

***City of Wray, Colorado***

**Financial Statements**

**For the Year ended December 31, 2019**

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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, 2019, 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, 2019, 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 and other post-employment benefit 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 listed in the table of contents is presented for purposes of additional analysis and is 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 July 29, 2020, 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  
July 29, 2020

## 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, 2019.

### 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 2019 by \$26,106,073 (net position).
- The City's total net position increased by \$5,579,965.
- During the year, the City's revenue from taxes and other revenues for governmental programs were more than the expenses by \$5,433,253.
- The General Fund ending fund balance reached \$781,813, a decrease of \$100,050.

### 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 \$26,106,073 at the close of 2019.

## Net Position

Combined net position of the City of Wray as of December 31, 2019 and 2018 are shown in Table 1 below.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,983,566	\$ 1,946,649	\$ 5,291,982	\$ 5,327,989	\$ 10,275,548	\$ 7,274,638
Capital assets	<u>15,003,066</u>	<u>9,920,469</u>	<u>8,940,629</u>	<u>9,057,588</u>	<u>23,943,695</u>	<u>18,978,057</u>
Total assets	19,986,632	11,867,118	14,232,611	14,385,577	34,219,243	26,252,695
Deferred outflows of resources	<u>819,073</u>	<u>767,103</u>	<u>210,788</u>	<u>206,465</u>	<u>1,029,861</u>	<u>973,568</u>
Total assets and deferred outflows of resources	<u>\$ 20,805,705</u>	<u>\$ 12,634,221</u>	<u>\$ 14,443,399</u>	<u>\$ 14,592,042</u>	<u>\$ 35,249,104</u>	<u>\$ 27,226,263</u>
Long-term debt outstanding	\$ 2,610,531	\$ 2,497,221	\$ 2,205,304	\$ 2,236,014	\$ 4,815,835	\$ 4,733,235
Other liabilities	<u>3,415,173</u>	<u>324,946</u>	<u>287,480</u>	<u>345,000</u>	<u>3,702,653</u>	<u>669,946</u>
Total liabilities	6,025,704	2,822,167	2,492,784	2,581,014	8,518,488	5,403,181
Deferred inflows of resources	<u>617,327</u>	<u>1,082,633</u>	<u>7,216</u>	<u>214,341</u>	<u>624,543</u>	<u>1,296,974</u>
Net position:						
Net investment in capital assets	14,990,639	9,871,234	7,465,380	7,482,854	22,456,019	17,354,088
Restricted	261,341	325,487	-	-	261,341	325,487
Unrestricted (deficit)	<u>(1,089,306)</u>	<u>(1,467,300)</u>	<u>4,478,019</u>	<u>4,313,833</u>	<u>3,388,713</u>	<u>2,846,533</u>
Total net position	<u>14,162,674</u>	<u>8,729,421</u>	<u>11,943,399</u>	<u>11,796,687</u>	<u>26,106,073</u>	<u>20,526,108</u>
Total liabilities and net position	<u>\$ 20,805,705</u>	<u>\$ 12,634,221</u>	<u>\$ 14,443,399</u>	<u>\$ 14,592,042</u>	<u>\$ 35,249,104</u>	<u>\$ 27,226,263</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 \$12,529,374 was more than program expenses of \$6,949,409 for an increase in net position of \$5,579,965.

Table 2 shows the summarized revenues and expenses for 2019 and 2018.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Program revenues</b>						
Charges for services	\$ 446,639	\$ 466,683	\$ 3,952,120	\$ 3,777,483	\$ 4,398,759	\$ 4,244,166
Operating grants and contributions	248,220	191,534	-	-	248,220	191,534
Capital grants and contributions	5,340,988	669,793	44,290	88,958	5,385,278	758,751
<b>General revenues</b>						
Property taxes	390,256	375,577	-	-	390,256	375,577
Sales and use taxes	1,217,822	1,101,605	-	-	1,217,822	1,101,605
Specific ownership taxes	45,891	42,853	-	-	45,891	42,853
Franchise taxes	27,335	31,777	-	-	27,335	31,777
Severance taxes	26,147	14,613	-	-	26,147	14,613
Lodging taxes	55,159	51,480	-	-	55,159	51,480
Interest earnings	5,170	5,702	33,646	19,125	38,816	24,827
Miscellaneous	93,267	48,321	93,439	75,151	186,706	123,472
Pension income	366,313	-	142,672	-	508,985	-
Transfers	955,000	650,000	(955,000)	(650,000)	-	-
<b>Total revenues</b>	<b>9,218,207</b>	<b>3,649,938</b>	<b>3,311,167</b>	<b>3,310,717</b>	<b>12,529,374</b>	<b>6,960,655</b>
<b>Program expenses</b>						
General government	629,353	696,975	-	-	629,353	696,975
Public safety	1,386,840	1,269,197	-	-	1,386,840	1,269,197
Public works	781,076	887,021	-	-	781,076	887,021
Culture and recreation	987,073	959,047	-	-	987,073	959,047
Interest and fiscal charges	612	1,301	-	-	612	1,301
Electric services	-	-	2,006,062	1,855,799	2,006,062	1,855,799
Water services	-	-	322,407	301,842	322,407	301,842
Sewer services	-	-	527,168	492,713	527,168	492,713
Sanitation services	-	-	308,818	321,235	308,818	321,235
<b>Total expenses</b>	<b>3,784,954</b>	<b>3,813,541</b>	<b>3,164,455</b>	<b>2,971,589</b>	<b>6,949,409</b>	<b>6,785,130</b>
<b>Change in net position</b>	<b>5,433,253</b>	<b>(163,603)</b>	<b>146,712</b>	<b>339,128</b>	<b>5,433,253</b>	<b>1,766,204</b>
Net position at beginning of year	8,729,421	8,893,024	11,796,687	11,457,559	20,526,108	20,350,583
Net position at end of year	<u>\$14,162,674</u>	<u>\$ 8,729,421</u>	<u>\$ 11,943,399</u>	<u>\$ 11,796,687</u>	<u>\$ 26,106,073</u>	<u>\$ 20,526,108</u>

**Governmental Activities**

Revenue for the City's governmental activities totaled \$9,218,207 for 2019. Tax revenue produced 20% 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	
	2019	2018	2019	2018
General government	\$ 629,353	\$ 696,975	\$ 573,306	\$ 371,620
Public safety	1,386,840	1,269,197	891,865	885,296
Public works	781,076	887,021	(4,519,877)	436,456
Culture and recreation	987,073	959,047	803,201	790,858

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 \$146,712 in 2019. Business-type activities include electric, water, sewer and sanitation services.

**Table 4**  
**BUSINESS-TYPE ACTIVITIES**

	Total cost of services		Net cost of services	
	2019	2018	2019	2018
Electric services	\$ 2,006,062	\$ 1,855,799	\$ (817,570)	\$ (772,767)
Water services	322,407	301,842	(135,153)	(213,782)
Sewer services	527,168	492,713	140,485	85,586
Sanitation services	308,818	321,235	(19,717)	6,111

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 \$1,107,209. The general fund and other governmental funds reported fund balances of \$781,813, and \$325,396 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, 2019, amounts to \$23,943,695 (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	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,581,135	\$ 1,524,516	\$ 78,402	\$ 78,402	\$ 1,659,537	\$ 1,602,918
Other non-depreciable assets	5,857,373	690,422	484,122	484,122	6,341,495	1,174,544
Infrastructure	1,101,049	1,108,120	-	-	1,101,049	1,108,120
Land Improvements	1,674,240	1,956,085	-	-	1,674,240	1,956,085
Buildings and improvements	4,233,301	4,126,859	94,306	99,488	4,327,607	4,226,347
Vehicles	199,917	138,587	181,971	45,068	381,888	183,655
Machinery and equipment	356,051	375,880	152,688	147,574	508,739	523,454
Systems	-	-	7,949,140	8,202,934	7,949,140	8,202,934
Total	\$ 15,003,066	\$ 9,220,469	\$ 8,940,629	\$ 9,057,588	\$ 23,943,695	\$ 18,978,057

**Long-term debt.** The City had \$4,815,835 in debt outstanding at year-end consisting of outstanding leases, bonds and net pension and OPEB liabilities. 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	
	2019	2018	2019	2018	2019	2018
Capital lease obligation	\$ 12,427	\$ 49,235	\$ -	\$ 22,713	\$ 12,427	\$ 71,948
Note payable	-	-	1,475,249	1,552,022	1,475,249	1,552,022
Net pension liability	2,429,346	2,289,793	673,552	606,297	3,102,898	2,896,090
Net OPEB liability	168,758	158,193	56,503	54,982	225,261	213,175
Total	<u>\$ 2,610,531</u>	<u>\$ 2,497,221</u>	<u>\$ 2,205,304</u>	<u>\$ 2,236,014</u>	<u>\$ 4,815,835</u>	<u>\$ 4,733,235</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 ensure 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.

## 2020 Budgetary Important Features and Major Projects

The attached 2020 Budget for the City of Wray includes these *important features*:

1. A Broadband/Fiber Infrastructure project that began in 2019, is continued in the 2020 budget. The project budget includes \$716,125 of Energy Impact Assistance Funding (EIAF) in the form of a grant, \$379,546 of other grant and local financial support, as well as \$379,546 of City investment to complete the \$1.5M project.
2. The budget includes the completion of a capital asset inventory, utility cost of service study and rate analysis. As part of a Fiscal Health Initiative, the City has received an Energy Impact Assistance Fund (EIAF) grant in the amount of \$68,860 to complete this aspect of the initiative.
3. Park improvements in the amount of \$165,000 including Baker Field and walking trail improvements are included in the 2020 budget. The projects are contingent on securing grant funding and utilizing conservation trust fund dollars as the City match.
4. Dependent upon grant funding, the 2020 budget includes expenses for bridge replacement, sidewalk replacements and street improvements, and flood inundation mapping. A budget expense of \$250,000 would include \$80,000 of grant revenues for projects to proceed.
5. Fleet replacement includes a sanitation department truck in the amount of \$195,000.
6. The 2020 Water Enterprise budget includes \$7.24M in expense for the replacement of water main, street surface, curb, gutter sidewalk, electric utility, and storm sewer along seven blocks of Main Street. The project includes revenues in the form of three Energy Impact Assistance Fund (EIAF) grants in the amount of \$2.1M, and State Revolving Fund (SRF) loans in the amount of \$3.3M.

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, broadband/fiber and a host of other opportunities.

Including grant projects and department expenses, the proposed 2020 General fund expense totals \$5,764,462 which exceeds projected revenue and fund cash reserves without transferring funds from the Enterprise Departments. Contributions into the Airport, Library, Fire, Museum, Police, Street, Recreation, 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, 2019**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 324,704	\$ 1,475,319	\$ 1,800,023
Cash with county treasurer	4,093		4,093
Certificates of deposit	92,856	3,336,742	3,429,598
Receivables	4,245,006	463,586	4,708,592
Internal balances	316,907	(316,907)	-
Inventory		333,242	333,242
Capital assets, net of depreciation	15,003,066	8,940,629	23,943,695
<b>Total assets</b>	<b>19,986,632</b>	<b>14,232,611</b>	<b>34,219,243</b>
<b>Deferred outflows of resources</b>			
Pension and other post-employment benefit deferrals	819,073	210,788	1,029,861
<b>Total assets and deferred outflows of resources</b>	<b>\$ 20,805,705</b>	<b>\$ 14,443,399</b>	<b>\$ 35,249,104</b>
<b>Liabilities</b>			
Checks outstanding in excess of bank	\$ 2,100,956		\$ 2,100,956
Accounts payable	1,221,261	\$ 163,059	1,384,320
Accrued salaries and benefits	79,961		79,961
Unearned revenues	12,995		12,995
Customer deposits		121,962	121,962
Accrued interest payable		2,459	2,459
<b>Noncurrent liabilities</b>			
Due within one year	12,427	77,542	89,969
Due in more than one year	2,598,104	2,127,762	4,725,866
<b>Total liabilities</b>	<b>6,025,704</b>	<b>2,492,784</b>	<b>8,518,488</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	405,984		405,984
Pension and other post-employment benefit deferrals	211,343	7,216	218,559
<b>Total deferred inflows of resources</b>	<b>617,327</b>	<b>7,216</b>	<b>624,543</b>
<b>Net position</b>			
Net investment in capital assets	14,990,639	7,465,380	22,456,019
<b>Restricted for:</b>			
Emergencies	75,000		75,000
Culture and recreation	186,341		186,341
Unrestricted (deficit)	(1,089,306)	4,478,019	3,388,713
<b>Total net position</b>	<b>14,162,674</b>	<b>11,943,399</b>	<b>26,106,073</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 20,805,705</b>	<b>\$ 14,443,399</b>	<b>\$ 35,249,104</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, 2019**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 629,353	\$ 22,652	\$ 6,110	\$ 27,285
Public safety	1,386,840	303,626	11,239	180,110
Public works	781,076	22,352	145,008	5,133,593
Culture and recreation	987,073	98,009	85,863	
Interest and fiscal charges	612			
Total governmental activities	3,784,954	446,639	248,220	5,340,988
Business-type activities				
Electric services	2,006,062	2,823,632		
Water services	322,407	413,270		44,290
Sewer services	527,168	386,683		
Sanitation services	308,818	328,535		
Total business-type activities	3,164,455	3,952,120	-	44,290
Total	\$ 6,949,409	\$ 4,398,759	\$ 248,220	\$ 5,385,278

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

Miscellaneous

Pension income

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
\$ (573,306)		\$ (573,306)
(891,865)		(891,865)
4,519,877		4,519,877
(803,201)		(803,201)
(612)		(612)
2,250,893	\$ -	2,250,893
	817,570	817,570
	135,153	135,153
	(140,485)	(140,485)
	19,717	19,717
-	831,955	831,955
2,250,893	831,955	3,082,848
390,256		390,256
1,217,822		1,217,822
45,891		45,891
27,335		27,335
26,147		26,147
55,159		55,159
5,170	33,646	38,816
93,267	93,439	186,706
366,313	142,672	508,985
955,000	(955,000)	-
3,182,360	(685,243)	2,497,117
5,433,253	146,712	5,579,965
8,729,421	11,796,687	20,526,108
<u>\$ 14,162,674</u>	<u>\$ 11,943,399</u>	<u>\$ 26,106,073</u>

**CITY OF WRAY, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

	General Fund	Other Governmental Funds	Total
<b>Assets</b>			
Cash		\$ 324,704	\$ 324,704
Cash with county treasurer	\$ 4,093		4,093
Certificates of deposit	92,856		92,856
Due from other funds	316,907		316,907
Property taxes receivable	405,984		405,984
Accounts receivable	273,367	692	274,059
Grants receivable	3,509,763		3,509,763
<b>Total assets</b>	<b>\$ 4,602,970</b>	<b>\$ 325,396</b>	<b>\$ 4,928,366</b>
<b>Liabilities</b>			
Checks outstanding in excess of bank	\$ 2,100,956		\$ 2,100,956
Accounts payable	1,221,261		1,221,261
Accrued salaries and benefits	79,961		79,961
Unearned revenues	12,995		12,995
<b>Total liabilities</b>	<b>3,415,173</b>	<b>\$ -</b>	<b>3,415,173</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	405,984		405,984
<b>Total deferred inflows of resources</b>	<b>405,984</b>	<b>-</b>	<b>405,984</b>
<b>Fund balance</b>			
Restricted for:			
Emergencies	75,000		75,000
Culture and recreation		186,341	186,341
Committed for:			
Airport services		126,534	126,534
Youth activities		12,521	12,521
Assigned for:			
Special police fund	47,856		47,856
Equipment reserve fund	67,186		67,186
Unassigned	591,771		591,771
<b>Total fund balance</b>	<b>781,813</b>	<b>325,396</b>	<b>1,107,209</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 4,602,970</b>	<b>\$ 325,396</b>	<b>\$ 4,928,366</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, 2019**

---

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

Total fund balance - governmental funds	\$ 1,107,209
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	15,003,066
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are unearned in the funds.	55,200
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as liabilities the funds.	<u>(2,002,801)</u>
Net position of the governmental activities	<u><u>\$ 14,162,674</u></u>

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

**CITY OF WRAY, COLORADO**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2019**

	General Fund	Other Governmental Funds	Total
<b>Revenues</b>			
Taxes	\$ 1,763,811		\$ 1,763,811
Licenses and permits	7,560		7,560
Intergovernmental	5,439,013	\$ 30,281	5,469,294
Fines and forfeitures	10,131		10,131
Charges for services	357,441	22,147	379,588
Miscellaneous	211,688	5,462	217,150
<b>Total revenues</b>	<b>7,789,644</b>	<b>57,890</b>	<b>7,847,534</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	948,806		948,806
Public safety	1,390,221		1,390,221
Public works	5,650,875		5,650,875
Culture and recreation	817,372	4,302	821,674
<b>Debt service</b>			
Principal retirement	36,808		36,808
Interest and fiscal charges	612		612
<b>Total expenditures</b>	<b>8,844,694</b>	<b>4,302</b>	<b>8,848,996</b>
Excess of revenues over (under) expenditures	(1,055,050)	53,588	(1,001,462)
<b>Other financing sources</b>			
Transfers in	955,000		955,000
<b>Net change in fund balance</b>	<b>(100,050)</b>	<b>53,588</b>	<b>(46,462)</b>
Fund balance at beginning of year	881,863	271,808	1,153,671
Fund balance at end of year	<u>\$ 781,813</u>	<u>\$ 325,396</u>	<u>\$ 1,107,209</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, 2019**

---

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

Net change in fund balance - governmental funds	\$ (46,462)
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.	5,082,597
Because some revenues will not be collected for several months after the fiscal year ends, they are not considered "available" revenues in the governmental funds. They are, however, recorded as revenues in the statement of activities.	49,360
Pension and OPEB income (expense) at the fund level represents cash contributions to the plan. For the activity level presentation, the amount represent the actuarial cost of the benefits for the fiscal year.	310,950
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>36,808</u>
Change in net position of governmental activities	<u><u>\$ 5,433,253</u></u>

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

**CITY OF WRAY, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
<b>Assets</b>				
Current assets				
Cash		\$ 793,892	\$ 681,427	
Certificates of deposit	\$ 2,002,705	707,995	161,084	\$ 464,958
Due from other funds	200,000			
Accounts receivable	328,646	31,932	43,384	34,047
Grants receivable		25,577		
Inventory	270,406	49,054	3,380	10,402
<b>Total current assets</b>	<b>2,801,757</b>	<b>1,608,450</b>	<b>889,275</b>	<b>509,407</b>
Noncurrent assets				
Capital assets, net of depreciation	1,049,144	1,706,049	6,105,275	80,161
<b>Total noncurrent assets</b>	<b>1,049,144</b>	<b>1,706,049</b>	<b>6,105,275</b>	<b>80,161</b>
Deferred outflows of resources				
Pension and other post-employment benefit deferrals	114,436	17,476	30,971	47,905
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,965,337</b>	<b>\$ 3,331,975</b>	<b>\$ 7,025,521</b>	<b>\$ 637,473</b>

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

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<u>Total</u>
\$ 1,475,319
3,336,742
200,000
438,009
25,577
<u>333,242</u>
5,808,889
<u>8,940,629</u>
8,940,629
<u>210,788</u>
<u>\$ 14,960,306</u>

(continued)

**CITY OF WRAY, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 143,367	\$ 14,939	\$ 670	\$ 4,083
Customer deposits	121,617	345		
Accrued interest payable			2,459	
Due to other funds	294,668		200,000	22,239
Current portion of note payable			77,542	
<b>Total current liabilities</b>	<b>559,652</b>	<b>15,284</b>	<b>280,671</b>	<b>26,322</b>
Long-term liabilities				
Note payable			1,397,707	
Net pension and OPEB liabilities	395,965	60,468	104,145	169,477
<b>Total long-term liabilities</b>	<b>395,965</b>	<b>60,468</b>	<b>1,501,852</b>	<b>169,477</b>
<b>Total liabilities</b>	<b>955,617</b>	<b>75,752</b>	<b>1,782,523</b>	<b>195,799</b>
Deferred inflows of resources				
Pension and other post-employment benefit deferrals	3,973	559	848	1,836
<b>Net position</b>				
Net investment in capital assets	1,049,144	1,706,049	4,630,026	80,161
Unrestricted	1,956,603	1,549,615	612,124	359,677
<b>Total net position</b>	<b>3,005,747</b>	<b>3,255,664</b>	<b>5,242,150</b>	<b>439,838</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,965,337</b>	<b>\$ 3,331,975</b>	<b>\$ 7,025,521</b>	<b>\$ 637,473</b>

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

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Total

\$ 163,059  
121,962  
2,459  
516,907  
77,542

881,929

1,397,707  
730,055

2,127,762

3,009,691

7,216

7,465,380  
4,478,019

11,943,399

\$ 14,960,306

**CITY OF WRAY, COLORADO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Operating revenues				
Charges for services	\$ 2,823,632	\$ 413,270	\$ 386,683	\$ 328,535
Operating expenses				
Systems operation				
Salaries	109,629	37,001	88,117	109,561
Employee benefits	43,999	15,667	53,363	68,131
Electricity purchases	1,272,949			
Power purchases		50,802	77,907	
Supplies	12,193	7,768	5,293	7,850
Chemicals			15,326	
Repairs and maintenance	107,123	86,867	8,627	9,376
Vehicle expense	9,168	3,864	2,172	21,276
Professional services	3,102	39,932	14,465	
Training	2,412	1,427		185
Landfill expense				57,254
Water fees		20,654		
Depreciation and amortization	102,462	58,425	246,697	35,129
Total systems operation	1,663,037	322,407	511,967	308,762
Administrative and general				
Salaries	167,841			
Employee benefits	104,049			
Supplies	24,491			
Repairs and maintenance	18,164			
Training	4,082			
Professional services	12,141			
Lease expense	6,845			
Miscellaneous	5,412			
Total administrative and general	343,025	-	-	-
Total operating expenses	2,006,062	322,407	511,967	308,762
Operating income (loss)	817,570	90,863	(125,284)	19,773

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

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Total  
\$ 3,952,120

344,308  
181,160  
1,272,949  
128,709  
33,104  
15,326  
211,993  
36,480  
57,499  
4,024  
57,254  
20,654  
442,713

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2,806,173

167,841  
104,049  
24,491  
18,164  
4,082  
12,141  
6,845  
5,412

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343,025

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3,149,198

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802,922

(continued)

**CITY OF WRAY, COLORADO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Nonoperating revenues (expenses)				
Interest on investments	17,473	7,633	3,050	5,490
Grant revenues		44,290		
Sale of assets	6,600			
Miscellaneous revenues	64,243	15,045		7,551
Pension income	81,652	9,019	5,886	46,115
Interest and fiscal charges			(15,201)	(56)
Total nonoperating revenues (expenses)	169,968	75,987	(6,265)	59,100
Income (loss) before transfers	987,538	166,850	(131,549)	78,873
Transfers in		50,000		
Transfers out	(950,000)	(55,000)		
Change in net position	37,538	161,850	(131,549)	78,873
Net position at beginning of year	2,968,209	3,093,814	5,373,699	360,965
Net position at end of year	<u>\$ 3,005,747</u>	<u>\$ 3,255,664</u>	<u>\$ 5,242,150</u>	<u>\$ 439,838</u>

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

---

<u>Total</u>
33,646
44,290
6,600
86,839
142,672
<u>(15,257)</u>
<u>298,790</u>
1,101,712
50,000
<u>(1,005,000)</u>
146,712
<u>11,796,687</u>
<u><u>\$ 11,943,399</u></u>

**CITY OF WRAY, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Cash flows from operating activities				
Receipts from customers	\$ 2,793,755	\$ 418,746	\$ 391,687	\$ 333,664
Internal activity - receipts from (payments to) other funds	319,668		(25,000)	22,239
Payments to suppliers	(1,639,193)	(267,063)	(184,742)	(168,492)
Payments to employees	(277,470)	(37,001)	(88,117)	(109,561)
Net cash provided by operating activities	1,196,760	114,682	93,828	77,850
Cash flows from noncapital financing activities				
Miscellaneous revenues	64,243	15,045		7,551
Transfers in		50,000		
Transfers out	(950,000)	(55,000)		
Net cash provided (used) by noncapital financing activities	(885,757)	10,045	-	7,551
Cash flows from capital and related financing activities				
Grant proceeds		50,578		
Proceeds from sale of assets	6,600			
Purchase of capital assets	(150,565)	(89,580)	(44,955)	(40,655)
Principal paid on capital debt			(76,772)	(22,713)
Interest and fiscal charges			(15,329)	(56)
Net cash used by capital and related financing activities	(143,965)	(39,002)	(137,056)	(63,424)
Cash flows from investing activities				
Interest on investments	17,473	7,633	3,050	5,490
Purchase of investments and certificates	(483,972)	(61,534)	(56,289)	(51,213)
Net cash used by investing activities	(466,499)	(53,901)	(53,239)	(45,723)

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



Total

\$ 3,937,852

316,907  
(2,259,490)  
(512,149)

1,483,120

86,839  
50,000  
(1,005,000)

(868,161)

50,578  
6,600  
(325,755)  
(99,485)  
(15,385)

(383,447)

33,646  
(653,008)

(619,362)

(continued)

**CITY OF WRAY, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Net change in cash and cash equivalents	(299,461)	31,824	(96,467)	(23,746)
Cash and cash equivalents at beginning of year	299,461	762,068	777,894	23,746
Cash and cash equivalents at end of year	\$ -	\$ 793,892	\$ 681,427	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 817,570	\$ 90,863	\$ (125,284)	\$ 19,773
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	102,462	58,425	246,697	35,129
Change in assets and liabilities				
Due from other funds	25,000			
Receivables	(26,017)	6,131	5,004	5,129
Inventory	(13,580)	7,407	347	(6,452)
Accounts payable	517	(47,489)	(7,936)	2,032
Due to other funds	294,668		(25,000)	22,239
Customer deposits	(3,860)	(655)		
Net cash provided by operating activities	\$ 1,196,760	\$ 114,682	\$ 93,828	\$ 77,850

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

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Total  
  
(387,850)  
  
1,863,169  
  
\$ 1,475,319

\$ 802,922

442,713  
25,000  
(9,753)  
(12,278)  
(52,876)  
291,907  
(4,515)  
  
\$ 1,483,120

**CITY OF WRAY, COLORADO**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2019**

---

	<u>Pension Trust Funds</u>
Assets	
Cash	\$ 12,784
Certificate of deposit	<u>120,693</u>
Total assets	<u>\$ 133,477</u>
Net position	
Restricted for pension benefits	<u>\$ 133,477</u>
Total net position	<u>\$ 133,477</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, 2019**

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 18,226
State	8,861
Specific ownership tax	4,285
Donations	<u>10,000</u>
Total contributions	41,372
Investment income	
Interest on investments	<u>1,342</u>
Total investment income	<u>1,342</u>
Total additions	42,714
Deductions	
Pension benefits	24,430
Professional services	<u>4,000</u>
Total deductions	<u>28,430</u>
Change in net position	14,284
Net position restricted for pension benefits	
Beginning of year	<u>119,193</u>
End of year	<u><u>\$ 133,477</u></u>

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

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

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**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 and Sanitation Fund in the amount of \$33,611, \$4,487, \$5,254 and \$5,499, 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**

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**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 \$5,747,374, of which \$500,000 was insured and \$5,247,374 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 did not have any investments.

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

**Note C – Interfund transactions**

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 294,668
General Fund	Sanitation Fund	22,239
Electric Fund	Sewer Fund	<u>200,000</u>
Totals		<u>\$ 516,907</u>

The balance of \$200,000 advanced to the Sewer Fund from the Electric Fund resulted from a loan made to provide financing resources for the wastewater facility improvements.

All remaining 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	\$ 950,000
Water Fund	General Fund	50,000
General Fund	Water Fund	<u>55,000</u>
Totals		<u>\$ 1,055,000</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 and Water Fund) to provide support for various departments within the General Fund. Additionally, the City transferred \$50,000 from the General Fund to the Water Fund to defray costs related to the Main Street project.

**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	\$ -	\$ 438,009	\$ 438,009
Property taxes	405,984	-	405,984
Accounts	329,259	-	329,259
Grants	<u>3,509,763</u>	<u>25,577</u>	<u>3,535,340</u>
Total	<u>\$ 4,245,006</u>	<u>\$ 463,586</u>	<u>\$ 4,708,592</u>

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

**Note D – Receivables (Continued)**

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

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,524,516	\$ 56,619	\$ -	\$ 1,581,135
Collection of library books	395,235	-	-	395,235
Construction in progress	<u>295,187</u>	<u>5,166,951</u>	<u>-</u>	<u>5,462,138</u>
Total capital assets, not being depreciated	2,214,938	5,223,570	-	7,438,508
Capital assets, being depreciated:				
Infrastructure	2,754,986	45,499	-	2,800,485
Land improvements	6,430,765	61,227	-	6,491,992
Buildings and improvements	6,150,404	265,967	-	6,416,371
Vehicles	1,771,147	130,253	-	1,901,400
Machinery and equipment	<u>2,200,474</u>	<u>90,660</u>	<u>-</u>	<u>2,291,134</u>
Total capital assets, being depreciated	<u>19,307,776</u>	<u>593,606</u>	<u>-</u>	<u>19,901,382</u>
Total capital assets	21,522,714	5,817,176	-	27,339,890
Less accumulated depreciation for:				
Infrastructure	(1,646,866)	(52,570)	-	(1,699,436)
Land improvements	(4,474,680)	(343,072)	-	(4,817,752)
Buildings and improvements	(2,023,545)	(159,525)	-	(2,183,070)
Vehicles	(1,632,560)	(68,923)	-	(1,701,483)
Machinery and equipment	<u>(1,824,594)</u>	<u>(110,489)</u>	<u>-</u>	<u>(1,935,083)</u>
Total accumulated depreciation	<u>(11,602,245)</u>	<u>(734,579)</u>	<u>-</u>	<u>(12,336,824)</u>
Governmental activities capital assets, net	<u>\$ 9,920,469</u>	<u>\$ 5,082,597</u>	<u>\$ -</u>	<u>\$ 15,003,066</u>

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<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>132,122</u>	<u>-</u>	<u>-</u>	<u>132,122</u>
Total capital assets, not being depreciated	562,524	-	-	562,524
Capital assets, being depreciated				
Distribution systems	12,615,572	89,580	-	12,705,152
Buildings and improvements	346,572	-	-	346,572
Vehicles	547,902	184,813	(49,496)	683,219
Machinery and equipment	<u>923,266</u>	<u>51,361</u>	<u>-</u>	<u>974,627</u>
Total capital assets, being depreciated	<u>14,433,312</u>	<u>325,754</u>	<u>(49,496)</u>	<u>14,709,570</u>
Total capital assets	14,995,836	325,754	(49,496)	15,272,094
Less accumulated depreciation for:				
Distribution systems	(4,412,638)	(343,374)	-	(4,756,012)
Building and improvements	(247,084)	(5,182)	-	(252,266)
Vehicles	(502,834)	(47,910)	49,496	(501,248)
Machinery and equipment	<u>(775,692)</u>	<u>(46,247)</u>	<u>-</u>	<u>(821,939)</u>
Total accumulated depreciation	<u>(5,938,248)</u>	<u>(442,713)</u>	<u>49,496</u>	<u>(6,331,465)</u>
Business-type activities capital assets, net	<u>\$ 9,057,588</u>	<u>\$ (116,959)</u>	<u>\$ -</u>	<u>\$ 8,940,629</u>

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

<b>Governmental activities</b>	
General government	\$ 46,565
Public safety	121,950
Public works	358,380
Culture and recreation	<u>207,684</u>
Total governmental activities	734,579

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

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

**Business-type activities**

Electric	102,462
Water	58,425
Sewer	246,697
Sanitation	<u>35,129</u>
Total business-type activities	<u>442,713</u>
Total depreciation expense	<u>\$ 1,177,292</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	\$ 49,235	\$ -	\$ (36,808)	\$ 12,427	\$ 12,427
Net pension liability	2,289,793	139,553	-	2,429,346	-
Net OPEB liability	<u>158,193</u>	<u>10,565</u>	<u>-</u>	<u>168,758</u>	<u>-</u>
Total	<u>\$ 2,497,221</u>	<u>\$ 150,118</u>	<u>\$ (36,808)</u>	<u>\$ 2,610,531</u>	<u>\$ 12,427</u>

Payments on the capital lease obligation are made in the General Fund. The net pension and OPEB liabilities 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	\$ 22,713	\$ -	\$ (22,713)	\$ -	\$ -
Note payable	1,552,022	-	(76,773)	1,475,249	77,542
Net pension liability	606,297	67,255	-	673,552	-
Net OPEB liability	<u>54,982</u>	<u>1,521</u>	<u>-</u>	<u>56,503</u>	<u>-</u>
Total	<u>\$ 2,236,014</u>	<u>\$ 68,776</u>	<u>\$ (99,486)</u>	<u>\$ 2,205,304</u>	<u>\$ 77,542</u>

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

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

**Capital lease obligations**

Vehicle lease obligation – In May 2015, the City entered into an agreement with Wray State Bank to purchase a street sweeper, which serves as collateral for the agreement. 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 agreement contains a provision that, in the event of default, the lessor may (a) obtain possession of the equipment, and (b) exercise any other right, remedy, or privilege which may be available to it under applicable law, including the right to (i) proceed by appropriate court action to enforce the terms of the lease, (ii) recover damages for the breach of the lease, and (iii) cancel, terminate, or rescind the lease as to any or all of the equipment. Additionally, the City shall remain liable for all covenants and indemnities under the lease and for all legal fees and other costs and expenses, including court costs, incurred by the bank with respect to the enforcement of any of the remedies listed above or any other remedy available to the bank.

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 June 30,</u>	<u>Debt service requirement</u>
2020	\$ 12,476
Less amount representing interest	<u>(49)</u>
Present value of future net minimum lease payments	<u>\$ 12,427</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.

\$ 1,475,249

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

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

The City’s outstanding note with CWRPDA in the amount of \$1,475,249 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains (1) a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to withhold disbursement of loan funds remaining, and take such other action at law or in equity as may appear necessary to enforce the performance and observance of any duty, covenant, obligation, or agreement including, without limitation, appointment ex parte of a receiver of the system.

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>
2020	\$ 77,542	\$ 14,559
2021	78,319	13,782
2022	79,105	12,997
2023	79,898	12,203
2024	80,699	11,403
2025-2029	415,792	44,714
2030-2034	437,055	23,451
2035-2037	<u>226,839</u>	<u>3,414</u>
Total	<u>\$ 1,475,249</u>	<u>\$ 136,523</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 \$162,858. 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 plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

**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.* 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 as of December 31, 2018.* 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.

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.

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will 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 1.5 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 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified by C.R.S. Section 24-51-413.

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

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

*Contributions as of December 31, 2019.* 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.* and Section 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period January 1, 2019 through December 31, 2019. The employer contribution requirements during the period January 1, 2019 through December 31, 2019 are summarized in the table below:

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

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

	January 1, 2019 Through <u>December 31, 2019</u>
Employer contribution rate	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)	<u>(1.02)%</u>
Amount apportioned to the LGDTF	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>1.50%</u>
Total employer contribution to the LGDTF	<u><u>12.68%</u></u>

Contribution Rates for the LGDTF 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 \$189,344 for the year ended December 31, 2019.

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

At year-end, the City reported a liability of \$2,685,209 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

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

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

At December 31, 2018, the City’s proportion was 0.2136 percent, which was an increase of 0.0025 percent from its proportion measured as of December 31, 2017.

For the year, the City recognized pension income of \$305,685. 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	\$ 112,071	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	512,245	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,631	16,723
Contributions subsequent to the measurement date	<u>189,344</u>	<u>-</u>
Total	<u>\$ 831,291</u>	<u>\$ 16,723</u>

\$189,344 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>
2020	\$ 279,561
2021	133,319
2022	21,458
2023	<u>190,886</u>
Totals	<u>\$ 625,224</u>

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

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

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018.

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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 applied to female rates.

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

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

Healthy, post-retirement 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 adjustments 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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.

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 for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

<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%
 Total	 <u>100.00%</u>	

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

*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 cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. 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 middle of the year.

Based on the above assumptions and methods, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return 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. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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 <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 4,107,814	\$ 2,685,209	\$ 1,495,055

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

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

*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.

Changes between the measurement date of the net pension liability and December 31, 2019.

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

**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 5, 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.

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.

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

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

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.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited 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.* 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 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. 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 22 percent of base salary in 2018. 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 also had their required member contribution rate

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

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

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 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. 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 \$19,752.

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

At December 31, 2019 the City reported a liability of \$34,218 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2018, the City’s proportion was .0271 percent, which was a decrease of .0229 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$73,049. At December 31, 2019, 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	\$ 67,171	\$ 878
Changes of assumptions or other inputs	39,180	-
Net difference between projected and actual earnings on pension plan investments	18,734	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	36,280
Contributions subsequent to the measurement date	<u>19,752</u>	<u>-</u>
Total	<u>\$ 144,837</u>	<u>\$ 37,158</u>

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

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

\$19,752 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, <u>    </u>	<u>Amount</u>
2020	\$ 21,904
2021	9,567
2022	5,002
2023	19,452
2024	9,298
2025	9,387
2026	7,516
2027	4,526
2028	<u>1,275</u>
Totals	<u>\$ 87,927</u>

*Actuarial assumptions.* The collective total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2019	January 1, 2018
Actuarial method	Entry age normal	Entry age normal
Amortization method	N/A	Level % of payroll, open
Amortization period	N/A	30 years
Long-term investment rate of return*	7.0%	7.5%
Projected salary increases*	4.25% - 11.25%	4.0% - 14.0%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

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

For determining the actuarial determined contributions, 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 protected with Scale BB. 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.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions for December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 (assumed at 2.5 percent). 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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	<u>2%</u>	2.52%
Total	<u><u>100%</u></u>	

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

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

The discount rate used to measure the total pension liability was 7.00 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.

*Discount rate.* 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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (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 7.00 percent.

*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, calculated using a Single Discount Rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount (7.00)	1% Increase (8.00)
Proportionate share of the net pension liability (asset)	\$ 132,694	\$ 34,218	\$ (47,466)

*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, COLORADO**  
**Notes to Financial Statements**

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

**City of Wray Volunteer Fire Pension Plan**

Summary of significant accounting policies

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Wray Volunteer Fire Pension Plan and additions to/deductions from City of Wray Volunteer Fire Pension Plan’s net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

*Plan description.* The City’s defined benefit pension plan, City of Wray Volunteer Fire Pension Plan, provides retirement and death benefits to plan members and beneficiaries for volunteer firefighters. The plan is a single-employer pension plan administered by the Pension Board. The Pension Board has the authority to establish and amend the benefit provisions of the plan.

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 \$70 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, 2019 included \$22,511 from the City (one-half mill levy and related specific ownership taxes), and \$8,861 from the State of Colorado matching funds. The City also received a one-time donation from Wray Volunteer Fire and Rescue in the amount of \$10,000.

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

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**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, 2019 the City reported a net pension liability of \$383,471. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$9,777. At December 31, 2019 the City reported deferred outflows 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	\$ 2,924	\$ 6,360
Changes of assumptions or other inputs	-	147,054
Net difference between projected and actual earnings on pension plan investments	7,674	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>22,511</u>	<u>-</u>
Total	<u>\$ 33,109</u>	<u>\$ 153,414</u>

\$22,511 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, 2019. 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>
2020	\$ (4,723)
2021	(7,254)
2022	(7,356)
2023	(7,388)
2024	(7,739)
Thereafter	<u>(108,356)</u>
Totals	<u>\$ (142,816)</u>

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

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

*Actuarial assumptions.* The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age actuarial
Amortization method	Level dollar, open
Remaining amortization period	40 years
Asset valuation method	Market value
Inflation	2.75%
Salary increases	N/A
Investment rate of return	1.75% per annum compounded annually
Retirement age	Age 50 and 20 years of service

Mortality rates were based on the Modified 1994 Group Annuity Mortality Table for males.

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, 2018, are summarized in the above table.

*Discount rate.* The discount rate used to measure the total pension liability was 4.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive volunteers. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City’s net pension liability to changes in the discount rate.* The following presents the City’s net pension liability calculated using the discount rate of 4.50 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 (3.50 percent) or 1-percentage point higher (5.50 percent) than the current rate:

	1% Decrease <u>(3.50%)</u>	Current Discount <u>(4.50%)</u>	1% Increase <u>(5.50%)</u>
Net pension liability	\$ 452,695	\$ 383,471	\$ 327,002

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

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

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

Payables to the pension plan

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

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

Summary of significant accounting policies

*OPEB.* The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the OPEB plan

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

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

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

*PERA Benefit Structure*

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

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

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

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

*DPS Benefit Structure*

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$15,226 for the year ended.

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

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

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At year-end, the District reported a liability of \$225,262 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District’s proportion was 0.0166 percent, which was an increase of 0.0002 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the District recognized OPEB expense of \$16,072. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 810	\$ 343
Changes of assumptions or other inputs	1,581	-
Net difference between projected and actual earnings on OPEB plan investments	1,320	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,687	10,921
Contributions subsequent to the measurement date	<u>15,226</u>	<u>-</u>
Total	<u>\$ 20,624</u>	<u>\$ 11,264</u>

\$15,226 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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

Year Ended June 30, _____	Amount
2020	\$ (1,785)
2021	(1,785)
2022	(1,785)
2023	(893)
2024	358
2025	<u>24</u>
Totals	<u>\$ (5,866)</u>

*Actuarial assumptions.* The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

<u>Medicare Plan</u>	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<u>Medicare Plan</u>	Cost for Members Without Medicare Part A
Self-funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as show below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 applied to female rates.

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

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on 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 adjustments 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.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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.

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

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

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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%
Total	<u>100.00%</u>	

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

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$ 219,042	\$ 225,262	\$ 232,417

*Discount rate.* The discount rate used to measure the total OPEB 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2018 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

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

*Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the OPEB 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 252,049	\$ 225,262	\$ 202,362

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Payables to the OPEB plan

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

**Note J – 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 \$22,320 for the Voluntary Investment Program.

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

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**Note K – 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.

**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.

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.

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

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

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 \$75,000 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, 2019.

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 \$542,287.

## **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
- Schedule of the City's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of City Contributions – PERA's Health Care Trust Fund
- 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, 2019**

	2019	2018	2017	2016
City's proportion of the net pension liability	0.2136%	0.2111%	0.2301%	0.2085%
City's proportionate share of the net pension liability	\$ 2,685,209	\$ 2,350,739	\$ 3,106,536	\$ 2,296,570
City's covered payroll	\$ 1,402,247	\$ 1,331,871	\$ 1,394,425	\$ 1,184,001
City's proportionate share of the net pension liability as a percentage of its employee payroll	191.49%	176.50%	222.78%	193.97%
Plan fiduciary net position as a percentage of the total pension liability	75.96%	79.37%	73.60%	76.90%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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<u>2015</u>	<u>2014</u>
0.2189%	0.2209%
\$ 1,962,368	\$ 1,817,665
\$ 1,199,687	\$ 1,178,413
163.57%	154.25%
80.70%	77.66%

**CITY OF WRAY, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**PERA's Local Government Division Trust Fund**  
**December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 189,344	\$ 177,632	\$ 168,881	\$ 176,813
Contributions in relation to the contractually required contribution	<u>(189,344)</u>	<u>(177,632)</u>	<u>(168,881)</u>	<u>(176,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,492,721	\$ 1,402,247	\$ 1,331,871	\$ 1,394,425
Contributions as a percentage of covered payroll	12.68%	12.67%	12.68%	12.68%

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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2015	2014	2013
\$ 150,131	\$ 152,120	\$ 149,423
<u>(150,131)</u>	<u>(152,120)</u>	<u>(149,423)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,184,001	\$ 1,199,687	\$ 1,178,413
12.68%	12.68%	12.68%

**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, 2019**

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	2019	2018	2017	2016
City's proportion of the net pension liability/(asset)	0.0271%	0.0500%	0.0593%	0.0594%
City's proportionate share of the net pension liability/(asset)	\$ 34,218	\$ (71,874)	\$ 21,427	\$ (1,048)
City's covered payroll	\$ 181,300	\$ 292,225	\$ 303,475	\$ 288,063
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	18.9%	-24.6%	7.1%	-0.4%
Plan fiduciary net position as a percentage of the total pension liability	95.20%	106.30%	98.21%	100.10%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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<u>2015</u>	<u>2014</u>
0.0650%	0.0655%
\$ (73,401)	\$ (58,547)
\$ 292,481	\$ 284,387
-25.1%	-20.6%
106.80%	105.80%

**CITY OF WRAY, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**Police Statewide Defined Benefit Plan**  
**December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 25,925	\$ 14,504	\$ 23,378	\$ 24,278
Contributions in relation to the contractually required contribution	<u>(25,925)</u>	<u>(14,504)</u>	<u>(23,378)</u>	<u>(24,278)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 324,065	\$ 181,300	\$ 292,225	\$ 303,475
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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2015	2014	2013
\$ 23,045	\$ 23,398	\$ 22,751
<u>(23,045)</u>	<u>(23,398)</u>	<u>(22,751)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 288,063	\$ 292,481	\$ 284,387
8.00%	8.00%	8.00%

**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**

	2019	2018	2017
<b>Total pension liability</b>			
Service cost	\$ 9,584	\$ 14,913	\$ 10,960
Interest on the total pension liability	13,118	13,106	12,785
Benefit changes	-	-	-
Plan amendment	-	-	94,857
Differences between expected and actual experience	-	(11,626)	7,614
Assumption changes	(154,794)	-	40,525
Benefit payments	(25,200)	(23,520)	(22,120)
Net change in total pension liability	(157,292)	(7,127)	144,621
Total pension liability - beginning	659,956	667,083	522,462
Total pension liability - ending (a)	<u>\$ 502,664</u>	<u>\$ 659,956</u>	<u>\$ 667,083</u>
<b>Plan fiduciary net position</b>			
Employer contributions	\$ 21,361	\$ 20,798	\$ 20,922
Pension plan net investment income	528	(3,324)	(3,338)
Benefit payments	(25,200)	(23,520)	(22,120)
Pension plan administrative expenses	-	-	-
State of Colorado matching funds	7,900	8,463	7,884
Adjustment to beginning balance	-	-	(296)
Net change in plan fiduciary net position	4,589	2,417	3,052
Plan fiduciary net position - beginning	114,604	112,187	109,135
Plan fiduciary net position - ending (b)	<u>\$ 119,193</u>	<u>\$ 114,604</u>	<u>\$ 112,187</u>
<b>City's net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ 383,471</u>	<u>\$ 545,352</u>	<u>\$ 554,896</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	23.71%	17.37%	16.82%
<b>Covered payroll</b>	N/A	N/A	N/A
<b>City's net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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	<u>2016</u>	<u>2015</u>
\$	10,222	\$ 9,966
	12,527	12,214
	-	-
	-	-
	8,184	7,979
	-	-
	<u>(19,120)</u>	<u>(18,240)</u>
	11,813	11,919
	<u>510,649</u>	<u>498,730</u>
\$	<u><u>522,462</u></u>	<u><u>\$ 510,649</u></u>
\$	11,754	\$ 10,715
	540	537
	(19,120)	(18,240)
	-	-
	7,530	7,417
	-	-
	<u>704</u>	<u>429</u>
	<u>108,431</u>	<u>108,002</u>
\$	<u><u>109,135</u></u>	<u><u>\$ 108,431</u></u>
\$	<u><u>413,327</u></u>	<u><u>\$ 402,218</u></u>
	20.89%	21.23%
	N/A	N/A
	N/A	N/A

**CITY OF WRAY, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**City of Wray Volunteer Fire Pension Plan**  
**Last 10 Fiscal Years**

Year Ending 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)
2019	\$ 31,853	\$ 31,372	\$ 481	N/A	N/A
2018	\$ 33,456	\$ 29,261	\$ 4,195	N/A	N/A
2017	\$ 35,203	\$ 29,261	\$ 5,942	N/A	N/A
2016	\$ 29,053	\$ 28,806	\$ 247	N/A	N/A
2015	\$ 35,395	\$ 19,284	\$ 16,111	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> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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**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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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	1.22%	0.78%	0.62%	0.62%

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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<u>2015</u>	<u>2014</u>
0.50%	0.50%

**CITY OF WRAY, COLORADO**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability <sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.0166%	0.0164%	0.0177%
City's proportionate share of the net OPEB liability	\$ 225,262	\$ 213,175	\$ 228,933
City's covered payroll	\$ 1,400,322	\$ 1,331,871	\$ 1,394,425
City's proportionate share of the net OPEB liability as a percentage of its employee payroll	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF WRAY, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 15,226	\$ 14,283	\$ 13,583	\$ 14,221
Contributions in relation to the contractually required contribution	<u>(15,226)</u>	<u>(14,283)</u>	<u>(13,583)</u>	<u>(14,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,492,721	\$ 1,400,322	\$ 1,331,871	\$ 1,394,425
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

<sup>1</sup> Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,529,550	\$ 1,529,550	\$ 1,763,811	\$ 234,261
Licenses and permits	15,482	15,482	7,560	(7,922)
Intergovernmental	5,836,083	5,836,083	5,439,013	(397,070)
Fines and forfeitures	11,341	11,341	10,131	(1,210)
Charges for services	494,078	494,078	357,441	(136,637)
Miscellaneous	605,065	605,065	211,688	(393,377)
<b>Total revenues</b>	<b>8,491,599</b>	<b>8,491,599</b>	<b>7,789,644</b>	<b>(701,955)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,264,655	1,264,655	948,806	315,849
Public safety	1,473,003	1,473,003	1,390,221	82,782
Public works	6,077,386	6,077,386	5,650,875	426,511
Culture and recreation	982,946	982,946	817,372	165,574
<b>Debt service</b>				
Principal retirement	36,809	36,809	36,808	1
Interest and fiscal charges	613	613	612	1
Appropriated reserves	138,730	138,730		138,730
<b>Total expenditures</b>	<b>9,974,142</b>	<b>9,974,142</b>	<b>8,844,694</b>	<b>1,129,448</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,482,543)</b>	<b>(1,482,543)</b>	<b>(1,055,050)</b>	<b>427,493</b>
<b>Other financing sources</b>				
Transfers in	1,005,000	1,005,000	955,000	(50,000)
<b>Net change in fund balance</b>	<b>\$ (477,543)</b>	<b>\$ (477,543)</b>	<b>(100,050)</b>	<b>\$ 377,493</b>
<b>Fund balance at beginning of year</b>			<b>881,863</b>	
<b>Fund balance at end of year</b>			<b>\$ 781,813</b>	

**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 and OPEB schedules**

PERA – Local Government Division Trust Fund and Health Care Trust Fund

Information about factors that significantly affect trends in the amounts reported in the Schedules of the City's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of City 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).

FPPA – Police Statewide Defined Benefit Plan

Information about factors that significantly affect trends in the amounts reported in the pension schedules is available in FPPA's comprehensive annual financial report which can be obtained at [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html).

## **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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Taxes</b>				
Property taxes	\$ 390,235	\$ 390,235	\$ 390,256	\$ 21
Specific ownership taxes	41,035	41,035	45,891	4,856
Penalties and interest on taxes	2,256	2,256	1,201	(1,055)
Franchise taxes	16,526	16,526	27,335	10,809
Sales taxes	1,015,166	1,015,166	1,217,822	202,656
Severance taxes	15,000	15,000	26,147	11,147
Lodging taxes	49,332	49,332	55,159	5,827
<b>Total taxes</b>	<b>1,529,550</b>	<b>1,529,550</b>	<b>1,763,811</b>	<b>234,261</b>
Licenses and permits	15,482	15,482	7,560	(7,922)
<b>Intergovernmental</b>				
Motor vehicle assessments	9,633	9,633	9,568	(65)
Cigarette taxes	4,182	4,182	3,843	(339)
Highway users tax	105,000	105,000	107,762	2,762
Road and bridge	21,970	21,970	23,780	1,810
Broadband grant	264,584	264,584	27,285	(237,299)
Fiscal health grant			6,110	6,110
Ambulance grant	119,535	119,535	89,795	(29,740)
Airport grant	5,121,929	5,121,929	5,133,593	11,664
Library grant	9,250	9,250	9,250	-
Fire grant			28,027	28,027
Street grant	180,000	180,000		(180,000)
<b>Total intergovernmental</b>	<b>5,836,083</b>	<b>5,836,083</b>	<b>5,439,013</b>	<b>(397,070)</b>
<b>Fines and forfeitures</b>				
Animal control	1,116	1,116	635	(481)
Police fines	8,833	8,833	8,196	(637)
Library fines	1,392	1,392	1,300	(92)
<b>Total fines and forfeitures</b>	<b>11,341</b>	<b>11,341</b>	<b>10,131</b>	<b>(1,210)</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Charges for services				
Ambulance fees	390,000	390,000	245,435	(144,565)
Street fees	1,796	1,796	205	(1,591)
Parks user fees	1,466	1,466	762	(704)
Recreation fees	27,423	27,423	25,983	(1,440)
Swimming pool fees	56,724	56,724	67,278	10,554
Museum fees	3,500	3,500	2,686	(814)
Rental income	13,169	13,169	15,092	1,923
Total charges for services	494,078	494,078	357,441	(136,637)
Miscellaneous				
Interest on investments	3,000	3,000	4,652	1,652
Donations	316,875	316,875	118,813	(198,062)
Insurance proceeds	130,000	130,000	79,634	(50,366)
Miscellaneous	155,190	155,190	8,589	(146,601)
Total miscellaneous	605,065	605,065	211,688	(393,377)
Total revenues	<u>\$ 8,491,599</u>	<u>\$ 8,491,599</u>	<u>\$ 7,789,644</u>	<u>\$ (701,955)</u>

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
General government				
Salaries	\$ 187,822	\$ 187,822	\$ 190,735	\$ (2,913)
Employee benefits	123,143	123,143	71,505	51,638
Workers compensation			28,725	(28,725)
Contract labor	19,098	19,098	19,969	(871)
Supplies	16,000	16,000	11,398	4,602
Repairs and maintenance	5,000	5,000	3,783	1,217
Housekeeping	3,000	3,000	2,040	960
Insurance	130,000	130,000	142,752	(12,752)
Insurance claim expense	240,000	240,000	265,967	(25,967)
Training	7,500	7,500	5,206	2,294
Professional services	45,000	45,000	49,153	(4,153)
Meetings and dues	13,000	13,000	11,212	1,788
Audit expense	19,500	19,500	15,500	4,000
Dues and donations	20,000	20,000	18,201	1,799
County treasurer fees	7,805	7,805	7,847	(42)
Election expense	6,000	6,000	4,645	1,355
Grant expenditures	419,787	419,787	42,397	377,390
Capital outlay	2,000	2,000	57,771	(55,771)
<b>Total general government</b>	<b>1,264,655</b>	<b>1,264,655</b>	<b>948,806</b>	<b>315,849</b>
Public safety				
Police				
Salaries	405,631	405,631	383,172	22,459
Employee benefits	216,987	216,987	180,392	36,595
Contract labor	17,400	17,400	17,400	-
Professional services	3,000	3,000	14,757	(11,757)
Meetings and dues	6,000	6,000	1,100	4,900
Court expense	1,500	1,500	140	1,360
Vehicle expense	8,000	8,000	9,198	(1,198)
Repairs and maintenance	15,000	15,000	19,115	(4,115)
Supplies	18,000	18,000	41,499	(23,499)
Medical expense	1,500	1,500	819	681
Communications	12,000	12,000	10,362	1,638
Police operations	5,000	5,000	11,789	(6,789)
Lease expense	4,200	4,200	4,200	-
Grant expenditures	15,000	15,000	1,928	13,072
Capital outlay	10,500	10,500	8,913	1,587
<b>Total police</b>	<b>739,718</b>	<b>739,718</b>	<b>704,784</b>	<b>34,934</b>

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Animal Control				
Salaries	5,032	5,032	2,347	2,685
Employee benefits	764	764	351	413
Supplies	662	662	719	(57)
Capital outlay	500	500		500
Total animal control	6,958	6,958	3,417	3,541
Fire				
Supplies	14,000	14,000	8,050	5,950
Repairs and maintenance	8,000	8,000	5,720	2,280
Training	3,000	3,000		3,000
Professional services	500	500	2,117	(1,617)
Firemen's pension	18,227	18,227	22,511	(4,284)
Fireworks display	6,000	6,000	5,320	680
Grant expenditures			54,255	(54,255)
Capital outlay	28,000	28,000		28,000
Total fire	77,727	77,727	97,973	(20,246)
Ambulance				
Salaries	247,918	247,918	246,889	1,029
Employee benefits	107,582	107,582	89,748	17,834
Supplies	36,000	36,000	39,464	(3,464)
Repairs and maintenance	12,000	12,000	11,495	505
Vehicle expense	10,000	10,000	16,245	(6,245)
Training	10,000	10,000	9,562	438
Professional services	31,500	31,500	27,789	3,711
Medical expense	100	100	88	12
Transfer meals	4,500	4,500	5,195	(695)
Communications	2,000	2,000	5,391	(3,391)
Grant expenditures	181,000	181,000	130,253	50,747
Capital outlay	6,000	6,000	1,928	4,072
Total ambulance	648,600	648,600	584,047	64,553
Total public safety	1,473,003	1,473,003	1,390,221	82,782

(continued)

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2019**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works				
Highways and streets				
Salaries	209,599	209,599	176,314	33,285
Employee benefits	122,909	122,909	92,360	30,549
Street repairs	75,000	75,000	82,564	(7,564)
Maintenance and repairs	40,000	40,000	8,357	31,643
Supplies	2,000	2,000	4,331	(2,331)
Shop and general	25,000	25,000	34,127	(9,127)
Vehicle expense	30,000	30,000	24,480	5,520
Training	4,000	4,000		4,000
Professional services	500	500	17,300	(16,800)
Medical expense	2,500	2,500	186	2,314
Grant expenditures	240,000	240,000		240,000
Total highways and streets	751,508	751,508	440,019	311,489
Airport				
Salaries	21,075	21,075	19,316	1,759
Employee benefits	3,200	3,200	2,949	251
Supplies	7,425	7,425	7,289	136
Repairs and maintenance	4,000	4,000	1,254	2,746
Professional services	5,400	5,400	9,758	(4,358)
Matching expense	4,500	4,500	3,251	1,249
Training	500	500	89	411
Grant expenditures	5,277,778	5,277,778	5,166,950	110,828
Capital outlay	2,000	2,000		2,000
Total airport	5,325,878	5,325,878	5,210,856	115,022
Total public works	6,077,386	6,077,386	5,650,875	426,511
Culture and recreation				
Pool				
Salaries	83,550	83,550	88,738	(5,188)
Employee benefits	12,683	12,683	13,710	(1,027)
Supplies	34,000	34,000	52,337	(18,337)
Repairs and maintenance	20,000	20,000	28,357	(8,357)
Training	6,500	6,500	4,962	1,538
Professional services	500	500	455	45
Capital outlay			3,536	(3,536)
Total pool	157,233	157,233	192,095	(34,862)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Recreation</b>				
Salaries	53,378	53,378	48,186	5,192
Employee benefits	31,343	31,343	30,253	1,090
Activities	14,000	14,000	16,876	(2,876)
Contract labor	3,000	3,000	1,575	1,425
Supplies	2,500	2,500	2,310	190
Repairs and maintenance	5,000	5,000	3,074	1,926
Training	1,500	1,500	1,010	490
Professional services	250	250	1,071	(821)
<b>Total recreation</b>	<b>110,971</b>	<b>110,971</b>	<b>104,355</b>	<b>6,616</b>
<b>Parks</b>				
Salaries	86,181	86,181	80,406	5,775
Employee benefits	45,926	45,926	41,913	4,013
Supplies	12,500	12,500	14,762	(2,262)
Repairs and maintenance	7,500	7,500	10,238	(2,738)
Training	500	500		500
Wray County Club donation			15,731	(15,731)
Grant expenditures	164,500	164,500	914	163,586
Capital outlay	36,000	36,000	41,542	(5,542)
<b>Total parks</b>	<b>353,107</b>	<b>353,107</b>	<b>205,506</b>	<b>147,601</b>
<b>Library</b>				
Salaries	106,653	106,653	107,062	(409)
Employee benefits	39,506	39,506	38,096	1,410
Supplies	30,000	30,000	24,561	5,439
Repairs and maintenance	14,900	14,900	11,687	3,213
Training	1,800	1,800	597	1,203
Activities	7,300	7,300	8,009	(709)
Lease expense	1,750	1,750	1,906	(156)
Grant expenditures	19,250	19,250	20,850	(1,600)
Capital outlay	11,700	11,700	12,532	(832)
<b>Total library</b>	<b>232,859</b>	<b>232,859</b>	<b>225,300</b>	<b>7,559</b>

(continued)

**CITY OF WRAY, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2019**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Museum				
Salaries	53,211	53,211	44,465	8,746
Employee benefits	31,393	31,393	27,590	3,803
Supplies	5,500	5,500	6,676	(1,176)
Repairs and maintenance	3,000	3,000	4,722	(1,722)
Training	1,000	1,000	200	800
Professional services	4,000	4,000	3,890	110
Activities	250	250	214	36
Gift shop inventory	1,000	1,000	930	70
Lease	565	565	709	(144)
Miscellaneous			720	(720)
Capital outlay	2,750	2,750		2,750
Total museum	102,669	102,669	90,116	12,553
Amphitheater				
Grant expenditures	26,107	26,107		26,107
Total amphitheater	26,107	26,107	-	26,107
Total culture and recreation	982,946	982,946	817,372	165,574
Debt service				
Principal retirement	36,809	36,809	36,808	1
Interest and fiscal charges	613	613	612	1
Total debt service	37,422	37,422	37,420	2
Appropriated reserves	138,730	138,730		138,730
Total expenditures	\$ 9,974,142	\$ 9,974,142	\$ 8,844,694	\$ 1,129,448

**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, 2019**

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
Assets				
Cash	\$ 126,534	\$ 186,341	\$ 11,829	\$ 324,704
Receivables			692	692
Total assets	<u>\$ 126,534</u>	<u>\$ 186,341</u>	<u>\$ 12,521</u>	<u>\$ 325,396</u>
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balance				
Restricted for:				
Culture and recreation		186,341		186,341
Committed for:				
Airport services	126,534			126,534
Youth activities			12,521	12,521
Total fund balance	<u>126,534</u>	<u>186,341</u>	<u>12,521</u>	<u>325,396</u>
Total liabilities and fund balance	<u>\$ 126,534</u>	<u>\$ 186,341</u>	<u>\$ 12,521</u>	<u>\$ 325,396</u>

**CITY OF WRAY, COLORADO**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2019**

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
<b>Revenues</b>				
Intergovernmental revenue	\$ 3,898	\$ 26,383		\$ 30,281
Charges for services	22,147			22,147
Miscellaneous	163	345	\$ 4,954	5,462
<b>Total revenues</b>	<b>26,208</b>	<b>26,728</b>	<b>4,954</b>	<b>57,890</b>
<b>Expenditures</b>				
Culture and recreation			4,302	4,302
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>4,302</b>	<b>4,302</b>
<b>Net change in fund balances</b>	<b>26,208</b>	<b>26,728</b>	<b>652</b>	<b>53,588</b>
Fund balance at beginning of year	100,326	159,613	11,869	271,808
Fund balance at end of year	<u>\$ 126,534</u>	<u>\$ 186,341</u>	<u>\$ 12,521</u>	<u>\$ 325,396</u>

**CITY OF WRAY, COLORADO**  
**Airport Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue				
State fuel taxes	\$ 3,000	\$ 3,000	\$ 3,898	\$ 898
<b>Charges for services</b>				
Airport leases	12,219	12,219	15,645	3,426
Airport taxes	4,500	4,500	3,251	(1,249)
City match	4,500	4,500	3,251	(1,249)
Total charges for services	21,219	21,219	22,147	928
<b>Miscellaneous</b>				
Interest on investments	100	100	163	63
Total revenues	24,319	24,319	26,208	1,889
<b>Expenditures</b>				
Public works	121,929	121,929		121,929
Total expenditures	121,929	121,929	-	121,929
Net change in fund balance	\$ (97,610)	\$ (97,610)	26,208	\$ 123,818
Fund balance at beginning of year			100,326	
Fund balance at end of year			\$ 126,534	

**CITY OF WRAY, COLORADO**  
**Conservation Trust Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenue				
Lottery proceeds	\$ 23,500	\$ 23,500	\$ 26,383	\$ 2,883
Miscellaneous				
Interest on investments	190	190	345	155
Total revenues	23,690	23,690	26,728	3,038
Expenditures				
Culture and recreation	65,000	65,000		65,000
Total expenditures	65,000	65,000	-	65,000
Net change in fund balance	\$ (41,310)	\$ (41,310)	26,728	\$ 68,038
Fund balance at beginning of year			159,613	
Fund balance at end of year			\$ 186,341	

**CITY OF WRAY, COLORADO**  
**Youth Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous				
Oil and gas lease	\$ 4,000	\$ 4,000	\$ 4,944	\$ 944
Interest on investments	20	20	10	(10)
Total revenues	4,020	4,020	4,954	934
Expenditures				
Culture and recreation	4,427	4,427	4,302	125
Total expenditures	4,427	4,427	4,302	125
Net change in fund balance	\$ (407)	\$ (407)	652	\$ 809
Fund balance at beginning of year			11,869	
Fund balance at end of year			\$ 12,521	

## **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, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Operating revenues				
Charges for services	\$ 2,600,000	\$ 2,600,000	\$ 2,822,882	\$ 222,882
Tap fees	1,750	1,750	750	(1,000)
Total operating revenues	2,601,750	2,601,750	2,823,632	221,882
Operating expenses				
Systems operation				
Salaries	160,793	160,793	109,629	51,164
Employee benefits	92,204	92,204	43,999	48,205
Electricity purchases	1,386,925	1,386,925	1,272,949	113,976
Supplies	13,500	13,500	12,193	1,307
Repairs and maintenance	75,000	75,000	107,123	(32,123)
Vehicle expense	9,000	9,000	9,168	(168)
Professional services	9,750	9,750	3,102	6,648
Training	4,000	4,000	2,412	1,588
Bad debts	4,200	4,200		4,200
Capital outlay	150,000	150,000	150,565	(565)
Total systems operation	1,905,372	1,905,372	1,711,140	194,232
Administrative and general				
Salaries	160,688	160,688	167,841	(7,153)
Employee benefits	113,756	113,756	104,049	9,707
Supplies	15,000	15,000	24,491	(9,491)
Repairs and maintenance	18,700	18,700	18,164	536
Training	3,500	3,500	4,082	(582)
Professional services	12,000	12,000	12,141	(141)
Lease expense	7,600	7,600	6,845	755
Publications	3,500	3,500	5,412	(1,912)
Capital outlay	6,500	6,500		6,500
Total administrative and general	341,244	341,244	343,025	(1,781)
Total operating expenses	2,246,616	2,246,616	2,054,165	192,451
Operating income	355,134	355,134	769,467	414,333

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nonoperating revenues				
Interest on investments	3,500	3,500	17,473	13,973
Sale of assets	1,000	1,000	6,600	5,600
Miscellaneous	78,512	78,512	64,243	(14,269)
Total nonoperating revenues	83,012	83,012	88,316	5,304
Net income before transfers	438,146	438,146	857,783	419,637
Transfers out	(950,000)	(950,000)	(950,000)	-
Change in net position	<u>\$ (511,854)</u>	<u>\$ (511,854)</u>	(92,217)	<u>\$ 419,637</u>
Adjustments to GAAP Basis				
Add capital purchases			150,565	
Add pension and other post-employment benefit income			81,652	
Deduct depreciation			(102,462)	
Change in net position - GAAP Basis			37,538	
Net position at beginning of year			2,968,209	
Net position at end of year			<u>\$ 3,005,747</u>	

**CITY OF WRAY, COLORADO**  
**Water Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 418,660	\$ 418,660	\$ 411,770	\$ (6,890)
Tap fees	1,000	1,000	1,500	500
Total operating revenues	419,660	419,660	413,270	(6,390)
Operating expenses				
Salaries	41,690	41,690	37,001	4,689
Employee benefits	17,056	17,056	15,667	1,389
Power purchases	46,313	46,313	50,802	(4,489)
Supplies	12,000	12,000	7,768	4,232
Chemicals	6,500	6,500		6,500
Repairs and maintenance	50,000	50,000	86,867	(36,867)
Vehicle expense	5,000	5,000	3,864	1,136
Professional services	43,000	43,000	39,932	3,068
Training	2,000	2,000	1,427	573
Water fees	21,000	21,000	20,654	346
Bad debts	500	500		500
Grant expenditures	185,610	185,610		185,610
Capital outlay			89,580	(89,580)
Total operating expenses	430,669	430,669	353,562	77,107
Operating income (loss)	(11,009)	(11,009)	59,708	70,717
Nonoperating revenues				
Interest on investments	1,845	1,845	7,633	5,788
Grant revenue	92,805	92,805	44,290	(48,515)
Miscellaneous	18,000	18,000	15,045	(2,955)
Total nonoperating revenues	112,650	112,650	66,968	(45,682)
Net income before transfers	101,641	101,641	126,676	25,035
Transfers in			50,000	50,000
Transfers out	(55,000)	(55,000)	(55,000)	-
Change in net position	\$ 46,641	\$ 46,641	121,676	\$ 75,035

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	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			89,580	
Add pension and other post- employment benefit income			9,019	
Deduct depreciation			<u>(58,425)</u>	
Change in net position - GAAP Basis			161,850	
Net position at beginning of year			<u>3,093,814</u>	
Net position at end of year			<u><u>\$ 3,255,664</u></u>	

**CITY OF WRAY, COLORADO**  
**Sewer Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 380,000	\$ 380,000	\$ 385,933	\$ 5,933
Tap fees	1,000	1,000	750	(250)
Total operating revenues	381,000	381,000	386,683	5,683
Operating expenses				
Salaries	97,346	97,346	88,117	9,229
Employee benefits	33,348	33,348	53,363	(20,015)
Power purchases	80,000	80,000	77,907	2,093
Supplies	7,112	7,112	5,293	1,819
Chemicals	15,000	15,000	15,326	(326)
Repairs and maintenance	56,000	56,000	8,627	47,373
Vehicle expense	5,000	5,000	2,172	2,828
Training	1,800	1,800		1,800
Professional services	25,250	25,250	14,465	10,785
Capital outlay	60,000	60,000	44,955	15,045
Total operating expenses	380,856	380,856	310,225	70,631
Operating income	144	144	76,458	76,314
Nonoperating revenues (expenses)				
Interest on investments	500	500	3,050	2,550
Miscellaneous	1,000	1,000		(1,000)
Principal paid on notes	(101,773)	(101,773)	(76,772)	25,001
Interest and fiscal charges	(15,329)	(15,329)	(15,201)	128
Total nonoperating revenues (expenses)	(115,602)	(115,602)	(88,923)	26,679
Change in net position	\$ (115,458)	\$ (115,458)	(12,465)	\$ 102,993

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	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			44,955	
Add principal paid on notes			76,772	
Add pension and other post- employment benefit income			5,886	
Deduct depreciation			(246,697)	
Change in net position - GAAP Basis			(131,549)	
Net position at beginning of year			5,373,699	
Net position at end of year			<u>\$ 5,242,150</u>	

**CITY OF WRAY, COLORADO**  
**Sanitation Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 328,000	\$ 328,000	\$ 328,535	\$ 535
Operating expenses				
Salaries	123,194	123,194	109,561	13,633
Employee benefits	78,361	78,361	68,131	10,230
Supplies	5,400	5,400	7,850	(2,450)
Repairs and maintenance	15,000	15,000	9,376	5,624
Vehicle expense	25,000	25,000	21,276	3,724
Training	700	700	185	515
Landfill expense	58,000	58,000	57,254	746
Bad debts	500	500		500
Capital outlay	45,000	45,000	40,655	4,345
Total operating expenses	351,155	351,155	314,288	36,867
Operating income (loss)	(23,155)	(23,155)	14,247	37,402
Nonoperating revenues (expenses)				
Interest on investments	1,200	1,200	5,490	4,290
Miscellaneous	4,000	4,000	7,551	3,551
Principal paid on leases	(22,901)	(22,901)	(22,713)	188
Interest and fiscal charges	(188)	(188)	(56)	132
Total nonoperating revenues (expenses)	(17,889)	(17,889)	(9,728)	8,161
Change in net position	\$ (41,044)	\$ (41,044)	4,519	\$ 45,563
Adjustments to GAAP Basis				
Add capital purchases			40,655	
Add principal paid on leases			22,713	
Add pension and other post-employment benefit income			46,115	
Deduct depreciation			(35,129)	
Change in net position - GAAP Basis			78,873	
Net position at beginning of year			360,965	
Net position at end of year			\$ 439,838	

## **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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Contributions				
Employer	\$ 17,608	\$ 17,608	\$ 18,226	\$ 618
State	7,900	7,900	8,861	961
Specific ownership tax	4,000	4,000	4,285	285
Donations			10,000	10,000
Total contributions	29,508	29,508	41,372	11,864
Investment income				
Interest on investments	800	800	1,342	542
Total investment income	800	800	1,342	542
Total additions	30,308	30,308	42,714	12,406
Deductions				
Pension benefits	24,460	24,460	24,430	30
Professional services	4,500	4,500	4,000	500
Total deductions	28,960	28,960	28,430	530
Change in net position	\$ 1,348	\$ 1,348	14,284	\$ 12,936
Net position restricted for pension benefits				
Beginning of year			119,193	
End of year			\$ 133,477	

**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 31, 2019

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	0
2. General fund appropriations	1,207,573	b. Snow and ice removal	46,721
3. Other local imposts (from page 2)	94,973	c. Other	9,024
4. Miscellaneous local receipts (from page 2)	27,181	d. Total (a. through c.)	55,745
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,389,963
a. Bonds - Original Issues		6. Total (1 through 5)	1,445,708
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)	1,329,727	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	115,981	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>	1,445,708	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>	1,445,708

**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	1,445,708	1,445,708	0	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
12/19

**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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	8,196
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	(5,000)
4. Licenses		f. Charges for Services	205
5. Specific Ownership &/or Other	94,973	g. Other Misc. Receipts	23,780
6. Total (1. through 5.)	94,973	h. Other	
c. Total (a. + b.)	94,973	i. Total (a. through h.)	27,181
	(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	107,040	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	8,941	d. Federal Transit Admin	
d. Other (Specify) - Faster bill		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,941	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	115,981	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	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, 2019**

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	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	N/A	<u>\$ 5,089,668</u>
Total expenditures of federal awards			<u>\$ 5,089,668</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**CITY OF WRAY, COLORADO**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2019**

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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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect Cost Rate**

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

**Note D – Subrecipients**

City of Wray, Colorado 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 City of Wray, Colorado (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 29, 2020.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Sterling, Colorado  
July 29, 2020

**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, 2019. 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 of 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, 2019.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on the major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 and therefore, material weaknesses or significant deficiencies may exist that have not yet been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
July 29, 2020

**CITY OF WRAY, COLORADO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

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**Summary of auditors' results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of City of Wray, Colorado (the City) were prepared in accordance with GAAP.
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, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal award programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in the schedule.
7. The program tested as a major program included:

Airport Improvement Program	CFDA No. 20.106
-----------------------------	-----------------
8. The threshold for distinguishing between Type 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*.

**CITY OF WRAY, COLORADO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

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**Findings and questioned costs – major federal award programs audit**

**DEPARTMENT OF TRANSPORTATION**

**2019-001      Airport Improvement Program – CFDA No. 20.106**  
**Grant period – Year ended December 31, 2019**

*Significant Deficiency:* As discussed at Finding 2019-002, costs submitted for reimbursement are not required to be reviewed to determine whether or not they have been paid for with entity funds before reimbursement is requested from the federal government. Because of the failure to require these reviews, there is a possibility that costs could be claimed for reimbursement before being paid. Procedures should be implemented to ensure that costs have been paid prior to being submitted for reimbursement.

**DEPARTMENT OF TRANSPORTATION**

**2019-002      Airport Improvement Program – CFDA No. 20.106**  
**Grant period – Year ended December 31, 2019**

*Criteria and Condition:* When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government. The entity has not complied with this requirement.

*Context:* A sample of 20 invoices totaling \$4,670,592 was selected for audit from a population of 25 invoices totaling \$5,089,668. The test found one invoice that was not paid prior to being submitted for reimbursement. Our sample was a statistically valid sample.

*Cause:* Costs submitted for reimbursement are not required to be reviewed to determine whether or not they have been paid for with entity funds before reimbursement is requested from the federal government.

*Effect:* \$25,838 of costs are questioned as a result of failing to meet cash management requirements.

**CITY OF WRAY, COLORADO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

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**Findings and questioned costs – major federal award programs audit (Continued)**

*Recommendation:* Procedures should be implemented to ensure that costs have been paid prior to being submitted for reimbursement.

*Management's Response and Planned Corrective Actions:* The City agrees with the auditors' recommendation and the procedures will be implemented to ensure compliance with cash management requirements. The City issued payment on the invoice on May 22, 2020.