

Wray School District RD-2
Wray, Colorado

Financial Statements

For the Year ended June 30, 2025

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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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 the audit in accordance with generally accepted 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 and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

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

Other 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 and the auditors' integrity report listed in the table of contents 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 and the auditors' integrity report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
January 19, 2026

**WRAY SCHOOL DISTRICT RD-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2025**

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, 2025.

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 \$35,046,790 (net position).
- The district's total net position decreased by \$1,329,201. 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 \$13,217,783 or 89% of the \$14,897,129 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,679,346 or 11% of revenues.
- The general fund ending fund balance reached \$7,368,863, an increase of \$587,680 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 29-67 of this report.

Other information

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

Financial Analysis of the School District as a Whole

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

74% 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, 2025.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024	2025	2024	2025	2024	
Current and Other assets	\$15,423,548	\$16,004,550	\$ 118,677	\$ 105,921	\$15,542,225	\$16,110,471	-3.53%
Capital assets	43,840,546	44,873,975	279,216	366,630	44,119,762	45,240,605	-2.48%
Total assets	59,264,094	60,878,525	397,893	472,551	59,661,987	61,351,076	-2.75%
Deferred outflows of resources	2,319,290	3,208,292	-	-	2,319,290	3,208,292	-27.71%
Total assets and deferred outflows of resources	\$61,583,384	\$64,086,817	\$ 397,893	\$ 472,551	\$61,981,277	\$64,559,368	-3.99%
Other liabilities	\$ 1,503,192	\$ 1,123,015	\$ -	\$ -	\$ 1,503,192	\$ 1,123,015	33.85%
Long-term liabilities	24,603,910	26,420,704	-	-	24,603,910	26,420,704	-6.88%
Total liabilities	26,107,102	27,543,719	-	-	26,107,102	27,543,719	-5.22%
Deferred inflows of resources	827,385	639,658	-	-	827,385	639,658	29.35%
Net investment in capital assets	31,606,450	31,903,141	279,216	366,630	31,885,666	32,269,771	-1.19%
Restricted	3,301,376	2,618,301	-	-	3,301,376	2,618,301	26.09%
Unrestricted (deficit)	(258,929)	1,381,998	118,677	105,921	(140,252)	1,487,919	-109.43%
Total net position	34,648,897	35,903,440	397,893	472,551	35,046,790	36,375,991	-3.65%
Total liabilities, deferred inflows and net position	\$ 61,583,384	\$ 64,086,817	\$ 397,893	\$ 472,551	\$61,981,277	\$64,559,368	-3.99%

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

Revenues	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2024-2025
	2025	2024	2025	2024	2025	2024	
Program Revenues							
Charges for services	\$ 56,518	\$ 35,081	\$ 44,848	\$ 42,840	\$ 101,366	\$ 77,921	30.09%
Operating Grants & Contributions	1,577,980	2,282,648	-	-	1,577,980	2,282,648	-30.87%
Capital Grants & Contributions	-	250,000	-	-	-	250,000	100.00%
General Revenue							
Property taxes	6,068,814	5,781,457	-	-	6,068,814	5,781,457	4.97%
State equalization	6,281,075	5,367,295	-	-	6,281,075	5,367,295	17.02%
Other	866,351	4,055,524	1,543	411	867,894	4,055,935	-78.60%
Total Revenue	14,850,738	17,772,005	46,391	43,251	14,897,129	17,815,256	-16.38%
Expenses							
Instruction	6,847,978	6,874,455	-	-	6,847,978	6,874,455	-0.39%
Supporting services	7,687,682	5,374,211	-	-	7,687,682	5,374,211	43.05%
Unallocated depreciation	1,086,447	1,083,323	-	-	1,086,447	1,083,323	0.29%
Interest expense	483,174	513,637	-	-	483,174	513,637	-5.93%
Wind turbine services	-	-	121,049	102,639	121,049	102,639	17.94%
Total Expenses	16,105,281	13,845,626	121,049	102,639	16,226,330	13,948,265	16.33%
Change in net position	\$(1,254,543)	\$3,926,379	\$ (74,658)	\$ (59,388)	\$(1,329,201)	\$ 3,866,991	-134.37%

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 \$12,869 per funded student. In fiscal year 2024-25 the funded pupil count was 695.0. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 56% 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 \$4,397,870 in property taxes levied for general purposes for fiscal year 2025.

Business-Type Activities

Business-type activities are made up of the wind turbine fund. These programs had total revenues of \$46,391 and expenses of \$121,049, including depreciation expense of \$87,414. 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 \$13,889,349, a decrease of \$928,226. The general fund had a fund balance increase of \$587,680.

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 2024-2025 school year are as follows:

- The District received an increase of *\$602,080 in per pupil revenue (PPR)** compared to the prior year. These additional funds were used to offset salary and benefit increases for all staff.
- All staff members received a 2.5 percent base salary increase for the 2024-25 school year. In addition, newly hired staff received a signing bonus.
- Increased PPR funding allowed the District to provide a 2.5 percent retention-based salary increase for employees who continued employment from the prior year. To further support recruitment and retention efforts, the district issued a 4 percent longevity pay stipend in May 2025 to all staff who completed the 2024-25 employment assignment increasing the total salary increase to 9 percent.

- Student enrollment has remained stable, allowing the District to maintain consistent PPR funding forecasts.
- The Food Service Program continues to operate under the Healthy School Meals for All (HSMA) legislative program, which provides free meals to all students using federal and state funding. A \$142,000 transfer from the General Fund was required to offset the state program shortfall and to fund salaries and benefits for the summer months of the fiscal year.
- The Capital Reserve Fund balance continues to increase and will be used for the addition and upkeep of District facilities and grounds. Capital projects completed during the fiscal year included:
 - Initiation of repairs and replacements related to May 2024 hail storm damage, totaling \$2,343,449.58 in expenses through June 2025. This insurance claim is expected to remain open through summer 2026.
 - Purchase of a 77-passenger bus
 - Purchase of two 2024 Ford Expeditions (replacements for vehicles deemed total losses from the hail storm)
 - Updates to the high school locker room air venting system
 - Installation of security camera systems on buses
 - Installation of keyless security access controls at the new maintenance and transportation building
 - Addition of 10 new access door controls across various campus locations
 - Installation of a new garage door for the industrial arts building
 - Installation of a concrete shotput pad
- The Bond Redemption Fund is currently in its nineteenth year. The 2005 bond debt was fully paid off in fiscal year 2023–24, leaving the 2016 PK–12 Addition/Renovation Project bond as the remaining obligation. This bond is in its seventh year, carries an interest rate of 3.893 percent, and is scheduled to be fully paid by December 2038.

** Excludes Small Rural School (HB15-1321) funds, New Arrival Student funding (HB24-1389), and Mill Levy Override match funds.*

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, 2025 amounts to \$44,119,762 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, licensed vehicles and capital leases all with an original cost greater than \$5,000 for the governmental activities and \$1,000 for the business-type activities and proprietary funds.

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

- Land improvements \$6,081
- Building improvements \$83,166
- Furniture and equipment \$103,917
- Licensed vehicles \$271,069
- Construction in progress \$37,172

The School District's total capital assets at June 30, 2025, net of accumulated depreciation were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land and improvements	\$ 1,387,287	\$ -	\$ 1,387,287
Building and improvements	40,904,321	-	40,904,321
Furniture and equipment	953,936	279,216	1,233,152
Licensed vehicles	595,002	-	595,002
Total capital assets	<u>\$ 43,840,546</u>	<u>\$ 279,216</u>	<u>\$ 44,119,762</u>

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

Long-Term Debt

At year-end, the School District's long-term debt of \$12,471,778 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Compensated absences	\$ 237,682	\$ -	\$ 237,682
Bonds payable	12,030,818	-	12,030,818
Financed purchases	203,278	-	203,278
Total long-term debt	<u>\$ 12,471,778</u>	<u>\$ -</u>	<u>\$ 12,471,778</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 24-25 budget. Among them:

- The General Fund increased its customary annual transfer to the Capital Reserve Fund from \$250,000 to \$700,000 as a one-time adjustment to help offset remaining hail storm-related expenses and support the closeout of the insurance claim;
- 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 continue to offer Gravia Health insurance that provides a large portion of routine medical care with minimal out of pocket cost for staff and will monitor the overall cost of premiums for staff covering dependents. The general fund transferred \$40,000 to the insurance reserve to help offset future insurance renewals and large claims.
 - 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 and has purchased a new bus with capital funds.

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

Next Year Challenges

For the ensuing fiscal year 2025–26, the District anticipates several financial challenges that may impact operations and long-term planning. These challenges include uncertainty in state and federal funding levels, particularly per pupil revenue and categorical program funding, as well as continued pressure from rising salary and benefit costs. The potential reduction or elimination of the Healthy School Meals for All program may shift food service costs back to families and affect program participation and financial sustainability. In addition, inflationary pressures on transportation, utilities, insurance, and contracted services may continue to strain the General Fund. While student enrollment is currently stable, changes in enrollment or demographics could affect future funding allocations. The District will continue to closely monitor revenues and expenditures, evaluate operational efficiencies, and maintain prudent reserves to address these financial uncertainties.

Contacting the District's 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.

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, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 12,414,486	\$ 85,636	\$ 12,500,122
Cash with fiscal agent	2,464,367		2,464,367
Investments	135,700		135,700
Receivables	381,499	25,393	406,892
Internal balances	(7,648)	7,648	-
Inventory	35,144		35,144
Capital assets, net of depreciation	43,840,546	279,216	44,119,762
Total assets	59,264,094	397,893	59,661,987
Deferred outflows of resources			
Pension deferrals	2,270,537		2,270,537
Other post-employment benefit deferrals	48,753		48,753
Total deferred outflows of resources	2,319,290	-	2,319,290
Total assets and deferred outflows of resources	\$ 61,583,384	\$ 397,893	\$ 61,981,277

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

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 117,122		\$ 117,122
Contracts payable	271,888		271,888
Accrued salaries and benefits	1,050,010		1,050,010
Unearned revenues	1,650		1,650
Unearned grant revenue	19,922		19,922
Accrued interest payable	42,600		42,600
Noncurrent liabilities			
Due within one year	909,134		909,134
Due in more than one year	11,562,644		11,562,644
Net pension liability	11,920,627		11,920,627
Net OPEB liability	211,505		211,505
Total liabilities	26,107,102	\$ -	26,107,102
Deferred inflows of resources			
Pension deferrals	705,325		705,325
Other post-employment benefit deferrals	122,060		122,060
Total deferred inflows of resources	827,385	-	827,385
Net position			
Net investment in capital assets	31,606,450	279,216	31,885,666
Restricted for:			
Emergencies	330,000		330,000
Universal preschool program	40,684		40,684
Debt service	2,332,841		2,332,841
Food service operations	36,085		36,085
Capital projects	8,937		8,937
BEST capital reserve	552,829		552,829
Unrestricted (deficit)	(258,929)	118,677	(140,252)
Total net position	34,648,897	397,893	35,046,790
Total liabilities, deferred inflows of resources and net position	\$ 61,583,384	\$ 397,893	\$ 61,981,277

WRAY SCHOOL DISTRICT RD-2
Statement of Activities
For the Year Ended June 30, 2025

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,847,978	\$ 20,696	\$ 970,379	
Supporting services				
Students	237,357			
Instructional staff	539,762		50,458	
General administration	425,391			
School administration	525,265			
Business services	337,219			
Operations and maintenance	3,389,106			
Student transportation	811,695		119,854	
Central support services	802,424			
Food service operations	619,463	35,822	437,289	
Unallocated depreciation*	1,086,447			
Interest and fiscal charges	483,174			
Total governmental activities	16,105,281	56,518	1,577,980	\$ -
Business-type activities				
Wind turbine services	121,049	44,848		
Total school district	<u>\$ 16,226,330</u>	<u>\$ 101,366</u>	<u>\$ 1,577,980</u>	<u>\$ -</u>

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

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (5,856,903)		\$ (5,856,903)
(237,357)		(237,357)
(489,304)		(489,304)
(425,391)		(425,391)
(525,265)		(525,265)
(337,219)		(337,219)
(3,389,106)		(3,389,106)
(691,841)		(691,841)
(802,424)		(802,424)
(146,352)		(146,352)
(1,086,447)		(1,086,447)
(483,174)		(483,174)
(14,470,783)	\$ -	(14,470,783)
	(76,201)	(76,201)
(14,470,783)	(76,201)	(14,546,984)
4,397,870		4,397,870
1,116,434		1,116,434
551,993		551,993
2,517		2,517
6,281,075		6,281,075
314,257	1,543	315,800
552,094		552,094
13,216,240	1,543	13,217,783
(1,254,543)	(74,658)	(1,329,201)
35,903,440	472,551	36,375,991
<u>\$ 34,648,897</u>	<u>\$ 397,893</u>	<u>\$ 35,046,790</u>

WRAY SCHOOL DISTRICT RD-2
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Assets				
Cash	\$ 9,586,013			\$ 2,744,022
Cash with fiscal agent	135,906	\$ 2,319,524	\$ 8,937	
Investments	135,700			
Property taxes receivable	111,613	28,359		
Due from other funds	55,909			1,600,000
Grants receivable	156,524			
Other receivables	-			
Inventory				
Total assets	\$ 10,181,665	\$ 2,347,883	\$ 8,937	\$ 4,344,022
Liabilities				
Due to other funds	\$ 1,611,232	\$ 130		
Accounts payable	116,618			
Contracts payable				\$ 271,888
Accrued salaries and benefits	1,006,335			
Unearned revenues				
Unearned grant revenue	19,922			
Total liabilities	2,754,107	130	\$ -	271,888
Deferred inflows of resources				
Deferred property tax revenues	58,695	14,912		
Total deferred inflows of resources	58,695	14,912	-	-
Fund balance				
Nonspendable inventory				
Restricted for:				
Emergencies	330,000			
Universal preschool program	40,684			
Debt service		2,332,841		
Capital projects			8,937	
BEST capital reserve				552,829
Food service operations				
Committed to pupil activities				
Committed to capital projects				3,519,305
Assigned to risk management	366,112			
Unassigned	6,632,067			
Total fund balance	7,368,863	2,332,841	8,937	4,072,134
Total liabilities, deferred inflows of resources and fund balance	\$ 10,181,665	\$ 2,347,883	\$ 8,937	\$ 4,344,022

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

Other Governmental Funds	Total Governmental Funds
\$ 84,451	\$ 12,414,486
	2,464,367
	135,700
	139,972
3,584	1,659,493
84,637	241,161
366	366
35,144	35,144
<u>\$ 208,182</u>	<u>\$ 17,090,689</u>
\$ 55,779	\$ 1,667,141
504	117,122
	271,888
43,675	1,050,010
1,650	1,650
	19,922
101,608	3,127,733
	73,607
-	73,607
35,144	35,144
	330,000
	40,684
	2,332,841
	8,937
	552,829
941	941
70,489	70,489
	3,519,305
	366,112
	6,632,067
106,574	13,889,349
<u>\$ 208,182</u>	<u>\$ 17,090,689</u>

WRAY SCHOOL DISTRICT RD-2
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

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

Total fund balance - governmental funds	\$ 13,889,349
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	43,840,546
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 reported as deferred inflows of resources in the funds.	73,607
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.	(42,600)
Long-term liabilities and related deferred inflows and outflows of resources, including bonds payable, financed purchases, compensated absences and 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>(23,112,005)</u>
Net position of the governmental activities	<u><u>\$ 34,648,897</u></u>

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

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WRAY SCHOOL DISTRICT RD-2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Revenues				
Local sources	\$ 5,224,628	\$ 1,214,118		\$ 50,769
Intermediate sources	4,468			
State sources	7,072,186			
Federal sources	236,670			
Total revenues	12,537,952	1,214,118	\$ -	50,769
Expenditures				
Instruction	6,021,665			
Supporting services	4,977,588			
Capital outlay				2,343,449
Debt service				
Principal retirement	99,010	637,728		
Interest and fiscal charges	5,309	481,673		
Total expenditures	11,103,572	1,119,401	-	2,343,449
Excess of revenues over (under) expenditures	1,434,380	94,717	-	(2,292,680)
Other financing sources (uses)				
Transfers in				700,000
Transfers out	(846,700)			
Total other financing sources (uses)	(846,700)	-	-	700,000
Net change in fund balance	587,680	94,717	-	(1,592,680)
Fund balance at beginning of year	6,781,183	2,238,124	8,937	5,664,814
Fund balance at end of year	<u>\$ 7,368,863</u>	<u>\$ 2,332,841</u>	<u>\$ 8,937</u>	<u>\$ 4,072,134</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 534,461	\$ 7,023,976
	4,468
84,386	7,156,572
352,903	589,573
971,750	14,774,589
531,061	6,552,726
605,332	5,582,920
	2,343,449
	736,738
	486,982
1,136,393	15,702,815
(164,643)	(928,226)
146,700	846,700
	(846,700)
146,700	-
(17,943)	(928,226)
124,517	14,817,575
\$ 106,574	\$ 13,889,349

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, 2025

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

Net change in fund balances - governmental fund	\$ (928,226)
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.	(1,030,582)
In the statement of activities, no gain (loss) on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase (decrease) financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	(2,847)
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.	(36,761)
In the statement of activities, certain operating expenses - compensated absences and accrued interest payable - 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).	(117,749)
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.	124,884
Repayment of principal on bonds payable and financed purchase are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>736,738</u>
Change in net position of governmental activities	<u><u>\$ (1,254,543)</u></u>

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

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WRAY SCHOOL DISTRICT RD-2
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities
	Wind Turbine Fund
Assets	
Current assets	
Cash	\$ 85,636
Due from other funds	7,648
Other receivables	25,393
Total current assets	118,677
Capital assets	
Machinery and equipment	1,748,278
Less accumulated depreciation	(1,469,062)
Total capital assets, net	279,216
Total assets	\$ 397,893
Liabilities and net position	
Current liabilities	\$ -
Net position	
Net investment in capital assets	279,216
Unrestricted	118,677
Total net position	397,893
Total liabilities and net position	\$ 397,893

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, 2025

	Business-type Activities
	Wind Turbine Fund
Operating revenues	
Charges for services	\$ 44,848
Operating expenses	
Purchased services	17,681
Property	954
Other	15,000
Depreciation	87,414
Total operating expenses	<u>121,049</u>
Operating loss	(76,201)
Nonoperating revenues	
Earnings on investments	<u>1,543</u>
Total nonoperating revenues	<u>1,543</u>
Change in net position	(74,658)
Net position at beginning of year	<u>472,551</u>
Net position at end of year	<u><u>\$ 397,893</u></u>

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

WRAY SCHOOL DISTRICT RD-2
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	<u>Business-type Activities</u>
	<u>Wind Turbine Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 30,047
Payments to suppliers	(33,635)
	<u> </u>
Net cash used by operating activities	(3,588)
Cash flows from investing activities	
Earnings on investments	1,543
	<u> </u>
Net cash provided by investing activities	1,543
	<u> </u>
Net decrease in cash	(2,045)
Cash at beginning of year	<u>87,681</u>
Cash at end of year	<u><u>\$ 85,636</u></u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (76,201)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	87,414
Changes in assets and liabilities	
Accounts receivable	(14,801)
	<u> </u>
Net cash used by operating activities	<u><u>\$ (3,588)</u></u>

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

WRAY SCHOOL DISTRICT RD-2

Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

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

A.2 – Fund accounting

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

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

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District's food service program.

Pupil Activity Fund – This fund is a special revenue fund used to account for revenues from pupils and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related 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)

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

A.10 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 101, “Compensated Absences.” Leave benefits are accrued as a liability for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, or the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The entire compensated absence liability is reported on the government-wide financial statements.

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 \$12,815,015, of which \$500,000 was insured and \$12,315,015 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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note B – Cash and investments (Continued)

\$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, 2025, the District had invested \$135,700 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

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

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	\$ <u>135,700</u>	\$ <u>135,700</u>	\$ <u>-</u>	\$ <u>-</u>

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

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes receivable	\$ 139,972	\$ -	\$ 139,972
Grants receivable	241,161	-	241,161
Other receivables	<u>366</u>	<u>25,393</u>	<u>25,759</u>
Total	\$ <u>381,499</u>	\$ <u>25,393</u>	\$ <u>406,892</u>

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note C – Receivables (Continued)

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

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 55,909	\$ 1,611,232
Bond redemption fund	-	130
Capital reserve capital projects fund	1,600,000	-
Other governmental funds	<u>3,584</u>	<u>55,779</u>
Subtotal	1,659,493	1,667,141
<u>Business-type funds</u>		
Wind turbine fund	<u>7,648</u>	<u>-</u>
Totals	<u>\$ 1,667,141</u>	<u>\$ 1,667,141</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	\$ -	\$ 846,700
Capital reserve capital project fund	700,000	-
Other governmental funds	<u>146,700</u>	<u>-</u>
Total	<u>\$ 846,700</u>	<u>\$ 846,700</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 \$700,000 from the General Fund to the Capital Reserve Capital Projects Fund to set aside funds for capital acquisitions and \$146,700 to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations (\$142,200) and its pupil activities (\$4,500).

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 298,300	\$ -	\$ -	\$ 298,300
Construction in progress	<u>17,804</u>	<u>37,172</u>	<u>(54,976)</u>	<u>-</u>
Total capital assets, not being depreciated	316,104	37,172	(54,976)	298,300
Capital assets, being depreciated:				
Land improvements	2,286,025	6,081	-	2,292,106
Buildings and improvements	54,591,589	83,166	-	54,674,755
Furniture and equipment	2,328,842	103,917	(30,440)	2,402,319
Licensed vehicles	<u>2,890,407</u>	<u>271,069</u>	<u>(232,303)</u>	<u>2,929,173</u>
Total capital assets, being depreciated	<u>62,096,863</u>	<u>464,233</u>	<u>(262,743)</u>	<u>62,298,353</u>
Total capital assets	62,412,967	501,405	(317,719)	62,596,653
Less accumulated depreciation for:				
Land improvements	(1,145,301)	(57,818)	-	(1,203,119)
Buildings and improvements	(12,659,034)	(1,111,400)	-	(13,770,434)
Furniture and equipment	(1,305,393)	(225,559)	82,569	(1,448,383)
Licensed vehicles	<u>(2,429,264)</u>	<u>(137,210)</u>	<u>232,303</u>	<u>(2,334,171)</u>
Total accumulated depreciation	<u>(17,538,992)</u>	<u>(1,531,987)</u>	<u>314,872</u>	<u>(18,756,107)</u>
Governmental activities capital assets, net	<u>\$ 44,873,975</u>	<u>\$ (1,030,582)</u>	<u>\$ (2,847)</u>	<u>\$ 43,840,546</u>
Business-type activities				
Capital assets, being depreciated:				
Furniture and equipment	\$ 1,748,278	\$ -	\$ -	\$ 1,748,278
Less accumulated depreciation	<u>(1,381,648)</u>	<u>(87,414)</u>	<u>-</u>	<u>(1,469,062)</u>
Business-type activities capital assets, net	<u>\$ 366,630</u>	<u>\$ (87,414)</u>	<u>\$ -</u>	<u>\$ 279,216</u>

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note E – Capital assets (Continued)

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

Governmental activities	
Instruction	\$ 153,941
Instructional staff	18,387
General administration	10,635
Business services	1,260
Operations and maintenance	108,146
Student transportation	137,210
Central support service	1,468
Food service operations	14,493
Unallocated	<u>1,086,447</u>
Subtotal	1,531,987
Business-type activities	
Wind turbine operations	<u>87,414</u>
Total depreciation expense	<u>\$ 1,619,401</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 \$1,050,010. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 116,125	\$ 121,557*	\$ -	\$ 237,682	\$ 145,830
Bonds payable	12,668,546	-	(637,728)	12,030,818	662,555
Financed purchases	<u>302,288</u>	<u>-</u>	<u>(99,010)</u>	<u>203,278</u>	<u>100,749</u>
Total	<u>\$ 13,086,959</u>	<u>\$ 121,557</u>	<u>\$ (736,738)</u>	<u>\$ 12,471,778</u>	<u>\$ 909,134</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.

General obligation bonds

General obligation bonds payable consists of the following issuances:

\$15,524,231 general obligation bonds, dated November 6, 2018, due in annual installments beginning in fiscal year 2020 ranging from \$534,950 to \$1,088,538; fixed annual interest rate of 3.893%, payable semi-annually on June 1st and December 1st.

Total general obligation bonds \$ 12,030,818

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, \$575,000 of bonds outstanding are considered defeased.

Financed purchases

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 1st of each year, with a final payment due in fiscal year 2027.

The financed purchase agreement above contains a provision 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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note G – Long-term debt (Continued)

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

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		<u>Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 662,555	\$ 455,463	\$ 100,749	\$ 3,570
2027	688,348	429,168	102,529	1,790
2028	715,145	401,849	-	-
2029	742,986	373,466	-	-
2030	771,910	343,979	-	-
2031-2035	4,334,400	1,235,803	-	-
2036-2039	4,115,474	328,076	-	-
Totals	<u>\$12,030,818</u>	<u>\$ 3,567,804</u>	<u>\$ 203,278</u>	<u>\$ 5,360</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.

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/forms-resources/financial-reports-and-studies.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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. § 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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

Contributions provisions as of June 30, 2025: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through <u>June 30, 2025</u>
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).

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 \$1,116,894 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, 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.

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total pension liability to December 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2024 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 \$11,920,627 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	\$ 11,920,627
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,070,662</u>
Total	<u>\$ 12,991,289</u>

At December 31, 2024, the District's proportion was 0.0691%, which was a decrease of 0.0045% from its proportion measured as of December 31, 2023.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$1,283,234 and revenue of \$97,719 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 695,491	\$ -
Changes of assumptions or other inputs	89,370	-
Net difference between projected and actual earnings on pension plan investments	-	98,914
Changes in proportion and differences between contributions recognized and proportionate share of contributions	908,028	606,411
Contributions subsequent to the measurement date	<u>577,648</u>	<u>-</u>
Total	<u>\$ 2,270,537</u>	<u>\$ 705,325</u>

\$577,648 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>
2026	\$ 879,451
2027	700,183
2028	(431,666)
2029	<u>(160,404)</u>
Totals	<u>\$ 987,564</u>

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/94% of the rates age 80 and older Females: 83% of the rates prior to age 80/106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA’s Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

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

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	<u>6.00%</u>	5.20%
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 TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

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 commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 1-percentage point lower (6.25%) or 1-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	\$ <u>16,161,608</u>	\$ <u>11,920,627</u>	\$ <u>8,368,213</u>

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Payables to the pension plan

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

Subsequent events

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

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/forms-resources/financial-reports-and-studies.

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, 2025, program members contributed \$17,560 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/forms-resources/financial-reports-and-studies.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure 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. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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 \$55,899 for the year ended June 30, 2025.

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 \$211,505 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District's proportion was 0.0442%, which was an increase of 0.0002% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(24,695). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 46,201
Changes of assumptions or other inputs	2,345	67,458
Net difference between projected and actual earnings on OPEB plan investments	1,044	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,453	8,401
Contributions subsequent to the measurement date	<u>28,911</u>	<u>-</u>
Total	<u>\$ 48,753</u>	<u>\$ 122,060</u>

\$28,911 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2026	\$ (30,945)
2027	(14,771)
2028	(23,174)
2029	(16,074)
2030	(11,381)
2031	<u>(5,873)</u>
Total	<u>\$ (102,218)</u>

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

Actuarial cost method	Entry age
Price inflation	2.30%
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	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were 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)

<u>Age-Related Morbidity Assumptions</u>		
<u>Participant Age</u>	<u>Annual Increase (Male)</u>	<u>Annual Increase (Female)</u>
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

<u>Year</u>	<u>PERACare Medicare Plans¹</u>	<u>MAPD PPO #2</u>	<u>Medicare Part A Premiums</u>
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. 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)

School Division	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/94% of the rates age 80 and older Females: 83% of the rates prior to age 80/106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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

- Per capita health care costs in effect as of the December 31, 2023, 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 were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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.

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

<u>Plan</u>	<u>With Medicare Part A</u>	<u>Without Medicare Part A</u>
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using 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)

School Division	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board’s September 20, 2024, meeting. 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:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	<u>6.00%</u>	5.20%
Total	<u>100.00%</u>	

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

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table 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 ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PP #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 205,807	\$ 211,505	\$ 217,955

¹For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did 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 table 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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>259,203</u>	\$ <u>211,505</u>	\$ <u>170,384</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/forms-resources/financial-reports-and-studies.

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.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves

WRAY SCHOOL DISTRICT RD-2
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

(balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR’s language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$330,000 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 \$222,294.

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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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 5,371,900	\$ 5,518,589	\$ 5,224,628	\$ (293,961)
Intermediate sources	6,000	6,000	4,468	(1,532)
State sources	6,365,299	6,220,610	7,072,186	851,576
Federal sources	234,621	232,621	236,670	4,049
Total revenues	11,977,820	11,977,820	12,537,952	560,132
Expenditures				
Instruction	6,177,558	6,185,747	6,021,665	164,082
Supporting services	4,985,983	5,122,483	4,977,588	144,895
Capital outlay	75,000	75,000		75,000
Debt service				
Principal retirement	186,200	186,200	99,010	87,190
Interest and fiscal charges	7,000	7,000	5,309	1,691
Appropriated reserves	6,972,175	6,827,486		6,827,486
Total expenditures	18,403,916	18,403,916	11,103,572	7,300,344
Excess of revenues over (under) expenditures	(6,426,096)	(6,426,096)	1,434,380	7,860,476
Other financing uses				
Transfers out	(348,902)	(348,902)	(846,700)	(497,798)
Net change in fund balance	<u>\$ (6,774,998)</u>	<u>\$ (6,774,998)</u>	587,680	<u>\$ 7,362,678</u>
Fund balance at beginning of year			6,781,183	
Fund balance at end of year			<u>\$ 7,368,863</u>	

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WRAY SCHOOL DISTRICT RD-2
Schedule of the District's Proportionate Share of the Net Pension Liability¹
PERA's School Division Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net pension liability	0.0691%	0.0736%	0.0587%	0.0655%
District's proportionate share of the net pension liability	\$ 11,920,627	\$ 13,019,379	\$ 10,695,263	\$ 7,626,379
State's proportionate share of the net pension liability	<u>1,070,662</u>	<u>285,476</u>	<u>3,116,707</u>	<u>874,267</u>
Total	<u>\$ 12,991,289</u>	<u>\$ 13,304,855</u>	<u>\$ 13,811,970</u>	<u>\$ 8,500,646</u>
District's covered payroll	\$ 5,338,546	\$ 4,867,260	\$ 4,532,625	\$ 4,095,627
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.29%	267.49%	235.96%	186.21%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
0.0724%	0.0666%	0.0693%	0.0790%	0.0783%	0.0770%
\$ 10,951,715	\$ 9,948,304	\$ 12,266,775	\$ 25,548,045	\$ 23,301,622	\$ 11,775,614
-	1,261,816	1,677,311	-	-	-
<u>\$ 10,951,715</u>	<u>\$ 11,210,120</u>	<u>\$ 13,944,086</u>	<u>\$ 25,548,045</u>	<u>\$ 23,301,622</u>	<u>\$ 11,775,614</u>
\$ 3,876,419	\$ 3,913,264	\$ 3,808,484	\$ 3,644,497	\$ 3,515,279	\$ 3,355,357
282.52%	254.22%	322.09%	701.00%	662.87%	350.95%
66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

WRAY SCHOOL DISTRICT RD-2
Schedule of District Contributions
PERA's School Division Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 1,116,894	\$ 1,066,253	\$ 923,807	\$ 869,368
Contributions in relation to the contractually required contribution	<u>(1,116,894)</u>	<u>(1,066,253)</u>	<u>(923,807)</u>	<u>(869,368)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,480,338	\$ 5,231,855	\$ 4,532,906	\$ 4,373,067
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
\$ 779,412	\$ 769,191	\$ 730,440	\$ 711,899	\$ 654,155	\$ 612,026
<u>(779,412)</u>	<u>(769,191)</u>	<u>(730,440)</u>	<u>(711,899)</u>	<u>(654,155)</u>	<u>(612,026)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,920,569	\$ 3,968,983	\$ 3,818,290	\$ 3,768,879	\$ 3,558,108	\$ 3,452,695
19.88%	19.38%	19.13%	18.89%	18.38%	17.73%

WRAY SCHOOL DISTRICT RD-2
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net OPEB liability	0.0442%	0.0440%	0.0447%	0.0428%
District's proportionate share of the net OPEB liability	\$ 211,505	\$ 314,366	\$ 364,695	\$ 368,966
District's covered payroll	\$ 5,338,546	\$ 4,867,260	\$ 4,532,625	\$ 4,095,627
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%

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

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0419%	0.0435%	0.0450%	0.0449%	0.0445%
\$ 398,322	\$ 489,180	\$ 612,651	\$ 583,409	\$ 577,214
\$ 3,876,419	\$ 3,913,264	\$ 3,808,484	\$ 3,644,497	\$ 3,515,279
10.28%	12.50%	16.09%	16.01%	16.42%
32.78%	24.49%	17.03%	17.53%	16.72%

WRAY SCHOOL DISTRICT RD-2
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 55,899	\$ 53,365	\$ 46,236	\$ 44,605
Contributions in relation to the contractually required contribution	<u>(55,899)</u>	<u>(53,365)</u>	<u>(46,236)</u>	<u>(44,605)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,480,338	\$ 5,231,855	\$ 4,532,906	\$ 4,373,067
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 39,990	\$ 40,484	\$ 38,947	\$ 38,443	\$ 36,293
<u>(39,990)</u>	<u>(40,484)</u>	<u>(38,947)</u>	<u>(38,443)</u>	<u>(36,293)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,920,569	\$ 3,968,983	\$ 3,818,290	\$ 3,768,879	\$ 3,558,108
1.02%	1.02%	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/forms-resources/financial-reports-and-studies.

Other Supplementary Information

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

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Budgetary Comparison Schedules - General Fund

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

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 4,766,570	\$ 4,766,570	\$ 4,425,857	\$ (340,713)
Specific ownership taxes	510,000	510,000	551,993	41,993
Delinquent taxes and interest	8,000	8,000	1,985	(6,015)
Tuition	37,200	37,200	11,828	(25,372)
Earnings on investments	36,030	36,030	174,405	138,375
Pupil activities	10,000	10,000	8,868	(1,132)
Other local revenue	4,100	150,789	49,692	(101,097)
Total local sources	5,371,900	5,518,589	5,224,628	(293,961)
Intermediate sources	6,000	6,000	4,468	(1,532)
State sources				
Equalization	5,979,799	5,845,110	6,281,075	435,965
Transportation	102,000	102,000	119,854	17,854
English language proficiency	30,000	30,000	48,345	18,345
State grants to libraries	3,500	3,500	4,500	1,000
Additional at-risk funding			5,472	5,472
READ Act	15,000	15,000	26,354	11,354
Postsecondary workforce			9,545	9,545
On-behalf payment			97,719	97,719
Revenue from other agencies	15,000	5,000	247,125	242,125
Services within the BOCES	220,000	220,000	232,197	12,197
Total state sources	6,365,299	6,220,610	7,072,186	851,576
Federal sources				
Title I	151,383	151,383	151,857	474
Title II-A	24,163	24,163	24,451	288
Title IV-A	11,962	11,962	11,962	-
REAP	30,000	29,000	29,088	88
Services within the BOCES	17,113	16,113	19,312	3,199
Total federal sources	234,621	232,621	236,670	4,049
Total revenues	\$ 11,977,820	\$ 11,977,820	\$ 12,537,952	\$ 560,132

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WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 3,561,684	\$ 3,561,684	\$ 3,626,296	\$ (64,612)
Employee benefits	1,705,390	1,705,390	1,732,460	(27,070)
Purchased services	477,834	477,834	343,786	134,048
Supplies and materials	368,500	371,689	238,273	133,416
Property	33,000	38,000	44,895	(6,895)
Other	31,150	31,150	35,955	(4,805)
Total instruction	6,177,558	6,185,747	6,021,665	164,082
Supporting services				
Students				
Salaries	153,796	153,796	160,356	(6,560)
Employee benefits	69,968	69,968	74,804	(4,836)
Purchased services	2,000	2,000	316	1,684
Supplies and materials	4,800	7,300	2,151	5,149
Other	30	30	55	(25)
Total students	230,594	233,094	237,682	(4,588)
Instructional staff				
Salaries	190,582	190,582	225,840	(35,258)
Employee benefits	101,591	101,591	113,923	(12,332)
Purchased services	52,566	52,566	85,599	(33,033)
Supplies and materials	149,375	149,375	79,026	70,349
Property	15,000	15,000	92,606	(77,606)
Other	1,050	1,050	225	825
Total instructional staff	510,164	510,164	597,219	(87,055)
General administration				
Salaries	210,433	210,433	220,295	(9,862)
Employee benefits	82,910	82,910	89,296	(6,386)
Purchased services	88,202	88,202	76,589	11,613
Supplies and materials	3,200	3,200	244	2,956
Other	30,000	30,000	28,778	1,222
Total general administration	414,745	414,745	415,202	(457)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	390,432	390,432	360,524	29,908
Employee benefits	158,866	158,866	159,915	(1,049)
Purchased services	5,000	5,000	1,005	3,995
Supplies and materials	4,800	4,800	3,156	1,644
Other	3,970	3,970	1,395	2,575
Total school administration	563,068	563,068	525,995	37,073
Business services				
Salaries	122,537	122,537	125,138	(2,601)
Employee benefits	61,217	61,217	59,044	2,173
Purchased services	72,132	72,132	71,213	919
Supplies and materials	69,000	69,000	64,301	4,699
Property	8,000	8,000	8,647	(647)
Other	8,725	8,725	7,870	855
Total business services	341,611	341,611	336,213	5,398
Operations and maintenance				
Salaries	383,697	383,697	402,770	(19,073)
Employee benefits	192,153	192,153	186,536	5,617
Purchased services	411,100	411,100	428,999	(17,899)
Supplies and materials	323,300	323,300	318,500	4,800
Property	127,500	127,500	50,047	77,453
Other	5,000	139,000	1,742	137,258
Total operations and maintenance	1,442,750	1,576,750	1,388,594	188,156
Student transportation				
Salaries	332,928	332,928	351,566	(18,638)
Employee benefits	142,824	142,824	192,065	(49,241)
Purchased services	32,300	32,300	31,013	1,287
Supplies and materials	98,000	98,000	97,533	467
Property	5,000	5,000	3,020	1,980
Total student transportation	611,052	611,052	675,197	(64,145)

(continued)

WRAY SCHOOL DISTRICT RD-2
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	397,290	397,290	262,256	135,034
Employee benefits	110,389	110,389	66,060	44,329
Purchased services	363,920	363,920	419,145	(55,225)
Supplies and materials			52,740	(52,740)
Other	400	400	1,285	(885)
Total central support services	871,999	871,999	801,486	70,513
Total supporting services	4,985,983	5,122,483	4,977,588	144,895
Capital outlay				
Facilities acquisitions				
Purchased services	75,000	75,000		75,000
Total capital outlay	75,000	75,000	-	75,000
Debt service				
Principal retirement	186,200	186,200	99,010	87,190
Interest and fiscal charges	7,000	7,000	5,309	1,691
Total debt service	193,200	193,200	104,319	88,881
Appropriated reserves	6,972,175	6,827,486		6,827,486
Total expenditures	<u>\$ 18,403,916</u>	<u>\$ 18,403,916</u>	<u>\$ 11,103,572</u>	<u>\$ 7,300,344</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 account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District’s food service program.
- Pupil Activity Fund – This fund is used to account for revenues from pupils and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

WRAY SCHOOL DISTRICT RD-2
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Food Service Fund	Pupil Activity Fund	Totals
Assets			
Cash	\$ 17,546	\$ 66,905	\$ 84,451
Due from other funds		3,584	3,584
Grants receivable	84,637		84,637
Other receivables	366		366
Inventory	35,144		35,144
Total assets	\$ 137,693	\$ 70,489	\$ 208,182
Liabilities			
Due to other funds	\$ 55,779		\$ 55,779
Accounts payable	504		504
Accrued salaries and benefits	43,675		43,675
Unearned revenues	1,650		1,650
Total liabilities	101,608	\$ -	101,608
Fund balance			
Nonspendable inventory	35,144		35,144
Restricted for food service operations	941		941
Committed to pupil activities		70,489	70,489
Total fund balance	36,085	70,489	106,574
Total liabilities and fund balance	\$ 137,693	\$ 70,489	\$ 208,182

WRAY SCHOOL DISTRICT RD-2
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2025

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 36,527	\$ 497,934	\$ 534,461
State sources	84,386		84,386
Federal sources	352,903		352,903
Total revenues	473,816	497,934	971,750
Expenditures			
Instruction		531,061	531,061
Supporting services	605,332		605,332
Total expenditures	605,332	531,061	1,136,393
Excess of revenues over (under) expenditures	(131,516)	(33,127)	(164,643)
Other financing sources			
Transfers in	142,200	4,500	146,700
Net change in fund balances	10,684	(28,627)	(17,943)
Fund balance at beginning of year	25,401	99,116	124,517
Fund balance at end of year	\$ 36,085	\$ 70,489	\$ 106,574

WRAY SCHOOL DISTRICT RD-2
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 41,600	\$ 47,100	\$ 36,527	\$ (10,573)
State sources	131,800	85,400	84,386	(1,014)
Federal sources	276,000	331,500	352,903	21,403
Total revenues	449,400	464,000	473,816	9,816
Expenditures				
Supporting services				
Salaries	157,100	178,699	178,711	(12)
Employee benefits	108,452	107,933	106,191	1,742
Purchased services	12,850	17,850	16,608	1,242
Supplies and materials	268,400	300,568	303,695	(3,127)
Property	1,500	1,500	127	1,373
Appropriated reserves	41,698	23,450		23,450
Total expenditures	590,000	630,000	605,332	24,668
Excess of revenues over (under) expenditures	(140,600)	(166,000)	(131,516)	34,484
Other financing sources				
Transfers in	98,902	140,000	142,200	2,200
Net change in fund balance	\$ (41,698)	\$ (26,000)	10,684	\$ 36,684
Fund balance at beginning of year			25,401	
Fund balance at end of year			\$ 36,085	

WRAY SCHOOL DISTRICT RD-2
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues	\$ 520,000	\$ 520,000	\$ 497,934	\$ (22,066)
Expenditures				
Instruction				
Purchased services	206,000	206,000	249,884	(43,884)
Supplies and materials	254,000	254,000	246,076	7,924
Property	40,000	40,000	17,117	22,883
Other	50,000	50,000	17,984	32,016
Appropriated reserves	250,000	450,000		450,000
Total expenditures	800,000	1,000,000	531,061	468,939
Excess of revenues over (under) expenditures	(280,000)	(480,000)	(33,127)	446,873
Other financing sources				
Transfers in	30,000	30,000	4,500	(25,500)
Net change in fund balance	<u>\$ (250,000)</u>	<u>\$ (450,000)</u>	(28,627)	<u>\$ 421,373</u>
Fund balance at beginning of year			99,116	
Fund balance at end of year			<u>\$ 70,489</u>	

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Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

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

- Bond Redemption Fund – This fund is 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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,770,908	\$ 1,770,908	\$ 1,125,208	\$ (645,700)
Delinquent taxes and interest	3,000	3,000	532	(2,468)
Interest on investments	60,000	60,000	88,378	28,378
Total revenues	1,833,908	1,833,908	1,214,118	(619,790)
Expenditures				
Debt service				
Principal retirement	505,463	505,463	637,728	(132,265)
Interest and fiscal charges	664,055	664,055	481,673	182,382
Appropriated reserves	830,482	830,482		830,482
Total expenditures	2,000,000	2,000,000	1,119,401	880,599
Net change in fund balance	\$ (166,092)	\$ (166,092)	94,717	\$ 260,809
Fund balance at beginning of year			2,238,124	
Fund balance at end of year			\$ 2,332,841	

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 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 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.

WRAY SCHOOL DISTRICT RD-2
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital outlay				
Property				-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			8,937	
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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 200	\$ 200	\$ 50,769	\$ 50,569
Expenditures				
Capital outlay				
Purchased services	125,200	125,200	110,701	14,499
Supplies and materials			170	(170)
Property	125,000	125,000	2,232,578	(2,107,578)
Appropriated reserves	2,249,800	4,749,800		4,749,800
Total expenditures	2,500,000	5,000,000	2,343,449	2,656,551
Excess of revenues over (under) expenditures	(2,499,800)	(4,999,800)	(2,292,680)	(2,605,982)
Other financing sources				
Transfers in	250,000	250,000	700,000	450,000
Net change in fund balance	<u>\$ (2,249,800)</u>	<u>\$ (4,749,800)</u>	(1,592,680)	<u>\$ 3,157,120</u>
Fund balance at beginning of year			5,664,814	
Fund balance at end of year			<u>\$ 4,072,134</u>	

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Budgetary Comparison Schedule – Enterprise Fund

The District reports the following major proprietary 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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 44,848	\$ 34,848
Operating expenses				
Purchased services	20	20	17,681	(17,661)
Property			954	(954)
Other	7,500	7,500	15,000	(7,500)
Depreciation	2,580	2,580	87,414	(84,834)
Appropriated reserves	239,900	239,900		239,900
Total expenses	250,000	250,000	121,049	128,951
Operating loss	(240,000)	(240,000)	(76,201)	163,799
Nonoperating revenues				
Earnings on investments	100	100	1,543	1,443
Total nonoperating revenues	100	100	1,543	1,443
Change in net position	\$ (239,900)	\$ (239,900)	(74,658)	\$ 165,242
Net position at beginning of year			472,551	
Net position at end of year			\$ 397,893	

**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 2024-25
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	6,459,914	11,646,409	11,103,572	7,002,751
18 Risk Mgmt Sub-Fund of General Fund	321,269	44,843	0	366,112
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	6,781,183	11,691,252	11,103,572	7,368,863
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	25,401	616,016	605,333	36,085
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	99,116	502,434	531,061	70,489
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,238,124	1,214,118	1,119,401	2,332,841
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	8,937	0	0	8,937
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	5,664,814	750,769	2,343,450	4,072,134
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	14,817,576	14,774,589	15,702,816	13,889,349
Proprietary				
50 Other Enterprise Funds	472,551	46,391	121,049	397,893
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	472,551	46,391	121,049	397,893
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL