

City of Wray, Colorado
Financial Statements
For the Year ended December 31, 2016



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Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet -- Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance -- Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position -- Proprietary Funds	20-23
Statement of Revenues, Expenses and Changes in Fund Net Position -- Proprietary Funds	24-27
Statement of Cash Flows -- Proprietary Funds	28-31
Statement of Fiduciary Net Position -- Fiduciary Funds	32
Statement of Changes in Fiduciary Net Position -- Fiduciary Funds	33
Notes to Financial Statements	34-68
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability -- PERA's Local Government Division Trust Fund	70
Schedule of City Contributions -- PERA's Local Government Division Trust Fund	71
Schedule of the City's Proportionate Share of the Net Pension Asset -- Police Statewide Defined Benefit Plan	72
Schedule of City Contributions -- Police Statewide Defined Benefit Plan	73
Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios -- City of Wray Volunteer Fire Pension Plan	74
Schedule of City Contributions -- City of Wray Volunteer Fire Pension Plan	75
Schedule of Investment Returns -- City of Wray Volunteer Fire Pension Plan	76
General Fund -- Budgetary Comparison Schedule	77
Notes to the Required Supplementary Information	78-79

Table of Contents

	<u>Page</u>
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule – Revenues	84-85
Budgetary Comparison Schedule – Expenditures	86-90
Nonmajor Governmental Funds	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	93
Airport Fund – Budgetary Comparison Schedule	94
Conservation Trust Fund – Budgetary Comparison Schedule	95
Youth Fund – Budgetary Comparison Schedule	96
Proprietary Funds	
Electric Fund – Budgetary Comparison Schedule	98-99
Water Fund – Budgetary Comparison Schedule	100-101
Sewer Fund – Budgetary Comparison Schedule	102-103
Sanitation Fund – Budgetary Comparison Schedule	104
Fiduciary Fund	
Fireman’s Pension Fund – Budgetary Comparison Schedule	106
Colorado Department of Highways Local Highway Finance Report	108-109
Single Audit Section	
Schedule of Expenditures of Federal Awards	112
Notes to Schedule of Expenditures of Federal Awards	113
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	115-116
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	117-118
Schedule of Findings and Questioned Costs	119



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Independent Auditors' Report

To the Honorable Mayor and Members of City Council
City of Wray
Wray, Colorado

Report on the Financial Statements

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 City of Wray (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information, the local highway finance report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the local highway finance report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 6, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the City of Wray, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The City of Wray remains in good financial condition.
- The assets and deferred outflows of resources of the City of Wray exceeded its liabilities and deferred inflows of resources at the close of 2016 by \$18,083,370 (net position).
- The City's total net position increased by \$2,296,565.
- During the year, the City's revenue from taxes and other revenues for governmental programs were less than the expenses by \$193,458.
- The General Fund ending fund balance reached \$921,013, a decrease of \$172,503.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Wray's basic financial statements. The City of Wray's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the City of Wray's assets, deferred outflows of resources, 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 City of Wray is improving or deteriorating.

The **statement of activities** presents information showing how the City of Wray's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the City are divided into two categories:

- **Governmental activities.** Most of the City's basic services are included here, such as the fire, public works, parks, recreation, and general administration. Property tax, franchise tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities.** The City charges fees to customers to recover most of the costs of certain services provided. The City's electric, water, sewer and sanitation systems are included here.

The government-wide financial statements can be found starting on page 12 of this report.

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. Some funds are required to be established by State law; however, City Council has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the City of Wray can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

Proprietary funds. When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The basic fiduciary fund financial statements can be found starting on page 32 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 can be found starting on page 34 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wray, assets exceed liabilities by \$18,083,370 at the close of 2016.

Net Position

Combined net position of the City of Wray as of December 31, 2016 and 2015 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,660,252	\$ 1,937,762	\$ 7,652,511	\$ 3,741,995	\$ 9,312,763	\$ 5,679,757
Capital assets	9,413,148	9,553,055	5,560,622	3,895,037	14,973,770	13,448,092
Total assets	11,073,400	11,490,817	13,213,133	7,637,032	24,286,533	19,127,849
Deferred outflows of resources	613,091	227,780	157,049	52,399	770,140	280,179
Total assets and deferred outflows of resources	\$ 11,686,491	\$ 11,718,597	\$ 13,370,182	\$ 7,689,431	\$ 25,056,673	\$ 19,408,028
Long-term debt outstanding	\$ 2,265,114	\$ 2,095,282	\$ 2,281,443	\$ 374,903	\$ 4,546,557	\$ 2,630,425
Other liabilities	145,259	244,711	1,797,700	535,143	1,942,959	619,614
Total liabilities	2,410,373	2,339,993	4,079,143	910,046	6,489,516	3,250,039
Deferred inflows of resources	460,218	369,246	23,569	1,938	483,787	371,184
Net position:						
Net investment in capital assets	9,292,349	9,397,483	3,844,762	3,895,037	13,137,111	13,292,520
Restricted	185,237	144,616	1,413,810	-	1,599,047	144,616
Unrestricted	(661,686)	(532,741)	4,008,898	2,882,410	3,347,212	2,349,669
Total net position	8,815,900	9,009,358	9,267,470	6,777,447	18,083,370	15,786,805
Total liabilities and net position	\$ 11,686,491	\$ 11,718,597	\$ 13,370,182	\$ 7,689,431	\$ 25,056,673	\$ 19,408,028

The largest portion of the City of Wray's net position reflects its investment in capital assets (land, buildings and equipment). The City of Wray uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the City of Wray's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in net position

The City's total revenue of \$8,399,158 was more than program expenses of \$6,102,593 for an increase in net position of \$2,296,565.

Table 2 shows the summarized revenues and expenses for 2016 and 2015.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 479,509	\$ 372,330	\$ 3,605,046	\$ 3,342,891	\$ 4,084,555	\$ 3,342,891
Operating grants and contributions	207,402	191,366	-	-	207,402	191,366
Capital grants and contributions	362,010	486,303	1,940,196	-	2,302,206	486,303
General revenues						
Property taxes	355,503	327,456	-	-	355,503	327,456
Sales and use taxes	986,048	985,733	-	-	986,048	985,733
Specific ownership taxes	37,527	39,964	-	-	37,527	39,964
Franchise taxes	15,574	17,661	-	-	15,574	17,661
Severance taxes	22,069	57,945	-	-	22,069	57,945
Lodging taxes	50,099	48,394	-	-	50,099	48,394
Interest earnings	4,367	3,119	11,939	8,223	16,306	11,342
Miscellaneous	55,396	10,366	226,023	362,656	281,419	373,022
Sale of fixed assets	40,450	21,000	-	-	40,450	21,000
Transfers	655,000	550,000	(655,000)	(550,000)	-	-
Total revenues	3,270,954	3,111,637	5,128,204	3,163,770	8,399,158	6,275,407
Program expenses						
General government	512,213	500,420	-	-	512,213	500,420
Public safety	1,231,460	1,038,137	-	-	1,231,460	1,038,137
Public works	923,008	956,932	-	-	923,008	956,932
Culture and recreation	795,083	808,320	-	-	795,083	808,320
Interest and fiscal charges	2,648	2,925	-	-	2,648	2,925
Electric services	-	-	1,824,488	1,754,354	1,824,488	1,754,354
Water services	-	-	285,263	240,388	285,263	240,388
Sewer services	-	-	201,498	186,232	201,498	186,232
Sanitation services	-	-	326,932	303,673	326,932	303,673
Total expenses	3,464,412	3,306,734	2,638,181	2,484,647	6,102,593	5,791,381
Change in net position	(193,458)	(195,097)	2,490,023	679,123	2,296,565	484,026
Net position at beginning of year	9,009,358	9,204,455	6,777,447	6,098,324	15,786,805	15,302,779
Net position at end of year	\$ 8,815,900	\$ 9,009,358	\$ 9,267,470	\$ 6,777,447	\$ 18,083,370	\$ 15,786,805

Governmental Activities

Revenue for the City's governmental activities totaled \$3,270,954 for 2016. Tax revenue produced 45% of these revenues. Tax revenue includes property taxes, sales and use taxes, specific ownership taxes, franchise taxes, severance taxes and lodging taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2016	2015	2016	2015
General government	\$ 512,213	\$ 500,420	\$ 462,560	\$ 461,221
Public safety	1,231,460	1,038,137	560,022	669,914
Public works	923,008	956,932	751,490	533,734
Culture and recreation	795,083	808,320	638,771	588,941

Table 3 presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works, and culture recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Business-type Activities

Net position in the business-type activities increased by \$1,665,627 in 2016. Business-type activities include electric, water, sewer and sanitation services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total cost of services		Net cost of services	
	2016	2015	2016	2015
Electric services	\$ 1,824,488	\$ 1,754,354	\$ (703,440)	\$ (625,648)
Water services	285,263	240,388	(88,265)	(115,256)
Sewer services	201,498	186,232	(2,123,341)	(102,762)
Sanitation services	326,932	303,673	7,985	(14,578)

Table 4, above, presents the cost and revenue of each of the City's business-type activities – electric, water, sewer, and sanitation – as well as the program *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$1,133,490. The general fund and other governmental funds reported fund balances of \$921,013, and \$212,477 respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City of Wray's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$14,973,770 (net of accumulated depreciation). This amount includes a broad range of capital assets; including public works equipment, electric, water, sewer, sanitation and other infrastructure.

The City remains committed to the upkeep and maintenance of the City's largest assets. More detailed information about the City's capital assets is presented in Table 5.

Table 5
CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,518,793	\$ 1,518,793	\$ 78,402	\$ 78,402	\$ 1,597,195	\$ 1,597,195
Other non-depreciable assets	424,416	745,446	2,430,349	726,310	2,854,765	1,471,756
Infrastructure	117,207	145,340	-	-	117,207	145,340
Land Improvements	2,542,385	2,896,144	-	-	2,542,385	2,896,144
Buildings and improvements	4,204,215	3,482,469	110,627	116,532	4,314,842	3,599,001
Vehicles	214,148	273,061	55,600	72,665	269,748	345,726
Machinery and equipment	391,984	491,802	192,645	219,125	584,629	710,927
Systems	-	-	2,692,999	2,682,003	2,692,999	2,682,003
Total	\$ 9,413,148	\$ 9,553,055	\$ 5,560,622	\$ 3,895,037	\$ 14,973,770	\$ 13,448,092

Long-term debt. The City had \$4,546,557 in debt outstanding at year-end consisting of outstanding leases and bonds and net pension liability. More detailed information about the City's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital lease obligation	\$ 120,799	\$ 155,572	\$ 81,660	\$ 110,266	\$ 202,459	\$ 265,838
Note payable	-	-	1,634,200	-	1,634,200	-
Net pension liability	2,144,315	1,939,710	565,583	424,877	2,709,898	2,364,587
Total	\$ 2,265,114	\$ 2,095,282	\$ 2,281,443	\$ 535,143	\$ 4,546,557	\$ 2,630,425

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City provides products and services to the businesses, residents and visitors of Wray, Colorado: General Administrative services, Public Safety, Public Works, and Cultural and Recreational activities. General administrative functions include financial management and accounting in addition to customer billing for municipal services along with cash investment and fiduciary responsibility. Public Safety includes ambulance and emergent care, fire protection and response, as well as police enforcement to insure public compliance to statutes and ordinances stipulated by the State of Colorado and by City Charter and City Ordinance.

The City of Wray also maintains all of the city's parks, ball fields, streets, and public buildings. The City provides local residents and surrounding community and its visitor's access to the municipal airport, parks, bike and walk paths, golf course, museum, library, swimming pool, and a variety of city recreational programs. The City also works cooperatively with community service groups in sponsoring and facilitating local activities and events for the community during the year.

The cost of these "General Fund Services" has totaled between \$3.7 and \$5.2 million dollars annually since 2013. User fees are collected from the swimming pool, museum, and other cultural and recreational programs provided by the City; fines are collected from state law and city ordinance enforcement. However, user fees for cultural and recreational programs cover only a small fraction of the cost to provide these services. Therefore primary conventional forms of revenue used to offset these General Fund expenditures come from taxes on retail sales, property, auto, highway use, severance, cigarette, lodging, and road and bridge. Franchise fees are collected from cable, phone, and natural gas providers. Fees are also collected from public safety services such as ambulance and emergent care.

The City of Wray also receives donations to the various departments (library, ambulance, police, public works, etc.), but still does not receive sufficient revenues to offset the annual cost inherent in the quality of services and programs contained in the General Fund and provided by the local government. Therefore, each year funds are transferred from the enterprise departments – specifically the light and water enterprises- to help balance the general fund budget and help deliver all the services and cultural and recreational programs that enhance the quality of living in the city.

The City of Wray is involved in four enterprises- the sale and delivery of electricity and water, wastewater collection and treatment, plus solid waste collection. Commodity sales and delivery charges are billed and collected for electricity and water and service fees are charged for providing wastewater service in addition to collection of solid waste or trash.

The City of Wray also pursues and secures grants for infrastructure enhancements from both state and federal sources. The City's airport, parks, pool, ball fields, water and wastewater systems have all benefited from aggressive grant applications and subsequent awards leveraged with local and municipal funding matches.

2017 Budgetary Important Features and Major Projects

The 2017 Budget for the City of Wray includes these *important features*:

1. WWTF Improvements-The City has secured approximately \$2.7M in Energy Impact Assistance Funding (EIAF) in the form of a Grant as well as \$2.5M in State Revolving Fund Loan at a 1% low interest to complete the proposed \$5.0M improvement project.
2. Replacement of PAPI lights at the Wray Municipal Airport utilizing \$133,000 of entitlement and CDGA funds with \$7,000 of local match to complete the estimated \$140,000 project.
3. Broadband Infrastructure-The City has secured approximately \$722,000 in Energy Impact Assistance Funding to complete a \$1.5M investment in middle mile broadband network. The City will seek a Public-Private Partnership with equal matching investment from a private provider to complete the project and serve as the network operator.
4. Main Street Planning – The 2017 budget includes professional services to include planning and design for the replacement of the street surface, water main, and electrical infrastructure on Main Street.
5. The budget includes a Cost of Service Study and Rate Analysis to be conducted for Electric, Water and Wastewater fees to provide information and assist with decision making to ensure the enterprises coverage rates are satisfactory. This information will include wastewater treatment facility improvement costs as well as some forecasting for future electric costs.

Many of the General Fund capital projects in the \$10,000 to \$100,000 range are often presented by the City Manager to the Kitzmiller-Bales Trust (KBT). KBT is a local trust that was endowed by a wealthy teacher in the community many years ago. KBT helps fund School capital projects, City Parks and Recreation projects, ambulance replacement purchases, Fire Hall expansions, and a host of other opportunities.

Including grant projects and department expenses, the proposed 2017 General fund expense totals \$5,220,161 which exceeds projected revenue and fund cash reserves without transferring funds from the Enterprise Departments. Contributions into the Library, Fire, Museum and Ambulance departments are anticipated and part of the budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact City of Wray, 245 West 4th Street, P.O. Box 35, Wray, Colorado 80758.

Basic Financial Statements

The basic financial statements of the City include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

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

CITY OF WRAY, COLORADO
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 880,368	\$ 1,660,976	\$ 2,541,344
Cash with county treasurer	3,169		3,169
Certificates of deposit	91,041	1,607,115	1,698,156
Receivables	684,626	1,294,283	1,978,909
Inventory		340,137	340,137
Net pension asset	1,048		1,048
Restricted cash		2,750,000	2,750,000
Capital assets, net of depreciation	9,413,148	5,560,622	14,973,770
Total assets	11,073,400	13,213,133	24,286,533
Deferred outflows of resources			
Pension deferrals	613,091	157,049	770,140
Total assets and deferred outflows of resources	\$ 11,686,491	\$ 13,370,182	\$ 25,056,673
Liabilities			
Accounts payable	\$ 45,027	\$ 1,672,653	\$ 1,717,680
Accrued salaries and benefits	72,764		72,764
Unearned revenues	27,468		27,468
Customer deposits		125,047	125,047
Noncurrent liabilities			
Due within one year	35,444	35,351	70,795
Due in more than one year	2,229,670	2,246,092	4,475,762
Total liabilities	2,410,373	4,079,143	6,489,516
Deferred inflows of resources			
Deferred property tax revenues	380,455		380,455
Pension deferrals	79,763	23,569	103,332
Total deferred inflows of resources	460,218	23,569	483,787
Net position			
Net investment in capital assets	9,292,349	3,844,762	13,137,111
Restricted for:			
Emergencies	73,000		73,000
Pensions	1,048		1,048
Culture and recreation	112,237		112,237
System improvements		1,413,810	1,413,810
Unrestricted (deficit)	(662,734)	4,008,898	3,346,164
Total net position	8,815,900	9,267,470	18,083,370
Total liabilities, deferred inflows of resources and net position	\$ 11,686,491	\$ 13,370,182	\$ 25,056,673

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

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CITY OF WRAY, COLORADO
Statement of Activities
For the Year Ended December 31, 2016

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 512,213	\$ 49,171	\$ 482	
Public safety	1,231,460	331,123	6,027	\$ 334,288
Public works	923,008	22,379	121,417	27,722
Culture and recreation	795,083	76,836	79,476	
Interest and fiscal charges	2,648			
Total governmental activities	3,464,412	479,509	207,402	362,010
Business-type activities				
Electric services	1,824,488	2,527,928		
Water services	285,263	373,528		
Sewer services	201,498	384,643		1,940,196
Sanitation services	326,932	318,947		
Total business-type activities	2,638,181	3,605,046		1,940,196
Total	\$ 6,102,593	\$ 4,084,555	\$ 207,402	\$ 2,302,206

General revenues and transfers

Taxes

Property taxes, levied for general purposes

Sales and use taxes

Specific ownership taxes

Franchise taxes

Severance taxes

Lodging taxes

Unrestricted interest on investments

Sale of assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

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
\$ (462,560)		\$ (462,560)
(560,022)		(560,022)
(751,490)		(751,490)
(638,771)		(638,771)
(2,648)		(2,648)
(2,415,491)	\$ -	(2,415,491)
	703,440	703,440
	88,265	88,265
	2,123,341	2,123,341
	(7,985)	(7,985)
-	2,907,061	2,907,061
(2,415,491)	2,907,061	491,570
355,503		355,503
986,048		986,048
37,527		37,527
15,574		15,574
22,069		22,069
50,099		50,099
4,367	11,939	16,306
40,450		40,450
55,396	226,023	281,419
655,000	(655,000)	-
2,222,033	(417,038)	1,804,995
(193,458)	2,490,023	2,296,565
9,009,358	6,777,447	15,786,805
<u>\$ 8,815,900</u>	<u>\$ 9,267,470</u>	<u>\$ 18,083,370</u>

CITY OF WRAY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Other Governmental Funds	Total
Assets			
Cash	\$ 653,591	\$ 226,777	\$ 880,368
Cash with county treasurer	3,169		3,169
Certificates of deposit	91,041		91,041
Due from other funds	1,459		1,459
Property taxes receivable	380,455		380,455
Accounts receivable	302,439	1,732	304,171
Total assets	\$ 1,432,154	\$ 228,509	\$ 1,660,663
Liabilities			
Accounts payable	\$ 45,027		\$ 45,027
Due to other funds		\$ 1,459	1,459
Accrued salaries and benefits	72,764		72,764
Unearned revenues	12,895	14,573	27,468
Total liabilities	130,686	16,032	146,718
Deferred inflows of resources			
Deferred property tax revenues	380,455		380,455
Total deferred inflows of resources	380,455	-	380,455
Fund balance			
Restricted for:			
Emergencies	73,000		73,000
Culture and recreation		112,237	112,237
Committed for:			
Airport services		62,147	62,147
Youth activities		38,093	38,093
Assigned for:			
Special police fund	91,041		91,041
Equipment reserve fund	66,645		66,645
Unassigned	690,327		690,327
Total fund balance	921,013	212,477	1,133,490
Total liabilities, deferred inflows of resources and fund balance	\$ 1,432,154	\$ 228,509	\$ 1,660,663

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

CITY OF WRAY, COLORADO**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2016**

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

Total fund balance - governmental funds	\$ 1,133,490
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	9,413,148
Net pension assets and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	534,376
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,265,114)</u>
Net position of the governmental activities	<u><u>\$ 8,815,900</u></u>

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

CITY OF WRAY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Other Governmental Funds	Total
Revenues			
Taxes	\$ 1,468,840		\$ 1,468,840
Licenses and permits	14,742		14,742
Intergovernmental	408,965	\$ 45,107	454,072
Fines and forfeitures	12,623		12,623
Charges for services	433,191	18,953	452,144
Miscellaneous	130,875	384	131,259
Total revenues	2,469,236	64,444	2,533,680
Expenditures			
Current			
General government	507,980		507,980
Public safety	1,595,564		1,595,564
Public works	513,651	1,459	515,110
Culture and recreation	682,573	16,118	698,691
Debt service			
Principal retirement	34,773		34,773
Interest and fiscal charges	2,648		2,648
Total expenditures	3,337,189	17,577	3,354,766
Excess of revenues over (under) expenditures	(867,953)	46,867	(821,086)
Other financing sources			
Transfers in	655,000		655,000
Sale of fixed assets	40,450		40,450
Total other financing sources	695,450	-	695,450
Net change in fund balance	(172,503)	46,867	(125,636)
Fund balance at beginning of year	1,093,516	165,610	1,259,126
Fund balance at end of year	\$ 921,013	\$ 212,477	\$ 1,133,490

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

CITY OF WRAY, COLORADO**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016**

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

Net change in fund balance - governmental funds	\$ (125,636)
---	--------------

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.	(139,907)
--	-----------

In the statement of activities, certain operating expenses 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).	37,312
--	--------

Repayment of principal on leases are an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the statement of net position.	34,773
---	--------

Change in net position of governmental activities	<u>\$ (193,458)</u>
---	---------------------

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

CITY OF WRAY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Assets				
Current assets				
Cash	\$ 507,949	\$ 513,515	\$ 562,065	\$ 77,447
Certificates of deposit	737,872	536,715	3,952	328,576
Inventory	267,285	57,069	3,299	12,484
Due from other funds	250,000			
Accounts receivable	353,564	29,901	46,659	39,763
Grants receivable			824,396	
Total current assets	2,116,670	1,137,200	1,440,371	458,270
Noncurrent assets				
Restricted cash with fiscal agent			2,750,000	
Capital assets, net of depreciation	1,155,837	1,622,269	2,656,215	126,301
Total noncurrent assets	1,155,837	1,622,269	5,406,215	126,301
Deferred outflows of resources				
Pension deferrals	88,831	9,709	16,013	42,496
Total assets and deferred outflows of resources	\$ 3,361,338	\$ 2,769,178	\$ 6,862,599	\$ 627,067

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

<u>Total</u>
\$ 1,660,976
1,607,115
340,137
250,000
469,887
<u>824,396</u>
5,152,511
2,750,000
<u>5,560,622</u>
8,310,622
<u>157,049</u>
<u><u>\$ 13,620,182</u></u>

(continued)

CITY OF WRAY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2016

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 258,098	\$ 11,487	\$ 1,393,112	\$ 9,956
Customer deposits	124,047	1,000		
Due to other funds			250,000	
Current portion of note payable			6,168	
Current portion of capital lease obligation				29,183
Total current liabilities	382,145	12,487	1,649,280	39,139
Long-term liabilities				
Note payable			1,628,032	
Capital lease obligation				52,477
Net pension liability	318,571	35,607	59,533	151,872
Total long-term liabilities	318,571	35,607	1,687,565	204,349
Total liabilities	700,716	48,094	3,336,845	243,488
Deferred inflows of resources				
Pension deferrals	13,285	1,479	2,468	6,337
Net position				
Net investment in capital assets	1,155,837	1,622,269	1,022,015	44,641
Restricted for system improvements			1,413,810	
Unrestricted	1,491,500	1,097,336	1,087,461	332,601
Total net position	2,647,337	2,719,605	3,523,286	377,242
Total liabilities, deferred inflows of resources and net position	\$ 3,361,338	\$ 2,769,178	\$ 6,862,599	\$ 627,067

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

<u>Total</u>
\$ 1,672,653
125,047
250,000
6,168
<u>29,183</u>
2,083,051
1,628,032
52,477
<u>565,583</u>
<u>2,246,092</u>
4,329,143
23,569
3,844,762
1,413,810
<u>4,008,898</u>
<u>9,267,470</u>
<u><u>\$ 13,620,182</u></u>

CITY OF WRAY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Operating revenues				
Charges for services	\$ 2,527,928	\$ 373,528	\$ 384,643	\$ 318,947
Operating expenses				
Systems operation				
Salaries	83,547	34,213	47,567	113,062
Employee benefits	58,885	25,946	46,235	79,120
Contract labor		7,200		
Electricity purchases	1,267,188			
Power purchases		42,608	32,625	
Supplies	17,427	14,166	15,443	7,115
Repairs and maintenance	9,167	43,940	6,145	14,865
Vehicle expense	8,422	6,869	1,076	10,306
Professional services	5,962	20,135		
Training	1,743	590	1,214	300
Landfill expense				50,057
Water fees		20,079		
Engineering services			10,965	
Bad debts	235	15,548	68	68
Miscellaneous	332			
Depreciation and amortization	90,193	53,969	40,160	50,112
Total systems operation	1,543,101	285,263	201,498	325,005
Administrative and general				
Salaries	163,054			
Employee benefits	67,941			
Supplies	19,524			
Repairs and maintenance	14,154			
Training	1,097			
Lease expense	6,942			
Miscellaneous	8,675			
Total administrative and general	281,387	-	-	-
Total operating expenses	1,824,488	285,263	201,498	325,005
Operating income (loss)	703,440	88,265	183,145	(6,058)

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

Total

\$ 3,605,046

278,389

210,186

7,200

1,267,188

75,233

54,151

74,117

26,673

26,097

3,847

50,057

20,079

10,965

15,919

332

234,434

2,354,867

163,054

67,941

19,524

14,154

1,097

6,942

8,675

281,387

2,636,254

968,792

(continued)

CITY OF WRAY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
(continued)	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Nonoperating revenues (expenses)				
Interest on investments	6,182	2,857	996	1,904
Grant revenues			1,940,196	
Miscellaneous revenues	133,921	20,086	66,104	5,912
Interest and fiscal charges				(1,927)
Total nonoperating revenues (expenses)	140,103	22,943	2,007,296	5,889
Income (loss) before transfers	843,543	111,208	2,190,441	(169)
Transfers out	(600,000)	(55,000)		
Change in net position	243,543	56,208	2,190,441	(169)
Net position at beginning of year	2,403,794	2,663,397	1,332,845	377,411
Net position at end of year	\$ 2,647,337	\$ 2,719,605	\$ 3,523,286	\$ 377,242

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

<u>Total</u>
11,939
1,940,196
226,023
<u>(1,927)</u>
2,176,231
<u>3,145,023</u>
(655,000)
<u>2,490,023</u>
6,777,447
<u>\$ 9,267,470</u>

CITY OF WRAY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Cash flows from operating activities				
Receipts from customers	\$ 2,491,431	\$ 386,055	\$ 391,573	\$ 316,903
Internal activity - receipts from (payments to) other funds	(247,763)	(925)	248,368	(770)
Payments to suppliers	(1,557,573)	(191,828)	(104,303)	(151,397)
Payments to employees	(90,430)	(35,348)	(48,966)	(116,388)
Net cash provided by operating activities	595,665	157,954	486,672	48,348
Cash flows from noncapital financing activities				
Miscellaneous revenues	133,921	20,086	66,104	5,912
Transfers out	(600,000)	(55,000)		
Net cash provided (used) by noncapital financing activities	(466,079)	(34,914)	66,104	5,912
Cash flows from capital and related financing activities				
Proceeds from note payable			1,634,200	
Grant proceeds			1,115,800	
Purchase of capital assets	(159,143)		(367,849)	(36,837)
Principal paid on capital debt				(28,606)
Interest and fiscal charges				(1,927)
Net cash used by capital and related financing activities	(159,143)		2,382,151	(67,370)
Cash flows from investing activities				
Interest on investments	6,182	2,857	995	1,903
Proceeds from the sale of investments	193,983		148,364	
Purchase of investments and certificates		(47,324)		(36,054)
Net cash provided (used) by investing activities	200,165	(44,467)	149,359	(34,151)

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

Total

\$ 3,585,962

(1,090)
(2,005,101)
(291,132)

1,288,639

226,023
(655,000)

(428,977)

1,634,200
1,115,800
(563,829)
(28,606)
(1,927)

2,155,638

11,937

342,347

(83,378)

270,906

(continued)

CITY OF WRAY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Net change in cash and cash equivalents	170,608	78,573	3,084,286	(47,261)
Cash and cash equivalents at beginning of year	337,341	434,942	227,779	124,708
Cash and cash equivalents at end of year	<u>\$ 507,949</u>	<u>\$ 513,515</u>	<u>\$ 3,312,065</u>	<u>\$ 77,447</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 703,440	\$ 88,265	\$ 183,145	\$ (6,058)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	90,193	53,969	40,160	50,112
Pension expense	24,063	7,603	17,858	8,165
Change in assets and liabilities				
Due from other funds	(247,657)			
Receivables	(43,657)	12,527	6,930	(2,044)
Inventory	(24,760)	(950)	180	(6,019)
Accounts payable	93,872	(1,400)	(8,570)	8,288
Accrued salaries and benefits	(6,883)	(1,135)	(1,399)	(3,326)
Due to other funds	(106)	(925)	248,368	(770)
Customer deposits	7,160			
Net cash provided by operating activities	<u>\$ 595,665</u>	<u>\$ 157,954</u>	<u>\$ 486,672</u>	<u>\$ 48,348</u>
Cash and cash equivalents at end of year consist of:				
Cash	\$ 507,949	\$ 513,515	\$ 562,065	\$ 77,447
Restricted cash with fiscal agent			2,750,000	
Total	<u>\$ 507,949</u>	<u>\$ 513,515</u>	<u>\$ 3,312,065</u>	<u>\$ 77,447</u>
Supplemental cash flows information				
Construction in progress included in accounts payable	\$ -	\$ -	\$ 1,336,190	\$ -

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

Total

3,286,206

1,124,770

\$ 4,410,976

\$ 968,792

234,434

57,689

(247,657)

(26,244)

(31,549)

92,190

(12,743)

246,567

7,160

\$ 1,288,639

\$ 1,660,976

2,750,000

\$ 4,410,976

\$ 1,336,190

CITY OF WRAY, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Pension Trust Funds
Assets	
Cash	\$ 4,255
Certificate of deposit	107,932
Total assets	<u>\$ 112,187</u>
Net position	
Restricted for pension benefits	<u>\$ 112,187</u>
Total net position	<u>\$ 112,187</u>

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

CITY OF WRAY, COLORADO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2016

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 16,926
State	7,884
Specific ownership tax	3,996
Total contributions	28,806
Investment income	
Interest on investments	663
Total investment income	663
Total additions	29,469
Deductions	
Pension benefits	22,120
Miscellaneous	4,000
Total deductions	26,120
Change in net position	3,349
Net position restricted for pension benefits	
Beginning of year	108,838
End of year	\$ 112,187

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the City of Wray'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 City 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 City's accounting policies are described below.

A.1 – Reporting entity

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

A.2 – Fund accounting

The City 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."

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), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following is the City's major governmental fund:

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the City. It is used to account for most of the day-to-day operations of the City which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the City, except for activities of the enterprise funds.

The following are the City's nonmajor governmental funds:

Airport Fund – This fund accounts for financial resources of the airport, including leases, taxes and state fuel taxes.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Youth Fund – This fund was established to account for mineral royalties and oil lease revenues, as well as provide transparency of the use of the money for youth programs.

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 are the City's major proprietary funds:

Electric Fund – This fund was established to account for all operations of the electric utility services provided by the City.

Water Fund – This fund was established to account for all operations of the water utility services provided by the City.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the City.

Sanitation Fund – This fund was established to account for all operations of the sanitation utility services provided by the City.

Fiduciary funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the City's own programs. The City has one pension trust fund.

CITY OF WRAY, COLORADO
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 City 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 City 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 City and for each function or program of the City'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 City, 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 City.

Fund financial statements – Fund financial statements report detailed information about the City. 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. Fiduciary funds are reported by fund type.

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.

CITY OF WRAY, COLORADO
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 City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds focus on net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by fund type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

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 and fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange 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 City, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the City 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. 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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 City 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 City has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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

The City does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

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

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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.8 – Receivables

Monthly charges for electric, water, sewer, sanitation and street services are included with monthly utility billings. All receivables are reported net of estimated uncollectible accounts. An allowance for doubtful accounts has been established in the Electric Fund, Water Fund, Sewer Fund, Sanitation Fund and General Fund in the amount of \$38,253, \$3,442, \$3,742, \$4,293 and \$22,962 respectively, based on management's review of billings.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

A.10 – 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, other than equipment, with a unit cost greater than \$5,000 and an estimated useful life in excess of two years are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Equipment with a unit cost greater than \$3,000 with an estimated useful life of greater than two years are capitalized by the City. Donated capital assets are recorded at their fair value on the date received. 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. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land improvements	15 years	15 years
Distribution systems	10-50 years	10-50 years
Buildings & Improvements	20-40 years	20-40 years
Machinery and equipment	3-10 years	3-10 years
Vehicles	5 years	5 years
Street improvements	5 years	5 years

A.11 – Compensated absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." In recognition of the varying work schedules of city employees and each employee's diverse needs for time away from work, the City provides a general leave policy for its employees. Paid time off shall be accrued by regular employees and is determined by the work period that each employee is scheduled.

Vacation leave

Full-time employees are entitled to varying hours of vacation leave depending on the number of years of eligible service, up to 160 hours per year after completing 15 years of eligible service. Upon termination of employment, employees will be paid for any unused vacation time that has not been taken through the last day of work. In the event that available vacation leave is not used by the end of the benefit year, employees will forfeit the unused amounts. As such, no amount is reported in the financial statements.

Sick leave

Full-time employees are entitled to 80 hours of sick leave annually, with accumulations up to 480 hours after completing 10 years of eligible service. Sick leave benefits are intended solely to provide income protection in the event of illness or injury. Upon termination of employment, employees will not be paid for any unused sick leave time.

A.12 – 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.

CITY OF WRAY, COLORADO
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 and special termination benefits 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.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 City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are 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 City, these revenues are service charges for electric, water, sewer and sanitation utility services. 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 City council and that are either unusual in nature or infrequent in occurrence. The City had no transactions that qualify as extraordinary or special items during the year.

A.17 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type 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 City Council (the City'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, an

Unassigned fund balance is the residual classification for the City'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 City council 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).

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Note B – Cash and investments

Cash and deposits – Colorado State statutes govern the City'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 City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of year-end, the City had total deposits of \$4,434,499, of which \$500,000 was insured and \$3,934,499 was collateralized with securities held by the pledging institution's trust department or agent in the City's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the City's own investment policies and procedures. Investments of the City 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

At year-end, the City's only investments consisted of certificates of deposit with local financial institutions.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note C – Interfund transactions

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 1,459
Electric Fund	Sewer Fund	<u>250,000</u>
Totals		<u>\$ 251,149</u>

All balances resulted from the time 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>Amount</u>
General Fund	Electric Fund	\$ 600,000
General Fund	Water Fund	<u>55,000</u>
Totals		<u>\$ 655,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from certain of the Proprietary Funds (Electric and Water) to provide support for various departments within the General Fund.

Note D – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Utility accounts	\$ -	\$ 469,887	\$ 469,887
Property taxes	380,455	-	380,455
Accounts	304,171	-	304,171
Grants	<u>-</u>	<u>824,396</u>	<u>824,396</u>
Total	<u>\$ 684,626</u>	<u>\$ 1,294,283</u>	<u>\$ 1,978,909</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note D – 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 City in the subsequent month.

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	\$ 1,518,793	\$ -	\$ -	\$ 1,518,793
Collection of library books	395,235	-	-	395,235
Construction in progress	<u>350,211</u>	<u>29,181</u>	<u>(350,211)</u>	<u>29,181</u>
Total capital assets, not being depreciated	2,264,239	29,181	(350,211)	1,943,209
Capital assets, being depreciated:				
Infrastructure	1,696,175	-	-	1,696,175
Land improvements	6,299,937	-	-	6,299,937
Buildings and improvements	5,073,139	506,539	350,211	5,929,889
Vehicles	1,664,576	33,923	-	1,698,499
Machinery and equipment	<u>1,983,744</u>	<u>33,900</u>	<u>(33,055)</u>	<u>1,984,589</u>
Total capital assets, being depreciated	<u>16,717,571</u>	<u>574,362</u>	<u>317,156</u>	<u>17,609,089</u>
Total capital assets	18,981,810	603,543	(33,055)	19,552,298
Less accumulated depreciation for:				
Infrastructure	(1,550,835)	(28,133)	-	(1,578,968)
Land improvements	(3,403,793)	(353,759)	-	(3,757,552)
Buildings and improvements	(1,590,670)	(135,004)	-	(1,725,674)
Vehicles	(1,391,515)	(92,836)	-	(1,484,351)
Machinery and equipment	<u>(1,491,942)</u>	<u>(133,718)</u>	<u>33,055</u>	<u>(1,592,605)</u>
Total accumulated depreciation	<u>(9,428,755)</u>	<u>(743,450)</u>	<u>33,055</u>	<u>(10,139,150)</u>
Governmental activities capital assets, net	<u>\$ 9,553,055</u>	<u>\$ (139,907)</u>	<u>\$ -</u>	<u>\$ 9,413,148</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 78,402	\$ -	\$ -	\$ 78,402
Water rights	352,000	-	-	352,000
Construction in progress	<u>374,310</u>	<u>1,704,039</u>	<u>-</u>	<u>2,078,349</u>
Total capital assets, not being depreciated	804,712	1,704,039	-	2,508,751
Capital assets, being depreciated				
Distribution systems	6,414,676	159,143	-	6,573,819
Buildings and improvements	346,572	-	-	346,572
Vehicles	510,642	-	-	510,642
Machinery and equipment	<u>852,508</u>	<u>36,837</u>	<u>-</u>	<u>889,345</u>
Total capital assets, being depreciated	<u>8,124,398</u>	<u>195,980</u>	<u>-</u>	<u>8,320,378</u>
Total capital assets	8,929,110	1,900,019	-	10,829,129
Less accumulated depreciation for:				
Distribution systems	(3,732,673)	(148,147)	-	(3,880,820)
Building and improvements	(230,040)	(5,905)	-	(235,945)
Vehicles	(437,977)	(17,065)	-	(455,042)
Machinery and equipment	<u>(633,383)</u>	<u>(63,317)</u>	<u>-</u>	<u>(696,700)</u>
Total accumulated depreciation	<u>(5,034,073)</u>	<u>(234,434)</u>	<u>-</u>	<u>(5,268,507)</u>
Business-type activities capital assets, net	<u>\$ 3,895,037</u>	<u>\$ 1,665,585</u>	<u>\$ -</u>	<u>\$ 5,560,622</u>

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

Governmental activities	
General government	\$ 4,233
Public safety	70,192
Public works	470,980
Culture and recreation	<u>198,045</u>
Total governmental activities	743,450

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

Business-type activities		
Electric		90,193
Water		53,969
Sewer		40,160
Sanitation		<u>50,112</u>
Total business-type activities		<u>234,434</u>
Total depreciation expense		<u>\$ 977,884</u>

Note F – 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>Adjustments/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental Activities					
Capital lease Obligation	\$ 155,572	\$ -	\$ (34,773)	\$ 120,799	\$ 35,444
Net pension liability	<u>1,939,710</u>	<u>204,605</u>	<u>-</u>	<u>2,144,315</u>	<u>-</u>
Total	<u>\$ 2,095,282</u>	<u>\$ 204,605</u>	<u>\$ (34,773)</u>	<u>\$ 2,265,114</u>	<u>\$ 35,444</u>

Payments on the capital lease obligation are made in the General Fund. The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type activities					
Capital lease obligation	\$ 110,266	\$ -	\$ (28,606)	\$ 81,660	\$ 29,183
Note payable	-	1,634,200	-	1,634,200	6,168
Net pension liability	<u>424,877</u>	<u>140,706</u>	<u>-</u>	<u>565,583</u>	<u>-</u>
Total	<u>\$ 535,143</u>	<u>\$ 1,774,906</u>	<u>\$ (28,606)</u>	<u>\$ 2,281,443</u>	<u>\$ 35,351</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

Capital lease obligations

Vehicle lease obligation – In September 2014, the City entered into an agreement with Wray State Bank to purchase a 2015 Freightliner Truck. The agreement called for a lease term of five years with annual renewal options. Monthly payments of \$2,544 are due on the 23rd of each month, with a final payment due in 2019. The average interest rate over the lease term is 1.950%. The City has capitalized \$145,247 of assets under this capital lease.

Vehicle lease obligation – In May 2015, the City entered into an agreement with Wray State Bank to purchase a street sweeper. The agreement called for a lease term of five years with annual renewal options. Monthly payments of \$3,118 are due on the 20th of each month, with a final payment due in 2020. The average interest rate over the lease term is 1.890%. The City has capitalized \$178,400 of assets under this capital lease.

The following is a schedule by years of future minimum lease payments under the capital leases above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended December 31,</u>	<u>Debt service requirement</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017	\$ 37,421	\$ 30,533
2018	37,421	30,533
2019	37,421	22,900
2020	<u>12,476</u>	<u>-</u>
Total minimum lease payments	124,739	83,966
Less amount representing interest	<u>3,940</u>	<u>2,306</u>
Present value of future net minimum lease payments	<u>\$ 120,799</u>	<u>\$ 81,660</u>

Notes payable

CWRPDA Note payable – Sewer Fund – The City has entered into a \$1,634,200 note agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) dated September 20, 2016, due in semi-annual installments ranging from \$7,530 to \$46,051, including interest, through 2037. The agreement was entered into in order to facilitate the modification of the City's wastewater treatment facility.

\$ 1,634,200

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The following schedule represents the City's debt service requirements to maturity for the outstanding notes payable at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,168	\$ 1,362	\$ 7,530
2018	76,010	16,091	92,101
2019	76,772	15,329	92,101
2020	77,542	14,559	92,101
2021	78,320	13,781	92,101
2022-2026	403,534	56,973	460,507
2027-2031	424,170	36,336	460,506
2032-2036	445,862	14,644	460,506
2037	<u>45,822</u>	<u>229</u>	<u>46,051</u>
Total	<u>\$ 1,634,200</u>	<u>\$ 169,304</u>	<u>\$ 1,803,504</u>

Note G – Risk management

The City 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 City has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, general liability and workers compensation claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability, property and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The City makes an annual contribution to CIRSA for its insurance coverage. For the year, the City's financial contribution to CIRSA was \$148,562. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans

PERA – Local Government Division Trust Fund

Summary of significant accounting policies

Pensions. The City participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund 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 and additions to/deductions from the fiduciary net position of the LGDTF 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 City are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Contributions. Eligible employees and the City are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<u>Rate</u>
Employer contribution rate ¹	10.00%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f) ¹	<u>(1.02)%</u>
Amount apportioned to the LGDTF ¹	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411 ¹	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411 ¹	<u>1.50%</u>
Total employer contribution to the LGDTF ¹	<u>12.68%</u>

¹ Rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$184,200 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the City reported a liability of \$2,296,570 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

At December 31, 2015, the City's proportion was 0.2088 percent, which was a decrease of 0.0105 percent from its proportion measured as of December 31, 2014.

For the year, the City recognized pension expense of \$200,066. At year-end, the City 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	\$ 17,231	\$ 84
Changes of assumptions or other inputs	-	42,065
Net difference between projected and actual earnings on pension plan investments	445,920	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	53,795
Contributions subsequent to the measurement date	<u>184,200</u>	<u>-</u>
Total	<u>\$ 647,351</u>	<u>\$ 95,944</u>

\$184,200 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 December 31,</u>	<u>Amount</u>
2017	\$ 54,268
2018	103,280
2019	118,132
2020	<u>91,527</u>
Totals	<u>\$ 367,207</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	financed by the annual increase reserve

Mortality rates were based on the RP-2000 combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year, and females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Retirement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTP's long-term expected rate of return on pension plan investments was determined using 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 percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	26.76%	5.00%
U.S. equity – small cap	4.40%	5.19%
Non U.S. equity – developed	22.06%	5.29%
Non U.S. equity – emerging	6.24%	6.76%
Core fixed income	24.05%	0.98%
High yield	1.53%	2.64%
Long duration government credit	0.53%	1.57%
Emerging market bonds	0.43%	3.04%
Real estate	7.00%	5.09%
Private equity	7.00%	7.15%
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 rate of return assumption of 7.50%.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- 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 3.90%.
- Employee contributions were assumed to be made at the current member contribution rates. 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, including 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 included 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the City'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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability	\$ <u>3,520,875</u>	\$ <u>2,296,570</u>	\$ <u>1,281,129</u>

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the pension plan

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

Statewide Defined Benefit Plan

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2014 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits provided. The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0%. The reentry Separate Retirement Account contribution rate was set at 3.60%.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent through 2015. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

The contribution rate for members and employers of affiliated social security employers is 4.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. Per the 2014 member election, members of the affiliate social security group will have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the City were \$23,253.

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

At December 31, 2016 the City reported an asset of \$1,048 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the City's proportion was .0594 percent, which was a decrease of .0056 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$25,824. At December the City 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>
Net difference between projected and actual investment earnings	\$ 53,689	\$ -
Changes in assumptions or other inputs	16,453	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	6,035
Difference between expected and actual experience	8,472	1,353
Contributions subsequent to measurement date	<u>23,253</u>	<u>-</u>
Totals	<u>\$ 101,867</u>	<u>\$ 7,388</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

\$23,253 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, _____	Amount
2017	\$ 15,675
2018	15,675
2019	15,675
2020	14,228
2021	1,890
2022	1,890
2023	1,890
2024	1,890
2025	1,979
2026	434
Totals	<u>\$ 71,226</u>

Actuarial assumptions. The total pension asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2016
Actuarial method	Entry age normal
Amortization method	Level percent of payroll, open
Amortization period	30 years
Long-term investment rate of return *	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of living adjustment	0.0 percent
*Includes inflation at	2.5 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

At least every five years the FPPA's Board of Directors reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Totals	100%	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015, are summarized in the above table.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Directors' funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ 146,743	\$ (1,048)	\$ (123,635)

The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.65 percent. The single discount rate for the plans was 7.50 percent.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Payables to the pension plan

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

City of Wray Volunteer Fire Pension Plan

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Wray Volunteer Fire Pension Plan and additions to/deductions from City of Wray Volunteer Fire Pension Plan's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments 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. The City's defined benefit pension plan, City of Wray Volunteer Fire Pension Plan, provides retirement and death benefits to plan members and beneficiaries for volunteer firefighters. The plan is a single-employer pension plan administered by the Pension Board. The Pension Board has the authority to establish and amend the benefit provisions of the plan.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Management of the City of Wray Volunteer Fire Pension Fund is vested in the local Pension Board, which consists of one council member, the city clerk, the fire chief, one retired volunteer and one current volunteer of the local fire department serving the City.

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>36</u>
Total	<u><u>64</u></u>

Benefits provided. The City of Wray Volunteer Fire Department Pension Plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$60 per month). The plan also provides for a lump-sum burial benefit of \$100 upon death of an active firefighter.

Contributions. Contribution requirements of the City are established by the local Pension Board. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2016 included \$20,922 from the City (one-half mill levy and related specific ownership taxes), and \$7,884 from the State of Colorado matching funds.

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

At December 31, 2016 the City reported a net pension liability of \$413,327. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

For the year ended December 31, 2016, the City recognized pension expense (income) of \$22,863. At December 31, 2016 the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>
Contributions subsequent to measurement date	\$ <u>20,922</u>

\$20,922 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended December 31, 2016.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	Fair market value
Inflation	N/A
Salary increases	N/A
Investment rate of return	2.50% (net of expenses paid from the fund)
Retirement age	Age 50 and 20 years of service

Mortality rates were based on the RP-2000 Combined Mortality Table.

The long-term expected rate of return on pension plan investments was determined using a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense). These amounts are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the asset allocation percentage. Best estimates of arithmetic real rates of return for the City's current holdings of cash and certificates of deposit included in the Plan's assets as of December 31, 2015, are summarized in the above table.

Discount rate. The discount rate used to measure the total pension liability was 2.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive volunteers. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's net pension liability to changes in the discount rate. The following presents the City's net pension liability calculated using the discount rate of 2.50 percent, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (1.50 percent) or 1-percentage point higher (3.50 percent) than the current rate:

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

	1% Decrease (1.50%)	Current Discount (2.50%)	1% Increase (3.50%)
Net pension liability	\$ 496,969	\$ 413,327	\$ 346,916

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Wray Fireman Pension Fund financial report.

Payables to the pension plan

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

Note I – Defined contribution pension plan

Voluntary Investment Program

Plan description. Employees of the City that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The City does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year, program members contributed \$23,321 for the Voluntary Investment Program.

Note J – Deferred compensation plan

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Fire and Police Pension Association through an administrative service agreement. The plan is available to all police officers of the City. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note J – Deferred compensation plan (Continued)

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted for any other purpose.

Note K – Other postemployment benefits

Health Care Trust Fund

Plan description. The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy. The City is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended December 31, 2016, 2015 and 2014, the City's contributions to the HCTF were \$13,712, \$12,082 and \$12,240, respectively, equal to their required contributions for each year.

Note L – Commitments and contingencies

Federal and state funding

The City 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 City expects such amounts, if any, to be immaterial.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

TABOR Amendment

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

In November, 1993, the voters of the City approved a ballot initiative permitting the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds of the City's sales and use tax, non-federal grants, fees and other revenues, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution.

In November 2007, the voters of the City approved a ballot initiative permitting the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure the full proceeds of the City's property tax revenues generated from the mill levy for general municipal purposes, 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 City believes it is in compliance with the requirements of TABOR. However, the City has made certain interpretations of TABOR's language in order to determine its compliance. The City has reserved funds in the General Fund in the amount of \$73,000 for the emergency reserve.

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:

- Schedule of the City's Proportionate Share of the Net Pension Liability – PERA's Local Government Division Trust Fund
- Schedule of City Contributions – PERA's Local Government Division Trust Fund
- Schedule of the City's Proportionate Share of the Net Pension Asset – Police Statewide Defined Benefit Plan
- Schedule of City Contributions – Police Statewide Defined Benefit Plan
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – City of Wray Volunteer Fire Pension Plan
- Schedule of City Contributions – City of Wray Volunteer Fire Pension Plan
- General Fund – Budgetary Comparison Schedule
- Notes to the Required Supplementary Information

CITY OF WRAY, COLORADO**Schedule of the City's Proportionate Share of the Net Pension Liability ¹****PERA's Local Government Division Trust Fund****December 31, 2016**

	Measurement period ended December 31,	
	2015	2014
City's proportion of the net pension liability	0.2084794083%	0.2189387790%
City's proportionate share of the net pension liability	\$ 2,296,570	\$ 1,962,368
City's covered-employee payroll	\$ 1,184,491	\$ 1,200,046
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	193.89%	163.52%
Plan fiduciary net position as a percentage of the total pension liability	76.90%	80.70%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO
Schedule of City Contributions ¹
PERA's Local Government Division Trust Fund
December 31, 2016

	Measurement period ended December 31,	
	2015	2014
Contractually required contribution	\$ 162,205	\$ 164,355
Contributions in relation to the contractually required contribution	(162,205)	(164,355)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 1,184,491	\$ 1,200,046
Contributions as a percentage of covered-employee payroll	13.69%	13.70%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO**Schedule of the City's Proportionate Share of the Net Pension Asset ¹****Police Statewide Defined Benefit Plan****December 31, 2016**

	Measurement period ended December 31,	
	2015	2014
City's proportion of the net pension asset	0.0594222%	0.0650387%
City's proportionate share of the net pension asset	\$ 1,048	\$ 73,401
City's covered-employee payroll	\$ 275,825	\$ 292,475
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.4%	25.1%
Plan fiduciary net position as a percentage of the total pension liability	100.1%	106.8%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO
Schedule of City Contributions ¹
Police Statewide Defined Benefit Plan
December 31, 2016

	Measurement period ended December 31,	
	2015	2014
Contractually required contribution	\$ 22,066	\$ 23,398
Contributions in relation to the contractually required contribution	(22,066)	(23,398)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 275,825	\$ 292,475
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO**Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios ¹****City of Wray Volunteer Fire Pension Plan****Last 10 Fiscal Years**

	Measurement period ended December 31,	
	2015	2014
Total pension liability		
Service cost	\$ 10,222	\$ 9,966
Interest on the total pension liability	12,527	12,214
Benefit changes	-	-
Differences between expected and actual experience	8,184	7,979
Assumption changes	-	-
Benefit payments	(19,120)	(18,240)
Net change in total pension liability	11,813	11,919
Total pension liability - beginning	510,649	498,730
Total pension liability - ending (a)	<u>\$ 522,462</u>	<u>\$ 510,649</u>
Plan fiduciary net position		
Employer contributions	\$ 11,754	\$ 10,715
Pension plan net investment income	540	537
Benefit payments	(19,120)	(18,240)
Pension plan administrative expenses	-	-
State of Colorado matching funds	7,530	7,417
Net change in plan fiduciary net position	704	429
Plan fiduciary net position - beginning	108,431	108,002
Plan fiduciary net position - ending (b)	<u>\$ 109,135</u>	<u>\$ 108,431</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ 413,327</u>	<u>\$ 402,218</u>
Plan fiduciary net position as a percentage of the total pension liability	20.89%	21.23%
Covered-employee payroll	N/A	N/A
City's net pension liability as a percentage of covered-employee payroll	N/A	N/A

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO
Schedule of City Contributions ¹
City of Wray Volunteer Fire Pension Plan
Last 10 Fiscal Years

Measurement Period Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2015	\$ 36,280	\$ 19,284	\$ 16,996	N/A	N/A
2014	\$ 35,395	\$ 18,132	\$ 17,263	N/A	N/A

* Includes both employer and State of Colorado matching funds.

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO
Schedule of Investment Returns ¹
City of Wray Volunteer Fire Pension Plan
Last 10 Fiscal Years

	Measurement period ended December 31,	
	2015	2014
Annual money-weighted rate of return, net of investment expense	0.62%	0.50%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,445,482	\$ 1,445,482	\$ 1,468,840	\$ 23,358
Licenses and permits	9,517	9,517	14,742	5,225
Intergovernmental	655,740	655,740	408,965	(246,775)
Fines and forfeitures	27,070	27,070	12,623	(14,447)
Charges for services	495,272	495,272	433,191	(62,081)
Miscellaneous	417,118	417,118	130,875	(286,243)
Total revenues	3,050,199	3,050,199	2,469,236	(580,963)
Expenditures				
Current				
General government	507,572	507,572	507,980	(408)
Public safety	1,724,329	1,724,329	1,595,564	128,765
Public works	790,163	790,163	513,651	276,512
Culture and recreation	847,159	847,159	682,573	164,586
Debt service				
Principal retirement	34,780	34,780	34,773	7
Interest and fiscal charges	2,650	2,650	2,648	2
Appropriated reserves	272,892	272,892		272,892
Total expenditures	4,179,545	4,179,545	3,337,189	842,356
Excess of revenues over (under) expenditures	(1,129,346)	(1,129,346)	(867,953)	261,393
Other financing sources				
Transfers in	905,000	905,000	655,000	(250,000)
Sale of fixed assets	17,500	17,500	40,450	22,950
Total other financing sources	922,500	922,500	695,450	(227,050)
Net change in fund balance	\$ (206,846)	\$ (206,846)	(172,503)	\$ 34,343
Fund balance at beginning of year			1,093,516	
Fund balance at end of year			\$ 921,013	

CITY OF WRAY, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are established for all funds of the City as required by its local code. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (electric, water, sanitation and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by City council. Within these control levels, management may transfer appropriations without City council approval. Revisions to the budget were made throughout the year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th of each year, or in conformity with the general state law, the City clerk submits to the City council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, the City clerk shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the City for the ensuing fiscal year.
- A public hearing on the budget shall be held by City council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the City council shall adopt the budget and the tax levy ordinance.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

CITY OF WRAY, COLORADO
Notes to the Required Supplementary Information

Note B – Factors affecting trends in amounts reported in the pension schedules – Police Statewide Defined Benefit Plan

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rates will increase in 2016 as a result of the member election.

Benefit adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Changes of assumptions. Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

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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.

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedule – Fiduciary Fund

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the City not required to be accounted for in other funds. This fund represents an accounting of the City's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the City'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.

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Taxes				
Property taxes	\$ 360,524	\$ 360,524	\$ 355,503	\$ (5,021)
Specific ownership taxes	34,481	34,481	37,527	3,046
Penalties and interest on taxes	1,231	1,231	2,020	789
Franchise taxes	20,300	20,300	15,574	(4,726)
Sales taxes	968,406	968,406	986,048	17,642
Severance taxes	22,500	22,500	22,069	(431)
Lodging taxes	38,040	38,040	50,099	12,059
Total taxes	1,445,482	1,445,482	1,468,840	23,358
Licenses and permits	9,517	9,517	14,742	5,225
Intergovernmental				
Motor vehicle assessments	8,992	8,992	9,154	162
Cigarette taxes	5,691	5,691	4,288	(1,403)
Highway users tax	82,469	82,469	87,007	4,538
Road and bridge	19,468	19,468	22,064	2,596
Fire grant	302,620	302,620	254,730	(47,890)
Ambulance grant	99,500	99,500		(99,500)
Airport grant	133,000	133,000	27,722	(105,278)
Library grant	4,000	4,000	4,000	-
Total intergovernmental	655,740	655,740	408,965	(246,775)
Fines and forfeitures				
Animal control	1,028	1,028	1,010	(18)
Police fines	25,000	25,000	10,594	(14,406)
Library fines	1,042	1,042	1,019	(23)
Total fines and forfeitures	27,070	27,070	12,623	(14,447)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Charges for services				
Ambulance fees	390,000	390,000	319,519	(70,481)
Street fees	4,195	4,195	2,211	(1,984)
Airport fees			1,215	1,215
Parks user fees	1,545	1,545	1,317	(228)
Recreation fees	26,800	26,800	22,289	(4,511)
Swimming pool fees	58,886	58,886	51,213	(7,673)
Museum fees	1,287	1,287	998	(289)
Rental income	12,559	12,559	34,429	21,870
Total charges for services	495,272	495,272	433,191	(62,081)
Miscellaneous				
Interest on investments	2,250	2,250	3,983	1,733
Donations	178,651	178,651	119,628	(59,023)
Miscellaneous	236,217	236,217	7,264	(228,953)
Total miscellaneous	417,118	417,118	130,875	(286,243)
Total revenues	\$ 3,050,199	\$ 3,050,199	\$ 2,469,236	\$ (580,963)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
Salaries	\$ 163,928	\$ 163,928	\$ 173,298	\$ (9,370)
Employee benefits	53,759	53,759	53,463	296
Workers compensation	56,000	56,000	28,372	27,628
Supplies	14,000	14,000	15,896	(1,896)
Repairs and maintenance	9,000	9,000	3,795	5,205
Insurance	97,000	97,000	95,054	1,946
Meetings and dues	13,000	13,000	15,333	(2,333)
Audit expense	15,000	15,000	21,010	(6,010)
Dues and donations	24,000	24,000	22,316	1,684
County treasurer fees	6,800	6,800	7,150	(350)
Miscellaneous	54,085	54,085	63,718	(9,633)
Capital outlay	1,000	1,000	8,575	(7,575)
Total general government	507,572	507,572	507,980	(408)
Public safety				
Police				
Salaries	363,126	363,126	359,395	3,731
Employee benefits	181,137	181,137	164,907	16,230
Contract labor	11,292	11,292	16,615	(5,323)
Meetings and dues	3,000	3,000	6,362	(3,362)
Court expense	2,000	2,000	125	1,875
Vehicle expense	10,000	10,000	5,768	4,232
Repairs and maintenance	13,000	13,000	16,065	(3,065)
Supplies	15,500	15,500	20,960	(5,460)
Communications	12,000	12,000	11,830	170
Police operations	3,000	3,000	1,672	1,328
Lease expense	6,180	6,180	4,280	1,900
Miscellaneous	600	600	3,220	(2,620)
Capital outlay	40,000	40,000	45,511	(5,511)
Total police	660,835	660,835	656,710	4,125
Animal Control				
Salaries	4,890	4,890	4,953	(63)
Employee benefits	764	764	765	(1)
Supplies	705	705	611	94
Capital outlay	400	400		400
Total animal control	6,759	6,759	6,329	430

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fire				
Supplies	19,000	19,000	11,005	7,995
Repairs and maintenance	8,300	8,300	5,539	2,761
Training	3,000	3,000	1,320	1,680
Firemen's pension	20,926	20,926	20,922	4
Grant expenditures	425,000	425,000	425,061	(61)
Capital outlay	20,600	20,600	26,124	(5,524)
Total fire	496,826	496,826	489,971	6,855
Ambulance				
Salaries	254,169	254,169	255,477	(1,308)
Employee benefits	79,690	79,690	78,429	1,261
Supplies	35,000	35,000	32,579	2,421
Repairs and maintenance	2,500	2,500	10,953	(8,453)
Vehicle expense	26,250	26,250	11,074	15,176
Training	10,000	10,000	14,386	(4,386)
Professional services	28,000	28,000	20,820	7,180
Miscellaneous	5,800	5,800	11,812	(6,012)
Grant expenditures	55,000	55,000	1,324	53,676
Capital outlay	63,500	63,500	5,700	57,800
Total ambulance	559,909	559,909	442,554	117,355
Total public safety	1,724,329	1,724,329	1,595,564	128,765
Public works				
Highways and streets				
Salaries	220,883	220,883	191,570	29,313
Employee benefits	107,144	107,144	105,597	1,547
Street repairs	125,000	125,000	29,592	95,408
Maintenance and repairs	35,000	35,000	29,409	5,591
Shop supplies	31,500	31,500	33,469	(1,969)
Vehicle expense	30,000	30,000	16,755	13,245
Training	4,000	4,000	1,435	2,565
Professional services			247	(247)
Miscellaneous	2,500	2,500	1,288	1,212
Capital outlay	55,000	55,000	33,900	21,100
Total highways and streets	611,027	611,027	443,262	167,765

(continued)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2016

(continued)	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Airport				
Salaries	15,676	15,676	16,018	(342)
Employee benefits	2,453	2,453	2,439	14
Supplies	6,107	6,107	7,841	(1,734)
Repairs and maintenance	5,000	5,000	3,909	1,091
Professional services	4,800	4,800	4,050	750
Matching expense	4,100	4,100	4,482	(382)
Training			174	(174)
Grant expenditures	141,000	141,000	28,660	112,340
Capital outlay			2,816	(2,816)
Total airport	179,136	179,136	70,389	108,747
Total public works	790,163	790,163	513,651	276,512
Culture and recreation				
Parks				
Salaries	49,176	49,176	44,512	4,664
Employee benefits	15,844	15,844	14,768	1,076
Supplies	12,500	12,500	10,833	1,667
Repairs and maintenance	7,500	7,500	10,542	(3,042)
Training	500	500		500
Wray country club donation	20,000	20,000	22,700	(2,700)
Capital outlay			2,127	(2,127)
Total parks	105,520	105,520	105,482	38
Recreation				
Salaries	58,352	58,352	34,540	23,812
Employee benefits	29,088	29,088	26,577	2,511
Activities	21,568	21,568	16,014	5,554
Contract labor	3,000	3,000	1,255	1,745
Supplies	2,500	2,500	2,147	353
Repairs and maintenance	12,500	12,500	5,438	7,062
Training	1,500	1,500	1,365	135
Miscellaneous			165	(165)
Capital outlay	23,000	23,000		23,000
Total recreation	151,508	151,508	87,501	64,007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Pool				
Salaries	65,000	65,000	57,889	7,111
Employee benefits	10,173	10,173	8,944	1,229
Supplies	34,100	34,100	27,724	6,376
Repairs and maintenance	20,000	20,000	4,613	15,387
Training	5,500	5,500	5,659	(159)
Miscellaneous			608	(608)
Capital outlay	160,000	160,000	101,653	58,347
Total pool	294,773	294,773	207,090	87,683
Library				
Salaries	86,460	86,460	82,582	3,878
Employee benefits	33,487	33,487	32,905	582
Supplies	50,765	50,765	53,979	(3,214)
Repairs and maintenance	13,700	13,700	14,343	(643)
Training	1,800	1,800	841	959
Activities	6,600	6,600	7,175	(575)
Lease expense	2,500	2,500	1,458	1,042
Capital outlay	10,000	10,000	8,210	1,790
Total library	205,312	205,312	201,493	3,819
Museum				
Salaries	41,502	41,502	42,362	(860)
Employee benefits	26,451	26,451	26,229	222
Supplies	6,000	6,000	5,474	526
Repairs and maintenance	5,000	5,000	5,461	(461)
Training	1,000	1,000	288	712
Activities	500	500	396	104
Miscellaneous			797	(797)
Grant expenditures	9,593	9,593		9,593
Total museum	90,046	90,046	81,007	9,039
Total culture and recreation	847,159	847,159	682,573	164,586

(continued)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2016

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Debt service				
Principal retirement	34,780	34,780	34,773	7
Interest and fiscal charges	2,650	2,650	2,648	2
Total debt service	37,430	37,430	37,421	9
Appropriated reserves	272,892	272,892		272,892
Total expenditures	<u>\$ 4,179,545</u>	<u>\$ 4,179,545</u>	<u>\$ 3,337,189</u>	<u>\$ 842,356</u>

Budgetary Comparison Schedules – Nonmajor Governmental Funds

The City 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.

- Airport Fund – This fund accounts for financial resources of the airport, including leases, taxes and state fuel taxes.
- Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.
- Youth Fund – This fund was established to account for mineral royalties and oil lease revenues, as well as provide transparency of the use of the money for youth programs.

CITY OF WRAY, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2016

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
Assets				
Cash	\$ 63,606	\$ 112,237	\$ 50,934	\$ 226,777
Receivables	1,000		732	1,732
Total assets	<u>\$ 64,606</u>	<u>\$ 112,237</u>	<u>\$ 51,666</u>	<u>\$ 228,509</u>
Liabilities				
Due to other funds	\$ 1,459			\$ 1,459
Unearned revenues	1,000		\$ 13,573	14,573
Total liabilities	2,459	\$ -	13,573	16,032
Fund balance				
Restricted for:				
Culture and recreation		112,237		112,237
Committed for:				
Airport services	62,147			62,147
Youth activities			38,093	38,093
Total fund balance	<u>62,147</u>	<u>112,237</u>	<u>38,093</u>	<u>212,477</u>
Total liabilities and fund balance	<u>\$ 64,606</u>	<u>\$ 112,237</u>	<u>\$ 51,666</u>	<u>\$ 228,509</u>

CITY OF WRAY, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
Revenues				
Intergovernmental revenue	\$ 3,192	\$ 26,424	\$ 15,491	\$ 45,107
Charges for services	18,953			18,953
Miscellaneous	108	197	79	384
Total revenues	22,253	26,621	15,570	64,444
Expenditures				
Public works	1,459			1,459
Culture and recreation			16,118	16,118
Total expenditures	1,459	-	16,118	17,577
Net change in fund balance	20,794	26,621	(548)	46,867
Fund balance at beginning of year	41,353	85,616	38,641	165,610
Fund balance at end of year	\$ 62,147	\$ 112,237	\$ 38,093	\$ 212,477

CITY OF WRAY, COLORADO
Airport Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue				
State fuel taxes	\$ 3,500	\$ 3,500	\$ 3,192	\$ (308)
Charges for services				
Airport leases	5,057	5,057	9,989	4,932
Airport taxes	4,100	4,100	4,482	382
City match	4,100	4,100	4,482	382
Total charges for services	13,257	13,257	18,953	5,696
Miscellaneous				
Interest on investments	30	30	108	78
Total revenues	16,787	16,787	22,253	5,466
Expenditures				
Public works	8,000	8,000	1,459	6,541
Total expenditures	8,000	8,000	1,459	6,541
Net change in fund balance	\$ 8,787	\$ 8,787	20,794	\$ 12,007
Fund balance at beginning of year			41,353	
Fund balance at end of year			\$ 62,147	

CITY OF WRAY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 22,500	\$ 22,500	\$ 26,424	\$ 3,924
Interest on investments	60	60	197	137
Total revenues	22,560	22,560	26,621	4,061
Expenditures				
Culture and recreation				-
Total expenditures	-	-	-	-
Net change in fund balance	\$ 22,560	\$ 22,560	26,621	\$ 4,061
Fund balance at beginning of year			85,616	
Fund balance at end of year			\$ 112,237	

CITY OF WRAY, COLORADO
Youth Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 16,000	\$ 16,000	\$ 15,491	\$ (509)
Interest on investments	20	20	79	59
Total revenues	16,020	16,020	15,570	(450)
Expenditures				
Culture and recreation	16,118	16,118	16,118	-
Total expenditures	16,118	16,118	16,118	-
Net change in fund balance	<u>\$ (98)</u>	<u>\$ (98)</u>	(548)	<u>\$ (450)</u>
Fund balance at beginning of year			<u>38,641</u>	
Fund balance at end of year			<u>\$ 38,093</u>	

Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major proprietary funds:

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.

- Electric Fund – This fund was established to account for all operations of the electric utility service provided by the City.
- Water Fund – This fund was established to account for all operations of the water utility service provided by the City.
- Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the City.
- Sanitation Fund – This fund was established to account for all operations of the sanitation utility services provided by the City.

CITY OF WRAY, COLORADO
Electric Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 2,505,348	\$ 2,505,348	\$ 2,519,178	\$ 13,830
Tap fees	1,750	1,750	8,750	7,000
Total operating revenues	2,507,098	2,507,098	2,527,928	20,830
Operating expenses				
Systems operation				
Salaries	108,470	108,470	83,547	24,923
Employee benefits	41,945	41,945	58,885	(16,940)
Electricity purchases	1,326,798	1,326,798	1,267,188	59,610
Supplies	13,500	13,500	17,427	(3,927)
Repairs and maintenance	75,000	75,000	9,167	65,833
Vehicle expense	16,500	16,500	8,422	8,078
Professional services	4,100	4,100	5,962	(1,862)
Training	2,100	2,100	1,743	357
Bad debts	4,000	4,000	235	3,765
Miscellaneous	5,500	5,500	332	5,168
Capital outlay			159,143	(159,143)
Total systems operation	1,597,913	1,597,913	1,612,051	(14,138)
Administrative and general				
Salaries	154,550	154,550	163,054	(8,504)
Employee benefits	64,087	64,087	67,941	(3,854)
Supplies	15,000	15,000	19,524	(4,524)
Repairs and maintenance	17,500	17,500	14,154	3,346
Training	3,000	3,000	1,097	1,903
Lease expense	7,500	7,500	6,942	558
Miscellaneous	3,500	3,500	8,675	(5,175)
Total administrative and general	265,137	265,137	281,387	(16,250)
Total operating expenses	1,863,050	1,863,050	1,893,438	(30,388)
Operating income	644,048	644,048	634,490	(9,558)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nonoperating revenues				
Interest on investments	2,500	2,500	6,182	3,682
Miscellaneous	52,228	52,228	133,921	81,693
Total nonoperating revenues	54,728	54,728	140,103	85,375
Net income before transfers	698,776	698,776	774,593	75,817
Transfers out	(850,000)	(850,000)	(600,000)	250,000
Change in net position	<u>\$ (151,224)</u>	<u>\$ (151,224)</u>	174,593	<u>\$ 325,817</u>
Adjustments to GAAP Basis				
Add capital purchases			159,143	
Deduct depreciation			(90,193)	
Change in net position - GAAP Basis			243,543	
Net position at beginning of year			2,403,794	
Net position at end of year			<u>\$ 2,647,337</u>	

CITY OF WRAY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 367,500	\$ 367,500	\$ 370,028	\$ 2,528
Tap fees	1,500	1,500	3,500	2,000
Total operating revenues	369,000	369,000	373,528	4,528
Operating expenses				
Salaries	45,231	45,231	34,213	11,018
Employee benefits	36,383	36,383	25,946	10,437
Contract labor	25,000	25,000	7,200	17,800
Power purchases	52,393	52,393	42,608	9,785
Supplies	13,278	13,278	14,166	(888)
Repairs and maintenance	50,000	50,000	43,940	6,060
Vehicle expense	6,647	6,647	6,869	(222)
Professional services	61,875	61,875	20,135	41,740
Training	2,000	2,000	590	1,410
Water fees	21,000	21,000	20,079	921
Bad debts	2,000	2,000	15,548	(13,548)
Capital outlay	35,000	35,000		35,000
Total operating expenses	350,807	350,807	231,294	119,513
Operating income	18,193	18,193	142,234	124,041
Nonoperating revenues				
Interest on investments	2,100	2,100	2,857	757
Grant revenue	30,000	30,000		(30,000)
Miscellaneous	20,000	20,000	20,086	86
Total nonoperating revenues	52,100	52,100	22,943	(29,157)
Net income before transfers	70,293	70,293	165,177	94,884
Transfers out	(55,000)	(55,000)	(55,000)	-
Change in net position	\$ 15,293	\$ 15,293	110,177	\$ 94,884

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Adjustments to GAAP Basis				
Deduct depreciation			(53,969)	
Change in net position - GAAP Basis			56,208	
Net position at beginning of year			2,663,397	
Net position at end of year			\$ 2,719,605	

CITY OF WRAY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 396,232	\$ 396,232	\$ 383,143	\$ (13,089)
Tap fees	1,500	1,500	1,500	-
Total operating revenues	397,732	397,732	384,643	(13,089)
Operating expenses				
Salaries	47,200	47,200	47,567	(367)
Employee benefits	28,193	28,193	46,235	(18,042)
Power purchases	28,596	28,596	32,625	(4,029)
Supplies	17,600	17,600	15,443	2,157
Repairs and maintenance	48,500	48,500	6,145	42,355
Vehicle expense	6,000	6,000	1,076	4,924
Training	2,000	2,000	1,214	786
Engineering services	5,500	5,500	10,965	(5,465)
Bad debts			68	(68)
Capital outlay	4,828,400	4,828,400	1,704,039	3,124,361
Total operating expenses	5,011,989	5,011,989	1,865,377	3,146,612
Operating income (loss)	(4,614,257)	(4,614,257)	(1,480,734)	3,133,523
Nonoperating revenues (expenses)				
Interest on investments			996	996
Grant revenue	2,848,105	2,848,105	1,940,196	(907,909)
Note payable proceeds	2,000,000	2,000,000	1,634,200	(365,800)
Miscellaneous	1,000	1,000	66,104	65,104
Principal paid on notes	(100,000)	(100,000)		100,000
Total nonoperating revenues (expenses)	4,749,105	4,749,105	3,641,496	(1,107,609)
Change in net position	\$ 134,848	\$ 134,848	2,160,762	\$ 2,025,914

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			1,704,039	
Deduct depreciation			(40,160)	
Deduct note payable proceeds			<u>(1,634,200)</u>	
Change in net position - GAAP Basis			2,190,441	
Net position at beginning of year			<u>1,332,845</u>	
Net position at end of year			<u><u>\$ 3,523,286</u></u>	

CITY OF WRAY, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 319,107	\$ 319,107	\$ 318,947	\$ (160)
Operating expenses				
Salaries	115,562	115,562	113,062	2,500
Employee benefits	66,145	66,145	79,120	(12,975)
Supplies	5,000	5,000	7,115	(2,115)
Repairs and maintenance	18,000	18,000	14,865	3,135
Vehicle expense	28,000	28,000	10,306	17,694
Training	700	700	300	400
Landfill expense	50,000	50,000	50,057	(57)
Bad debts	2,000	2,000	68	1,932
Capital outlay	41,000	41,000	36,837	4,163
Total operating expenses	326,407	326,407	311,730	14,677
Operating income	(7,300)	(7,300)	7,217	14,517
Nonoperating revenues (expenses)				
Interest on investments	1,000	1,000	1,904	904
Miscellaneous	4,583	4,583	5,912	1,329
Principal paid on leases	(28,605)	(28,605)	(28,606)	(1)
Interest and fiscal charges	(1,927)	(1,927)	(1,927)	-
Total nonoperating revenues (expenses)	(24,949)	(24,949)	(22,717)	2,232
Change in net position	\$ (32,249)	\$ (32,249)	(15,500)	\$ 16,749
Adjustments to GAAP Basis				
Add capital outlay			36,837	
Add principal paid on leases			28,606	
Deduct depreciation			(50,112)	
Change in net position - GAAP Basis			(169)	
Net position at beginning of year			377,411	
Net position at end of year			\$ 377,242	

Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

The City reports the following fiduciary fund:

Pension trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

- Fireman's Pension Fund – This fund was established to account for contributions made to a single-employer defined benefit plan on behalf of the City's volunteer fire fighters.

CITY OF WRAY, COLORADO
Fireman's Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Additions				
Contributions				
Employer	\$ 16,926	\$ 16,926	\$ 16,926	\$ -
State	7,884	7,884	7,884	-
Specific ownership tax	4,000	4,000	3,996	(4)
Total contributions	28,810	28,810	28,806	(4)
Investment income				
Interest on investments	500	500	663	163
Total investment income	500	500	663	163
Total additions	29,310	29,310	29,469	159
Deductions				
Pension benefits	23,620	23,620	22,120	1,500
Miscellaneous	9,000	9,000	4,000	5,000
Total deductions	32,620	32,620	26,120	6,500
Change in net position	\$ (3,310)	\$ (3,310)	3,349	\$ 6,659
Net position restricted for pension benefits				
Beginning of year			108,838	
End of year			\$ 112,187	

**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the City's financial statements.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORTCity or County:
City of Wray
YEAR ENDING :
December 2016This Information From The Records Of (example - City of _ or County of _)
City of Wray
Prepared by: Emily Ellis
Phone: (970) 332-4431**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	418,430
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	589,680	b. Snow and ice removal	46,613
3. Other local imposts (from page 2)	87,626	c. Other	6,285
4. Miscellaneous local receipts (from page 2)	33,608	d. Total (a. through c.)	52,898
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	329,050
a. Bonds - Original Issues		6. Total (1 through 5)	800,378
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	710,914	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	89,464	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	800,378	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	800,378

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	800,378	800,378	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2016	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	10,594
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	(300)
4. Licenses		f. Charges for Services	1,250
5. Specific Ownership &/or Other	87,626	g. Other Misc. Receipts	
6. Total (1. through 5.)	87,626	h. Other	22,064
c. Total (a. + b.)	87,626	i. Total (a. through h.)	33,608
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	80,310	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,154	d. Federal Transit Admin	
d. Other (Specify) - Faster Transit Bill		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,154	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	89,464	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)
Notes and Comments:			

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Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

CITY OF WRAY, COLORADO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Transportation:</u>				
Airport Improvement Program	20.106	N/A	\$ -	\$ 26,263
<u>U.S. Department of the Interior:</u>				
Distribution of Receipts to State and Local Governments	15.227	EIAF 7396	-	824,396
<u>Drinking Water State Revolving Fund Cluster:</u>				
U.S. Environmental Protection Agency: Capitalization Grants for Drinking Water State Revolving Funds	66.458	16F374 and 16Y374	-	<u>1,170,644</u>
Total Drinking Water State Revolving Fund Cluster				<u>1,170,644</u>
Total Expenditures of Federal Awards				<u>\$ 2,021,303</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF WRAY, COLORADO
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Note A – Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Wray, Colorado, under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Wray, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Wray, Colorado.

Note B – Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the modified accrual or full accrual basis of accounting, as appropriate. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect cost rate

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and Members of City Council
City of Wray
Wray, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wray, Colorado (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 6, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 6, 2017



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

To the Honorable Mayor and Members of City Council
City of Wray
Wray, Colorado

Report on Compliance of Each Major Federal Program

We have audited City of Wray, Colorado's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 6, 2017

CITY OF WRAY, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Summary of auditors' results

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Wray, Colorado (the City).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs of the City expresses an unmodified opinion on all major federal award programs.
6. The audit did not disclose any findings relative to the major federal award programs of the City.
7. The programs tested as major programs included:

Distribution of Receipts to State and Local Governments	CFDA No. 15.227
Capitalization Grants for Clean Water State Revolving	
Loan Funds	CFDA No. 66.458
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City did not qualify as a low-risk auditee.

Findings – financial statement audit

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

Findings and questioned costs – major federal award programs audit

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