,095		40,032		0		240,127
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	5,267,189		10,874,421		9,732,846		6,408,765
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	20,102		519,015		484,404		54,714
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	174,257		350,587		371,487		153,357
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	2,352,572		1,738,371		1,707,945		2,382,998
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	29,865		5,924		10,770		25,019
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	1,570,650		250,264		0		1,820,914
46 Supplemental Cap Const. Tech. Main Fund	0		0		0		0
Totals	9,414,636		13,738,582		12,307,452		10,845,766
Proprietary							
50 Other Enterprise Funds	736,908		56,753		113,312		680,349
64 (63) Risk-Related Activity Fund	0		0		0		0
60.65-69 Other Internal Service Funds	0		0		0		0
Totals	736,908		56,753		113,312		680,349
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