

City of Wray, Colorado

Financial Statements

For the Year ended December 31, 2020

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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, 2020, 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, 2020, 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 and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2021, 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
August 13, 2021

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, 2020.

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 2020 by \$27,204,390 (net position).
- The City's total net position increased by \$1,098,317.
- During the year, the City's revenue from taxes and other revenues for governmental programs were less than the expenses by \$319,125.
- The General Fund ending fund balance reached \$766,635, a decrease of \$15,178.

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 \$27,204,390 at the close of 2020.

Net Position

Combined net position of the City of Wray as of December 31, 2020 and 2019 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,681,482	\$ 4,983,566	\$ 7,331,338	\$ 5,291,982	\$ 9,012,820	\$ 10,275,548
Capital assets	14,619,024	15,003,066	12,593,178	8,940,629	27,212,202	23,943,695
Total assets	16,300,506	19,986,632	19,924,516	14,232,611	36,225,022	34,219,243
Deferred outflows of resources	416,483	819,073	87,885	210,788	504,368	1,029,861
Total assets and deferred outflows of resources	\$ 16,716,989	\$ 20,805,705	\$ 20,012,401	\$ 14,443,399	\$ 36,729,390	\$ 35,249,104
Long-term debt outstanding	\$ 1,679,946	\$ 2,610,531	\$ 4,750,742	\$ 2,205,304	\$ 6,430,688	\$ 4,815,835
Other liabilities	86,818	3,415,173	1,722,285	287,480	1,809,103	3,702,653
Total liabilities	1,766,764	6,025,704	6,473,027	2,492,784	8,239,791	8,518,488
Deferred inflows of resources	1,106,676	617,327	178,533	7,216	1,285,209	624,543
Net position:						
Net investment in capital assets	14,619,024	14,990,639	9,360,694	7,465,380	23,979,718	22,456,019
Restricted	325,164	261,341	175,804	-	500,968	261,341
Unrestricted (deficit)	(1,100,639)	(1,089,306)	3,824,343	4,478,019	2,723,704	3,388,713
Total net position	13,843,549	14,162,674	13,360,841	11,943,399	27,204,390	26,106,073
Total liabilities and net position	\$ 16,716,989	\$ 20,805,705	\$ 20,012,401	\$ 14,443,399	\$ 36,729,390	\$ 35,249,104

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

Changes in net position

The City's total revenue of \$8,226,724 was more than program expenses of \$7,128,407 for an increase in net position of \$1,098,317.

Table 2 shows the summarized revenues and expenses for 2020 and 2019.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 292,942	\$ 446,639	\$ 3,969,621	\$ 3,952,120	\$ 4,262,563	\$ 4,398,759
Operating grants and contributions	287,440	248,220	-	-	287,440	248,220
Capital grants and contributions	389,459	5,340,988	1,191,745	44,290	1,581,204	5,385,278
General revenues						
Property taxes	406,201	390,256	-	-	406,201	390,256
Sales and use taxes	1,318,814	1,217,822	-	-	1,318,814	1,217,822
Specific ownership taxes	43,625	45,891	-	-	43,625	45,891
Franchise taxes	24,450	27,335	-	-	24,450	27,335
Severance taxes	14,975	26,147	-	-	14,975	26,147
Lodging taxes	51,667	55,159	-	-	51,667	55,159
Interest earnings	16,085	5,170	56,486	33,646	72,571	38,816
Miscellaneous	14,224	93,267	61,178	93,439	75,402	186,706
Pension income	-	366,313	-	142,672	-	508,985
Sale of assets	48,101	-	39,711	-	87,812	-
Transfers	650,000	955,000	(650,000)	(955,000)	-	-
Total revenues	3,557,983	9,218,207	4,668,741	3,311,167	8,226,724	12,529,374
Program expenses						
General government	627,143	629,353	-	-	627,143	629,353
Public safety	1,481,892	1,386,840	-	-	1,481,892	1,386,840
Public works	882,700	781,076	-	-	882,700	781,076
Culture and recreation	885,324	987,073	-	-	885,324	987,073
Interest and fiscal charges	49	612	-	-	49	612
Electric services	-	-	2,058,031	2,006,062	2,058,031	2,006,062
Water services	-	-	276,478	322,407	276,478	322,407
Sewer services	-	-	570,327	527,168	570,327	527,168
Sanitation services	-	-	346,463	308,818	346,463	308,818
Total expenses	3,877,108	3,784,954	3,251,299	3,164,455	7,128,407	6,949,409
Change in net position	(319,125)	5,433,253	1,417,442	146,712	1,098,317	5,433,253
Net position at beginning of year	14,162,674	8,729,421	11,943,399	11,796,687	26,106,073	20,526,108
Net position at end of year	<u>\$13,843,549</u>	<u>\$ 14,162,674</u>	<u>\$ 13,360,841</u>	<u>\$ 11,943,399</u>	<u>\$ 27,204,390</u>	<u>\$ 26,106,073</u>

Governmental Activities

Revenue for the City's governmental activities totaled \$3,557,983 for 2020. Tax revenue produced 52% 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	
	2020	2019	2020	2019
General government	\$ 627,143	\$ 629,353	\$ 557,391	\$ 573,306
Public safety	1,481,892	1,386,840	1,165,568	891,865
Public works	882,700	781,076	417,886	(4,519,877)
Culture and recreation	885,324	987,073	766,373	803,201

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

Business-type Activities

Net position in the business-type activities increased by \$1,417,442 in 2020. Business-type activities include electric, water, sewer and sanitation services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total cost of services		Net cost of services	
	2020	2019	2020	2019
Electric services	\$ 2,058,031	\$ 2,006,061	\$ (768,177)	\$ (817,570)
Water services	276,478	322,407	(1,338,538)	(135,153)
Sewer services	570,327	527,168	182,757	140,485
Sanitation services	346,463	308,818	13,891	(19,717)

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 \$766,635, and \$371,719 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, 2020, amounts to \$27,212,202 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,581,135	\$ 1,581,135	\$ 78,402	\$ 78,402	\$ 1,659,537	\$ 1,659,537
Other non-depreciable assets	411,235	5,857,373	4,381,713	484,122	4,792,948	6,341,495
Infrastructure	1,083,679	1,101,049	-	-	1,083,679	1,101,049
Land Improvements	7,045,739	1,674,240	-	-	7,045,739	1,674,240
Buildings and improvements	4,071,168	4,233,301	89,131	94,306	4,160,299	4,327,607
Vehicles	139,508	199,917	141,143	181,971	280,651	381,888
Machinery and equipment	286,560	356,051	295,626	152,688	582,186	508,739
Systems	-	-	7,607,163	7,949,140	7,607,163	7,949,140
Total	\$ 14,619,024	\$ 15,003,066	\$ 12,593,178	\$ 8,940,629	\$ 27,212,202	\$ 23,943,695

Long-term debt. The City had \$4,397,707 in debt outstanding at year-end consisting of notes payable. 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Capital lease obligation	\$ -	\$ 12,427	\$ -	\$ -	\$ -	\$ 12,427
Notes payable	-	-	4,397,707	1,475,249	4,397,707	1,475,249
Total	\$ -	\$ 12,427	\$ 4,397,707	\$ 1,475,249	\$ 4,397,707	\$ 1,487,676

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Wray 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.

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.

2021 Budgetary Important Features and Major Projects

The 2021 Budget for the City of Wray includes these *important features*:

1. The 2021 Water Enterprise budget includes \$5.1M 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 and State Revolving Fund (SRF) loans in the amount of \$2.86M.
2. The land purchase of the former BMS property from Wray School District RD-2 is included in the amount of \$405,000.
3. 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.
4. Park improvements in the amount of \$165,000 including Baker Field and walking trail improvements are included in the 2021 budget. The projects are contingent on securing grant funding and utilizing conservation trust fund dollars as the City match.
5. Dependent upon grant funding, the 2021 budget includes expenses for bridge replacement, sidewalk replacements and street improvements, and flood inundation mapping. A budget expense of \$786,960 would include \$630,168 of grant revenues for projects to proceed.
6. Fleet replacement includes a street department truck in the amount of \$41,000.
7. The development of an outdoor library/community gathering space at the former Cedardale Care Facility is included in the 2021 budget. An expense of \$400,000 is contingent upon securing grant funding in the amount of \$300,000 for the project with \$100,000 of City match.
8. Ambulance replacement of cardiac monitors in the amount of \$90,000 is included in the 2021 budget. The project is contingent upon securing \$75,000 of state, county and grant funding support.

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 2021 General fund expense totals \$6,557,994 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 4th Street, P.O. Box 35, Wray, Colorado 80758.

Basic Financial Statements

The basic financial statements of the City include the following:

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

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

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

CITY OF WRAY, COLORADO
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 589,405	\$ 479,698	\$ 1,069,103
Cash with county treasurer	3,989		3,989
Cash with fiscal agent		1,165,223	1,165,223
Certificates of deposit	606,281	4,035,320	4,641,601
Receivables	974,242	814,300	1,788,542
Internal balances	(512,095)	512,095	-
Inventory		324,702	324,702
Net pension asset	19,660		19,660
Capital assets, net of depreciation	14,619,024	12,593,178	27,212,202
Total assets	16,300,506	19,924,516	36,225,022
Deferred outflows of resources			
Pension deferrals	401,780	82,536	484,316
Other post-employment benefit deferrals	14,703	5,349	20,052
Total deferred outflows of resources	416,483	87,885	504,368
Total assets and deferred outflows of resources	<u>\$ 16,716,989</u>	<u>\$ 20,012,401</u>	<u>\$ 36,729,390</u>

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

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 50,895	\$ 1,366,528	\$ 1,417,423
Accrued salaries and benefits	22,928	9,468	32,396
Unearned revenues	12,995		12,995
Unearned grant revenues		97,875	97,875
Customer deposits		120,610	120,610
Accrued interest payable		2,333	2,333
Current portion of notes payable		125,471	125,471
Total current liabilities	86,818	1,722,285	1,809,103
Long-term liabilities			
Notes payable		4,272,236	4,272,236
Net pension liability	1,543,463	428,133	1,971,596
Net OPEB liability	136,483	50,373	186,856
Total long-term liabilities	1,679,946	4,750,742	6,430,688
Total liabilities	1,766,764	6,473,027	8,239,791
Deferred inflows of resources			
Deferred property tax revenues	411,998		411,998
Pension deferrals	663,383	167,073	830,456
Other post-employment benefit deferrals	31,295	11,460	42,755
Total deferred inflows of resources	1,106,676	178,533	1,285,209
Net position			
Net investment in capital assets	14,619,024	9,360,694	23,979,718
Restricted for:			
Emergencies	95,000		95,000
Culture and recreation	210,504		210,504
Pensions	19,660		19,660
Water project		175,804	175,804
Unrestricted (deficit)	(1,100,639)	3,824,343	2,723,704
Total net position	13,843,549	13,360,841	27,204,390
Total liabilities, deferred inflows of resources and net position	\$ 16,716,989	\$ 20,012,401	\$ 36,729,390

CITY OF WRAY, COLORADO
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 627,143	\$ 18,422		\$ 51,330
Public safety	1,481,892	195,703	\$ 120,621	
Public works	882,700	25,275	115,660	323,879
Culture and recreation	885,324	53,542	51,159	14,250
Interest and fiscal charges	49			
Total governmental activities	3,877,108	292,942	287,440	389,459
Business-type activities				
Electric services	2,058,031	2,826,208		
Water services	276,478	423,271		1,191,745
Sewer services	570,327	387,570		
Sanitation services	346,463	332,572		
Total business-type activities	3,251,299	3,969,621	-	1,191,745
Total	\$ 7,128,407	\$ 4,262,563	\$ 287,440	\$ 1,581,204
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				
Sale of assets				
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
\$ (557,391)		\$ (557,391)
(1,165,568)		(1,165,568)
(417,886)		(417,886)
(766,373)		(766,373)
(49)		(49)
(2,907,267)	\$ -	(2,907,267)
	768,177	768,177
	1,338,538	1,338,538
	(182,757)	(182,757)
	(13,891)	(13,891)
-	1,910,067	1,910,067
(2,907,267)	1,910,067	(997,200)
406,201		406,201
1,318,814		1,318,814
43,625		43,625
24,450		24,450
14,975		14,975
51,667		51,667
16,085	56,486	72,571
14,224	61,178	75,402
48,101	39,711	87,812
650,000	(650,000)	-
2,588,142	(492,625)	2,095,517
(319,125)	1,417,442	1,098,317
14,162,674	11,943,399	26,106,073
\$ 13,843,549	\$ 13,360,841	\$ 27,204,390

CITY OF WRAY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Other Governmental Funds	Total
Assets			
Cash	\$ 218,127	\$ 371,278	\$ 589,405
Cash with county treasurer	3,989		3,989
Certificates of deposit	606,281		606,281
Property taxes receivable	411,998		411,998
Accounts receivable	278,995	441	279,436
Grants receivable	258,156		258,156
Total assets	\$ 1,777,546	\$ 371,719	\$ 2,149,265
Liabilities			
Accounts payable	\$ 50,895		\$ 50,895
Due to other funds	512,095		512,095
Accrued salaries and benefits	22,928		22,928
Unearned revenues	12,995		12,995
Total liabilities	598,913	\$ -	598,913
Deferred inflows of resources			
Deferred property tax revenues	411,998		411,998
Total deferred inflows of resources	411,998	-	411,998
Fund balance			
Restricted for:			
Emergencies	95,000		95,000
Culture and recreation		210,504	210,504
Committed for:			
Airport services		152,313	152,313
Youth activities		8,902	8,902
Assigned for:			
Special police fund	49,186		49,186
Equipment reserve fund	68,081		68,081
Unassigned	554,368		554,368
Total fund balance	766,635	371,719	1,138,354
Total liabilities, deferred inflows of resources and fund balance	\$ 1,777,546	\$ 371,719	\$ 2,149,265

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, 2020**

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

Total fund balance - governmental funds	\$ 1,138,354
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	14,619,024
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.	24,652
Net pension assets and related deferred outflows of resources are not financial resources and therefore are not reported as assets in governmental funds.	424,986
Long-term liabilities and related deferred inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,363,467)</u>
Net position of the governmental activities	<u><u>\$ 13,843,549</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, 2020

	General Fund	Other Governmental Funds	Total
Revenues			
Taxes	\$ 1,861,111		\$ 1,861,111
Licenses and permits	8,606		8,606
Intergovernmental	637,235	\$ 26,537	663,772
Fines and forfeitures	13,216		13,216
Charges for services	278,818	22,850	301,668
Miscellaneous	39,222	2,835	42,057
Total revenues	2,838,208	52,222	2,890,430
Expenditures			
Current			
General government	665,415		665,415
Public safety	1,401,124		1,401,124
Public works	778,403		778,403
Culture and recreation	699,968		699,968
Debt service			
Principal retirement	12,427		12,427
Interest and fiscal charges	49		49
Total expenditures	3,557,386	-	3,557,386
Excess of revenues over (under) expenditures	(719,178)	52,222	(666,956)
Other financing sources (uses)			
Sale of assets	48,101		48,101
Transfers in	655,899		655,899
Transfers out		(5,899)	(5,899)
Total other financing sources (uses)	704,000	(5,899)	698,101
Net change in fund balance	(15,178)	46,323	31,145
Fund balance at beginning of year	781,813	325,396	1,107,209
Fund balance at end of year	\$ 766,635	\$ 371,719	\$ 1,138,354

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, 2020**

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

Net change in fund balance - governmental funds	\$ 31,145
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(384,042)
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.	(30,548)
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.	51,893
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>12,427</u>
Change in net position of governmental activities	<u><u>\$ (319,125)</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, 2020

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Assets				
Current assets				
Cash		\$ 376,539	\$ 103,159	
Cash with fiscal agent		1,165,223		
Certificates of deposit	\$ 2,497,849	787,741	224,787	\$ 524,943
Due from other funds	175,000	589,146	512,095	
Accounts receivable	301,653	33,005	42,849	34,439
Grants receivable		402,354		
Inventory	251,970	61,362	3,412	7,958
Total current assets	3,226,472	3,415,370	886,302	567,340
Noncurrent assets				
Capital assets, net of depreciation	975,372	5,552,753	5,859,557	205,496
Total noncurrent assets	975,372	5,552,753	5,859,557	205,496
Deferred outflows of resources				
Pension deferrals	44,720	6,040	13,986	17,790
Other post-employment benefit deferrals	2,900	394	892	1,163
Total deferred outflows of resources	47,620	6,434	14,878	18,953
Total assets and deferred outflows of resources	\$ 4,249,464	\$ 8,974,557	\$ 6,760,737	\$ 791,789

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

<u>Total</u>
\$ 479,698
1,165,223
4,035,320
1,276,241
411,946
402,354
324,702
<u>8,095,484</u>
 12,593,178
<u>12,593,178</u>
 82,536
 5,349
<u>87,885</u>
 <u>\$ 20,776,547</u>

(continued)

CITY OF WRAY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds			
(continued)	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 152,022	\$ 1,205,888	\$ 5,925	\$ 2,693
Customer deposits	120,265	345		
Due to other funds	423,688		175,000	165,458
Accrued salaries and benefits	5,279	673	1,643	1,873
Unearned grant revenue		97,875		
Accrued interest payable			2,333	
Current portion of note payable		47,151	78,320	
Total current liabilities	701,254	1,351,932	263,221	170,024
Long-term liabilities				
Note payable		2,952,849	1,319,387	
Net pension liability	231,952	30,931	73,662	91,588
Net OPEB liability	27,291	3,639	8,667	10,776
Total long-term liabilities	259,243	2,987,419	1,401,716	102,364
Total liabilities	960,497	4,339,351	1,664,937	272,388
Deferred inflows of resources				
Pension deferrals	90,845	10,889	29,547	35,792
Other post-employment benefit deferrals	6,231	834	1,850	2,545
Total deferred inflows of resources	97,076	11,723	31,397	38,337
Net position				
Net investment in capital assets	975,372	3,717,976	4,461,850	205,496
Restricted for water project		175,804		
Unrestricted	2,216,519	729,703	602,553	275,568
Total net position	3,191,891	4,623,483	5,064,403	481,064
Total liabilities, deferred inflows of resources and net position	\$ 4,249,464	\$ 8,974,557	\$ 6,760,737	\$ 791,789

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

CITY OF WRAY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Operating revenues				
Charges for services	\$ 2,826,208	\$ 423,271	\$ 387,570	\$ 332,572
Operating expenses				
Systems operation				
Salaries	124,681	38,665	90,768	116,675
Employee benefits	55,810	16,324	47,213	74,583
Electricity purchases	1,306,737			
Power purchases		55,735	63,517	
Supplies	12,712	5,681	3,593	7,962
Chemicals		6,675	10,179	
Repairs and maintenance	94,887	58,923	6,238	5,952
Vehicle expense	11,844	652	2,168	16,566
Professional services	4,684	26,495	57,967	
Training	2,245	170	430	60
Landfill expense				62,081
Bad debts	132			
Water fees		15,764		
Depreciation and amortization	92,945	55,087	248,996	64,244
Total systems operation	1,706,677	280,171	531,069	348,123
Administrative and general				
Salaries	169,040			
Employee benefits	106,730			
Supplies	12,319			
Repairs and maintenance	17,933			
Training	80			
Professional services	12,896			
Lease expense	6,222			
Publications	2,936			
Total administrative and general	328,156	-	-	-
Total operating expenses	2,034,833	280,171	531,069	348,123
Operating income (loss)	791,375	143,100	(143,499)	(15,551)

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

Total

\$ 3,969,621

370,789
193,930
1,306,737
119,252
29,948
16,854
166,000
31,230
89,146
2,905
62,081
132
15,764
461,272

2,866,040

169,040
106,730
12,319
17,933
80
12,896
6,222
2,936

328,156

3,194,196

775,425

(continued)

CITY OF WRAY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
(continued)	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Nonoperating revenues (expenses)				
Interest on investments	29,606	12,852	5,010	9,018
Grant revenues		1,191,745		
Sale of assets				39,711
Miscellaneous revenues	38,361	16,429		6,388
Pension expense	(23,198)	3,693	(24,825)	1,660
Interest and fiscal charges			(14,433)	
Total nonoperating revenues (expenses)	44,769	1,224,719	(34,248)	56,777
Income (loss) before transfers	836,144	1,367,819	(177,747)	41,226
Transfers out	(650,000)			
Change in net position	186,144	1,367,819	(177,747)	41,226
Net position at beginning of year	3,005,747	3,255,664	5,242,150	439,838
Net position at end of year	\$ 3,191,891	\$ 4,623,483	\$ 5,064,403	\$ 481,064

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

<u>Total</u>
56,486
1,191,745
39,711
61,178
(42,670)
<u>(14,433)</u>
1,292,017
<u>2,067,442</u>
(650,000)
<u>1,417,442</u>
11,943,399
<u>\$ 13,360,841</u>

CITY OF WRAY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Cash flows from operating activities				
Receipts from customers	\$ 2,851,849	\$ 422,198	\$ 388,105	\$ 332,180
Internal activity - receipts from (payments to) other funds	154,020	(589,146)	(537,095)	143,220
Payments to suppliers	(1,621,076)	(210,355)	(186,082)	(166,151)
Payments to employees	(288,442)	(37,992)	(89,125)	(114,802)
Net cash provided (used) by operating activities	1,096,351	(415,295)	(424,197)	194,447
Cash flows from noncapital financing activities				
Miscellaneous revenues	38,361	16,429		6,388
Transfers out	(650,000)			
Net cash provided (used) by noncapital financing activities	(611,639)	16,429	-	6,388
Cash flows from capital and related financing activities				
Proceeds from note payable		3,000,000		
Grant proceeds		912,843		
Proceeds from sale of assets				111
Purchase of capital assets	(19,173)	(2,699,214)	(3,278)	(149,979)
Principal paid on capital debt			(77,542)	
Interest and fiscal charges			(14,558)	
Net cash provided (used) by capital and related financing activities	(19,173)	1,213,629	(95,378)	(149,868)
Cash flows from investing activities				
Purchase of investments and certificates	(465,539)	(66,893)	(58,693)	(50,967)
Net cash used by investing activities	(465,539)	(66,893)	(58,693)	(50,967)

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

Total
<u> </u>
\$ 3,994,332
(829,001)
(2,183,664)
<u> (530,361)</u>
451,306
61,178
<u>(650,000)</u>
(588,822)
3,000,000
912,843
111
(2,871,644)
(77,542)
<u> (14,558)</u>
949,210
(642,092)
<u> </u>
(642,092)

(continued)

CITY OF WRAY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Net change in cash and cash equivalents	-	747,870	(578,268)	-
Cash and cash equivalents at beginning of year	-	793,892	681,427	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,541,762</u>	<u>\$ 103,159</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 791,375	\$ 143,100	\$ (143,499)	\$ (15,551)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	92,945	55,087	248,996	64,244
Change in assets and liabilities				
Due from other funds	25,000	(589,146)		
Receivables	26,993	(1,073)	535	(392)
Inventory	18,436	(12,308)	(32)	2,444
Accounts payable	8,655	(11,628)	5,255	(1,391)
Due to other funds	129,020		(537,095)	143,220
Accrued salaries and benefits	5,279	673	1,643	1,873
Customer deposits	(1,352)			
Net cash provided (used) by operating activities	<u>\$ 1,096,351</u>	<u>\$ (415,295)</u>	<u>\$ (424,197)</u>	<u>\$ 194,447</u>
Cash and cash equivalents at end of year consist of:				
Cash	\$ -	\$ 376,539	\$ 103,159	\$ -
Cash with fiscal agent		1,165,223		
Total	<u>\$ -</u>	<u>\$ 1,541,762</u>	<u>\$ 103,159</u>	<u>\$ -</u>
Supplemental cash flows information				
Construction in progress included in accounts payable	<u>\$ -</u>	<u>\$ 1,202,577</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Total</u>	
	169,602
<u>1,475,319</u>	
<u>\$ 1,644,921</u>	
\$ 775,425	
	461,272
	(564,146)
	26,063
	8,540
	891
	(264,855)
	9,468
	<u>(1,352)</u>
<u>\$ 451,306</u>	
\$ 479,698	
<u>1,165,223</u>	
<u>\$ 1,644,921</u>	
<u>\$ 1,202,577</u>	

CITY OF WRAY, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Pension (and Other Employee Benefit) Trust Funds
Assets	
Cash	\$ 11,265
Certificate of deposit	122,429
Accounts receivable - governments	9,113
Total assets	\$ 142,807
Net position	
Restricted for pension benefits	\$ 142,807
Total net position	\$ 142,807

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, 2020

	Pension (and Other Employee Benefit) Trust Funds
Additions	
Contributions	
Employer	\$ 19,060
State	9,113
Specific ownership tax	8,610
Total contributions	36,783
Investment income	
Interest on investments	1,747
Total investment income	1,747
Total additions	38,530
Deductions	
Pension benefits	25,200
Professional services	4,000
Total deductions	29,200
Change in net position	9,330
Net position at beginning of year	133,477
Net position at end of year	\$ 142,807

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The reporting entity’s financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

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

A.2 – Fund accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

The following are the City's nonmajor governmental funds:

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

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

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

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major proprietary funds:

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

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

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

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

Fiduciary funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial 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 (and other employee benefit) trust fund.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund financial statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

The City does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

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

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.8 – Receivables

Monthly charges for electric, water, sewer, sanitation and street services are included with monthly utility billings. All receivables are reported net of estimated uncollectible accounts. An allowance for doubtful accounts has been established in the Electric Fund, Water Fund, Sewer Fund 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

Note A – Summary of significant accounting policies (Continued)

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

A.11 – Compensated absences

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

Vacation leave

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

Sick leave

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

A.12 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.13 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are service charges for electric, water, sewer and sanitation utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City council and that are either unusual in nature or infrequent in occurrence. The City had no transactions that qualify as extraordinary or special items during the year.

A.17 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, an

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Note B – Cash and investments

Cash and deposits – Colorado State statutes govern the City's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of year-end, the City had total deposits of \$6,294,276, of which \$500,000 was insured and \$5,794,276 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>
Electric Fund	Sewer Fund	\$ 175,000
Water Fund	Electric Fund	423,688
Water Fund	Sanitation Fund	165,458
Sewer Fund	General Fund	<u>512,095</u>
Totals		<u>\$ 1,276,241</u>

The balance of \$175,000 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	\$ 650,000
General Fund	Other Governmental Funds	<u>5,899</u>
Totals		<u>\$ 655,899</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from certain of the Proprietary Funds (Electric Fund) to provide support for various departments within the General Fund. Additionally, the City transferred \$5,899 from the Other Governmental Funds to the General Fund to support youth programs.

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	\$ -	\$ 411,946	\$ 411,946
Property taxes	411,998	-	411,998
Accounts	304,088	-	304,088
Grants	<u>258,156</u>	<u>402,354</u>	<u>660,510</u>
Total	<u>\$ 974,242</u>	<u>\$ 814,300</u>	<u>\$ 1,788,542</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note D – Receivables (Continued)

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

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,581,135	\$ -	\$ -	\$ 1,581,135
Collection of library books	395,235	-	-	395,235
Construction in progress	<u>5,462,138</u>	<u>338,893</u>	<u>(5,785,031)</u>	<u>16,000</u>
Total capital assets, not being depreciated	7,438,508	338,893	(5,785,031)	1,992,370
Capital assets, being depreciated:				
Infrastructure	2,800,485	37,493	-	2,837,978
Land improvements	6,491,992	-	5,785,031	12,277,023
Buildings and improvements	6,416,371	-	-	6,416,371
Vehicles	1,901,400	-	-	1,901,400
Machinery and equipment	<u>2,291,134</u>	<u>44,250</u>	<u>-</u>	<u>2,335,384</u>
Total capital assets, being depreciated	<u>19,901,382</u>	<u>81,743</u>	<u>-</u>	<u>25,768,156</u>
Total capital assets	27,339,890	420,636	-	27,760,526
Less accumulated depreciation for:				
Infrastructure	(1,699,436)	(54,863)	-	(1,754,299)
Land improvements	(4,817,752)	(413,532)	-	(5,231,284)
Buildings and improvements	(2,183,070)	(162,133)	-	(2,345,203)
Vehicles	(1,701,483)	(60,409)	-	(1,761,892)
Machinery and equipment	<u>(1,935,083)</u>	<u>(113,741)</u>	<u>-</u>	<u>(2,048,824)</u>
Total accumulated depreciation	<u>(12,336,824)</u>	<u>(804,678)</u>	<u>-</u>	<u>(13,141,502)</u>
Governmental activities capital assets, net	<u>\$ 15,003,066</u>	<u>\$ (384,042)</u>	<u>\$ -</u>	<u>\$ 14,619,024</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 78,402	\$ -	\$ -	\$ 78,402
Water rights	352,000	-	-	352,000
Construction in progress	<u>132,122</u>	<u>3,897,591</u>	<u>-</u>	<u>4,029,713</u>
Total capital assets, not being depreciated	562,524	3,897,591	-	4,460,115
Capital assets, being depreciated				
Distribution systems	12,705,152	-	-	12,705,152
Buildings and improvements	346,572	-	-	346,572
Vehicles	683,219	-	-	683,219
Machinery and equipment	<u>974,627</u>	<u>216,230</u>	<u>(153,965)</u>	<u>1,036,892</u>
Total capital assets, being depreciated	<u>14,709,570</u>	<u>216,230</u>	<u>(153,965)</u>	<u>14,771,835</u>
Total capital assets	15,272,094	4,113,821	(153,965)	19,231,950
Less accumulated depreciation for:				
Distribution systems	(4,756,012)	(341,977)	-	(5,097,989)
Building and improvements	(252,269)	(5,172)	-	(257,441)
Vehicles	(501,387)	(40,689)	-	(542,076)
Machinery and equipment	<u>(821,797)</u>	<u>(73,434)</u>	<u>153,965</u>	<u>(741,266)</u>
Total accumulated depreciation	<u>(6,331,465)</u>	<u>(461,272)</u>	<u>153,965</u>	<u>(6,638,772)</u>
Business-type activities capital assets, net	<u>\$ 8,940,629</u>	<u>\$ 3,652,549</u>	<u>\$ -</u>	<u>\$ 12,593,178</u>

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

Governmental activities

General government	\$ 48,234
Public safety	127,897
Public works	427,191
Culture and recreation	<u>201,356</u>
Total governmental activities	804,678

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

Business-type activities

Electric	92,945
Water	55,087
Sewer	248,996
Sanitation	<u>64,244</u>

Total business-type activities	<u>461,272</u>
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Total depreciation expense	<u>\$ 1,265,950</u>
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Note F – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental Activities					
Capital lease obligation	<u>\$ 12,427</u>	<u>\$ -</u>	<u>\$ (12,427)</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities					
Notes payable	<u>\$ 1,475,249</u>	<u>\$ 3,000,000</u>	<u>\$ (77,542)</u>	<u>\$ 4,397,707</u>	<u>\$ 125,471</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 interest rate for the agreement is 1.000%. The agreement was entered into in order to facilitate the modification of the City's wastewater treatment facility.

\$ 1,397,707

CWRPDA Note payable – Water Fund – The City has entered into a \$3,000,000 note agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) dated February 13, 2020, due in semi-annual installments ranging from \$10,379 to \$62,972, including interest, through 2050. The interest rate for the agreement is 1.500%. The agreement was entered into to update underground water lines, storm drainage lines and storm inlets along Main Street.

3,000,000

Total	<u>\$ 4,397,707</u>
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CITY OF WRAY, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The City's outstanding notes with CWRPDA in the amount of \$4,397,707 are 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>
2021	\$ 125,471	\$ 39,982
2022	161,063	56,983
2023	163,090	54,956
2024	165,143	52,903
2025	167,224	50,822
2026-2030	868,292	221,938
2031-2035	924,552	165,678
2036-2040	657,378	110,497
2041-2045	560,985	68,738
2046-2050	<u>604,509</u>	<u>25,215</u>
Total	<u>\$ 4,397,707</u>	<u>\$ 847,712</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 \$189,602. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans

The City is covered under five separate pension plans. In addition, employees may also make voluntary contributions to the LFDTF's voluntary investment program or FPPA's deferred compensation plan as discussed in Notes J and K, respectively.

Below is a summary of the deferred inflows/outflows, net pension assets and liabilities, and pension expense for the defined benefit plans.

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension Asset	Pension Expense
PERA - LGDTF	\$ 308,186	\$ 590,700	\$ 1,588,126	\$ -	\$ 200,098
SWDB	130,318	96,715	-	19,660	40,772
City of Wray Volunteer Fire	45,812	143,041	383,470	-	4,585
Total	<u>\$ 484,316</u>	<u>\$ 830,456</u>	<u>\$ 1,971,596</u>	<u>\$ 19,660</u>	<u>\$ 245,455</u>

The City's five retirement plans and related disclosures are as follows:

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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2020.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

General information about the pension plan

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

Benefits provided as of December 31, 2019. 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. 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 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. Section 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. Section 24-51.413.

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

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

Effective January 1, 2020, the State Trooper employee classification became effective for the LDGTF. For new members, State Trooper includes a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff, or detention officer hired by a Local Government Division employer on or after January 1, 2020.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Contributions as of December 31, 2020. 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. Employee contribution rates for the year are summarized in the table below:

	January 1, 2020 Through <u>June 30, 2020</u>	July 1, 2020 Through <u>December 31, 2020</u>
Employee contribution (all employees except State Troopers)	8.00%	8.50%
State Troopers only	10.00%	10.50%

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

The employer contribution requirements for all employees, except State Troopers, are summarized in the table below:

	January 1, 2020 Through <u>June 30, 2020</u>	July 1, 2020 Through <u>December 31, 2020</u>
Employer contribution rate	10.00%	10.50%
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>	<u>(1.02)%</u>
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>1.50%</u>	<u>1.50%</u>
Total employer contribution rate to the LGDTF	<u>12.68%</u>	<u>13.18%</u>

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

The employer contribution rates for State Troopers are summarized in the table below:

	January 1, 2020 Through <u>June 30, 2020</u>	July 1, 2020 Through <u>December 31, 2020</u>
Employer contribution rate	12.00%	12.50%
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>	<u>(1.02)%</u>
Amount apportioned to the LGDTF	10.98%	11.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>1.50%</u>	<u>1.50%</u>
Total employer contribution rate to the LGDTF	<u>14.68%</u>	<u>15.18%</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 \$200,099 for the year ended December 31, 2020.

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 \$1,588,126 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

At December 31, 2019, the City's proportion was 0.2171 percent, which was an increase of .0035 percent from its proportion measured as of December 31, 2018.

For the year, the City recognized pension expense of \$200,098. 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	\$ 103,516	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	570,223
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,571	20,477
Contributions subsequent to the measurement date	<u>200,099</u>	<u>-</u>
Total	<u>\$ 308,186</u>	<u>\$ 590,700</u>

\$200,099 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>
2021	\$ (41,210)
2022	(188,912)
2023	(30,802)
2024	<u>(221,689)</u>
Totals	<u>\$ (482,613)</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2018 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) ₁	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic) ₁	Financed by the Annual Increase Reserve

₁ For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled assumptions 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.

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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:

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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 member contribution rates in effect for each year, including the additional 0.20 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the additional 0.50 percent, resulting from the 2019 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

- 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 (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,917,270	\$ 1,588,126	\$ 470,329

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

Payables to the pension plan

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

Statewide Defined Benefit Plan

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 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.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

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

Benefits provided. 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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits adjustments paid to retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

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' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Contributions. Through December 31, 2020, 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

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 pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

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 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the Plan from the City were \$20,574.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

At December 31, 2020 the City reported an asset of \$19,660 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

At December 31, 2019, the City's proportion was .0348 percent, which was an increase of .0077 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$40,772. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 46,469
Changes in assumptions and other inputs	34,133	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	49,526
Difference between expected and actual experience	75,611	720
Contributions subsequent to measurement date	<u>20,574</u>	<u>-</u>
Totals	<u>\$ 130,318</u>	<u>\$ 96,715</u>

\$20,574 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset 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:

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

<u>Year Ended December 31,___</u>	<u>Amount</u>
2021	\$ (3,628)
2022	(8,194)
2023	6,256
2024	(3,898)
2025	9,341
Thereafter	<u>13,152</u>
Totals	<u>\$ 13,029</u>

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2019. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial valuation date	January 1, 2020	January 1, 2019
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%	7.0%
Projected salary increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability and actuarially determined contributions, 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.

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. The actuarial assumptions effective for actuarial valuations prior to January 1, 2020 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	<u>2%</u>	2.52%
Total	<u>100%</u>	

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).

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.75 percent (based on the weekly rate closest to but not later than the measurement date of the “state & 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/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00)	(8.00)
Proportionate share of the net pension liability (asset)	\$ 119,200	\$ (19,660)	\$ (134,825)

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

Payables to the pension plan

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

City of Wray Volunteer Fire Pension Plan

Summary of significant accounting policies

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

General information about the pension plan

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

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

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

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>34</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, 2020 included \$27,670 from the City (one-half mill levy and related specific ownership taxes), and \$9,113 from the State of Colorado matching funds.

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

At December 31, 2020 the City reported a net pension liability of \$383,470. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

For the year ended December 31, 2020, the City recognized pension expense of \$4,585. At December 31, 2020 the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,993	\$ 3,726
Changes of assumptions or other inputs	-	139,315
Net difference between projected and actual earnings on pension plan investments	11,157	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>27,662</u>	<u>-</u>
Total	<u>\$ 45,812</u>	<u>\$ 143,041</u>

\$27,662 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 subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, <u> </u>	<u>Amount</u>
2021	\$ (5,233)
2022	(5,334)
2023	(5,367)
2024	(5,718)
2025	(7,374)
Thereafter	<u>(95,865)</u>
Totals	<u>\$ (124,891)</u>

CITY OF WRAY, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2020 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, 2019, 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 (3.50%)	Current Discount (4.50%)	1% Increase (5.50%)
Net pension liability	\$ 451,971	\$ 383,470	\$ 327,176

CITY OF WRAY, COLORADO
Notes to Financial Statements

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 City 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 City 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.

CITY OF WRAY, COLORADO
Notes to Financial Statements

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 the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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 City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were \$15,787 for the year ended.

CITY OF WRAY, COLORADO
Notes to Financial Statements

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 City reported a liability of \$186,856 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the City's proportion was 0.0166 percent, which was the same as its proportion measured as of December 31, 2018.

For the year, the City recognized OPEB expense of \$9,445. At year-end, the City 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	\$ 612	\$ 31,398
Changes of assumptions or other inputs	1,545	-
Net difference between projected and actual earnings on OPEB plan investments	-	3,107
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,108	8,250
Contributions subsequent to the measurement date	<u>15,787</u>	<u>-</u>
Total	<u>\$ 20,052</u>	<u>\$ 42,755</u>

\$15,787 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

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ (8,811)
2022	(8,811)
2023	(7,919)
2024	(6,669)
2025	(5,923)
2026	<u>(357)</u>
Total	<u>\$ (38,490)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2018 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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
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

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

The actuarial assumptions used in the December 31, 2018, valuation 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 2019 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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>	<u>Cost for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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

CITY OF WRAY, COLORADO
Notes to Financial Statements

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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>
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

CITY OF WRAY, COLORADO
Notes to Financial Statements

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

- **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.

Post-retirement non-disabled 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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 percent.

Sensitivity of the City'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

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>
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 182,418	\$ 186,856	\$ 91,986

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, 2019 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 percent.
- 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.
- 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

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

Sensitivity of the City’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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>211,280</u>	\$ <u>186,856</u>	\$ <u>165,971</u>

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.

Payables to the OPEB plan

The City 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.

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The City does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year, program members contributed \$23,240 for the Voluntary Investment Program.

CITY OF WRAY, COLORADO
Notes to Financial Statements

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

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 \$95,000 for the emergency reserve.

CWRPDA loan covenants – Sewer Fund

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, 2020.

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 \$326,798.

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 ¹****PERA's Local Government Division Trust Fund****December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.2171%	0.2136%	0.2111%	0.2301%
City's proportionate share of the net pension liability	\$ 1,588,126	\$ 2,685,209	\$ 2,350,739	\$ 3,106,536
City's covered payroll	\$ 1,496,590	\$ 1,402,247	\$ 1,331,871	\$ 1,394,425
City's proportionate share of the net pension liability as a percentage of its employee payroll	106.12%	191.49%	176.50%	222.78%
Plan fiduciary net position as a percentage of the total pension liability	86.26%	75.96%	79.37%	73.60%

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.2085%	0.2189%	0.2209%
\$ 2,296,570	\$ 1,962,368	\$ 1,817,665
\$ 1,184,001	\$ 1,199,687	\$ 1,178,413
193.97%	163.57%	154.25%
76.90%	80.70%	77.66%

CITY OF WRAY, COLORADO
Schedule of City Contributions ¹
PERA's Local Government Division Trust Fund
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 200,099	\$ 189,606	\$ 177,632	\$ 168,881
Contributions in relation to the contractually required contribution	<u>(200,099)</u>	<u>(189,606)</u>	<u>(177,632)</u>	<u>(168,881)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,547,703	\$ 1,496,590	\$ 1,402,247	\$ 1,331,871
Contributions as a percentage of covered payroll	12.93%	12.67%	12.67%	12.68%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 176,813	\$ 150,131	\$ 152,120	\$ 149,423
<u>(176,813)</u>	<u>(150,131)</u>	<u>(152,120)</u>	<u>(149,423)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,394,425	\$ 1,184,001	\$ 1,199,687	\$ 1,178,413
12.68%	12.68%	12.68%	12.68%

CITY OF WRAY, COLORADO**Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) ¹****Police Statewide Defined Benefit Plan****December 31, 2020**

	2020	2019	2018	2017
City's proportion of the net pension liability/(asset)	0.0348%	0.0271%	0.0500%	0.0593%
City's proportionate share of the net pension liability/(asset)	\$ (19,660)	\$ 34,218	\$ (71,874)	\$ 21,427
City's covered payroll	\$ 256,200	\$ 181,300	\$ 292,225	\$ 303,475
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-7.7%	18.9%	-24.6%	7.1%
Plan fiduciary net position as a percentage of the total pension liability	101.90%	95.20%	106.30%	98.21%

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

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

2016	2015	2014
0.0594%	0.0650%	0.0655%
\$ (1,048)	\$ (73,401)	\$ (58,547)
\$ 288,063	\$ 292,481	\$ 284,387
-0.4%	-25.1%	-20.6%
100.10%	106.80%	105.80%

CITY OF WRAY, COLORADO
Schedule of City Contributions ¹
Police Statewide Defined Benefit Plan
December 31, 2020

	2020	2019	2018	2017
Contractually required contribution	\$ 20,574	\$ 20,496	\$ 14,504	\$ 23,378
Contributions in relation to the contractually required contribution	(20,574)	(20,496)	(14,504)	(23,378)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 257,177	\$ 256,200	\$ 181,300	\$ 292,225
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 24,278	\$ 23,045	\$ 23,398	\$ 22,751
<u>(24,278)</u>	<u>(23,045)</u>	<u>(23,398)</u>	<u>(22,751)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 303,475	\$ 288,063	\$ 292,481	\$ 284,387
8.00%	8.00%	8.00%	8.00%

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

	2020	2019	2018
Total pension liability			
Service cost	\$ 9,325	\$ 9,584	\$ 14,913
Interest on the total pension liability	22,444	13,118	13,106
Benefit changes	-	-	-
Plan amendment	-	-	-
Differences between expected and actual experience	-	-	(11,626)
Assumption changes	6,944	(154,794)	-
Benefit payments	(24,430)	(25,200)	(23,520)
Net change in total pension liability	14,283	(157,292)	(7,127)
Total pension liability - beginning	502,664	659,956	667,083
Total pension liability - ending (a)	\$ 516,947	\$ 502,664	\$ 659,956
Plan fiduciary net position			
Employer contributions	\$ 32,511	\$ 21,361	\$ 20,798
Pension plan net investment income	(2,658)	528	(3,324)
Benefit payments	(24,430)	(25,200)	(23,520)
Pension plan administrative expenses	-	-	-
State of Colorado matching funds	8,861	7,900	8,463
Adjustment to beginning balance	-	-	-
Net change in plan fiduciary net position	14,284	4,589	2,417
Plan fiduciary net position - beginning	119,193	114,604	112,187
Plan fiduciary net position - ending (b)	\$ 133,477	\$ 119,193	\$ 114,604
City's net pension liability/(asset) - ending (a) - (b)	\$ 383,470	\$ 383,471	\$ 545,352
Plan fiduciary net position as a percentage of the total pension liability	25.82%	23.71%	17.37%
Covered payroll	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

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

2017	2016	2015
\$ 10,960	\$ 10,222	\$ 9,966
12,785	12,527	12,214
-	-	-
94,857	-	-
7,614	8,184	7,979
40,525	-	-
(22,120)	(19,120)	(18,240)
144,621	11,813	11,919
522,462	510,649	498,730
<u>\$ 667,083</u>	<u>\$ 522,462</u>	<u>\$ 510,649</u>
\$ 20,922	\$ 11,754	\$ 10,715
(3,338)	540	537
(22,120)	(19,120)	(18,240)
-	-	-
7,884	7,530	7,417
(296)	-	-
3,052	704	429
109,135	108,431	108,002
<u>\$ 112,187</u>	<u>\$ 109,135</u>	<u>\$ 108,431</u>
<u>\$ 554,896</u>	<u>\$ 413,327</u>	<u>\$ 402,218</u>
16.82%	20.89%	21.23%
N/A	N/A	N/A
N/A	N/A	N/A

CITY OF WRAY, COLORADO
Schedule of City Contributions ¹
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)
2020	\$ 31,185	\$ 36,783	\$ (5,598)	N/A	N/A
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.

¹ 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 ¹
City of Wray Volunteer Fire Pension Plan
Last 10 Fiscal Years

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	1.44%	1.22%	0.78%	0.62%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.62%	0.50%	0.50%

CITY OF WRAY, COLORADO
Schedule of the City's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.0166%	0.0166%	0.0164%	0.0177%
City's proportionate share of the net OPEB liability	\$ 186,856	\$ 225,262	\$ 213,175	\$ 228,933
City's covered payroll	\$ 1,494,790	\$ 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	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

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

¹ 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 City Contributions ¹
PERA's Health Care Trust Fund
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 15,787	\$ 15,247	\$ 14,283	\$ 13,583
Contributions in relation to the contractually required contribution	<u>(15,787)</u>	<u>(15,247)</u>	<u>(14,283)</u>	<u>(13,583)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,547,703	\$ 1,494,790	\$ 1,400,322	\$ 1,331,871
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

<u>2016</u>	
\$ 14,221	
<u>(14,221)</u>	
<u>\$ -</u>	
\$ 1,394,425	
1.02%	

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,595,550	\$ 1,595,550	\$ 1,861,111	\$ 265,561
Licenses and permits	15,142	15,142	8,606	(6,536)
Intergovernmental	1,783,682	1,783,682	637,235	(1,146,447)
Fines and forfeitures	10,855	10,855	13,216	2,361
Charges for services	416,168	416,168	278,818	(137,350)
Miscellaneous	370,589	370,589	39,222	(331,367)
Total revenues	4,191,986	4,191,986	2,838,208	(1,353,778)
Expenditures				
Current				
General government	1,328,956	1,328,956	665,415	663,541
Public safety	1,270,355	1,270,355	1,401,124	(130,769)
Public works	1,819,964	1,819,964	778,403	1,041,561
Culture and recreation	1,264,819	1,264,819	699,968	564,851
Debt service				
Principal retirement	12,428	12,428	12,427	1
Interest and fiscal charges	49	49	49	-
Appropriated reserves	77,891	77,891		77,891
Total expenditures	5,774,462	5,774,462	3,557,386	2,217,076
Excess of revenues over (under) expenditures	(1,582,476)	(1,582,476)	(719,178)	863,298
Other financing sources				
Sale of assets	10,000	10,000	48,101	38,101
Transfers in	1,305,899	1,305,899	655,899	(650,000)
Total other financing sources	1,315,899	1,315,899	704,000	(611,899)
Net change in fund balance	\$ (266,577)	\$ (266,577)	(15,178)	\$ 251,399
Fund balance at beginning of year			781,813	
Fund balance at end of year			\$ 766,635	

CITY OF WRAY, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

CITY OF WRAY, COLORADO
Notes to the Required Supplementary Information

Note B – Factors affecting trends in amounts reported in the pension 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.

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.

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, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Taxes				
Property taxes	\$ 387,985	\$ 387,985	\$ 406,201	\$ 18,216
Specific ownership taxes	46,128	46,128	43,625	(2,503)
Penalties and interest on taxes	2,122	2,122	1,379	(743)
Franchise taxes	22,344	22,344	24,450	2,106
Sales taxes	1,070,319	1,070,319	1,318,814	248,495
Severance taxes	15,000	15,000	14,975	(25)
Lodging taxes	51,652	51,652	51,667	15
Total taxes	1,595,550	1,595,550	1,861,111	265,561
Licenses and permits	15,142	15,142	8,606	(6,536)
Intergovernmental				
Motor vehicle assessments	9,537	9,537	9,658	121
Cigarette taxes	4,023	4,023	4,249	226
Weed & clean up	200	200		(200)
Highway users tax	86,000	86,000	79,159	(6,841)
Road and bridge	23,952	23,952	24,089	137
Broadband grant	211,158	211,158	51,330	(159,828)
Ambulance grants			92,614	92,614
Police grants	11,000	11,000	28,007	17,007
Airport grant	1,065,000	1,065,000	323,879	(741,121)
Library grant	260,000	260,000	10,000	(250,000)
Amphitheater grant	32,812	32,812	14,250	(18,562)
Street grant	80,000	80,000		(80,000)
Total intergovernmental	1,783,682	1,783,682	637,235	(1,146,447)
Fines and forfeitures				
Animal control	940	940	485	(455)
Police fines	8,535	8,535	12,192	3,657
Library fines	1,380	1,380	539	(841)
Total fines and forfeitures	10,855	10,855	13,216	2,361

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Charges for services				
Ambulance fees	310,000	310,000	213,574	(96,426)
Street fees	741	741	2,425	1,684
Parks user fees	1,188	1,188	448	(740)
Recreation fees	26,528	26,528	10,815	(15,713)
Swimming pool fees	59,940	59,940	40,630	(19,310)
Museum fees	3,700	3,700	1,110	(2,590)
Rental income	14,071	14,071	9,816	(4,255)
Total charges for services	416,168	416,168	278,818	(137,350)
Miscellaneous				
Interest on investments	2,900	2,900	15,526	12,626
Donations	271,175	271,175	15,100	(256,075)
Miscellaneous	96,514	96,514	8,596	(87,918)
Total miscellaneous	370,589	370,589	39,222	(331,367)
Total revenues	<u>\$ 4,191,986</u>	<u>\$ 4,191,986</u>	<u>\$ 2,838,208</u>	<u>\$ (1,353,778)</u>

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
Salaries	\$ 194,297	\$ 194,297	\$ 196,556	\$ (2,259)
Employee benefits	122,698	122,698	76,777	45,921
Workers compensation			45,486	(45,486)
Contract labor	19,096	19,096	19,095	1
Supplies	16,000	16,000	8,327	7,673
Repairs and maintenance	5,000	5,000	614	4,386
Housekeeping	45,000	45,000	43,833	1,167
Insurance	144,289	144,289	150,656	(6,367)
Training	7,500	7,500		7,500
Professional services	35,000	35,000	2,846	32,154
Meetings and dues	13,000	13,000	4,836	8,164
Audit expense	19,500	19,500	18,900	600
Dues and donations	20,000	20,000	18,501	1,499
County treasurer fees	7,760	7,760	8,171	(411)
Election expense	7,500	7,500		7,500
Grant expenditures	422,316	422,316	41,617	380,699
Development expense	30,000	30,000	29,060	940
Capital outlay	220,000	220,000	140	219,860
Total general government	1,328,956	1,328,956	665,415	663,541
Public safety				
Police				
Salaries	414,274	414,274	400,600	13,674
Employee benefits	217,903	217,903	185,763	32,140
Contract labor	17,400	17,400	17,400	-
Professional services	3,000	3,000	27,227	(24,227)
Meetings and dues	5,000	5,000	652	4,348
Court expense	1,000	1,000	58	942
Vehicle expense	8,000	8,000	6,389	1,611
Repairs and maintenance	15,000	15,000	6,791	8,209
Supplies	10,000	10,000	14,452	(4,452)
Medical expense	1,500	1,500	947	553
Communications	12,000	12,000	11,096	904
Police operations	20,000	20,000	14,481	5,519
Lease expense	4,200	4,200	4,200	-
Grant expenditures	8,100	8,100	23,433	(15,333)
Capital outlay	2,500	2,500		2,500
Total police	739,877	739,877	713,489	26,388

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Animal Control				
Salaries	4,262	4,262	4,596	(334)
Employee benefits	647	647	710	(63)
Supplies	520	520	654	(134)
Capital outlay	500	500		500
Total animal control	5,929	5,929	5,960	(31)
Fire				
Supplies	10,000	10,000	7,109	2,891
Repairs and maintenance	8,000	8,000	19,757	(11,757)
Training	3,000	3,000	450	2,550
Professional services	500	500		500
Firemen's pension	23,190	23,190	27,669	(4,479)
Fireworks display	5,000	5,000	8,251	(3,251)
Capital outlay	15,000	15,000	3,000	12,000
Total fire	64,690	64,690	66,236	(1,546)
Ambulance				
Salaries	248,834	248,834	339,515	(90,681)
Employee benefits	107,325	107,325	103,219	4,106
Supplies	36,000	36,000	99,387	(63,387)
Repairs and maintenance	10,000	10,000	4,604	5,396
Vehicle expense	10,000	10,000	13,124	(3,124)
Training	9,000	9,000	6,953	2,047
Professional services	27,000	27,000	37,983	(10,983)
Medical expense			10	(10)
Transfer meals	4,500	4,500	2,696	1,804
Communications	7,200	7,200	7,948	(748)
Total ambulance	459,859	459,859	615,439	(155,580)
Total public safety	1,270,355	1,270,355	1,401,124	(130,769)

(continued)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020

(continued)				Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Public works				
Highways and streets				
Salaries	214,014	214,014	150,825	63,189
Employee benefits	124,671	124,671	78,696	45,975
Street repairs	75,000	75,000	7,595	67,405
Maintenance and repairs	105,000	105,000	91,466	13,534
Supplies	3,000	3,000	4,109	(1,109)
Shop and general	25,000	25,000	25,107	(107)
Vehicle expense	30,000	30,000	38,839	(8,839)
Training	3,000	3,000		3,000
Professional services	25,500	25,500		25,500
Medical expense	2,500	2,500		2,500
Grant expenditures	100,000	100,000		100,000
Total highways and streets	707,685	707,685	396,637	311,048
Airport				
Salaries	21,075	21,075	23,188	(2,113)
Employee benefits	3,199	3,199	3,616	(417)
Supplies	8,605	8,605	5,762	2,843
Repairs and maintenance	4,000	4,000	6,845	(2,845)
Professional services	5,400	5,400	8,022	(2,622)
Matching expense	4,500	4,500	3,354	1,146
Training	500	500		500
Grant expenditures	1,050,000	1,050,000	329,575	720,425
Capital outlay	15,000	15,000	1,404	13,596
Total airport	1,112,279	1,112,279	381,766	730,513
Total public works	1,819,964	1,819,964	778,403	1,041,561
Culture and recreation				
Pool				
Salaries	91,525	91,525	76,244	15,281
Employee benefits	13,893	13,893	11,975	1,918
Supplies	34,603	34,603	29,585	5,018
Repairs and maintenance	18,868	18,868	19,971	(1,103)
Training	6,500	6,500	1,611	4,889
Professional services	500	500	28	472
Total pool	165,889	165,889	139,414	26,475

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Recreation				
Salaries	55,484	55,484	46,798	8,686
Employee benefits	31,531	31,531	28,063	3,468
Activities	15,585	15,585	9,610	5,975
Contract labor	3,000	3,000	410	2,590
Supplies	2,500	2,500	614	1,886
Repairs and maintenance	5,000	5,000	4,033	967
Training	1,500	1,500	815	685
Vehicle expense	1,500	1,500		1,500
Professional services	500	500	310	190
Total recreation	116,600	116,600	90,653	25,947
Parks				
Salaries	86,609	86,609	69,129	17,480
Employee benefits	46,687	46,687	42,176	4,511
Supplies	12,500	12,500	13,046	(546)
Repairs and maintenance	7,500	7,500	7,408	92
Training	500	500	97	403
Grant expenditures	165,000	165,000		165,000
Capital outlay	3,000	3,000		3,000
Total parks	321,796	321,796	131,856	189,940
Library				
Salaries	112,373	112,373	117,365	(4,992)
Employee benefits	40,242	40,242	40,609	(367)
Supplies	30,000	30,000	24,463	5,537
Repairs and maintenance	14,900	14,900	11,397	3,503
Training	1,800	1,800	50	1,750
Activities	7,300	7,300	7,300	-
Lease expense	1,750	1,750	1,384	366
Grant expenditures	270,000	270,000	20,015	249,985
Capital outlay	12,900	12,900	9,697	3,203
Total library	491,265	491,265	232,280	258,985

(continued)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Museum				
Salaries	54,888	54,888	44,553	10,335
Employee benefits	31,516	31,516	28,529	2,987
Supplies	5,500	5,500	5,509	(9)
Repairs and maintenance	8,000	8,000	2,151	5,849
Training	1,000	1,000		1,000
Professional services	4,000	4,000	1,005	2,995
Activities	250	250	64	186
Gift shop inventory	1,000	1,000	30	970
Lease	565	565	272	293
Grant expenditures	200	200		200
Memorial expenses	10,000	10,000		10,000
Capital outlay	8,600	8,600	352	8,248
Total museum	125,519	125,519	82,465	43,054
Amphitheater				
Grant expenditures	43,750	43,750	23,300	20,450
Total culture and recreation	1,264,819	1,264,819	699,968	564,851
Debt service				
Principal retirement	12,428	12,428	12,427	1
Interest and fiscal charges	49	49	49	-
Total debt service	12,477	12,477	12,476	1
Appropriated reserves	77,891	77,891		77,891
Total expenditures	\$ 5,774,462	\$ 5,774,462	\$ 3,557,386	\$ 2,217,076

**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, 2020

	<u>Airport Fund</u>	<u>Conservation Trust Fund</u>	<u>Youth Fund</u>	<u>Total</u>
Assets				
Cash	\$ 152,313	\$ 210,504	\$ 8,461	\$ 371,278
Receivables			441	441
Total assets	<u>\$ 152,313</u>	<u>\$ 210,504</u>	<u>\$ 8,902</u>	<u>\$ 371,719</u>
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balance				
Restricted for:				
Culture and recreation		210,504		210,504
Committed for:				
Airport services	152,313			152,313
Youth activities			8,902	8,902
Total fund balance	<u>152,313</u>	<u>210,504</u>	<u>8,902</u>	<u>371,719</u>
Total liabilities and fund balance	<u>\$ 152,313</u>	<u>\$ 210,504</u>	<u>\$ 8,902</u>	<u>\$ 371,719</u>

CITY OF WRAY, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2020

	Airport Fund	Conservation Trust Fund	Youth Fund	Total
Revenues				
Intergovernmental revenue	\$ 2,754	\$ 23,783		\$ 26,537
Charges for services	22,850			22,850
Miscellaneous	175	380	\$ 2,280	2,835
Total revenues	25,779	24,163	2,280	52,222
Expenditures				-
Excess of revenues over expenditures	25,779	24,163	2,280	52,222
Other financing sources (uses)				
Transfers out			(5,899)	(5,899)
Net change in fund balances	25,779	24,163	(3,619)	46,323
Fund balance at beginning of year	126,534	186,341	12,521	325,396
Fund balance at end of year	\$ 152,313	\$ 210,504	\$ 8,902	\$ 371,719

CITY OF WRAY, COLORADO
Airport Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue				
State fuel taxes	\$ 3,000	\$ 3,000	\$ 2,754	\$ (246)
Charges for services				
Airport leases	12,219	12,219	16,086	3,867
Airport taxes	4,500	4,500	3,410	(1,090)
City match	4,500	4,500	3,354	(1,146)
Total charges for services	21,219	21,219	22,850	1,631
Miscellaneous				
Interest on investments	100	100	175	75
Total revenues	24,319	24,319	25,779	1,460
Expenditures				
Public works	65,000	65,000		65,000
Total expenditures	65,000	65,000	-	65,000
Net change in fund balance	\$ (40,681)	\$ (40,681)	25,779	\$ 66,460
Fund balance at beginning of year			126,534	
Fund balance at end of year			\$ 152,313	

CITY OF WRAY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue				
Lottery proceeds	\$ 23,500	\$ 23,500	\$ 23,783	\$ 283
Miscellaneous				
Interest on investments	190	190	380	190
Total revenues	23,690	23,690	24,163	473
Expenditures				
Culture and recreation	20,625	20,625		20,625
Total expenditures	20,625	20,625	-	20,625
Net change in fund balance	\$ 3,065	\$ 3,065	24,163	\$ 21,098
Fund balance at beginning of year			186,341	
Fund balance at end of year			\$ 210,504	

CITY OF WRAY, COLORADO
Youth Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Miscellaneous				
Oil and gas lease	\$ 4,000	\$ 4,000	\$ 2,276	\$ (1,724)
Interest on investments	8	8	4	(4)
Total revenues	4,008	4,008	2,280	(1,728)
Expenditures				
Culture and recreation				-
Excess of revenues over expenditures	4,008	4,008	2,280	(1,728)
Other financing sources (uses)				
Transfers out	(5,899)	(5,899)	(5,899)	-
Net change in fund balance	<u>\$ (1,891)</u>	<u>\$ (1,891)</u>	(3,619)	<u>\$ (1,728)</u>
Fund balance at beginning of year			<u>12,521</u>	
Fund balance at end of year			<u>\$ 8,902</u>	

Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major proprietary funds:

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

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

CITY OF WRAY, COLORADO
Electric Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 2,600,000	\$ 2,600,000	\$ 2,824,858	\$ 224,858
Tap fees	1,750	1,750	1,350	(400)
Total operating revenues	2,601,750	2,601,750	2,826,208	224,458
Operating expenses				
Systems operation				
Salaries	171,103	171,103	124,681	46,422
Employee benefits	92,687	92,687	55,810	36,877
Electricity purchases	1,519,806	1,519,806	1,306,737	213,069
Supplies	13,500	13,500	12,712	788
Repairs and maintenance	75,000	75,000	94,887	(19,887)
Vehicle expense	9,000	9,000	11,844	(2,844)
Professional services	9,750	9,750	4,684	5,066
Training	4,000	4,000	2,245	1,755
Bad debts	4,200	4,200	132	4,068
Capital outlay			19,173	(19,173)
Total systems operation	1,899,046	1,899,046	1,632,905	266,141
Administrative and general				
Salaries	167,597	167,597	169,040	(1,443)
Employee benefits	114,541	114,541	106,730	7,811
Supplies	18,000	18,000	12,319	5,681
Repairs and maintenance	20,000	20,000	17,933	2,067
Training	3,500	3,500	80	3,420
Professional services	9,000	9,000	12,896	(3,896)
Lease expense	7,600	7,600	6,222	1,378
Publications	3,500	3,500	2,936	564
Capital outlay	2,000	2,000		2,000
Total administrative and general	345,738	345,738	328,156	17,582
Total operating expenses	2,244,784	2,244,784	1,961,061	283,723
Operating income	356,966	356,966	865,147	508,181

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Nonoperating revenues				
Interest on investments	3,500	3,500	29,606	26,106
Sale of assets	1,000	1,000		(1,000)
Miscellaneous	58,517	58,517	38,361	(20,156)
Total nonoperating revenues	63,017	63,017	67,967	4,950
Net income before transfers	419,983	419,983	933,114	513,131
Transfers out	(1,550,000)	(1,550,000)	(650,000)	900,000
Change in net position	<u>\$ (1,130,017)</u>	<u>\$ (1,130,017)</u>	283,114	<u>\$ 1,413,131</u>
Adjustments to GAAP Basis				
Add capital purchases			19,173	
Deduct pension and other post-employment benefit expense			(23,198)	
Deduct depreciation			<u>(92,945)</u>	
Change in net position - GAAP Basis			186,144	
Net position at beginning of year			<u>3,005,747</u>	
Net position at end of year			<u>\$ 3,191,891</u>	

CITY OF WRAY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 440,896	\$ 440,896	\$ 423,271	\$ (17,625)
Tap fees	1,000	1,000		(1,000)
Total operating revenues	441,896	441,896	423,271	(18,625)
Operating expenses				
Salaries	42,892	42,892	38,665	4,227
Employee benefits	18,302	18,302	16,324	1,978
Power purchases	56,143	56,143	55,735	408
Supplies	12,000	12,000	5,681	6,319
Chemicals	6,500	6,500	6,675	(175)
Repairs and maintenance	130,000	130,000	58,923	71,077
Vehicle expense	5,000	5,000	652	4,348
Professional services	35,000	35,000	26,495	8,505
Training	2,000	2,000	170	1,830
Water fees	21,000	21,000	15,764	5,236
Bad debts	500	500		500
Grant expenditures	7,242,228	7,242,228	3,897,591	3,344,637
Capital outlay			4,200	(4,200)
Total operating expenses	7,571,565	7,571,565	4,126,875	3,444,690
Operating income (loss)	(7,129,669)	(7,129,669)	(3,703,604)	3,426,065
Nonoperating revenues				
Interest on investments	1,845	1,845	12,852	11,007
Grant and note proceeds	5,302,228	5,302,228	4,191,745	(1,110,483)
Miscellaneous	15,000	15,000	16,429	1,429
Total nonoperating revenues	5,319,073	5,319,073	4,221,026	(1,098,047)
Net income (loss) before transfers	(1,810,596)	(1,810,596)	517,422	2,328,018
Transfers in	250,000	250,000		(250,000)
Change in net position	\$ (1,560,596)	\$ (1,560,596)	517,422	\$ 2,078,018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			3,901,791	
Deduct pension and other post- employment benefit expense			3,693	
Deduct depreciation			(55,087)	
Deduct note proceeds			(3,000,000)	
Change in net position - GAAP Basis			1,367,819	
Net position at beginning of year			3,255,664	
Net position at end of year			\$ 4,623,483	

CITY OF WRAY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 380,000	\$ 380,000	\$ 387,570	\$ 7,570
Tap fees	1,000	1,000		(1,000)
Total operating revenues	381,000	381,000	387,570	6,570
Operating expenses				
Salaries	97,975	97,975	90,768	7,207
Employee benefits	34,035	34,035	47,213	(13,178)
Power purchases	80,000	80,000	63,517	16,483
Supplies	7,528	7,528	3,593	3,935
Chemicals	15,000	15,000	10,179	4,821
Repairs and maintenance	56,000	56,000	6,238	49,762
Vehicle expense	5,000	5,000	2,168	2,832
Training	1,800	1,800	430	1,370
Professional services	25,250	25,250	57,967	(32,717)
Capital outlay			3,278	(3,278)
Total operating expenses	322,588	322,588	285,351	37,237
Operating income	58,412	58,412	102,219	43,807
Nonoperating revenues (expenses)				
Interest on investments	500	500	5,010	4,510
Miscellaneous	1,000	1,000		(1,000)
Principal paid on notes	(102,543)	(102,543)	(77,542)	25,001
Interest and fiscal charges	(14,560)	(14,560)	(14,433)	127
Total nonoperating revenues (expenses)	(115,603)	(115,603)	(86,965)	28,638
Change in net position	\$ (57,191)	\$ (57,191)	15,254	\$ 72,445

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital purchases			3,278	
Add principal paid on notes			77,542	
Deduct pension and other post- employment benefit expense			(24,825)	
Deduct depreciation			(248,996)	
Change in net position - GAAP Basis			(177,747)	
Net position at beginning of year			5,242,150	
Net position at end of year			\$ 5,064,403	

CITY OF WRAY, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 328,000	\$ 328,000	\$ 332,572	\$ 4,572
Operating expenses				
Salaries	131,057	131,057	116,675	14,382
Employee benefits	84,885	84,885	74,583	10,302
Supplies	5,400	5,400	7,962	(2,562)
Repairs and maintenance	15,000	15,000	5,952	9,048
Vehicle expense	25,000	25,000	16,566	8,434
Training	700	700	60	640
Landfill expense	62,000	62,000	62,081	(81)
Bad debts	500	500		500
Capital outlay	195,000	195,000	189,579	5,421
Total operating expenses	519,542	519,542	473,458	46,084
Operating income (loss)	(191,542)	(191,542)	(140,886)	50,656
Nonoperating revenues				
Interest on investments	1,200	1,200	9,018	7,818
Miscellaneous	4,000	4,000	6,388	2,388
Sale of assets			39,711	39,711
Total nonoperating revenues	5,200	5,200	55,117	49,917
Change in net position	\$ (186,342)	\$ (186,342)	(85,769)	\$ 100,573
Adjustments to GAAP Basis				
Add capital purchases			189,579	
Add pension and other post-employment benefit expense			1,660	
Deduct depreciation			(64,244)	
Change in net position - GAAP Basis			41,226	
Net position at beginning of year			439,838	
Net position at end of year			\$ 481,064	

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 (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

The City reports the following fiduciary fund:

Pension (and other employee benefit) 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, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Additions				
Contributions				
Employer	\$ 19,113	\$ 19,113	\$ 19,060	\$ (53)
State	7,900	7,900	9,113	1,213
Specific ownership tax	4,000	4,000	8,610	4,610
Total contributions	31,013	31,013	36,783	5,770
Investment income				
Interest on investments	1,100	1,100	1,747	647
Total investment income	1,100	1,100	1,747	647
Total additions	32,113	32,113	38,530	6,417
Deductions				
Pension benefits	25,300	25,300	25,200	100
Professional services	4,500	4,500	4,000	500
Total deductions	29,800	29,800	29,200	600
Change in net position	\$ 2,313	\$ 2,313	9,330	\$ 7,017
Net position restricted for pension benefits				
Beginning of year			133,477	
End of year			\$ 142,807	

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

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Wray YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of _) City of Wray	Prepared By: Emily J Ellis, City Clerk/Treasurer Phone: 970-332-4431

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,560,159
3. Other local imposts (from page 2)	85,689
4. Miscellaneous local receipts (from page 2)	(9,396)
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,636,453
B. Private Contributions	
C. Receipts from State government (from page 2)	89,048
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,725,501

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	0
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	22,130
c. Other	0
d. Total (a. through c.)	22,130
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	1,703,371
6. Total (1 through 5)	1,725,501
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,725,501

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,725,501	1,725,501	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	12,192
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	(48,101)
4. Licenses	0	f. Charges for Services	2,425
5. Specific Ownership &/or Other	85,689	g. Other Misc. Receipts	24,089
6. Total (1. through 5.)	85,689	h. Other	0
c. Total (a. + b.)	85,689	i. Total (a. through h.)	(9,396)
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	79,337	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	9,711	d. Federal Transit Admin	0
d. Other (Specify) - Faster bill	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	9,711	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	89,048	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	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, 2020

	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior			
Pass through program from Colorado Department of Local Affairs:			
Minerals Leasing Act	15.437	F20MLG8980	\$ 793,148
Minerals Leasing Act	15.437	F20MLG8941	171,822
Total Minerals Leasing Act/U.S. Department of the Interior			964,970
U.S. Department of Justice			
Pass through program from Colorado Office of State Controller:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0124	14,470
Total U.S. Department of Justice			14,470
U.S. Department of Transportation			
Direct program:			
Airport Improvement Program	20.106	N/A	301,200
Total U.S. Department of Transportation			301,200
U.S. Department of the Treasury			
Direct program:			
Coronavirus Relief Fund	21.019	N/A	10,692
Pass through program from Colorado Department of Local Affairs:			
Coronavirus Relief Fund	21.019	CVRF CM-119	61,182
Total Coronavirus Relief Fund/U.S. Department of the Treasury			71,874
U.S. Environmental Protection Agency			
Drinking Water State Revolving Fund Cluster			
Pass through program from Colorado Water Resources and Power Development Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D20F374	1,932,653
Total Drinking Water State Revolving Fund Cluster/U.S. Environmental Protection Agency			1,932,653
Total Expenditures of Federal Awards			\$ 3,285,167

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, 2020

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, 2020. 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 13, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
August 13, 2021



**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, 2020. 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.

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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
August 13, 2021

CITY OF WRAY, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

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. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal award programs.
6. The audit did not disclose any findings relative to the major federal award programs of the City.
7. The programs tested as major programs included:

Minerals Leasing Act	CFDA No. 15.437
Drinking Water State Revolving Fund Cluster	CFDA No. 66.468
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*.

Findings and questioned costs – major federal award programs audit

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

CITY OF WRAY, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Findings and questioned costs – major federal award programs audit

DEPARTMENT OF TRANSPORTATION

2019-001 Airport Improvement Program – CFDA No. 20.106

Condition: This finding was a significant deficiency stating that costs submitted for reimbursement were not required to be reviewed to determine whether or not they had been paid for with entity funds before reimbursement was requested from the federal government.

Recommendation: The auditor recommended that procedures should be implemented to ensure that costs had been paid for prior to being submitted for reimbursement.

Current status: The recommendation was adopted August 28, 2020. No similar findings were noted in the 2020 audit.

2019-002 Airport Improvement Program – CFDA No. 20.106

Condition: One invoice was not paid prior to being submitted for reimbursement.

Recommendation: The auditor recommended that procedures should be implemented to ensure that costs have been paid prior to being submitted for reimbursement.

Current status: The invoice was paid in the current year and the recommendation was adopted August 28, 2020. No similar findings were noted in the 2020 audit.