

***Wray School District RD-2***  
**Wray, Colorado**

**Financial Statements**

**For the Year ended June 30, 2023**

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14-15
Statement of Activities	16-17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Notes to Financial Statements	29-66
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	102-103
Notes to Schedule of Expenditures of Federal Awards	104
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a 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 January 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
January 17, 2024

**WRAY SCHOOL DISTRICT RD-2  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2023**

---

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, 2023.

**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 \$32,562,327 (net position).
- The district's total net position increased by \$983,797. 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 \$11,489,701 or 81% of the \$14,269,806 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$2,780,105 or 19% of revenues.
- The general fund ending fund balance reached \$6,534,576, an increase of \$125,811 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 six 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 82-100.

### **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, 2023.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2022-2023
	2023	2022	2023	2022	2023	2022	
Current and Other assets	\$12,409,290	\$12,152,594	\$ 163,342	\$ 138,891	\$12,572,632	\$12,291,485	2.29%
Capital assets	45,098,989	45,016,158	454,044	541,458	45,553,033	45,557,616	-0.01%
<b>Total assets</b>	<b>57,508,279</b>	<b>57,168,752</b>	<b>617,386</b>	<b>680,349</b>	<b>58,125,665</b>	<b>57,849,101</b>	<b>0.48%</b>
<b>Deferred outflows of resources</b>	<b>2,271,073</b>	<b>2,082,942</b>	<b>-</b>	<b>-</b>	<b>2,271,073</b>	<b>2,082,942</b>	<b>9.03%</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$59,779,352</b>	<b>\$59,251,694</b>	<b>\$ 617,386</b>	<b>\$ 680,349</b>	<b>\$60,396,738</b>	<b>\$59,932,043</b>	<b>0.78%</b>
Other liabilities	\$ 1,106,842	\$ 1,286,143	\$ 32,120	\$ -	\$ 1,138,962	\$ 1,286,143	-11.44%
Long-term liabilities	25,339,156	23,134,935	-	-	25,339,156	23,134,935	9.53%
<b>Total liabilities</b>	<b>26,445,998</b>	<b>24,421,078</b>	<b>32,120</b>	<b>-</b>	<b>26,478,118</b>	<b>24,421,078</b>	<b>8.42%</b>
<b>Deferred inflows of resources</b>	<b>1,356,293</b>	<b>4,114,783</b>	<b>-</b>	<b>-</b>	<b>1,356,293</b>	<b>4,114,783</b>	<b>-67.04%</b>
Net investment in capital assets	30,873,838	30,185,427	454,044	541,458	31,327,882	30,726,885	1.96%
Restricted	2,821,066	2,709,847	-	-	2,821,066	2,709,847	4.10%
Unrestricted	(1,717,843)	(2,179,441)	131,222	138,891	(1,586,621)	(2,040,550)	-22.25%
<b>Total net position</b>	<b>31,977,061</b>	<b>30,715,833</b>	<b>585,266</b>	<b>680,349</b>	<b>32,562,327</b>	<b>31,396,182</b>	<b>3.71%</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 59,779,352</b>	<b>\$ 59,251,694</b>	<b>\$ 617,386</b>	<b>\$ 680,349</b>	<b>\$60,396,738</b>	<b>\$59,932,043</b>	<b>0.78%</b>

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

Revenues	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2022-2023
	2023	2022	2023	2022	2023	2022	
Program Revenues							
Charges for services	\$ 164,966	\$ 67,859	\$ 31,688	\$ 56,736	\$ 196,654	\$ 124,595	57.83%
Operating Grants & Contributions	2,498,495	1,858,540	-	-	2,498,495	1,858,540	34.43%
Capital Grants & Contributions	84,956	218,821	-	-	84,956	218,821	-61.18%
General Revenue							
Property taxes	5,893,800	5,444,872	-	-	5,893,800	5,444,872	8.24%
State equalization	4,999,528	5,079,701	-	-	4,999,528	5,079,701	-1.58%
Other	596,110	527,832	263	17	596,373	527,849	12.98%
<b>Total Revenue</b>	<b>14,237,855</b>	<b>13,197,625</b>	<b>31,951</b>	<b>56,753</b>	<b>14,269,806</b>	<b>13,254,378</b>	<b>7.66%</b>
<b>Expenses</b>							
Instruction	6,729,405	3,268,772	-	-	6,729,405	3,268,772	105.87%
Supporting services	4,807,968	3,163,141	-	-	4,807,968	3,163,141	52.00%
Unallocated depreciation	1,071,504	1,070,947	-	-	1,071,504	1,070,947	0.05%
Interest expense	550,098	584,643	-	-	550,098	584,643	-5.91%
Wind turbine services	-	-	127,034	113,312	127,034	113,312	12.11%
<b>Total Expenses</b>	<b>13,158,975</b>	<b>8,087,503</b>	<b>127,034</b>	<b>113,312</b>	<b>13,286,009</b>	<b>8,200,815</b>	<b>62.01%</b>
<b>Change in net position</b>	<b>\$ 1,078,880</b>	<b>\$5,110,122</b>	<b>\$ (95,083)</b>	<b>\$ (56,559)</b>	<b>\$ 983,797</b>	<b>\$ 5,053,563</b>	<b>-80.53%</b>

## **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 \$10,270 per funded student. In fiscal year 2022-23 the funded pupil count was 715.9. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 55 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 \$3,585,277 in property taxes levied for general purposes for fiscal year 2023.

## **Business-Type Activities**

Business-type activities are made up of the wind turbine fund. These programs had total revenues of \$31,951 and expenses of \$127,034. 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 \$11,266,654, an increase of \$420,887. The general fund had a fund balance increase of \$125,811.

## **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.

Budget highlights in the 2022-2023 school year are as follows:

- The District received \$325,766 in small-rural funding which was spent to offset salary and benefit increases for teachers.
- The District received \$247,211 from the COPS Grant (School Safety & Violence Prevention) for upgrades to security cameras and keyless entry on all exterior doors on the campus.
- All staff members received a raise for the 2022-23. The beginning teacher's salary was increased from \$34,250 to \$37,000. All other staff received an equivalent percentage increase as well.
- The District chose to transition its health/dental/vision insurance after 38 years. The transition presented a 1.8% decrease in total health premiums for the 2022-23 school year while also provided staff with zero copays for office visits, labs, prescriptions and x-rays.

- Student enrollment numbers continue to remain steady allowing the district to operate with consistent PPR (per pupil revenue) funding forecasts.
- The Food Service Program received \$53,887 from Kitzmiller Bales Trust for a new outdoor freezer for food storage. A transfer from the General Fund was required, which consisted of paying salaries and benefits for the summer months of the fiscal year.
- The Capital Reserve Fund balance continues to increase. This funds will be used for the additional and upkeep of facilities and grounds.
- The Bond Redemption Fund will have six months left on its 2005 bond at the close of the fiscal year. The remaining bond debt is from the 2016 PK-12 Addition/Renovation Project.
- The district purchased Apple MacBooks for all instructional staff and 1:1 iPads for all students at the end of the fiscal 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, 2023 amounts to \$45,553,033 (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 \$20,427
- Building improvements \$582,210
- Furniture and equipment \$637,741
- Licensed vehicles \$41,235
- Construction in progress \$79,385

The School District's total capital assets at June 30, 2023, net of accumulated depreciation were as follows:

	Governmental Activities	Business-type Activities	Total
Construction in progress	\$ 79,385	\$ -	\$ 79,385
Land and improvements	821,470	-	821,470
Building and improvements	42,659,088	-	42,659,088
Furniture and equipment	1,236,109	454,044	1,690,153
Licensed vehicles	302,937	-	302,937
Total capital assets	<u>\$ 45,098,989</u>	<u>\$ 454,044</u>	<u>\$ 45,553,033</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 \$14,279,198 consisted of the following:

	Governmental Activities	Business-type Activities	Total
Compensated absences	\$ 108,243	\$ -	\$ 108,243
Bonds payable	13,667,378	-	13,667,378
Bond premium	19,727	-	19,727
Financed purchases	483,850	-	483,850
Total long-term debt	<u>\$ 14,279,198</u>	<u>\$ -</u>	<u>\$ 14,279,198</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 22-23 budget. Among them:

- A general fund transfer of \$250,000 was made to our capital reserves for maintenance and upkeep of buildings and grounds;
- 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 an increase to salary. The District continues to make every effort to raise salaries and be competitive in northeast Colorado when possible.
  - Fringe Benefits – The District will be transitioning to Gravie Health Insurance for the 2022-23 which will provide a 1.8% decrease in overall premiums and an out of pocket cost savings for staff. The also general fund transferred \$40,000 to the insurance reserve to help offset future insurance renewals.
  - Operation & Maintenance – Increased funds to the reserve to allow for various capital replacement needs and for upkeep of grounds.
  - Pupil Transportation – The District has been committed to update transportation fleet. With the assistance of the ESSER funds, the District was able to purchase two new buses.

The District maintains the budget, quarterly reports, monthly accounts payable and current salary schedules on its website: [www.wrayschools.org](http://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 9 years.

## **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, 30160 County Road 35, Wray, Colorado 80758.

This page intentionally left blank.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

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

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

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

**WRAY SCHOOL DISTRICT RD-2**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 8,693,975	\$ 150,950	\$ 8,844,925
Cash with fiscal agent	2,606,176		2,606,176
Investments	122,491		122,491
Receivables	977,279	4,744	982,023
Internal balances	(7,648)	7,648	-
Inventory	17,017		17,017
Capital assets, net of depreciation	45,098,989	454,044	45,553,033
<b>Total assets</b>	<b>57,508,279</b>	<b>617,386</b>	<b>58,125,665</b>
<b>Deferred outflows of resources</b>			
Deferred charges on refundings of bonds	18,718		18,718
Pension deferrals	2,173,821		2,173,821
Other post-employment benefit deferrals	78,534		78,534
<b>Total deferred outflows of resources</b>	<b>2,271,073</b>	<b>-</b>	<b>2,271,073</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 59,779,352</b>	<b>\$ 617,386</b>	<b>\$ 60,396,738</b>

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

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 52,300	\$ 32,120	\$ 84,420
Construction contracts payable	52,000		52,000
Accrued salaries and benefits	947,655		947,655
Unearned revenues	6,708		6,708
Accrued interest payable	48,179		48,179
<b>Noncurrent liabilities</b>			
Due within one year	1,180,394		1,180,394
Due in more than one year	13,098,804		13,098,804
Net pension liability	10,695,263		10,695,263
Net OPEB liability	364,695		364,695
<b>Total liabilities</b>	<b>26,445,998</b>	<b>32,120</b>	<b>26,478,118</b>
<b>Deferred inflows of resources</b>			
Pension deferrals	1,213,753		1,213,753
Other post-employment benefit deferrals	142,540		142,540
<b>Total deferred inflows of resources</b>	<b>1,356,293</b>	<b>-</b>	<b>1,356,293</b>
<b>Net position</b>			
Net investment in capital assets	30,873,838	454,044	31,327,882
<b>Restricted for:</b>			
Emergencies	280,000		280,000
Debt service	2,514,696		2,514,696
Food service operations	17,433		17,433
Capital projects	8,937		8,937
Unrestricted (deficit)	(1,717,843)	131,222	(1,586,621)
<b>Total net position</b>	<b>31,977,061</b>	<b>585,266</b>	<b>32,562,327</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 59,779,352</b>	<b>\$ 617,386</b>	<b>\$ 60,396,738</b>

**WRAY SCHOOL DISTRICT RD-2**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,729,405	\$ 46,546	\$ 1,791,445	
Supporting services				
Students	221,142		11,209	
Instructional staff	595,710		64,453	
General administration	353,835		9,716	
School administration	384,651		13,839	
Business services	306,384		13,692	
Operations and maintenance	1,186,174		167,646	\$ 65,302
Student transportation	703,977		130,951	
Central support services	515,814		9,504	
Food service operations	540,281	118,420	286,040	
Facilities acquisitions				19,654
Unallocated depreciation *	1,071,504			
Interest and fiscal charges	550,098			
Total governmental activities	13,158,975	164,966	2,498,495	84,956
Business-type activities				
Wind turbine services	127,034	31,688		
Total school district	<u>\$ 13,286,009</u>	<u>\$ 196,654</u>	<u>\$ 2,498,495</u>	<u>\$ 84,956</u>

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

Total general revenues

Change in net position

Net position at beginning of year,  
 as originally reported

Prior period adjustment

Net position at beginning of year,  
 as restated

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
\$ (4,891,414)		\$ (4,891,414)
(209,933)		(209,933)
(531,257)		(531,257)
(344,119)		(344,119)
(370,812)		(370,812)
(292,692)		(292,692)
(953,226)		(953,226)
(573,026)		(573,026)
(506,310)		(506,310)
(135,821)		(135,821)
19,654		19,654
(1,071,504)		(1,071,504)
(550,098)		(550,098)
(10,410,558)	\$ -	(10,410,558)
	(95,346)	(95,346)
(10,410,558)	(95,346)	(10,505,904)
3,585,277		3,585,277
1,774,323		1,774,323
521,902		521,902
12,298		12,298
4,999,528		4,999,528
106,831	263	107,094
489,279		489,279
11,489,438	263	11,489,701
1,078,880	(95,083)	983,797
30,715,833	680,349	31,396,182
182,348		182,348
30,898,181	680,349	31,578,530
<u>\$ 31,977,061</u>	<u>\$ 585,266</u>	<u>\$ 32,562,327</u>

**WRAY SCHOOL DISTRICT RD-2**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
<b>Assets</b>				
Cash	\$ 6,959,108			\$ 1,573,720
Cash with fiscal agent	87,667	\$ 2,476,761	\$ 41,748	
Investments	122,491			
Due from other funds	11,144			500,000
Property taxes receivable	133,108	65,858		
Grants receivable	702,007		40,103	
Other receivables				
Inventory				
<b>Total assets</b>	<b>\$ 8,015,525</b>	<b>\$ 2,542,619</b>	<b>\$ 81,851</b>	<b>\$ 2,073,720</b>
<b>Liabilities</b>				
Due to other funds	\$ 507,648	\$ 130		
Accounts payable	9,384		\$ 20,914	
Construction contracts payable			52,000	
Accrued salaries and benefits	907,737			
Unearned revenues				
<b>Total liabilities</b>	<b>1,424,769</b>	<b>130</b>	<b>72,914</b>	<b>\$ -</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	56,180	27,793		
<b>Total deferred inflows of resources</b>	<b>56,180</b>	<b>27,793</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable inventory				
Restricted for:				
Emergencies	280,000			
Debt service		2,514,696		
Food service operations				
Capital projects			8,937	
Committed to pupil activities				
Committed to capital projects				2,073,720
Assigned for risk management	280,461			
Unassigned	5,974,115			
<b>Total fund balance</b>	<b>6,534,576</b>	<b>2,514,696</b>	<b>8,937</b>	<b>2,073,720</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 8,015,525</b>	<b>\$ 2,542,619</b>	<b>\$ 81,851</b>	<b>\$ 2,073,720</b>

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

---

Other Governmental Funds	Total Governmental Funds
\$ 161,147	\$ 8,693,975
	2,606,176
	122,491
	511,144
	198,966
26,720	768,830
9,483	9,483
17,017	17,017
<u>\$ 214,367</u>	<u>\$ 12,928,082</u>
\$ 11,014	\$ 518,792
22,002	52,300
	52,000
39,918	947,655
6,708	6,708
<u>79,642</u>	<u>1,577,455</u>
	83,973
<u>-</u>	<u>83,973</u>
17,017	17,017
	280,000
	2,514,696
416	416
	8,937
117,292	117,292
	2,073,720
	280,461
	5,974,115
<u>134,725</u>	<u>11,266,654</u>
<u>\$ 214,367</u>	<u>\$ 12,928,082</u>

**WRAY SCHOOL DISTRICT RD-2**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2023**

---

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

Total fund balance - governmental funds	\$ 11,266,654
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	45,098,989
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.	83,973
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.	(48,179)
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>(24,424,376)</u>
Net position of the governmental activities	<u><u>\$ 31,977,061</u></u>

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

This page intentionally left blank.

**WRAY SCHOOL DISTRICT RD-2**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
<b>Revenues</b>				
Local sources	\$ 4,270,577	\$ 1,842,162		\$ 2,806
Intermediate sources	6,702			
State sources	6,007,946		\$ 19,654	
Federal sources	837,531			
<b>Total revenues</b>	<b>11,122,756</b>	<b>1,842,162</b>	<b>19,654</b>	<b>2,806</b>
<b>Expenditures</b>				
Instruction	6,186,810			
Supporting services	4,452,860			
Capital outlay	356,640		35,736	
Debt service				
Principal retirement	76,917	1,160,830		
Interest and fiscal charges	4,934	549,634		
<b>Total expenditures</b>	<b>11,078,161</b>	<b>1,710,464</b>	<b>35,736</b>	<b>-</b>
Excess of revenues over (under) expenditures	44,595	131,698	(16,082)	2,806
<b>Other financing sources (uses)</b>				
Lease proceeds	404,505			
Transfers in				250,000
Transfers out	(323,289)			
<b>Total other financing sources (uses)</b>	<b>81,216</b>	<b>-</b>	<b>-</b>	<b>250,000</b>
<b>Net change in fund balance</b>	<b>125,811</b>	<b>131,698</b>	<b>(16,082)</b>	<b>252,806</b>
Fund balance at beginning of year	6,408,765	2,382,998	25,019	1,820,914
Fund balance at end of year	<u>\$ 6,534,576</u>	<u>\$ 2,514,696</u>	<u>\$ 8,937</u>	<u>\$ 2,073,720</u>

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

---

Other Governmental Funds	Total Governmental Funds
\$ 585,777	\$ 6,701,322
7,160	6,702
278,880	6,034,760
	1,116,411
<u>871,817</u>	<u>13,859,195</u>
503,363	6,690,173
515,089	4,967,949
	392,376
	1,237,747
	554,568
<u>1,018,452</u>	<u>13,842,813</u>
(146,635)	16,382
	404,505
73,289	323,289
	<u>(323,289)</u>
<u>73,289</u>	<u>404,505</u>
(73,346)	420,887
208,071	10,845,767
<u>\$ 134,725</u>	<u>\$ 11,266,654</u>

**WRAY SCHOOL DISTRICT RD-2**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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

Net change in fund balances - governmental fund	\$ 420,887
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.	(99,517)
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.	12,154
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).	2,028
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.	(89,914)
The issuance of long-term debt provides current financial resources in the governmental funds, however, issuing debt increases long-term liabilities in the statement of net position.	(404,505)
Repayment of principal on bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>1,237,747</u>
Change in net position of governmental activities	<u><u>\$ 1,078,880</u></u>

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

This page intentionally left blank.

**WRAY SCHOOL DISTRICT RD-2**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Business-type Activities
	Wind Turbine Fund
Assets	
Current assets	
Cash	\$ 150,950
Due from other funds	7,648
Other receivables	4,744
Total current assets	163,342
Capital assets	
Machinery and equipment	1,748,278
Less accumulated depreciation	(1,294,234)
Total capital assets, net	454,044
Total assets	<u>\$ 617,386</u>
Liabilities and net position	
Current liabilities	
Accounts payable	\$ 32,120
Total current liabilities/total liabilities	32,120
Net position	
Net investment in capital assets	454,044
Unrestricted	131,222
Total net position	585,266
Total liabilities and net position	<u>\$ 617,386</u>

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

**WRAY SCHOOL DISTRICT RD-2**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-type Activities
	Wind Turbine Fund
Operating revenues	
Charges for services	\$ 31,688
Operating expenses	
Purchased services	32,120
Other	7,500
Depreciation	87,414
Total operating expenses	127,034
Operating loss	(95,346)
Nonoperating revenues	
Earnings on investments	263
Total nonoperating revenues	263
Change in net position	(95,083)
Net position at beginning of year	680,349
Net position at end of year	\$ 585,266

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, 2023**

	Business-type Activities
	Wind Turbine Fund
Cash flows from operating activities	
Receipts from customers	\$ 30,624
Payments to suppliers	(7,500)
	23,124
Net cash provided by operating activities	23,124
Cash flows from investing activities	
Earnings on investments	263
	263
Net cash provided by investing activities	263
Net increase in cash	23,387
Cash at beginning of year	127,563
Cash at end of year	\$ 150,950
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (95,346)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	87,414
Changes in assets and liabilities	
Accounts receivable	(1,064)
Accounts payable	32,120
	23,124
Net cash provided by operating activities	\$ 23,124

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, except for state and federal grant revenues, which are considered available if collection is expected within six months of 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)**

Description	Governmental Activities	Business-type Activities
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 \$9,038,109, of which \$500,000 was insured and \$8,538,109 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 Colostrust (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, 2023, the District had invested \$122,491 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 Colostrust (a local government investment pool) is maintained in the General Fund.

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Investment in Colostrust	\$ 122,491	\$ 122,491	\$ -	\$ -

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 Colostrust were rated AAAM by Standard and Poor’s.

**Note C – Receivables**

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Property taxes receivable	\$ 198,966	\$ -	\$ 198,966
Grants receivable	768,830	-	768,830
Other receivables	9,483	4,744	14,227
Total	\$ 977,279	\$ 4,744	\$ 982,023

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note C – Receivables (Continued)**

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. 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	\$ 11,144	\$ 507,648
Bond redemption fund	-	130
Other governmental funds	<u>500,000</u>	<u>11,014</u>
Subtotal	511,144	518,792
<u>Business-type funds</u>		
Wind turbine fund	<u>7,648</u>	<u>-</u>
Totals	<u>\$ 518,792</u>	<u>\$ 518,792</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	\$ -	\$ 323,289
Capital reserve capital project fund	250,000	
Other governmental funds	<u>73,289</u>	<u>-</u>
Total	<u>\$ 323,289</u>	<u>\$ 323,289</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 \$73,289 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>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 298,300	\$ -	\$ -	\$ 298,300
Construction in progress	<u>-</u>	<u>79,385</u>	<u>-</u>	<u>79,385</u>
Total capital assets, not being depreciated	298,300	79,385	-	377,685
Capital assets, being depreciated:				
Land improvements	1,609,517	20,427	-	1,629,944
Buildings and improvements	53,628,315	582,210	-	54,210,525
Furniture and equipment	1,598,486	637,741	-	2,236,227
Licensed vehicles	<u>2,560,566</u>	<u>41,235</u>	<u>-</u>	<u>2,601,801</u>
Total capital assets, being depreciated	<u>59,396,884</u>	<u>1,281,613</u>	<u>-</u>	<u>60,678,497</u>
Total capital assets	59,695,184	1,360,998	-	61,056,182
Less accumulated depreciation for:				
Land improvements	(1,075,926)	(30,848)	-	(1,106,774)
Buildings and improvements	(10,461,603)	(1,089,834)	-	(11,551,437)
Furniture and equipment	(785,893)	(214,225)	-	(1,000,118)
Licensed vehicles	<u>(2,173,256)</u>	<u>(125,608)</u>	<u>-</u>	<u>(2,298,864)</u>
Total accumulated depreciation	<u>(14,496,678)</u>	<u>(1,460,515)</u>	<u>-</u>	<u>(15,957,193)</u>
Governmental activities capital assets, net	<u>\$ 45,198,506</u>	<u>\$ (99,517)</u>	<u>\$ -</u>	<u>\$ 45,098,989</u>
<b>Business-type activities</b>				
Capital assets, being depreciated:				
Furniture and equipment	\$ 1,748,278	\$ -	\$ -	\$ 1,748,278
Less accumulated depreciation	<u>(1,206,820)</u>	<u>(87,414)</u>	<u>-</u>	<u>(1,294,234)</u>
Business-type activities capital assets, net	<u>\$ 541,458</u>	<u>\$ (87,414)</u>	<u>\$ -</u>	<u>\$ 454,044</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:

<b>Governmental activities</b>	
Instruction	\$ 165,132
Instructional staff	17,083
General administration	10,635
Business services	315
Operations and maintenance	57,450
Student transportation	125,608
Central support service	1,469
Food service operations	11,319
Unallocated	<u>1,071,504</u>
Subtotal	1,460,515
<b>Business-type activities</b>	
Wind turbine operations	<u>87,414</u>
Total depreciation expense	<u>\$ 1,547,929</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 \$947,655. 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>
<b>Governmental activities</b>					
Compensated absences	\$ 105,802	\$ 2,441*	\$ -	\$ 108,243	\$ -
Bonds payable	14,828,208	-	(1,160,830)	13,667,378	998,832
Bond premium	49,318	-	(29,591)	19,727	-
Financed purchases	<u>156,262</u>	<u>404,505</u>	<u>(76,917)</u>	<u>483,850</u>	<u>181,562</u>
Total	<u>\$ 15,139,590</u>	<u>\$ 406,946</u>	<u>\$ (1,267,338)</u>	<u>\$ 14,279,198</u>	<u>\$ 1,180,394</u>

\*The change in the compensated absences liability is presented as a net change.

**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 District believes the current portion of compensated absences is negligible and is therefore not reported.

**General obligation bonds**

General obligation bonds payable consists of the following issuances:

\$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 15<sup>th</sup> and December 15<sup>th</sup>. \$ 385,000

\$15,524,231 general obligation bonds, dated November 6, 2018, due in annual installments beginning in fiscal year 2023 ranging from \$534,950 to \$1,088,538; fixed annual interest rate of 3.893%, payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>. 13,282,378

Total general obligation bonds \$ 13,667,378

**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, \$1,655,000 of bonds outstanding are considered defeased.

**Financed purchases**

Technology obligation – In June 2020, the District entered into a financed purchase agreement with Apple, Inc. in the amount of \$350,108 to purchase technology equipment, which serves 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 at a fixed interest rate of 2.89%. Annual principal and interest payments of \$81,851 are due on July 15<sup>th</sup> of each year, with a final payment due in fiscal year 2024.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

**Note G – Long-term debt (Continued)**

Technology obligation – In March 2023, the District entered into a financed purchase agreement with Apple, Inc. in the amount of \$404,505 to purchase technology equipment, which serves as collateral for the agreement. The agreement called for a term of four years at a fixed interest rate of 1.76%. Annual principal and interest payments of \$104,319 are due on July 1<sup>st</sup> of each year, with a final payment due in fiscal year 2027.

The financed purchase agreements above contain provisions that, in the event of default, the lender may 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.

The following schedule represents the District’s debt service requirements to maturity for its bonds and leases payable at year-end:

<u>Year Ending December 31,</u>	<u>Bonds Payable</u>		<u>Leases Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 998,832	\$ 510,910	\$ 181,562	\$ 4,607
2025	637,728	480,773	99,010	5,309
2026	662,555	455,463	100,749	3,570
2027	688,348	429,168	102,529	1,790
2028	715,145	401,849	-	-
2029-2033	4,015,655	1,560,752	-	-
2034-2038	4,860,577	699,384	-	-
2039	<u>1,088,538</u>	<u>21,188</u>	<u>-</u>	<u>-</u>
Totals	<u>\$13,667,378</u>	<u>\$ 4,559,487</u>	<u>\$ 483,850</u>	<u>\$ 15,276</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](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 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.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan (Continued)**

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic 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 lessor 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, 2023.* Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan (Continued)**

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	10.38%
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>20.38%</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 \$923,807 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. 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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

At year end, the District reported a liability of \$10,695,263 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	\$ 10,695,263
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>3,116,707</u>
Total	<u>\$ 13,811,970</u>

At December 31, 2022, the District’s proportion was 0.0587%, which was a decrease of 0.0068% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,698,018 and revenue of \$265,775 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	\$ 117,246	\$ -
Changes of assumptions or other inputs	233,660	-
Net difference between projected and actual earnings on pension plan investments	1,137,243	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	207,861	1,213,753
Contributions subsequent to the measurement date	<u>477,811</u>	<u>-</u>
Total	<u>\$ 2,173,821</u>	<u>\$ 1,213,753</u>

\$477,811 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>
2024	\$ (440,001)
2025	(299,766)
2026	386,320
2027	<u>835,704</u>
Totals	<u>\$ 482,257</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%–11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan (Continued)**

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 <sub>1</sub>	Financed by the AIR

<sup>1</sup> 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, 2022, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2022, 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.

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan (Continued)**

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

<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%.

*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%.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan (Continued)**

- 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include 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.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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 and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan (Continued)**

Based on the above assumptions and methods, the SCHDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 13,996,420	\$ 10,695,263	\$ 7,938,459

*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](http://www.copera.org/investments/pera-financial-reports).

Payables to the pension plan

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

**Note I – Defined contribution pension plan**

Voluntary Investment Program (PERAPlus 401(k) Plan)

*Plan description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note I – Defined contribution pension plan (Continued)**

*Funding policy* - The PERAPlus 401(k) Plan 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, 2023, program members contributed \$27,711 for the PERAPlus 401(k) Plan.

**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](http://www.copera.org/investments/pera-financial-reports).

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

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

*PERA Benefit Structure*

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

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

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

*DPS Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum 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 \$46,236 for the year ended June 30, 2023.

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

At year-end, the District reported a liability of \$364,695 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District's proportion was 0.0447%, which was an increase of 0.0019% from its proportion measured as of December 31, 2021.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$(5,781). 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	\$ 49	\$ 85,698
Changes of assumptions or other inputs	5,665	39,281
Net difference between projected and actual earnings on OPEB plan investments	23,085	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	25,821	17,561
Contributions subsequent to the measurement date	<u>23,914</u>	<u>-</u>
Total	<u>\$ 78,534</u>	<u>\$ 142,540</u>

\$23,914 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2024	\$ (36,022)
2025	(34,245)
2026	(13,426)
2027	2,749
2028	(5,655)
2029	<u>(1,321)</u>
Total	<u>\$ (87,920)</u>

*Actuarial assumptions.* The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

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

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

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

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

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

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

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

- **Males:** 112% 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.

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:

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

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	<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 J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

*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 <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 354,372	\$ 364,695	\$ 375,926

<sup>1</sup>For the January 1, 2023, plan year.

*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, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection 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.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

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

Based on the above assumptions and methods, the HCTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the 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:

	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>422,789</u>	\$ <u>364,695</u>	\$ <u>315,005</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](http://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 continues to carry commercial insurance for all 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.

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**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.

Budget law

Colorado local government budget laws require the District’s Board of Education to adopt a budget and an appropriations resolution for each fiscal year prior to the beginning of the fiscal year. A Board of Education shall not expend any moneys in excess of the amount appropriated by resolution. If either the budget or appropriations resolution is not adopted, then 90% of the last duly adopted budget and appropriations resolution shall be deemed to be budgeted and appropriated (C.R.S. 29-1-108(2)).

The District’s Board of Education did not adopt a budget or an appropriations resolution for the Building Fund in the current year. As such, 90% of the prior year appropriations resolution has been deemed appropriated for the current year, and no amounts are presented in the other supplementary information.

<u>Fund</u>	<u>Prior Year Appropriation</u>	<u>90% of Prior Year Appropriation</u>	<u>Actual Expenses</u>	<u>Variance</u>
Building Fund	\$ 20,000,000	\$ 18,000,000	\$ 35,736	\$ 17,964,264

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

**WRAY SCHOOL DISTRICT RD-2**  
**Notes to Financial Statements**

---

**Note L – Commitments and contingencies (Continued)**

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 \$280,000 for the emergency reserve.

**Note M – Joint venture**

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

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

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

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

For the year, the District’s financial contribution was \$203,245.

**Note N – Change in Accounting Principles and Restatement**

The District made an error in capitalizing certain equipment in a prior year. Accordingly, the beginning net position of the Governmental Activities has restated by the beginning net book value of the asset as follows:

	<u>Beginning Balances as Originally Reported</u>	<u>Grants Receivable Adjustments</u>	<u>Beginning Balances as Restated</u>
Governmental Activities	\$ 30,715,833	\$ 182,348	\$ 30,898,181

### **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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 3,834,968	\$ 3,960,339	\$ 4,270,577	\$ 310,238
Intermediate sources	5,300	5,300	6,702	1,402
State sources	5,715,672	5,826,888	6,007,946	181,058
Federal sources	2,072,469	1,470,206	837,531	(632,675)
Total revenues	11,628,409	11,262,733	11,122,756	(139,977)
Expenditures				
Instruction	5,300,802	5,366,832	6,186,810	(819,978)
Supporting services	3,828,429	4,090,473	4,452,860	(362,387)
Capital outlay		115,000	356,640	(241,640)
Debt service				
Principal retirement	202,000	202,000	76,917	125,083
Interest and fiscal charges			4,934	(4,934)
Appropriated reserves	8,579,579	8,136,505		8,136,505
Total expenditures	17,910,810	17,910,810	11,078,161	6,832,649
Excess of revenues over (under) expenditures	(6,282,401)	(6,648,077)	44,595	6,692,672
Other financing sources (uses)				
Lease proceeds			404,505	404,505
Transfers out	(320,000)	(320,000)	(323,289)	(3,289)
Total other financing sources (uses)	(320,000)	(320,000)	81,216	401,216
Net change in fund balance	\$ (6,602,401)	\$ (6,968,077)	125,811	\$ 7,093,888
Fund balance at beginning of year			6,408,765	
Fund balance at end of year			\$ 6,534,576	

This page intentionally left blank.

**WRAY SCHOOL DISTRICT RD-2**  
**Schedule of the District's Proportionate Share of the Net Pension Liability<sup>1</sup>**  
**PERA's School Division Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net pension liability	0.0587%	0.0655%	0.0724%	0.0666%
District's proportionate share of the net pension liability	\$ 10,695,263	\$ 7,626,379	\$ 10,951,715	\$ 9,948,304
State's proportionate share of the net pension liability	<u>3,116,707</u>	<u>874,267</u>	<u>-</u>	<u>1,261,816</u>
Total	<u>\$ 13,811,970</u>	<u>\$ 8,500,646</u>	<u>\$ 10,951,715</u>	<u>\$ 11,210,120</u>
District's covered payroll	\$ 4,532,625	\$ 4,095,627	\$ 3,876,419	\$ 3,913,264
District's proportionate share of the net pension liability as a percentage of its covered payroll	235.96%	186.21%	282.52%	254.22%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%

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

---

<u>June 30, 2019</u>	<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>
0.0693%	0.0790%	0.0783%	0.0770%	0.0779%	0.0824%
\$ 12,266,775	\$ 25,548,045	\$ 23,301,622	\$ 11,775,614	\$ 10,552,551	\$ 10,511,588
<u>1,677,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,944,086</u>	<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>
\$ 3,808,484	\$ 3,644,497	\$ 3,515,279	\$ 3,355,357	\$ 3,261,743	\$ 3,322,277
322.09%	701.00%	662.87%	350.95%	323.52%	316.40%
57.01%	43.96%	43.10%	59.20%	62.84%	64.07%

**WRAY SCHOOL DISTRICT RD-2**  
**Schedule of District Contributions**  
**PERA's School Division Trust Fund**  
**June 30, 2023**

---

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 923,807	\$ 869,368	\$ 779,412	\$ 769,191
Contributions in relation to the contractually required contribution	<u>(923,807)</u>	<u>(869,368)</u>	<u>(779,412)</u>	<u>(769,191)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,532,906	\$ 4,373,067	\$ 3,920,569	\$ 3,968,983
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%

---

<u>June 30, 2019</u>	<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>
\$ 730,440	\$ 711,899	\$ 654,155	\$ 612,026	\$ 553,398	\$ 526,074
<u>(730,440)</u>	<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>	<u>\$ -</u>
\$ 3,818,290	\$ 3,768,879	\$ 3,558,108	\$ 3,452,695	\$ 3,276,669	\$ 3,291,484
19.13%	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 Liability<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net OPEB liability	0.0447%	0.0428%	0.0419%	0.0435%
District's proportionate share of the net OPEB liability	\$ 364,695	\$ 368,966	\$ 398,322	\$ 489,180
District's covered payroll	\$ 4,532,625	\$ 4,095,627	\$ 3,876,419	\$ 3,913,264
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.05%	9.01%	10.28%	12.50%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%

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

<sup>1</sup> 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.

Notes to schedule:

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

---

<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
----------------------	----------------------	----------------------

0.0450%	0.0449%	0.0445%
---------	---------	---------

\$ 612,651	\$ 583,409	\$ 577,214
------------	------------	------------

\$ 3,808,484	\$ 3,644,497	\$ 3,515,279
--------------	--------------	--------------

16.09%	16.01%	16.42%
--------	--------	--------

17.03%	17.53%	16.72%
--------	--------	--------

**WRAY SCHOOL DISTRICT RD-2**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2023**

---

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 46,236	\$ 44,605	\$ 39,990	\$ 40,484
Contributions in relation to the contractually required contribution	<u>(46,236)</u>	<u>(44,605)</u>	<u>(39,990)</u>	<u>(40,484)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,532,906	\$ 4,373,067	\$ 3,920,569	\$ 3,968,983
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

<sup>1</sup> 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, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 38,947	\$ 38,443	\$ 36,293
<u>(38,947)</u>	<u>(38,443)</u>	<u>(36,293)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,818,290	\$ 3,768,879	\$ 3,558,108
1.02%	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](http://www.copera.org/investments/pera-financial-reports).

### **Other Supplementary Information**

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

This page intentionally left blank.

## **Budgetary Comparison Schedules - General Fund**

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

**WRAY SCHOOL DISTRICT RD-2**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,143,761	\$ 3,416,727	\$ 3,575,784	\$ 159,057
Specific ownership taxes	374,000	374,000	521,902	147,902
Delinquent taxes and interest	8,000	8,000	7,120	(880)
Tuition	15,800	15,800	36,418	20,618
Earnings on investments	10,010	10,010	38,644	28,634
Pupil activities	3,500	3,500	10,128	6,628
Other local revenue	279,897	132,302	80,481	(51,821)
Services within the BOCES			100	100
Total local sources	3,834,968	3,960,339	4,270,577	310,238
Intermediate sources	5,300	5,300	6,702	1,402
State sources				
Equalization	5,135,862	5,221,078	4,999,528	(221,550)
Vocational education	20,000	20,000	8,016	(11,984)
Transportation	88,131	88,131	116,987	28,856
ELPA professional development	26,822	26,822		(26,822)
English language proficiency	18,662	18,662	32,796	14,134
State grants to libraries	3,500	3,500	4,500	1,000
Small rural schools funding	280,325	280,325	325,766	45,441
Additional at-risk funding			4,959	4,959
READ Act	13,870	39,870	18,850	(21,020)
Menstrual hygiene funding			2,500	2,500
On-behalf payment			265,775	265,775
Services within the BOCES	128,500	128,500	228,269	99,769
Total state sources	5,715,672	5,826,888	6,007,946	181,058

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Federal sources				
Title I	117,931	117,931	207,710	89,779
Title II-A	22,496	22,496	28,685	6,189
Coronavirus relief funds	507,431			-
ESSER III - 90% allocation	867,960	867,960	273,538	(594,422)
ESSER III - State set-aside	8,610	8,610		(8,610)
ESSER II - 9.5%	3,831	3,831	3,831	-
ESSER II - Distribution 90%	386,198	386,198	3,831	(382,367)
Title IV-A	10,000	10,000	10,000	-
ESSER I CARES	94,832			-
ESSER III ARP 9.5% state set-aside			81,490	81,490
CRF: K-12 at-risk pupils	11,180	11,180		(11,180)
State library program			6,000	6,000
Other state agencies			170,675	170,675
REAP	28,000	28,000	31,606	3,606
Services within the BOCES	14,000	14,000	20,165	6,165
Total federal sources	<u>2,072,469</u>	<u>1,470,206</u>	<u>837,531</u>	<u>(632,675)</u>
Total revenues	<u>\$ 11,628,409</u>	<u>\$ 11,262,733</u>	<u>\$ 11,122,756</u>	<u>\$ (139,977)</u>

**WRAY SCHOOL DISTRICT RD-2**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	\$ 3,064,072	\$ 3,109,072	\$ 3,203,873	\$ (94,801)
Employee benefits	1,561,297	1,582,327	1,553,595	28,732
Purchased services	375,511	375,511	400,703	(25,192)
Supplies and materials	209,912	209,912	530,858	(320,946)
Property	44,500	44,500	474,734	(430,234)
Other	45,510	45,510	23,047	22,463
<b>Total instruction</b>	<b>5,300,802</b>	<b>5,366,832</b>	<b>6,186,810</b>	<b>(819,978)</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	125,626	125,626	133,222	(7,596)
Employee benefits	66,746	66,746	69,019	(2,273)
Purchased services	12,550	12,550	917	11,633
Supplies and materials	2,494	2,494	5,864	(3,370)
Other	430	430	30	400
<b>Total students</b>	<b>207,846</b>	<b>207,846</b>	<b>209,052</b>	<b>(1,206)</b>
<b>Instructional staff</b>				
Salaries	196,737	196,737	232,562	(35,825)
Employee benefits	94,228	94,228	124,291	(30,063)
Purchased services	106,628	106,628	51,281	55,347
Supplies and materials	86,664	86,664	135,287	(48,623)
Property	117,000	117,000	13,875	103,125
Other	1,900	1,900	225	1,675
<b>Total instructional staff</b>	<b>603,157</b>	<b>603,157</b>	<b>557,521</b>	<b>45,636</b>
<b>General administration</b>				
Salaries	130,158	130,158	177,507	(47,349)
Employee benefits	32,856	32,856	67,664	(34,808)
Purchased services	64,717	64,717	65,496	(779)
Supplies and materials	3,100	3,100	752	2,348
Other	18,800	18,800	15,671	3,129
<b>Total general administration</b>	<b>249,631</b>	<b>249,631</b>	<b>327,090</b>	<b>(77,459)</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	206,480	206,480	255,511	(49,031)
Employee benefits	84,097	84,097	97,474	(13,377)
Purchased services	4,000	4,000	2,033	1,967
Supplies and materials	2,600	2,600	4,964	(2,364)
Other	2,580	2,580	1,480	1,100
Total school administration	299,757	299,757	361,462	(61,705)
Business services				
Salaries	98,582	98,582	110,332	(11,750)
Employee benefits	40,145	40,145	46,025	(5,880)
Purchased services	37,009	37,009	61,216	(24,207)
Supplies and materials	50,200	50,200	54,087	(3,887)
Property	12,000	12,000	11,529	471
Other	8,125	8,125	19,165	(11,040)
Total business services	246,061	246,061	302,354	(56,293)
Operations and maintenance				
Salaries	301,000	301,000	330,711	(29,711)
Employee benefits	151,018	151,018	149,971	1,047
Purchased services	271,000	349,000	391,879	(42,879)
Supplies and materials	275,000	277,000	340,079	(63,079)
Property	180,000	264,302	367,431	(103,129)
Other	5,000	18,000	20,621	(2,621)
Total operations and maintenance	1,183,018	1,360,320	1,600,692	(240,372)
Student transportation				
Salaries	246,458	246,458	255,233	(8,775)
Employee benefits	112,540	112,540	166,143	(53,603)
Purchased services	32,300	32,300	26,593	5,707
Supplies and materials	90,000	90,000	105,403	(15,403)
Property	127,000	127,000	43,272	83,728
Other	(28,560)	(28,560)	(203)	(28,357)
Total student transportation	579,738	579,738	596,441	(16,703)

(continued)

**WRAY SCHOOL DISTRICT RD-2**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2023**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	83,750	168,492	177,375	(8,883)
Employee benefits	26,076	26,076	34,642	(8,566)
Purchased services	345,855	345,855	272,183	73,672
Supplies and materials	2,240	2,240	13,783	(11,543)
Other	1,300	1,300	265	1,035
Total central support services	459,221	543,963	498,248	45,715
Total supporting services	3,828,429	4,090,473	4,452,860	(362,387)
Capital outlay				
Facilities acquisitions				
Property		115,000	356,640	(241,640)
Total capital outlay	-	115,000	356,640	(241,640)
Debt service				
Principal retirement	202,000	202,000	76,917	125,083
Interest and fiscal charges			4,934	(4,934)
Total debt service	202,000	202,000	81,851	120,149
Appropriated reserves	8,579,579	8,136,505		8,136,505
Total expenditures	<u>\$ 17,910,810</u>	<u>\$ 17,910,810</u>	<u>\$ 11,078,161</u>	<u>\$ 6,832,649</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, 2023**

	Food Service Fund	Pupil Activity Fund	Totals
<b>Assets</b>			
Cash	\$ 16,243	\$ 144,904	\$ 161,147
Grants receivable	26,720		26,720
Other receivables	9,483		9,483
Inventory	17,017		17,017
	<u>17,017</u>		<u>17,017</u>
<b>Total assets</b>	<u><u>\$ 69,463</u></u>	<u><u>\$ 144,904</u></u>	<u><u>\$ 214,367</u></u>
<b>Liabilities</b>			
Due to other funds	\$ 5,404	\$ 5,610	\$ 11,014
Accounts payable		22,002	22,002
Accrued salaries and benefits	39,918		39,918
Unearned revenues	6,708		6,708
	<u>52,030</u>	<u>27,612</u>	<u>79,642</u>
<b>Total liabilities</b>	52,030	27,612	79,642
<b>Fund balance</b>			
Nonspendable inventory	17,017		17,017
Restricted for food service operations	416		416
Committed to pupil activities		117,292	117,292
	<u>17,433</u>	<u>117,292</u>	<u>134,725</u>
<b>Total fund balance</b>	17,433	117,292	134,725
<b>Total liabilities and fund balance</b>	<u><u>\$ 69,463</u></u>	<u><u>\$ 144,904</u></u>	<u><u>\$ 214,367</u></u>

**WRAY SCHOOL DISTRICT RD-2**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 118,479	\$ 467,298	\$ 585,777
State sources	7,160		7,160
Federal sources	278,880		278,880
Total revenues	404,519	467,298	871,817
Expenditures			
Instruction		503,363	503,363
Supporting services	515,089		515,089
Total expenditures	515,089	503,363	1,018,452
Excess of revenues over (under) expenditures	(110,570)	(36,065)	(146,635)
Other financing sources			
Transfers in	73,289		73,289
Net change in fund balances	(37,281)	(36,065)	(73,346)
Fund balance at beginning of year	54,714	153,357	208,071
Fund balance at end of year	<u>\$ 17,433</u>	<u>\$ 117,292</u>	<u>\$ 134,725</u>

**WRAY SCHOOL DISTRICT RD-2**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 50,518	\$ 60,525	\$ 118,479	\$ 57,954
State sources	3,500	4,700	7,160	2,460
Federal sources	381,265	370,058	278,880	(91,178)
Total revenues	435,283	435,283	404,519	(30,764)
Expenditures				
Supporting services				
Salaries	142,500	142,500	152,856	(10,356)
Employee benefits	94,305	94,305	89,424	4,881
Purchased services	18,078	18,078	13,364	4,714
Supplies and materials	245,400	245,400	254,333	(8,933)
Property	5,000	5,000	5,112	(112)
Appropriated reserves	44,717	44,717		44,717
Total expenditures	550,000	550,000	515,089	34,911
Excess of revenues over (under) expenditures	(114,717)	(114,717)	(110,570)	4,147
Other financing sources				
Transfers in	70,000	70,000	73,289	3,289
Net change in fund balance	<u>\$ (44,717)</u>	<u>\$ (44,717)</u>	(37,281)	<u>\$ 7,436</u>
Fund balance at beginning of year			54,714	
Fund balance at end of year			<u>\$ 17,433</u>	

**WRAY SCHOOL DISTRICT RD-2**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Pupil activities	\$ 575,000	\$ 575,000	\$ 467,298	\$ (107,702)
Expenditures				
Instruction				
Purchased services	230,000	230,000	185,293	44,707
Supplies and materials	270,000	270,000	242,458	27,542
Property	65,000	65,000	29,577	35,423
Other	40,000	40,000	46,035	(6,035)
Appropriated reserves	195,000	195,000		195,000
Total expenditures	<u>800,000</u>	<u>800,000</u>	<u>503,363</u>	<u>296,637</u>
Excess of revenues over (under) expenditures	(225,000)	(225,000)	(36,065)	188,935
Other financing sources				
Transfers in	<u>30,000</u>	<u>30,000</u>		<u>(30,000)</u>
Net change in fund balance	<u>\$ (195,000)</u>	<u>\$ (195,000)</u>	(36,065)	<u>\$ 158,935</u>
Fund balance at beginning of year			<u>153,357</u>	
Fund balance at end of year			<u>\$ 117,292</u>	

This page intentionally left blank.

## **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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,727,715	\$ 1,727,715	\$ 1,771,662	\$ 43,947
Delinquent taxes and interest	2,500	2,500	5,178	2,678
Interest on investments	15,600	15,600	65,322	49,722
Total local sources	1,745,815	1,745,815	1,842,162	96,347
Intermediate sources	500	500		(500)
Total revenues	1,746,315	1,746,315	1,842,162	95,847
Expenditures				
Debt service				
Principal retirement	1,621,015	1,621,015	1,160,830	460,185
Interest and fiscal charges	668,500	668,500	549,634	118,866
Appropriated reserves	610,485	610,485		610,485
Total expenditures	2,900,000	2,900,000	1,710,464	1,189,536
Net change in fund balance	<u>\$ (1,153,685)</u>	<u>\$ (1,153,685)</u>	131,698	<u>\$ 1,285,383</u>
Fund balance at beginning of year			2,382,998	
Fund balance at end of year			<u>\$ 2,514,696</u>	

## **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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources			\$ 19,654	\$ 19,654
Total revenues	\$ -	\$ -	19,654	19,654
Expenditures				
Capital outlay				
Property			35,736	(35,736)
Total expenditures	-	-	35,736	(35,736)
Net change in fund balance	\$ -	\$ -	(16,082)	\$ (16,082)
Fund balance at beginning of year			25,019	
Fund balance at end of year			\$ 8,937	

**WRAY SCHOOL DISTRICT RD-2**  
**Capital Reserve Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 20	\$ 30	\$ 2,806	\$ 2,776
Expenditures				
Capital outlay	575,000	575,000		575,000
Appropriated reserves	1,925,000	1,925,000		1,925,000
Total expenditures	2,500,000	2,500,000	-	2,500,000
Excess of revenues over (under) expenditures	(2,499,980)	(2,499,970)	2,806	(2,497,224)
Other financing sources				
Transfers in	250,000	250,000	250,000	-
Net change in fund balance	<u>\$ (2,249,980)</u>	<u>\$ (2,249,970)</u>	252,806	<u>\$ 2,502,776</u>
Fund balance at beginning of year			<u>1,820,914</u>	
Fund balance at end of year			<u>\$ 2,073,720</u>	

This page intentionally left blank.

## **Budgetary Comparison Schedule – Enterprise Fund**

The District reports the following major enterprise fund:

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

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

**WRAY SCHOOL DISTRICT RD-2**  
**Wind Turbine Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 115,000	\$ 115,000	\$ 31,688	\$ (83,312)
Operating expenses				
Purchased services	50,859	50,859	32,120	18,739
Other	7,500	7,500	7,500	-
Depreciation	87,900	87,900	87,414	486
Appropriated reserves	143,741	143,741		143,741
Total expenses	290,000	290,000	127,034	162,966
Operating loss	(175,000)	(175,000)	(95,346)	79,654
Nonoperating revenues				
Earnings on investments	50	50	263	213
Total nonoperating revenues	50	50	263	213
Change in net position	<u>\$ (174,950)</u>	<u>\$ (174,950)</u>	(95,083)	<u>\$ 79,867</u>
Net position at beginning of year			680,349	
Net position at end of year			<u>\$ 585,266</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, 2023**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services			
National School Lunch Program - Commodities	10.555	4555	\$ 12,208
Colorado Department of Education			
School Breakfast Program	10.553	4553	40,248
National School Lunch Program	10.555	4555	199,363
National School Lunch Program	10.555	6555	25,780
			<hr/>
Total AL Number 10.555			237,351
			<hr/>
Total Child Nutrition Cluster			277,599
Pass-through program from:			
Colorado Department of Education			
Pandemic EBT Administrative Costs	10.649	4649	1,281
			<hr/>
Total U.S. Department of Agriculture			278,880
<b>U.S. Department of Education</b>			
Rural Education	84.358	N/A	31,606
Pass-through programs from:			
Colorado Department of Education			
Title I Grants to Local Educational Agencies	84.010	4010	207,710
Supporting Effective Instruction State Grants	84.367	4367	28,685
Student Support and Academic Enrichment Program	84.424	4424	10,000
COVID-19 Education Stabilization Fund	84.425U	4414	273,538
COVID-19 Education Stabilization Fund	84.425D	4419	3,831
COVID-19 Education Stabilization Fund	84.425D	4420	3,831
COVID-19 Education Stabilization Fund	84.425U	4431	81,490
			<hr/>
Total AL Number 84.425			362,690
			<hr/>
Total U.S. Department of Education			640,691

See accompanying Notes to Schedule of Expenditures of Federal Awards.

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
CCDF Cluster			
Pass-through programs from:			
Colorado Department of Human Services Child Care and Development Block Grant	93.575	7575	<u>23,464</u>
Total CCDF Cluster/ U.S. Department of Health and Human Services			23,464
<b>U.S. Department of Justice</b>			
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>147,211</u>
Total U.S. Department of Justice			147,211
<b>National Endowment for the Humanities</b>			
Pass-through programs from:			
Colorado Department of Education Grants to States	45.310	7310	<u>6,000</u>
Total National Endowment for the Humanities			<u>6,000</u>
Total expenditures of federal awards			<u><u>\$ 1,096,246</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, 2023. 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:

AL No. 10.555	National School Lunch Program	\$ <u>12,208</u>
---------------	-------------------------------	------------------



**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2024.

**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  
January 17, 2024



**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, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major 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  
January 17, 2024

**WRAY SCHOOL DISTRICT RD-2**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

---

**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	AL Nos. 10.553 and 10.555
-------------------------	---------------------------
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District qualified 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, 2022.

**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 2022-23  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>							
10 General Fund	6,168,638		11,163,638		11,078,161		6,254,115
18 Risk Mgmt Sub-Fund of General Fund	240,127		40,334		0		280,461
19 Colorado Preschool Program Fund	0		0		0		0
<b>Sub-Total</b>	<b>6,408,765</b>		<b>11,203,972</b>		<b>11,078,161</b>		<b>6,534,576</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	54,714		477,809		515,089		17,433
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	153,357		467,298		503,363		117,292
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	2,382,998		1,842,162		1,710,464		2,514,696
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	25,019		19,655		35,736		8,937
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	1,820,914		252,806		0		2,073,720
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>10,845,765</b>		<b>14,263,701</b>		<b>13,842,812</b>		<b>11,266,655</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	680,349		31,951		127,034		585,266
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>680,349</b>		<b>31,951</b>		<b>127,034</b>		<b>565,266</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>

FINAL