

***City of Wray, Colorado***

**Financial Statements**

**For the Year ended December 31, 2017**

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July 20, 2018

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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, 2017, 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, 2017, 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 June 6, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Sterling, Colorado  
June 6, 2018

## 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, 2017.

### 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 2017 by \$20,579,517 (net position).
- The City's total net position increased by \$2,496,147.
- During the year, the City's revenue from taxes and other revenues for governmental programs were more than the expenses by \$247,244.
- The General Fund ending fund balance reached \$1,298,249, an increase of \$377,236.

### 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 \$20,579,517 at the close of 2017.

## Net Position

Combined net position of the City of Wray as of December 31, 2017 and 2016 are shown in Table 1 below.

**Table 1**  
**NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 2,277,040	\$ 1,660,252	\$ 4,803,118	\$ 7,652,511	\$ 7,080,158	\$ 9,312,763
Capital assets	9,596,215	9,413,148	9,303,624	5,560,622	18,899,839	14,973,770
Total assets	11,873,255	11,073,400	14,106,742	13,213,133	25,979,997	24,286,533
Deferred outflows of resources	925,433	613,091	260,128	157,049	1,185,561	770,140
Total assets and deferred outflows of resources	<u>\$ 12,798,688</u>	<u>\$ 11,686,491</u>	<u>\$ 14,366,870</u>	<u>\$ 13,370,182</u>	<u>\$ 27,165,558</u>	<u>\$ 25,056,673</u>
Long-term debt outstanding	\$ 2,970,071	\$ 2,265,114	\$ 2,478,653	\$ 2,281,443	\$ 5,448,724	\$ 4,546,557
Other liabilities	367,515	145,259	367,365	1,797,700	734,880	1,942,959
Total liabilities	3,337,586	2,410,373	2,846,018	4,079,143	6,183,604	6,489,516
Deferred inflows of resources	397,958	460,218	4,479	23,569	402,437	483,787
Net position:						
Net investment in capital assets	9,510,860	9,292,349	7,623,114	3,844,762	17,133,974	13,137,111
Restricted	225,719	185,237	25,000	1,413,810	250,719	1,599,047
Unrestricted	(673,435)	(661,686)	3,868,259	4,008,898	3,194,824	3,347,212
Total net position	<u>9,063,144</u>	<u>8,815,900</u>	<u>11,516,373</u>	<u>9,267,470</u>	<u>20,579,517</u>	<u>18,083,370</u>
Total liabilities and net position	<u>\$ 12,798,688</u>	<u>\$ 11,686,491</u>	<u>\$ 14,366,870</u>	<u>\$ 13,370,182</u>	<u>\$ 27,165,558</u>	<u>\$ 25,056,673</u>

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 \$9,082,604 was more than program expenses of \$6,586,457 for an increase in net position of \$2,496,147.

Table 2 shows the summarized revenues and expenses for 2017 and 2016.

**Table 2**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 452,038	\$ 479,509	\$ 3,648,358	\$ 3,605,046	\$ 4,100,396	\$ 4,084,555
Operating grants and contributions	229,328	207,402	-	-	229,328	207,402
Capital grants and contributions	688,645	362,010	1,824,990	1,940,196	2,513,635	2,302,206
General revenues						
Property taxes	380,429	355,503	-	-	380,429	355,503
Sales and use taxes	1,038,959	986,048	-	-	1,038,959	986,048
Specific ownership taxes	44,658	37,527	-	-	44,658	37,527
Franchise taxes	16,099	15,574	-	-	16,099	15,574
Severance taxes	15,165	22,069	-	-	15,165	22,069
Lodging taxes	51,155	50,099	-	-	51,155	50,099
Interest earnings	4,045	4,367	11,589	11,939	15,634	16,306
Miscellaneous	587,964	55,396	79,249	226,023	667,213	281,419
Sale of fixed assets	9,933	40,450	-	-	9,933	40,450
Transfers	505,000	655,000	(505,000)	(655,000)	-	-
Total revenues	4,023,418	3,270,954	5,059,186	5,128,204	9,082,604	8,399,158
Program expenses						
General government	573,521	512,213	-	-	573,521	512,213
Public safety	1,394,004	1,231,460	-	-	1,394,004	1,231,460
Public works	971,754	923,008	-	-	971,754	923,008
Culture and recreation	834,918	795,083	-	-	834,918	795,083
Interest and fiscal charges	1,977	2,648	-	-	1,977	2,648
Electric services	-	-	1,973,508	1,824,488	1,973,508	1,824,488
Water services	-	-	242,269	285,263	242,269	285,263
Sewer services	-	-	266,108	201,498	266,108	201,498
Sanitation services	-	-	328,398	326,932	328,398	326,932
Total expenses	3,776,174	3,464,412	2,810,283	2,638,181	6,586,457	6,102,593
Change in net position	247,244	(193,458)	2,248,903	2,490,023	2,496,147	2,296,565
Net position at beginning of year	8,815,900	9,009,358	9,267,470	6,777,447	18,083,370	15,786,805
Net position at end of year	\$ 9,063,144	\$ 8,815,900	\$ 11,516,373	\$ 9,267,470	\$ 20,579,517	\$ 18,083,370

**Governmental Activities**

Revenue for the City's governmental activities totaled \$4,023,418 for 2017. Tax revenue produced 39% 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	
	2017	2016	2017	2016
General government	\$ 573,521	\$ 512,213	\$ 9,738	\$ 462,560
Public safety	1,394,004	1,231,460	980,818	560,022
Public works	971,754	923,008	728,930	751,490
Culture and recreation	834,918	795,083	684,700	638,771

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 \$2,248,903 in 2017. Business-type activities include electric, water, sewer and sanitation services.

**Table 4  
BUSINESS-TYPE ACTIVITIES**

	Total cost of services		Net cost of services	
	2017	2016	2017	2016
Electric services	\$ 1,973,508	\$ 1,824,488	\$ (609,554)	\$ (703,440)
Water services	242,269	285,263	(126,264)	(88,265)
Sewer services	266,108	201,498	(1,939,728)	(2,123,341)
Sanitation services	328,398	326,932	12,481	7,985

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 \$1,531,847. The general fund and other governmental funds reported fund balances of \$1,298,248, and \$233,598 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, 2017, amounts to \$18,899,839 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,524,516	\$ 1,518,793	\$ 78,402	\$ 78,402	\$ 1,602,918	\$ 1,597,195
Other non-depreciable assets	1,101,908	424,416	352,000	2,430,349	1,453,908	2,854,765
Infrastructure	89,074	117,207	-	-	89,074	117,207
Land Improvements	2,316,567	2,542,385	-	-	2,316,567	2,542,385
Buildings and improvements	4,056,929	4,204,215	104,722	110,627	4,161,651	4,314,842
Vehicles	148,515	214,148	69,585	55,600	218,100	269,748
Machinery and equipment	358,706	391,984	172,570	192,645	531,276	584,629
Systems	-	-	8,526,345	2,692,999	8,526,345	2,692,999
Total	\$ 9,596,215	\$ 9,413,148	\$ 9,303,624	\$ 5,560,622	\$ 18,899,839	\$ 14,973,770

**Long-term debt.** The City had \$5,448,724 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	
	2017	2016	2017	2016	2017	2016
Capital lease obligation	\$ 85,355	\$ 120,799	\$ 52,478	\$ 81,660	\$ 137,833	\$ 202,459
Note payable	-	-	1,628,032	1,634,200	1,628,032	1,634,200
Net pension liability	2,884,716	2,144,315	798,143	565,583	3,682,859	2,709,898
Total	<u>\$ 2,970,071</u>	<u>\$ 2,265,114</u>	<u>\$ 2,478,653</u>	<u>\$ 2,281,443</u>	<u>\$ 5,448,724</u>	<u>\$ 4,546,557</u>

### 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 2014. 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.

## 2018 Budgetary Important Features and Major Projects

The 2018 Budget for the City of Wray includes these *important features*:

1. 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 has entered into an a Public-Private Partnership Agreement with a private provider to construct the infrastructure and serve as the network operator.
2. Main Street Planning – The 2018 budget includes professional services to include planning and design for the replacement of the street surface, water main, and electrical infrastructure on Main Street. The City has secured a \$127,000 EIAF grant from DOLA for 50% of the design phase.
3. 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.
4. Capital purchases included a new ambulance, fire department extrication equipment, a police patrol cruiser, and a street department snow blower.

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 2018 General fund expense totals \$5,148,185 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 4<sup>th</sup> 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, 2017**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 1,114,795	\$ 1,612,041	\$ 2,726,836
Cash with county treasurer	4,515		4,515
Certificates of deposit	91,485	2,139,812	2,231,297
Receivables	1,066,245	691,923	1,758,168
Inventory		334,342	334,342
Restricted cash		25,000	25,000
Capital assets, net of depreciation	9,596,215	9,303,624	18,899,839
<b>Total assets</b>	<b>11,873,255</b>	<b>14,106,742</b>	<b>25,979,997</b>
<b>Deferred outflows of resources</b>			
Pension deferrals	925,433	260,128	1,185,561
<b>Total assets and deferred outflows of resources</b>	<b>\$ 12,798,688</b>	<b>\$ 14,366,870</b>	<b>\$ 27,165,558</b>
<b>Liabilities</b>			
Accounts payable	\$ 280,087	\$ 238,535	\$ 518,622
Accrued salaries and benefits	68,905		68,905
Unearned revenues	18,523		18,523
Customer deposits		126,117	126,117
Accrued interest payable		2,713	2,713
<b>Noncurrent liabilities</b>			
Due within one year	36,120	105,775	141,895
Due in more than one year	2,933,951	2,372,878	5,306,829
<b>Total liabilities</b>	<b>3,337,586</b>	<b>2,846,018</b>	<b>6,183,604</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	377,678		377,678
Pension deferrals	20,280	4,479	24,759
<b>Total deferred inflows of resources</b>	<b>397,958</b>	<b>4,479</b>	<b>402,437</b>
<b>Net position</b>			
Net investment in capital assets	9,510,860	7,623,114	17,133,974
<b>Restricted for:</b>			
Emergencies	90,000		90,000
Culture and recreation	135,719		135,719
System improvements		25,000	25,000
Unrestricted (deficit)	(673,435)	3,868,259	3,194,824
<b>Total net position</b>	<b>9,063,144</b>	<b>11,516,373</b>	<b>20,579,517</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 12,798,688</b>	<b>\$ 14,366,870</b>	<b>\$ 27,165,558</b>

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, 2017**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 573,521	\$ 38,037		\$ 525,746
Public safety	1,394,004	301,764	\$ 51,016	60,406
Public works	971,754	22,550	127,781	92,493
Culture and recreation	834,918	89,687	50,531	10,000
Interest and fiscal charges	1,977			
Total governmental activities	3,776,174	452,038	229,328	688,645
Business-type activities				
Electric services	1,973,508	2,583,062		
Water services	242,269	368,533		
Sewer services	266,108	380,846		1,824,990
Sanitation services	328,398	315,917		
Total business-type activities	2,810,283	3,648,358	-	1,824,990
Total	\$ 6,586,457	\$ 4,100,396	\$ 229,328	\$ 2,513,635

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
\$ (9,738)		\$ (9,738)
(980,818)		(980,818)
(728,930)		(728,930)
(684,700)		(684,700)
(1,977)		(1,977)
(2,406,163)	\$ -	(2,406,163)
	609,554	609,554
	126,264	126,264
	1,939,728	1,939,728
	(12,481)	(12,481)
-	2,663,065	2,663,065
(2,406,163)	2,663,065	256,902
380,429		380,429
1,038,959		1,038,959
44,658		44,658
16,099		16,099
15,165		15,165
51,155		51,155
4,045	11,589	15,634
9,933		9,933
587,964	79,249	667,213
505,000	(505,000)	-
2,653,407	(414,162)	2,239,245
247,244	2,248,903	2,496,147
8,815,900	9,267,470	18,083,370
\$ 9,063,144	\$ 11,516,373	\$ 20,579,517

**CITY OF WRAY, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General Fund	Other Governmental Funds	Total
<b>Assets</b>			
Cash	\$ 876,341	\$ 238,454	\$ 1,114,795
Cash with county treasurer	4,515		4,515
Certificates of deposit	91,485		91,485
Property taxes receivable	377,678		377,678
Accounts receivable	343,592	772	344,364
Grants receivable	344,203		344,203
<b>Total assets</b>	<b>\$ 2,037,814</b>	<b>\$ 239,226</b>	<b>\$ 2,277,040</b>
<b>Liabilities</b>			
Accounts payable	\$ 280,087		\$ 280,087
Accrued salaries and benefits	68,905		68,905
Unearned revenues	12,895	\$ 5,628	18,523
<b>Total liabilities</b>	<b>361,887</b>	<b>5,628</b>	<b>367,515</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	377,678		377,678
<b>Total deferred inflows of resources</b>	<b>377,678</b>	<b>-</b>	<b>377,678</b>
<b>Fund balance</b>			
Restricted for:			
Emergencies	90,000		90,000
Culture and recreation		135,719	135,719
Committed for:			
Airport services		90,208	90,208
Youth activities		7,671	7,671
Assigned for:			
Special police fund	81,485		81,485
Equipment reserve fund	66,778		66,778
Unassigned	1,059,986		1,059,986
<b>Total fund balance</b>	<b>1,298,249</b>	<b>233,598</b>	<b>1,531,847</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 2,037,814</b>	<b>\$ 239,226</b>	<b>\$ 2,277,040</b>

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, 2017**

---

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

Total fund balance - governmental funds	\$ 1,531,847
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	9,596,215
Net pension deferrals reported in the governmental activities are not financial resources and therefore are not reported in governmental funds.	905,153
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,970,071)</u>
Net position of the governmental activities	<u>\$ 9,063,144</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, 2017**

	General Fund	Other Governmental Funds	Total
<b>Revenues</b>			
Taxes	\$ 1,550,805		\$ 1,550,805
Licenses and permits	24,488		24,488
Intergovernmental	641,640	\$ 30,626	672,266
Fines and forfeitures	11,882		11,882
Charges for services	395,133	20,535	415,668
Miscellaneous	820,707	12,669	833,376
<b>Total revenues</b>	<b>3,444,655</b>	<b>63,830</b>	<b>3,508,485</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	1,249,053		1,249,053
Public safety	1,130,205		1,130,205
Public works	613,994		613,994
Culture and recreation	551,679	42,709	594,388
<b>Debt service</b>			
Principal retirement	35,444		35,444
Interest and fiscal charges	1,977		1,977
<b>Total expenditures</b>	<b>3,582,352</b>	<b>42,709</b>	<b>3,625,061</b>
Excess of revenues over (under) expenditures	(137,697)	21,121	(116,576)
<b>Other financing sources</b>			
Transfers in	505,000		505,000
Sale of fixed assets	9,933		9,933
<b>Total other financing sources</b>	<b>514,933</b>	<b>-</b>	<b>514,933</b>
Net change in fund balance	377,236	21,121	398,357
Fund balance at beginning of year	921,013	212,477	1,133,490
Fund balance at end of year	<u>\$ 1,298,249</u>	<u>\$ 233,598</u>	<u>\$ 1,531,847</u>

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, 2017**

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

Net change in fund balance - governmental funds	\$ 398,357
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	183,067
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	(369,624)
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.	<u>35,444</u>
Change in net position of governmental activities	<u>\$ 247,244</u>

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

**CITY OF WRAY, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2017**

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
<b>Assets</b>				
Current assets				
Cash	\$ 328,813	\$ 639,140	\$ 602,177	\$ 41,911
Certificates of deposit	1,130,975	587,523	52,121	369,193
Inventory	258,263	61,525	3,579	10,975
Due from other funds	250,000			
Accounts receivable	335,831	31,066	47,342	39,763
Grants receivable			237,921	
<b>Total current assets</b>	<b>2,303,882</b>	<b>1,319,254</b>	<b>943,140</b>	<b>461,842</b>
Noncurrent assets				
Restricted cash with fiscal agent			25,000	
Capital assets, net of depreciation	1,074,138	1,605,129	6,520,692	103,665
<b>Total noncurrent assets</b>	<b>1,074,138</b>	<b>1,605,129</b>	<b>6,545,692</b>	<b>103,665</b>
Deferred outflows of resources				
Pension deferrals	145,932	18,879	27,485	67,832
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,523,952</b>	<b>\$ 2,943,262</b>	<b>\$ 7,516,317</b>	<b>\$ 633,339</b>

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

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Total

\$ 1,612,041  
2,139,812  
334,342  
250,000  
454,002  
237,921

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5,028,118

25,000

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9,303,624

9,328,624

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260,128

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\$ 14,616,870

(continued)

**CITY OF WRAY, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2017**

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 136,866	\$ 12,967	\$ 85,136	\$ 3,566
Customer deposits	125,117	1,000		
Accrued interest payable			2,713	
Due to other funds			250,000	
Current portion of note payable			76,010	
Current portion of capital lease obligation				29,765
Total current liabilities	261,983	13,967	413,859	33,331
Long-term liabilities				
Note payable			1,552,022	
Capital lease obligation				22,713
Net pension liability	445,862	61,858	86,003	204,420
Total long-term liabilities	445,862	61,858	1,638,025	227,133
Total liabilities	707,845	75,825	2,051,884	260,464
Deferred inflows of resources				
Pension deferrals	2,523	282	471	1,203
Net position				
Net investment in capital assets	1,074,138	1,605,129	4,892,660	51,187
Restricted for system improvements			25,000	
Unrestricted	1,739,446	1,262,026	546,302	320,485
Total net position	2,813,584	2,867,155	5,463,962	371,672
Total liabilities, deferred inflows of resources and net position	\$ 3,523,952	\$ 2,943,262	\$ 7,516,317	\$ 633,339

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

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Total

\$ 238,535  
126,117  
2,713  
250,000  
76,010

---

29,765

723,140

1,552,022  
22,713  
798,143

---

2,372,878

3,096,018

4,479

7,623,114

25,000  
3,868,259

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11,516,373

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\$ 14,616,870

**CITY OF WRAY, COLORADO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Operating revenues				
Charges for services	\$ 2,583,062	\$ 368,533	\$ 380,846	\$ 315,917
Operating expenses				
Systems operation				
Salaries	93,406	33,882	51,339	111,513
Employee benefits	101,367	30,940	42,754	95,538
Contract labor		2,400		
Electricity purchases	1,278,722			
Power purchases		45,079	41,767	
Supplies	25,683	13,817	11,847	8,536
Chemicals		2,844	13,967	
Repairs and maintenance	65,019	6,657	14,817	13,427
Vehicle expense	32,014	3,994	963	15,640
Professional services	4,723	18,796		
Training	690	2,143	787	815
Landfill expense				52,057
Water fees		20,268		
Engineering services			10,394	
Bad debts	100	489	490	490
Depreciation and amortization	87,866	60,960	72,908	29,031
Total systems operation	1,689,590	242,269	262,033	327,047
Administrative and general				
Salaries	147,656			
Employee benefits	75,383			
Supplies	13,524			
Repairs and maintenance	14,728			
Training	3,201			
Professional services	15,691			
Lease expense	7,602			
Miscellaneous	6,133			
Total administrative and general	283,918	-	-	-
Total operating expenses	1,973,508	242,269	262,033	327,047
Operating income (loss)	609,554	126,264	118,813	(11,130)

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

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Total

\$ 3,648,358

290,140

270,599

2,400

1,278,722

86,846

59,883

16,811

99,920

52,611

23,519

4,435

52,057

20,268

10,394

1,569

250,765

---

2,520,939

147,656

75,383

13,524

14,728

3,201

15,691

7,602

6,133

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283,918

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2,804,857

843,501

(continued)

**CITY OF WRAY, COLORADO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Nonoperating revenues (expenses)				
Interest on investments	6,221	2,713	948	1,707
Grant revenues			1,824,990	
Miscellaneous revenues	55,472	18,573		5,204
Interest and fiscal charges			(4,075)	(1,351)
Total nonoperating revenues (expenses)	61,693	21,286	1,821,863	5,560
Income (loss) before transfers	671,247	147,550	1,940,676	(5,570)
Transfers out	(505,000)			
Change in net position	166,247	147,550	1,940,676	(5,570)
Net position at beginning of year	2,647,337	2,719,605	3,523,286	377,242
Net position at end of year	<u>\$ 2,813,584</u>	<u>\$ 2,867,155</u>	<u>\$ 5,463,962</u>	<u>\$ 371,672</u>

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

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Total

11,589  
1,824,990  
79,249  
(5,426)

1,910,402

2,753,903

(505,000)

2,248,903

9,267,470

\$ 11,516,373

**CITY OF WRAY, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Cash flows from operating activities				
Receipts from customers	\$ 2,601,865	\$ 367,368	\$ 380,163	\$ 315,917
Payments to suppliers	(1,697,362)	(134,518)	(96,851)	(169,307)
Payments to employees	(241,062)	(33,882)	(51,339)	(111,513)
Net cash provided by operating activities	663,441	198,968	231,973	35,097
Cash flows from noncapital financing activities				
Miscellaneous revenues	55,472	18,573		5,204
Transfers out	(505,000)			
Net cash provided (used) by noncapital financing activities	(449,528)	18,573	-	5,204
Cash flows from capital and related financing activities				
Grant proceeds			2,411,464	
Purchase of capital assets	(6,167)	(43,820)	(5,273,575)	(6,395)
Principal paid on capital debt			(6,168)	(29,183)
Interest and fiscal charges			(1,362)	(1,351)
Net cash used by capital and related financing activities	(6,167)	(43,820)	(2,869,641)	(36,929)
Cash flows from investing activities				
Interest on investments	6,221	2,713	948	1,707
Purchase of investments and certificates	(393,103)	(50,809)	(48,168)	(40,615)
Net cash used by investing activities	(386,882)	(48,096)	(47,220)	(38,908)

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

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Total

\$ 3,665,313  
(2,098,038)  
(437,796)

1,129,479

79,249  
(505,000)

(425,751)

2,411,464  
(5,329,957)  
(35,351)  
(2,713)

(2,956,557)

11,589  
(532,695)

(521,106)

(continued)

**CITY OF WRAY, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Net change in cash and cash equivalents	(179,136)	125,625	(2,684,888)	(35,536)
Cash and cash equivalents at beginning of year	507,949	513,515	3,312,065	77,447
Cash and cash equivalents at end of year	<u>\$ 328,813</u>	<u>\$ 639,140</u>	<u>\$ 627,177</u>	<u>\$ 41,911</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 609,554	\$ 126,264	\$ 118,813	\$ (11,130)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	87,866	60,960	72,908	29,031
Pension expense	59,428	15,884	13,001	22,077
Change in assets and liabilities				
Receivables	17,733	(1,165)	(683)	
Inventory	9,022	(4,455)	(280)	1,509
Accounts payable	(121,232)	1,480	28,214	(6,390)
Customer deposits	1,070			
Net cash provided by operating activities	<u>\$ 663,441</u>	<u>\$ 198,968</u>	<u>\$ 231,973</u>	<u>\$ 35,097</u>
Cash and cash equivalents at end of year consist of:				
Cash	\$ 328,813	\$ 639,140	\$ 602,177	\$ 41,911
Restricted cash with fiscal agent			25,000	
Total	<u>\$ 328,813</u>	<u>\$ 639,140</u>	<u>\$ 627,177</u>	<u>\$ 41,911</u>

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

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Total  
  
(2,773,935)  
  
4,410,976  
  
\$ 1,637,041

\$ 843,501

250,765  
110,390  
  
15,885  
5,796  
(97,928)  
1,070

\$ 1,129,479

\$ 1,612,041  
25,000

\$ 1,637,041

**CITY OF WRAY, COLORADO**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2017**

---

	<u>Pension Trust Funds</u>
Assets	
Cash	\$ 6,586
Certificate of deposit	<u>108,581</u>
Total assets	<u>\$ 115,167</u>
Net position	
Restricted for pension benefits	<u>\$ 115,167</u>
Total net position	<u>\$ 115,167</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, 2017**

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 17,608
State	8,463
Specific ownership tax	3,753
Total contributions	<u>29,824</u>
Investment income	
Interest on investments	676
Total investment income	<u>676</u>
Total additions	30,500
Deductions	
Pension benefits	23,520
Professional services	4,000
Total deductions	<u>27,520</u>
Change in net position	2,980
Net position restricted for pension benefits	
Beginning of year	<u>112,187</u>
End of year	<u><u>\$ 115,167</u></u>

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**

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**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**

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**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**

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**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**

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**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**

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**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 \$47,064, \$4,223, \$5,003, \$5,448 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**

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**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**

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**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**

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**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 \$5,197,706, of which \$500,000 was insured and \$4,697,706 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>
Electric Fund	Sewer Fund	<u>\$ 250,000</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	<u>\$ 505,000</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 Fund) 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	\$ -	\$ 454,002	\$ 454,002
Property taxes	377,678	-	377,678
Accounts	344,364	-	344,364
Grants	<u>344,203</u>	<u>237,921</u>	<u>582,124</u>
Total	<u>\$ 1,066,245</u>	<u>\$ 691,923</u>	<u>\$ 1,758,168</u>

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

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,518,793	\$ 5,723	\$ -	\$ 1,524,516
Collection of library books	395,235	-	-	395,235
Construction in progress	<u>29,181</u>	<u>706,673</u>	<u>(29,181)</u>	<u>706,673</u>
Total capital assets, not being depreciated	1,943,209	712,396	(29,181)	2,626,424
Capital assets, being depreciated:				
Infrastructure	1,696,175	-	-	1,696,175
Land improvements	6,299,937	101,647	29,181	6,430,765
Buildings and improvements	5,929,889	-	-	5,929,889
Vehicles	1,698,499	36,129	(51,637)	1,682,991
Machinery and equipment	<u>1,984,589</u>	<u>100,183</u>	<u>-</u>	<u>2,084,772</u>
Total capital assets, being depreciated	<u>17,609,089</u>	<u>237,959</u>	<u>(22,456)</u>	<u>17,824,592</u>
Total capital assets	19,552,298	950,355	(51,637)	20,451,016
Less accumulated depreciation for:				
Infrastructure	(1,578,968)	(28,133)	-	(1,607,101)
Land improvements	(3,757,552)	(356,646)	-	(4,114,198)
Buildings and improvements	(1,725,674)	(147,286)	-	(1,872,960)
Vehicles	(1,484,351)	(101,762)	51,637	(1,534,476)
Machinery and equipment	<u>(1,592,605)</u>	<u>(133,461)</u>	<u>-</u>	<u>(1,726,066)</u>
Total accumulated depreciation	<u>(10,139,150)</u>	<u>(767,288)</u>	<u>51,637</u>	<u>(10,854,801)</u>
Governmental activities capital assets, net	<u>\$ 9,413,148</u>	<u>\$ 183,067</u>	<u>\$ -</u>	<u>\$ 9,596,215</u>

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note E – Capital assets (Continued)**

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 78,402	\$ -	\$ -	\$ 78,402
Water rights	352,000	-	-	352,000
Construction in progress	<u>2,078,349</u>	<u>-</u>	<u>(2,078,349)</u>	<u>-</u>
Total capital assets, not being depreciated	2,508,751	-	(2,078,349)	430,402
Capital assets, being depreciated				
Distribution systems	6,573,819	3,937,385	2,078,349	12,589,553
Buildings and improvements	346,572	-	-	346,572
Vehicles	510,642	37,260	-	547,902
Machinery and equipment	<u>889,345</u>	<u>19,122</u>	<u>-</u>	<u>908,467</u>
Total capital assets, being depreciated	<u>8,320,378</u>	<u>3,993,767</u>	<u>2,078,349</u>	<u>14,392,494</u>
Total capital assets	10,829,129	3,993,767	-	14,822,896
Less accumulated depreciation for:				
Distribution systems	(3,880,820)	(182,388)	-	(4,063,208)
Building and improvements	(235,945)	(5,905)	-	(241,850)
Vehicles	(455,042)	(23,275)	-	(478,317)
Machinery and equipment	<u>(696,700)</u>	<u>(39,197)</u>	<u>-</u>	<u>(735,897)</u>
Total accumulated depreciation	<u>(5,268,507)</u>	<u>(250,765)</u>	<u>-</u>	<u>(5,519,272)</u>
Business-type activities capital assets, net	<u>\$ 5,560,622</u>	<u>\$ 3,743,002</u>	<u>\$ -</u>	<u>\$ 9,303,624</u>

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

<b>Governmental activities</b>	
General government	\$ 4,233
Public safety	94,913
Public works	468,847
Culture and recreation	<u>199,295</u>
Total governmental activities	767,288

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note E – Capital assets (Continued)**

<b>Business-type activities</b>	
Electric	87,866
Water	60,960
Sewer	72,908
Sanitation	<u>29,031</u>
Total business-type activities	<u>250,765</u>
Total depreciation expense	<u>\$ 1,018,053</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>
<b>Governmental Activities</b>					
Capital lease Obligation	\$ 120,799	\$ -	\$ (35,444)	\$ 85,355	\$ 36,120
Net pension liability	<u>2,144,315</u>	<u>740,401</u>	<u>-</u>	<u>2,884,716</u>	<u>-</u>
Total	<u>\$ 2,265,114</u>	<u>\$ 740,401</u>	<u>\$ (35,444)</u>	<u>\$ 2,970,071</u>	<u>\$ 36,120</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>
<b>Business-type activities</b>					
Capital lease obligation	\$ 81,660	\$ -	\$ (29,182)	\$ 52,478	\$ 29,765
Note payable	1,634,200	-	(6,168)	1,628,032	76,010
Net pension liability	<u>565,583</u>	<u>232,560</u>	<u>-</u>	<u>798,143</u>	<u>-</u>
Total	<u>\$ 2,281,443</u>	<u>\$ 232,560</u>	<u>\$ (35,350)</u>	<u>\$ 2,478,653</u>	<u>\$ 105,775</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 23<sup>rd</sup> 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 20<sup>th</sup> 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>
2018	\$ 37,421	\$ 30,533
2019	37,421	22,900
2020	<u>12,476</u>	<u>-</u>
Total minimum lease payments	87,318	53,433
Less amount representing interest	<u>(1,963)</u>	<u>(955)</u>
Present value of future net minimum lease payments	<u>\$ 85,355</u>	<u>\$ 52,478</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.

\$ 1,628,032

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**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>
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	79,105	12,996	92,101
2023-2027	407,579	52,927	460,506
2028-2032	428,422	32,084	460,506
2033-2037	<u>404,282</u>	<u>10,174</u>	<u>414,456</u>
Total	<u>\$ 1,628,032</u>	<u>\$ 167,941</u>	<u>\$ 1,795,973</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 \$151,946. 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**

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**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](http://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**

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**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, 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 <sup>1</sup>	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) <sup>1</sup>	<u>(1.02)%</u>
Amount apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411 <sup>1</sup>	<u>1.50%</u>
Total employer contribution rate to the LGDTF <sup>1</sup>	<u><u>12.68%</u></u>

<sup>1</sup> 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 \$182,669 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 \$3,106,536 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2016 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, 2016, the City’s proportion was 0.2301 percent, which was an increase of 0.0213 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$529,863. 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	\$ 54,936	\$ -
Changes of assumptions or other inputs	9,439	8,142
Net difference between projected and actual earnings on pension plan investments	658,705	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	126,614	10,044
Contributions subsequent to the measurement date	<u>182,669</u>	<u>-</u>
Total	<u>\$ 1,032,363</u>	<u>\$ 18,186</u>

\$182,669 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>
2018	\$ 350,618
2019	223,906
2020	174,255
2021	<u>82,729</u>
Totals	<u>\$ 831,508</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

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
Discount rate	7.50 percent
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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
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 used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension Plans (Continued)**

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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 November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, 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>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
<b>Total</b>	<u><u>100.00%</u></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 7.25%.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension Plans (Continued)**

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- 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 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. 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 and effective as of the measurement date, 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 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

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above assumptions and methods, 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 of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current 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 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ <u>4,580,445</u>	\$ <u>3,106,536</u>	\$ <u>1,885,978</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](http://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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension Plans (Continued)**

**Statewide Defined Benefit 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 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.

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, 2016 has 216 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](http://www.fppaco.org).

*Benefits provided.* A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**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.

*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 the SWDB 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 the SWDB Plan and their employers are contributing at the rate of 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2016. In 2014, the members elected to increase the member contribution rate to the SWDB 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 reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5 percent of base salary in 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 in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.5 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.5 percent in 2016. 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 \$23,378.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

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

At December 31, 2017 the City reported a liability of \$21,427 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The City's proportion of the net pension liability 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, 2016, the City's proportion was .0593 percent, which was a decrease of .0001 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$31,546. At December 31, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual investment earnings	\$ 58,168	\$ -
Changes in assumptions or other inputs	14,666	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	5,378
Difference between expected and actual experience	19,147	1,195
Contributions subsequent to measurement date	<u>23,378</u>	<u>-</u>
Totals	<u>\$ 115,359</u>	<u>\$ 6,573</u>

\$23,378 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

<u>Year Ended</u> <u>December 31, ___</u>	<u>Amount</u>
2018	\$ 21,564
2019	21,564
2020	20,118
2021	7,780
2022	3,215
2023	3,215
2024	3,215
2025	3,304
2026	<u>1,433</u>
Totals	<u>\$ 85,408</u>

*Actuarial assumptions.* The collective total pension liability as of December 31, 2016 is based upon the January 1, 2017 actuarial valuation, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2017
Actuarial method	Entry age normal
Amortization method	Level percent of payroll, open
Amortization period	30 years
Long-term investment rate of return *	7.5%
Projected salary increases*	4.0% – 14.0%
Cost of living adjustment	0.0%
*Includes inflation at	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

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 weighing 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 Fund’s target asset allocation as of December 31, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	36.0%	9.25%
Equity Long/Short	10.0%	7.35%
Illiquid Alternatives	23.0%	10.75%
Fixed Income	15.0%	4.10%
Absolute Return	10.0%	6.55%
Managed Futures	4.0%	5.50%
Cash	<u>2.0%</u>	0.00%*
Totals	<u>100.0%</u>	

\* While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

*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 Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB 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.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H. 15)); and the resulting Single Discount Rate is 7.50%.

*Sensitivity of the City’s proportionate share of the net pension liability/(asset) to changes in the discount rate.* Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the City’s proportionate share of the net pension liability/(asset) calculated using a Single Discount Rate of 7.50%, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount (7.50)	1% Increase (8.50)
Proportionate share of the net pension liability (asset)	\$ 182,305	\$ 21,427	\$ (112,191)

*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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension Plans (Continued)**

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.

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	28
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>36</u>
Total	<u>65</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, 2017 included \$21,361 from the City (one-half mill levy and related specific ownership taxes), and \$8,463 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, 2017 the City reported a net pension liability of \$554,896. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

For the year ended December 31, 2017, the City recognized pension expense of \$146,013. At December 31, 2017 the City reported deferred outflows of resources related to pensions from the following sources:

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension Plans (Continued)**

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 6,217
Contributions subsequent to measurement date	21,361
Difference between expected and actual experience	<u>10,261</u>
Totals	<u>\$ 37,839</u>

\$21,361 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, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31, ___</u>	<u>Amount</u>
2018	\$ 5,331
2019	5,331
2020	4,173
2021	<u>1,643</u>
Totals	<u>\$ 16,478</u>

*Actuarial assumptions.* The total pension liability in the January 1, 2017 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	2.00% (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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension Plans (Continued)**

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, 2016, are summarized in the above table.

*Discount rate.* The discount rate used to measure the total pension liability was 2.00 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 2.00 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage point higher (3.00 percent) than the current rate:

	1% Decrease <u>(1.00%)</u>	Current Discount <u>(2.00%)</u>	1% Increase <u>(3.00%)</u>
Net pension liability	\$ 668,037	\$ 554,896	\$ 465,507

*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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**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](http://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 \$18,126 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.

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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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**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](http://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, 2017, 2016 and 2015, the City's contributions to the HCTF were \$13,605, \$13,712 and \$12,082, 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.

**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.

**CITY OF WRAY, COLORADO**  
**Notes to Financial Statements**

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

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 \$90,000 for the emergency reserve.

**CWRPDA loan covenants**

Rate covenant – during the loan term, the City shall establish, impose and collect, rents, rates and other charges for the products and services provided by the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operation and maintenance expenses of the system, to pay 110% of the debt service coming due in such calendar year. The City believes it has met this requirement for the year ended December 31, 2017.

Operations and maintenance fund – the City shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the annual budget for the current fiscal year. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities or may be in a separate segregated fund. Unobligated fund balances in the Sewer Fund exceeded the required reserve by \$482,000.

**Colorado local government budget laws**

Expenses in the Sewer Fund exceeded appropriations by \$16,589 and may be in violation of local government budget laws.

### **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 Liability (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 <sup>1</sup>**  
**PERA's Local Government Division Trust Fund**  
**December 31, 2017**

Measurement period ending December 31,	2016	2015	2014
City's proportion of the net pension liability	0.2300556479%	0.2084794083%	0.2189387790%
City's proportionate share of the net pension liability	\$ 3,106,536	\$ 2,296,570	\$ 1,962,368
City's covered-employee payroll	\$ 1,344,338	\$ 1,184,491	\$ 1,200,046
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	231.08%	193.89%	163.52%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	76.90%	80.70%

<sup>1</sup> 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** <sup>1</sup>  
**PERA's Local Government Division Trust Fund**  
**December 31, 2017**

Measurement period ending December 31,	2016	2015	2014
Contractually required contribution	\$ 184,200	\$ 162,205	\$ 164,355
Contributions in relation to the contractually required contribution	(184,200)	(162,205)	(164,355)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,344,338	\$ 1,184,491	\$ 1,200,046
Contributions as a percentage of covered-employee payroll	13.70%	13.69%	13.70%

<sup>1</sup> 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 Liability (Asset) <sup>1</sup>**  
**Police Statewide Defined Benefit Plan**  
**December 31, 2017**

Measurement period ending December 31,	2016	2015	2014
City's proportion of the net pension liability/(asset)	0.0592976%	0.0594222%	0.0650387%
City's proportionate share of the net pension liability/(asset)	\$ 21,427	\$ (1,048)	\$ (73,401)
City's covered-employee payroll	\$ 290,663	\$ 275,825	\$ 292,475
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	7.4%	-0.4%	-25.1%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	100.1%	106.8%

<sup>1</sup> 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 <sup>1</sup>**  
**Police Statewide Defined Benefit Plan**  
**December 31, 2017**

Measurement period ending December 31,	2016	2015	2014
Contractually required contribution	\$ 23,253	\$ 22,066	\$ 23,398
Contributions in relation to the contractually required contribution	<u>(23,253)</u>	<u>(22,066)</u>	<u>(23,398)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 290,663	\$ 275,825	\$ 292,475
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

<sup>1</sup> 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 <sup>1</sup>**

**City of Wray Volunteer Fire Pension Plan**

**Last 10 Fiscal Years**

Measurement period ending December 31,	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 10,960	\$ 10,222	\$ 9,966
Interest on the total pension liability	12,785	12,527	12,214
Benefit changes	-	-	-
Plan amendment	94,857	-	-
Differences between expected and actual experience	7,614	8,184	7,979
Assumption changes	40,525	-	-
Benefit payments	(22,120)	(19,120)	(18,240)
Net change in total pension liability	144,621	11,813	11,919
Total pension liability - beginning	522,462	510,649	498,730
Total pension liability - ending (a)	\$ 667,083	\$ 522,462	\$ 510,649
<b>Plan fiduciary net position</b>			
Employer contributions	\$ 20,922	\$ 11,754	\$ 10,715
Pension plan net investment income	(3,338)	540	537
Benefit payments	(22,120)	(19,120)	(18,240)
Pension plan administrative expenses	-	-	-
State of Colorado matching funds	7,884	7,530	7,417
Adjustment to beginning balance	(296)	-	-
Net change in plan fiduciary net position	3,052	704	429
Plan fiduciary net position - beginning	109,135	108,431	108,002
Plan fiduciary net position - ending (b)	\$ 112,187	\$ 109,135	\$ 108,431
<b>City's net pension liability/(asset) - ending (a) - (b)</b>	\$ 554,896	\$ 413,327	\$ 402,218
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	16.82%	20.89%	21.23%
<b>Covered-employee payroll</b>	N/A	N/A	N/A
<b>City's net pension liability as a percentage of covered-employee payroll</b>	N/A	N/A	N/A

<sup>1</sup> 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 <sup>1</sup>**  
**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)
2016	\$ 36,280	\$ 28,806	\$ 7,474	N/A	N/A
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.

<sup>1</sup> 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 <sup>1</sup>**  
**City of Wray Volunteer Fire Pension Plan**  
**Last 10 Fiscal Years**

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Measurement period ending December 31,	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	0.62%	50.00%	0.50%

<sup>1</sup> 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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 1,464,912	\$ 1,464,912	\$ 1,550,805	\$ 85,893
Licenses and permits	11,746	11,746	24,488	12,742
Intergovernmental	1,190,824	1,190,824	641,640	(549,184)
Fines and forfeitures	12,186	12,186	11,882	(304)
Charges for services	490,645	490,645	395,133	(95,512)
Miscellaneous	536,960	536,960	820,707	283,747
Total revenues	3,707,273	3,707,273	3,444,655	(262,618)
Expenditures				
Current				
General government	2,068,865	2,068,865	1,249,053	819,812
Public safety	1,526,494	1,526,494	1,130,205	396,289
Public works	802,721	802,721	613,994	188,727
Culture and recreation	716,768	716,768	551,679	165,089
Debt service				
Principal retirement	35,444	35,444	35,444	-
Interest and fiscal charges	1,977	1,977	1,977	-
Appropriated reserves	67,892	67,892		67,892
Total expenditures	5,220,161	5,220,161	3,582,352	1,637,809
Excess of revenues over (under) expenditures	(1,512,888)	(1,512,888)	(137,697)	1,375,191
Other financing sources				
Transfers in	850,000	850,000	505,000	(345,000)
Sale of fixed assets	15,150	15,150	9,933	(5,217)
Total other financing sources	865,150	865,150	514,933	(350,217)
Net change in fund balance	\$ (647,738)	\$ (647,738)	377,236	\$ 1,024,974
Fund balance at beginning of year			921,013	
Fund balance at end of year			\$ 1,298,249	

**CITY OF WRAY, COLORADO**  
**Notes to the Required Supplementary Information**

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**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 15<sup>th</sup> 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 15<sup>th</sup>, 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**

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

PERA – Local Government Division Trust Fund

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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 2017 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 and Budgetary Comparison Schedules – 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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	●original	Final		
Taxes				
Property taxes	\$ 380,455	\$ 380,455	\$ 380,429	\$ (26)
Specific ownership taxes	37,679	37,679	44,658	6,979
Penalties and interest on taxes	1,359	1,359	4,340	2,981
Franchise taxes	17,002	17,002	16,099	(903)
Sales taxes	969,505	969,505	1,038,959	69,454
Severance taxes	15,000	15,000	15,165	165
Lodging taxes	43,912	43,912	51,155	7,243
Total taxes	1,464,912	1,464,912	1,550,805	85,893
Licenses and permits	11,746	11,746	24,488	12,742
Intergovernmental				
Motor vehicle assessments	8,942	8,942	10,071	1,129
Cigarette taxes	5,301	5,301	4,220	(1,081)
Highway users tax	89,984	89,984	87,325	(2,659)
Road and bridge	20,220	20,220	22,997	2,777
Broadband grant	765,477	765,477	325,746	(439,731)
Ambulance grant	85,000	85,000	68,006	(16,994)
Airport grant	133,000	133,000	92,493	(40,507)
Library grant	7,900	7,900	4,000	(3,900)
Police grant	75,000	75,000	26,782	(48,218)
Total intergovernmental	1,190,824	1,190,824	641,640	(549,184)
Fines and forfeitures				
Animal control	1,210	1,210	796	(414)
Police fines	10,000	10,000	9,393	(607)
Library fines	976	976	1,693	717
Total fines and forfeitures	12,186	12,186	11,882	(304)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Charges for services				
Ambulance fees	390,000	390,000	291,575	(98,425)
Street fees	3,742	3,742	2,015	(1,727)
Parks user fees	1,628	1,628	1,283	(345)
Recreation fees	25,935	25,935	23,939	(1,996)
Swimming pool fees	55,668	55,668	61,533	5,865
Museum fees	1,000	1,000	1,239	239
Rental income	12,672	12,672	13,549	877
Total charges for services	490,645	490,645	395,133	(95,512)
Miscellaneous				
Interest on investments	2,900	2,900	3,636	736
Donations	477,351	477,351	237,667	(239,684)
Insurance proceeds			573,701	573,701
Miscellaneous	56,709	56,709	5,703	(51,006)
Total miscellaneous	536,960	536,960	820,707	283,747
Total revenues	<u>\$ 3,707,273</u>	<u>\$ 3,707,273</u>	<u>\$ 3,444,655</u>	<u>\$ (262,618)</u>

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Salaries	\$ 175,538	\$ 175,538	\$ 173,578	\$ 1,960
Employee benefits	56,560	56,560	73,621	(17,061)
Workers compensation	30,000	30,000	43,005	(13,005)
Supplies	15,000	15,000	17,029	(2,029)
Repairs and maintenance	20,000	20,000	13,260	6,740
Insurance	95,000	95,000	100,418	(5,418)
Meetings and dues	13,000	13,000	5,594	7,406
Audit expense	19,500	19,500	16,400	3,100
Dues and donations	22,000	22,000	18,806	3,194
County treasurer fees	7,609	7,609	7,697	(88)
Miscellaneous	88,085	88,085	67,249	20,836
Grant expenditures	1,524,573	1,524,573	706,673	817,900
Capital outlay	2,000	2,000	5,723	(3,723)
Total general government	2,068,865	2,068,865	1,249,053	819,812
Public safety				
Police				
Salaries	384,650	384,650	363,141	21,509
Employee benefits	187,323	187,323	158,048	29,275
Contract labor	11,292	11,292	17,292	(6,000)
Professional services	1,500	1,500	12,318	(10,818)
Meetings and dues	3,000	3,000	5,474	(2,474)
Court expense	2,000	2,000	346	1,654
Vehicle expense	10,000	10,000	6,703	3,297
Repairs and maintenance	10,000	10,000	9,635	365
Supplies	16,100	16,100	18,548	(2,448)
Communications	12,000	12,000	9,358	2,642
Police operations	3,000	3,000	4,309	(1,309)
Lease expense			3,900	(3,900)
Grant expenditures	81,000	81,000	36,129	44,871
Capital outlay	89,500	89,500		89,500
Total police	811,365	811,365	645,201	166,164
Animal Control				
Salaries	4,890	4,890	4,600	290
Employee benefits	765	765	711	54
Supplies	1,137	1,137	360	777
Total animal control	6,792	6,792	5,671	1,121

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Fire</b>				
Supplies	19,600	19,600	15,871	3,729
Repairs and maintenance	10,600	10,600	3,523	7,077
Training	3,000	3,000		3,000
Firemen's pension	21,608	21,608	21,361	247
Grant expenditures			5,234	(5,234)
Capital outlay	32,200	32,200		32,200
<b>Total fire</b>	<b>87,008</b>	<b>87,008</b>	<b>45,989</b>	<b>41,019</b>
<b>Ambulance</b>				
Salaries	249,566	249,566	226,257	23,309
Employee benefits	101,013	101,013	75,747	25,266
Supplies	33,500	33,500	34,308	(808)
Repairs and maintenance	15,750	15,750	6,504	9,246
Vehicle expense	10,000	10,000	12,717	(2,717)
Training	10,000	10,000	8,780	1,220
Professional services	31,300	31,300	5,264	26,036
Miscellaneous	15,200	15,200	11,850	3,350
Grant expenditures	96,000	96,000	47,906	48,094
Capital outlay	59,000	59,000	4,011	54,989
<b>Total ambulance</b>	<b>621,329</b>	<b>621,329</b>	<b>433,344</b>	<b>187,985</b>
<b>Total public safety</b>	<b>1,526,494</b>	<b>1,526,494</b>	<b>1,130,205</b>	<b>396,289</b>
<b>Public works</b>				
<b>Highways and streets</b>				
Salaries	224,079	224,079	193,937	30,142
Employee benefits	115,744	115,744	108,773	6,971
Street repairs	125,000	125,000	18,726	106,274
Maintenance and repairs	30,000	30,000	19,784	10,216
Shop supplies	31,500	31,500	41,404	(9,904)
Vehicle expense	30,000	30,000	36,632	(6,632)
Training	4,000	4,000	2,996	1,004
Professional services	500	500	342	158
Miscellaneous	2,500	2,500	719	1,781
Capital outlay	47,000	47,000	47,519	(519)
<b>Total highways and streets</b>	<b>610,323</b>	<b>610,323</b>	<b>470,832</b>	<b>139,491</b>

(continued)

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2017**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Airport				
Salaries	14,880	14,880	16,938	(2,058)
Employee benefits	2,329	2,329	2,581	(252)
Supplies	6,789	6,789	6,811	(22)
Repairs and maintenance	7,000	7,000	460	6,540
Professional services	5,400	5,400	4,466	934
Matching expense	4,500	4,500	5,128	(628)
Training	500	500	263	237
Grant expenditures	141,000	141,000	99,352	41,648
Capital outlay	10,000	10,000	7,163	2,837
<b>Total airport</b>	<b>192,398</b>	<b>192,398</b>	<b>143,162</b>	<b>49,236</b>
<b>Total public works</b>	<b>802,721</b>	<b>802,721</b>	<b>613,994</b>	<b>188,727</b>
Culture and recreation				
Parks				
Salaries	49,779	49,779	44,724	5,055
Employee benefits	16,226	16,226	15,106	1,120
Supplies	12,500	12,500	11,332	1,168
Repairs and maintenance	7,500	7,500	4,239	3,261
Training	500	500		500
Wray country club donation	20,000	20,000	20,000	-
Capital outlay	600	600	4,200	(3,600)
<b>Total parks</b>	<b>107,105</b>	<b>107,105</b>	<b>99,601</b>	<b>7,504</b>
Recreation				
Salaries	58,955	58,955	21,307	37,648
Employee benefits	29,878	29,878	27,182	2,696
Activities	20,580	20,580	9,908	10,672
Contract labor	3,000	3,000	1,305	1,695
Supplies	2,500	2,500	2,632	(132)
Repairs and maintenance	12,500	12,500	3,715	8,785
Training	1,500	1,500	1,318	182
Professional services	250	250	252	(2)
Capital outlay	23,000	23,000		23,000
<b>Total recreation</b>	<b>152,163</b>	<b>152,163</b>	<b>67,619</b>	<b>84,544</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Pool</b>				
Salaries	79,000	79,000	64,593	14,407
Employee benefits	12,051	12,051	9,980	2,071
Supplies	34,100	34,100	22,627	11,473
Repairs and maintenance	20,556	20,556	16,072	4,484
Training	5,500	5,500	6,169	(669)
Professional services	500	500	528	(28)
<b>Total pool</b>	<b>151,707</b>	<b>151,707</b>	<b>119,969</b>	<b>31,738</b>
<b>Library</b>				
Salaries	89,551	89,551	78,630	10,921
Employee benefits	34,667	34,667	33,588	1,079
Supplies	44,520	44,520	37,355	7,165
Repairs and maintenance	14,100	14,100	16,342	(2,242)
Training	1,800	1,800	336	1,464
Activities	7,000	7,000	4,006	2,994
Lease expense	2,750	2,750	1,607	1,143
Capital outlay	12,000	12,000	11,217	783
<b>Total library</b>	<b>206,388</b>	<b>206,388</b>	<b>183,081</b>	<b>23,307</b>
<b>Museum</b>				
Salaries	48,546	48,546	41,741	6,805
Employee benefits	28,249	28,249	26,534	1,715
Supplies	6,000	6,000	6,896	(896)
Repairs and maintenance	5,000	5,000	3,472	1,528
Training	1,000	1,000	919	81
Professional services	500	500	1,245	(745)
Activities	500	500	55	445
Grant expenditures	9,610	9,610	547	9,063
<b>Total museum</b>	<b>99,405</b>	<b>99,405</b>	<b>81,409</b>	<b>17,996</b>
<b>Total culture and recreation</b>	<b>716,768</b>	<b>716,768</b>	<b>551,679</b>	<b>165,089</b>

(continued)

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2017**

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Debt service				
Principal retirement	35,444	35,444	35,444	-
Interest and fiscal charges	1,977	1,977	1,977	-
Total debt service	37,421	37,421	37,421	-
Appropriated reserves	67,892	67,892		67,892
Total expenditures	<u>\$ 5,220,161</u>	<u>\$ 5,220,161</u>	<u>\$ 3,582,352</u>	<u>\$ 1,637,809</u>

**Combining Statements and 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, 2017**

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
Assets				
Cash	\$ 90,208	\$ 135,719	\$ 12,527	\$ 238,454
Receivables			772	772
Total assets	<u>\$ 90,208</u>	<u>\$ 135,719</u>	<u>\$ 13,299</u>	<u>\$ 239,226</u>
Liabilities				
Unearned revenues			\$ 5,628	5,628
Total liabilities	\$ -	\$ -	5,628	5,628
Fund balance				
Restricted for:				
Culture and recreation		135,719		135,719
Committed for:				
Airport services	90,208			90,208
Youth activities			7,671	7,671
Total fund balance	<u>90,208</u>	<u>135,719</u>	<u>7,671</u>	<u>233,598</u>
Total liabilities and fund balance	<u>\$ 90,208</u>	<u>\$ 135,719</u>	<u>\$ 13,299</u>	<u>\$ 239,226</u>

**CITY OF WRAY, COLORADO**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2017**

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
Revenues				
Intergovernmental revenue	\$ 7,388	\$ 23,238		\$ 30,626
Charges for services	20,535			20,535
Miscellaneous	138	244	\$ 12,287	12,669
Total revenues	28,061	23,482	12,287	63,830
Expenditures				
Culture and recreation			42,709	42,709
Total expenditures			42,709	42,709
Net change in fund balances	28,061	23,482	(30,422)	21,121
Fund balance at beginning of year	62,147	112,237	38,093	212,477
Fund balance at end of year	<u>\$ 90,208</u>	<u>\$ 135,719</u>	<u>\$ 7,671</u>	<u>\$ 233,598</u>

**CITY OF WRAY, COLORADO**  
**Airport Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenue				
State fuel taxes	\$ 3,000	\$ 3,000	\$ 7,388	\$ 4,388
Charges for services				
Airport leases	9,989	9,989	10,039	50
Airport taxes	4,500	4,500	5,368	868
City match	4,500	4,500	5,128	628
Total charges for services	18,989	18,989	20,535	1,546
Miscellaneous				
Interest on investments	100	100	138	38
Total revenues	22,089	22,089	28,061	5,972
Expenditures				
Public works	8,000	8,000		8,000
Total expenditures	8,000	8,000	-	8,000
Net change in fund balance	\$ 14,089	\$ 14,089	28,061	\$ 13,972
Fund balance at beginning of year			62,147	
Fund balance at end of year			\$ 90,208	

**CITY OF WRAY, COLORADO**  
**Conservation Trust Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 23,500	\$ 23,500	\$ 23,238	\$ (262)
Interest on investments	190	190	244	54
Total revenues	23,690	23,690	23,482	(208)
Expenditures				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ 23,690	\$ 23,690	23,482	\$ (208)
Fund balance at beginning of year			112,237	
Fund balance at end of year			\$ 135,719	

**CITY OF WRAY, COLORADO**  
**Youth Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Oil and gas lease	\$ 18,500	\$ 18,500	\$ 12,260	\$ (6,240)
Interest on investments	30	30	27	(3)
Total revenues	18,530	18,530	12,287	(6,243)
Expenditures				
Culture and recreation	42,709	42,709	42,709	-
Total expenditures	42,709	42,709	42,709	-
Net change in fund balance	<u>\$ (24,179)</u>	<u>\$ (24,179)</u>	(30,422)	<u>\$ (6,243)</u>
Fund balance at beginning of year			<u>38,093</u>	
Fund balance at end of year			<u>\$ 7,671</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 2,510,000	\$ 2,510,000	\$ 2,578,312	\$ 68,312
Tap fees	1,750	1,750	4,750	3,000
Total operating revenues	2,511,750	2,511,750	2,583,062	71,312
Operating expenses				
Systems operation				
Salaries	111,153	111,153	93,406	17,747
Employee benefits	60,419	60,419	101,367	(40,948)
Electricity purchases	1,326,956	1,326,956	1,278,722	48,234
Supplies	13,500	13,500	25,683	(12,183)
Repairs and maintenance	85,000	85,000	65,019	19,981
Vehicle expense	33,000	33,000	32,014	986
Professional services	6,000	6,000	4,723	1,277
Training	4,000	4,000	690	3,310
Bad debts	4,200	4,200	100	4,100
Miscellaneous				-
Capital outlay	7,000	7,000	6,167	833
Total systems operation	1,651,228	1,651,228	1,607,891	43,337
Administrative and general				
Salaries	149,807	149,807	147,656	2,151
Employee benefits	64,989	64,989	75,383	(10,394)
Supplies	15,000	15,000	13,524	1,476
Repairs and maintenance	17,500	17,500	14,728	2,772
Training	3,000	3,000	3,201	(201)
Professional services	12,000	12,000	15,691	(3,691)
Lease expense	7,600	7,600	7,602	(2)
Miscellaneous	8,500	8,500	6,133	2,367
Total administrative and general	278,396	278,396	283,918	(5,522)
Total operating expenses	1,929,624	1,929,624	1,891,809	37,815
Operating income	582,126	582,126	691,253	109,127

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nonoperating revenues				
Interest on investments	3,500	3,500	6,221	2,721
Miscellaneous	52,835	52,835	55,472	2,637
Total nonoperating revenues	56,335	56,335	61,693	5,358
Net income before transfers	638,461	638,461	752,946	114,485
Transfers out	(850,000)	(850,000)	(505,000)	345,000
Change in net position	<u>\$ (211,539)</u>	<u>\$ (211,539)</u>	247,946	<u>\$ 459,485</u>
Adjustments to GAAP Basis				
Add capital purchases			6,167	
Deduct depreciation			(87,866)	
Change in net position - GAAP Basis			166,247	
Net position at beginning of year			2,647,337	
Net position at end of year			<u>\$ 2,813,584</u>	

**CITY OF WRAY, COLORADO**  
**Water Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 380,600	\$ 380,600	\$ 367,033	\$ (13,567)
Tap fees	1,500	1,500	1,500	-
Total operating revenues	382,100	382,100	368,533	(13,567)
Operating expenses				
Salaries	41,592	41,592	33,882	7,710
Employee benefits	25,481	25,481	30,940	(5,459)
Contract labor	7,200	7,200	2,400	4,800
Power purchases	47,926	47,926	45,079	2,847
Supplies	10,000	10,000	13,817	(3,817)
Chemicals	6,500	6,500	2,844	3,656
Repairs and maintenance	50,000	50,000	6,657	43,343
Vehicle expense	6,144	6,144	3,994	2,150
Professional services	25,000	25,000	18,796	6,204
Training	2,000	2,000	2,143	(143)
Water fees	21,000	21,000	20,268	732
Bad debts	2,000	2,000	489	1,511
Grant expenditures	254,000	254,000		254,000
Capital outlay	50,000	50,000	43,820	6,180
Total operating expenses	548,843	548,843	225,129	323,714
Operating income	(166,743)	(166,743)	143,404	310,147
Nonoperating revenues				
Interest on investments	2,300	2,300	2,713	413
Grant revenue	127,000	127,000		(127,000)
Miscellaneous	20,000	20,000	18,573	(1,427)
Total nonoperating revenues	149,300	149,300	21,286	(128,014)
Net income before transfers	(17,443)	(17,443)	164,690	182,133
Transfers out				-
Change in net position	\$ (17,443)	\$ (17,443)	164,690	\$ 182,133

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			43,820	
Deduct depreciation			(60,960)	
Change in net position - GAAP Basis			147,550	
Net position at beginning of year			2,719,605	
Net position at end of year			\$ 2,867,155	

**CITY OF WRAY, COLORADO**  
**Sewer Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 396,232	\$ 396,232	\$ 380,096	\$ (16,136)
Tap fees	1,500	1,500	750	(750)
<b>Total operating revenues</b>	<b>397,732</b>	<b>397,732</b>	<b>380,846</b>	<b>(16,886)</b>
Operating expenses				
Salaries	48,843	48,843	51,339	(2,496)
Employee benefits	30,796	30,796	42,754	(11,958)
Power purchases	31,366	31,366	41,767	(10,401)
Supplies	5,200	5,200	11,847	(6,647)
Chemicals	13,200	13,200	13,967	(767)
Repairs and maintenance	48,500	48,500	14,817	33,683
Vehicle expense	6,000	6,000	963	5,037
Training	2,000	2,000	787	1,213
Engineering services	5,500	5,500	10,394	(4,894)
Bad debts			490	(490)
Grant expenditures	3,233,605	3,233,605		3,233,605
Capital outlay	685,792	685,792	3,937,385	(3,251,593)
<b>Total operating expenses</b>	<b>4,110,802</b>	<b>4,110,802</b>	<b>4,126,510</b>	<b>(15,708)</b>
<b>Operating income (loss)</b>	<b>(3,713,070)</b>	<b>(3,713,070)</b>	<b>(3,745,664)</b>	<b>(32,594)</b>
Nonoperating revenues (expenses)				
Interest on investments	500	500	948	448
Miscellaneous	1,000	1,000		(1,000)
Grant revenue	1,733,605	1,733,605	1,824,990	91,385
Principal paid on notes	(8,000)	(8,000)	(6,168)	1,832
Interest and fiscal charges	(1,362)	(1,362)	(4,075)	(2,713)
<b>Total nonoperating revenues (expenses)</b>	<b>1,725,743</b>	<b>1,725,743</b>	<b>1,815,695</b>	<b>89,952</b>
<b>Change in net position</b>	<b>\$ (1,987,327)</b>	<b>\$ (1,987,327)</b>	<b>(1,929,969)</b>	<b>\$ 57,358</b>

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	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			3,937,385	
Add principal paid on notes			6,168	
Deduct depreciation			(72,908)	
Change in net position - GAAP Basis			1,940,676	
Net position at beginning of year			3,523,286	
Net position at end of year			\$ 5,463,962	

**CITY OF WRAY, COLORADO**  
**Sanitation Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 318,000	\$ 318,000	\$ 315,917	\$ (2,083)
Operating expenses				
Salaries	114,501	114,501	111,513	2,988
Employee benefits	78,659	78,659	95,538	(16,879)
Supplies	5,000	5,000	8,536	(3,536)
Repairs and maintenance	15,000	15,000	13,427	1,573
Vehicle expense	25,000	25,000	15,640	9,360
Training	700	700	815	(115)
Landfill expense	52,500	52,500	52,057	443
Bad debts	2,000	2,000	490	1,510
Capital outlay	15,000	15,000	6,395	8,605
Total operating expenses	308,360	308,360	304,411	3,949
Operating income	9,640	9,640	11,506	1,866
Nonoperating revenues (expenses)				
Interest on investments	1,500	1,500	1,707	207
Miscellaneous	4,500	4,500	5,204	704
Principal paid on leases	(29,183)	(29,183)	(29,182)	1
Interest and fiscal charges	(1,350)	(1,350)	(1,351)	(1)
Total nonoperating revenues (expenses)	(24,533)	(24,533)	(23,622)	911
Change in net position	\$ (14,893)	\$ (14,893)	(12,116)	\$ 2,777
Adjustments to GAAP Basis				
Add capital outlay			6,395	
Add principal paid on leases			29,182	
Deduct depreciation			(29,031)	
Change in net position - GAAP Basis			(5,570)	
Net position at beginning of year			377,242	
Net position at end of year			\$ 371,672	

## **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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Additions</b>				
<b>Contributions</b>				
Employer	\$ 17,608	\$ 17,608	\$ 17,608	\$ -
State	7,900	7,900	8,463	563
Specific ownership tax	4,000	4,000	3,753	(247)
<b>Total contributions</b>	<b>29,508</b>	<b>29,508</b>	<b>29,824</b>	<b>316</b>
<b>Investment income</b>				
Interest on investments	800	800	676	(124)
<b>Total investment income</b>	<b>800</b>	<b>800</b>	<b>676</b>	<b>(124)</b>
<b>Total additions</b>	<b>30,308</b>	<b>30,308</b>	<b>30,500</b>	<b>192</b>
<b>Deductions</b>				
Pension benefits	24,460	24,460	23,520	940
Professional services	4,000	4,000	4,000	-
<b>Total deductions</b>	<b>28,460</b>	<b>28,460</b>	<b>27,520</b>	<b>940</b>
<b>Change in net position</b>	<b>\$ 1,848</b>	<b>\$ 1,848</b>	<b>2,980</b>	<b>\$ 1,132</b>
<b>Net position restricted for pension benefits</b>				
Beginning of year			112,187	
End of year			\$ 115,167	

**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.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City of Wray
	YEAR ENDING : December 2017

This Information From The Records Of City of Wray:	Prepared By: Emily Ellis Phone: 970-332-4431
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**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
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	465,117	b. Snow and ice removal	33,659
3. Other local imposts (from page 2)	95,038	c. Other	17,934
4. Miscellaneous local receipts (from page 2)	43,143	d. Total (a. through c.)	51,593
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	648,961
a. Bonds - Original Issues		6. Total (1 through 5)	700,554
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	603,298	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	97,256	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	700,554	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	700,554

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	700,554	700,554	0	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2017

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	95,038	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	9,393
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	9,298
4. Licenses		f. Charges for Services	1,455
5. Specific Ownership &/or Other		g. Other Misc. Receipts	22,997
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	95,038	i. Total (a. through h.)	43,143
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	87,262	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	9,994	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,994	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	97,256	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)
<b>A.1. Capital outlay:</b>			
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, 2017**

	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Transportation:</u>			
Airport Improvement Program	20.106	N/A	\$ 87,625
<u>U.S. Department of the Interior:</u>			
Pass-through program from Colorado Department of Local Affairs:			
Distribution of Receipts to State and Local Governments	15.227	EIAF 7396	1,824,990
Total U.S. Department of the Interior			1,824,990
<u>Drinking Water State Revolving Fund Cluster:</u>			
U.S. Environmental Protection Agency:			
Pass-through program from Colorado Water Resources and Power Development Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.458	W16F374	732,406
Total Drinking Water State Revolving Fund Cluster			732,406
Total Expenditures of Federal Awards			\$ 2,645,021

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, 2017**

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**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, 2017. 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.

**Note D – Subrecipients**

The City did not pass through any federal grants to subrecipients.

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2018.

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

## **Purpose of this Report**

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

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

Sterling, Colorado  
June 6, 2018



**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, 2017. 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, 2017.

## **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 any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Sterling, Colorado  
June 6, 2018

**CITY OF WRAY, COLORADO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2017**

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**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 program tested as a major program included:  

Distribution of Receipts to State and Local Governments      CFDA No. 15.227
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.

**Prior year findings**

There were no findings or questioned costs reported for the year ended December 31, 2016.