City of Wray, Colorado

Financial Statements

For the Year ended December 31, 2025

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Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wray (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Supplementary 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, the local highway finance report and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 17, 2026

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, 2025.

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 2025 by $29,459,395 (net position).
- The City's total net position increased by $1,387,243.
- During the year, the City's revenue from taxes and other revenues for governmental programs were more than the expenses by $2,146,633.
- The General Fund ending fund balance reached $91,853, a decrease of $426,438.

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' 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. 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.

<u>FINANCIAL ANALYSIS OF THE CITY AS A WHOLE</u>

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 $29,459,395 at the close of 2025.

Net Position

Combined net position of the City of Wray as of December 31, 2025 and 2024 are shown in Table 1 below.

Table 1
NET POSITION UPDATE 2025 AMOUNTS

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 3,315,261	$ 3,153,611	$ 4,952,784	$ 5,584,124	$ 8,268,045	$ 8,737,735
Capital assets	15,697,859	13,301,171	13,013,087	13,308,651	28,710,946	26,609,822
Total assets	19,013,120	16,454,782	17,965,871	18,892,775	36,978,991	35,37,557
Deferred outflows of resources	696,234	922,043	153,778	216,318	850,012	1,138,361
Total assets and deferred outflows of resources	$ 19,709,354	$ 17,376,825	$ 18,119,649	$ 19,109,093	$ 37,829,003	$ 36,485,918
Long-term liabilities	$ 1,385,225	$ 1,632,814	$ 3,865,554	$ 4,053,202	$ 5,250,779	$ 5,686,016
Other liabilities	1,447,124	1,087,447	936,719	977,804	2,383,843	2,065,251
Total liabilities	2,832,349	2,720,261	4,802,273	5,031,006	7,634,622	7,751,267
Deferred inflows of resources	722,110	648,302	12,876	14,197	734,986	662,499
Net position:						
Net investment in capital assets	15,697,859	13,301,171	9,397,370	9,525,711	25,095,229	22,826,882
Restricted	500,809	461,243	-	-	500,809	461,243
Unrestricted (deficit)	(43,773)	245,848	3,907,130	4,538,179	3,863,357	4,784,027
Total net position	16,154,895	14,008,262	13,304,500	14,063,890	29,459,395	28,072,152
Total liabilities and net position	$ 19,709,354	$ 17,376,825	$ 18,119,649	$ 19,109,093	$ 37,829,003	$ 36,485,918

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 $10,940,903 was more than program expenses of $9,553,660 for an increase in net position of $1,387,243.

Table 2 shows the summarized revenues and expenses for 2025 and 2024.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues						
Charges for services	$ 551,461	$ 592,684	$ 4,006,678	$ 4,012,969	$ 4,558,139	$ 4,605,653
Operating grants and contributions	619,287	784,894	308,630	74,827	927,917	859,721
Capital grants and contributions	2,526,453	282,741	-	-	2,526,453	282,741
General revenues						
Property taxes	459,411	443,349	-	-	459,411	443,349
Sales and use taxes	1,794,164	1,875,336	-	-	1,794,164	1,875,336
Specific ownership taxes	45,844	44,077	-	-	45,844	44,077
Franchise taxes	19,121	20,153	-	-	19,121	20,153
Severance taxes	11,433	26,311	-	-	11,433	26,311
Lodging taxes	57,995	62,205	-	-	57,995	62,205
Interest earnings	96,123	49,693	147,374	214,649	243,497	264,342
Miscellaneous	172,517	337,072	124,412	232,537	296,929	569,609
Sale of assets	-	-	-	-	-	153,210
Capital contributions	-	-	-	-	-	-
Transfers	1,275,000	1,325,000	(1,275,000)	(1,325,000)	-	-
Total revenues	7,628,809	5,996,725	3,312,094	3,209,982	10,940,903	9,206,707
Program expenses						
General government	1,007,056	1,096,585	-	-	1,007,056	1,096,585
Public safety	1,978,169	1,714,820	-	-	1,978,169	1,714,820
Public works	1,215,312	1,191,793	-	-	1,215,312	1,191,793
Culture and recreation	1,281,639	1,244,520	-	-	1,281,639	1,244,520
Interest and fiscal charges	-	-	-	-	-	-
Electric services	-	-	2,717,344	2,461,709	2,717,344	2,461,709
Water services	-	-	512,011	507,755	512,011	507,755
Sewer services	-	-	449,297	437,793	449,297	437,793
Sanitation services	-	-	392,832	426,386	392,832	426,386
Total expenses	5,482,176	5,247,718	4,071,484	3,833,643	9,553,660	3,833,643
Change in net position	2,146,633	749,007	(759,390)	(623,661)	2,146,633	125,346
Net position at beginning of year	14,008,262	13,259,255	14,063,980	14,687,551	28,072,152	27,946,806
Net position at end of year	$ 16,154,895	$ 14,008,262	$ 13,304,500	$ 14,063,890	$ 29,459,395	$ 28,072,152

Governmental Activities

Revenue for the City's governmental activities totaled $7,628,809 for 2025. Tax revenue produced 31% 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	
	2025	2024	2025	2024
General government	$ 1,007,056	$ 1,096,585	$ 826,455	$ 609,306
Public safety	1,978,169	1,714,820	1,509,365	1,251,658
Public works	1,215,312	1,191,793	(1,446,170)	765,822
Culture and recreation	1,281,639	1,244,520	895,325	960,613

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 decreased by $759,390 in 2025. Business-type activities include electric, water, sewer and sanitation services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total cost of services		Net cost of services	
	2025	2024	2025	2024
Electric services	$ 2,461,709	$ 2,461,709	$ (292,878)	$ (292,878)
Water services	507,755	507,755	(28,602)	(28,602)
Sewer services	437,793	437,793	2,993	2,993
Sanitation services	426,386	426,386	64,334	64,334

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 $1,238,043. The general fund, library improvement fund, and other governmental funds reported fund balances of $191,853, $41,095 and $1,005,095 respectively.

CAPITAL ASSETS AND DEBT ADMINSTRATION

Capital Assets. The City of Wray's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $28,710,946 (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	
	2025	2024	2025	2024	2025	2024
Land	$ 1,581,135	$ 1,581,135	$ 396,161	$ 396,161	$ 1,977,296	$ 1,977,296
Other non-depreciable assets	1,680,893	1,531,168	352,000	352,000	2,032,893	1,883,168
Infrastructure	4,197,547	1,281,000	-	-	4,197,547	1,281,000
Land Improvements	4,241,659	4,734,376	-	-	4,241,659	4,734,376
Buildings and improvements	3,341,482	3,506,503	72,197	78,028	3,413,679	3,584,531
Vehicles	254,555	179,750	59,134	80,828	313,689	260,578
Machinery and equipment	400,588	487,239	424,727	382,876	825,315	870,115
Systems	-	-	11,708,868	12,018,758	11,708,868	12,018,758
Total	$ 15,697,859	$ 13,301,171	$ 13,013,087	$ 13,308,651	$ 28,710,946	$ 26,609,822

Long-term debt. The City had $3,615,717 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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Notes payable	$ -	$ -	$ 3,615,717	$ 3,782,941	$ 3,615,717	$ 3,782,941

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

The cost of these "General Fund Services" has totaled between $3.67 and $6.83 million dollars annually since 2020. 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.

<u>2026 Budgetary Important Features and Major Projects</u>

The attached 2026 Budget for the City of Wray includes these *important features*:

1. The construction of a City Complex facility to include City Hall, Resiliency Hub & Events Center, Emergency Operation Center (EOC) & Police Station, and Museum with a budget of $20.0M contingent upon securing state and federal grant funding for the project.
2. The Wray Municipal Airport Partial Parallel and Asphalt Maintenance projects in the amount of $1.5M with 90% Federal funding, 5% State Funding, and 5% local funding.
3. The Wray Ambulance purchase of a new ambulance in the amount of $325,000 contingent upon securing 50% grant funds, and a shared local match of 50% between Yuma County, Kitzmiller-Bales Trust, and the City of Wray.
4. An Outdoor Library project to be constructed on the current Cedardale property is included. The project total is estimated at $1,446,283 and includes securing $1,246,283 of grant funding from multiple sources. The project costs include the abatement and razing of the Cedardale building and is partially complete. The 2026 budget includes $741,000 in project expenses.
5. The replacement of the Blake Street Bridge in the amount of $1.2M funded by a 80% CDOT Off-System Bridge grant and 20% matching funds.
6. The upsizing of electric distribution lines, installation of water, and sewer utilities, grading and site work, and installation of 550 feet of Street to the wind turbine property is included in the amount of $377,400, utilizing a 50/50 Rural Economic Development Initiative Grant in the amount of $149,998.
7. The conversion to AMI electric meters in the amount of $717,000 contingent upon securing a 50% matching grant.
8. $191,000 of ARPA fund expenditure is included in the Water Fund to include eligible water infrastructure included drilling well #6 and water meter upgrades and replacements.

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 2026 General fund expense totals $18.2M which exceeds projected revenue and fund cash reserves without transferring funds from the Enterprise Departments. Contributions into the General, 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, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 1,222,492	$ 88,828	$ 1,311,320
Cash with county treasurer	3,470		3,470
Certificates of deposit	1,471,502	1,947,765	3,419,267
Receivables	2,255,531	529,209	2,784,740
Internal balances	(1,637,734)	1,637,734	-
Due from fiduciary fund		23,439	23,439
Inventory		725,809	725,809
Capital assets, net of depreciation	15,697,859	13,013,087	28,710,946
Total assets	19,013,120	17,965,871	36,978,991
Deferred outflows of resources			
Pension deferrals	674,252	146,211	820,463
Other post-employment benefit deferrals	21,982	7,567	29,549
Total deferred outflows of resources	696,234	153,778	850,012
Total assets and deferred outflows of resources	$ 19,709,354	$ 18,119,649	$ 37,829,003

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

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	$ 616,787	$ 187,494	$ 804,281
Accrued salaries and benefits	71,896	22,911	94,807
Unearned revenues	12,814		12,814
Unearned grant revenues	745,627	366,897	1,112,524
Customer deposits		181,877	181,877
Accrued interest payable		8,208	8,208
Current portion of notes payable		169,332	169,332
Total current liabilities	1,447,124	936,719	2,383,843
Long-term liabilities			
Notes payable		3,446,385	3,446,385
Net pension liability	1,322,539	398,018	1,720,557
Net OPEB liability	62,686	21,151	83,837
Total long-term liabilities	1,385,225	3,865,554	5,250,779
Total liabilities	2,832,349	4,802,273	7,634,622
Deferred inflows of resources			
Deferred property tax revenues	537,654		537,654
Pension deferrals	150,837	1,118	151,955
Other post-employment benefit deferrals	33,619	11,758	45,377
Total deferred inflows of resources	722,110	12,876	734,986
Net position			
Net investment in capital assets	15,697,859	9,397,370	25,095,229
Restricted for:			
Emergencies	109,000		109,000
Culture and recreation	391,809		391,809
Unrestricted (deficit)	(43,773)	3,907,130	3,863,357
Total net position	16,154,895	13,304,500	29,459,395
Total liabilities, deferred inflows of resources and net position	$ 19,709,354	$ 18,119,649	$ 37,829,003

CITY OF WRAY, COLORADO
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 1,007,056	$ 74,294	$ 106,307	
Public safety	1,978,169	278,896	147,408	$ 42,500
Public works	1,215,312	46,903	133,526	2,481,053
Culture and recreation	1,281,639	151,368	232,046	2,900
Total governmental activities	5,482,176	551,461	619,287	2,526,453
Business-type activities				
Electric services	2,717,344	2,793,572	209,104	
Water services	512,011	441,956	99,526	
Sewer services	449,297	409,412		
Sanitation services	392,832	361,738		
Total business-type activities	4,071,484	4,006,678	308,630	-
Total	$ 9,553,660	$ 4,558,139	$ 927,917	$ 2,526,453

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
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
$ (826,455)		$ (826,455)
(1,509,365)		(1,509,365)
1,446,170		1,446,170
(895,325)		(895,325)
(1,784,975)	$ -	(1,784,975)
	285,332	285,332
	29,471	29,471
	(39,885)	(39,885)
	(31,094)	(31,094)
-	243,824	243,824
(1,784,975)	243,824	(1,541,151)
459,411		459,411
1,794,164		1,794,164
45,844		45,844
19,121		19,121
11,433		11,433
57,995		57,995
96,123	147,374	243,497
172,517	124,412	296,929
1,275,000	(1,275,000)	-
3,931,608	(1,003,214)	2,928,394
2,146,633	(759,390)	1,387,243
14,008,262	14,063,890	28,072,152
$ 16,154,895	$ 13,304,500	$ 29,459,395

CITY OF WRAY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Library Improvement Fund	Other Governmental Funds	Total
Assets				
Cash	$ 1,016,024	$ 109,220	$ 97,248	$ 1,222,492
Cash with county treasurer	3,470			3,470
Certificates of deposit	77,053	639,375	755,074	1,471,502
Property taxes receivable	537,654			537,654
Accounts receivable	456,581		29,033	485,614
Grants receivable	1,139,823			1,139,823
Due from other funds			136,554	136,554
Total assets	$ 3,230,605	$ 748,595	$ 1,017,909	$ 4,997,109
Liabilities				
Accounts payable	$ 616,787			$ 616,787
Accrued salaries and benefits	71,896			71,896
Due to other funds	1,774,288			1,774,288
Unearned revenues			$ 12,814	12,814
Unearned grant revenues	38,127	$ 707,500		745,627
Total liabilities	2,501,098	707,500	12,814	3,221,412
Deferred inflows of resources				
Deferred property tax revenues	537,654			537,654
Total deferred inflows of resources	537,654	-	-	537,654
Fund balance				
Restricted for:				
Emergencies	109,000			109,000
Culture and recreation			391,809	391,809
Committed for:				
Library improvements		41,095		41,095
Airport services			286,000	286,000
Youth activities			34,012	34,012
Museum expenditures			293,274	293,274
Assigned for:				
Police special fund	1,168			1,168
Equipment reserve fund	77,053			77,053
Unassigned	4,632			4,632
Total fund balance	191,853	41,095	1,005,095	1,238,043
Total liabilities, deferred inflows of resources and fund balance	$ 3,230,605	$ 748,595	$ 1,017,909	$ 4,997,109

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, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	$ 1,238,043
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	15,697,859
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 not reported as revenue in the governmental funds.	92,440
Net pension and OPEB liabilities and their related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as assets or liabilities in the funds.	(873,447)
Net position of the governmental activities	$ 16,154,895

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, 2025

	General Fund	Library Improvement Fund	Other Governmental Funds	Total
Revenues				
Taxes	$ 2,389,302			$ 2,389,302
Licenses and permits	53,769			53,769
Intergovernmental	2,939,835		$ 31,508	2,971,343
Fines and forfeitures	20,047			20,047
Charges for services	417,156		46,353	463,509
Miscellaneous	312,502	$ 25,679	103,522	441,703
Total revenues	6,132,611	25,679	181,383	6,339,673
Expenditures				
Current				
General government	1,198,205			1,198,205
Public safety	2,048,242			2,048,242
Public works	3,523,240			3,523,240
Culture and recreation	1,140,905			1,140,905
Total expenditures	7,910,592	-	-	7,910,592
Excess of revenues over (under) expenditures	(1,777,981)	25,679	181,383	(1,570,919)
Other financing sources (uses)				
Transfers in	1,451,543			1,451,543
Transfers out			(176,543)	(176,543)
Total other financing sources (uses)	1,451,543	-	(176,543)	1,275,000
Net change in fund balance	(326,438)	25,679	4,840	(295,919)
Fund balance at beginning of year	518,291	15,416	1,000,255	1,533,962
Fund balance at end of year	$ 191,853	$ 41,095	$ 1,005,095	$ 1,238,043

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, 2025

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - governmental funds	$ (295,919)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	2,396,688
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.	14,136
Pension and OPEB expense at the fund level represents cash contributions to the plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	31,728
Change in net position of governmental activities	$ 2,146,633

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

CITY OF WRAY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Assets				
Current assets				
Cash	$ 66,245	$ 6,935	$ 7,982	$ 7,666
Certificates of deposit	1,155,336	342,228	170,568	279,633
Accounts receivable	319,507	40,360	42,637	34,377
Grants receivable	76,802			
Accrued interest receivable	7,763	3,416	1,553	2,794
Due from other funds	50,000	1,347,533	1,181,812	88,539
Inventory	568,625	142,389	7,738	7,057
Total current assets	2,244,278	1,882,861	1,412,290	420,066
Noncurrent assets				
Capital assets, net of depreciation	1,132,837	7,004,104	4,684,396	191,750
Total noncurrent assets	1,132,837	7,004,104	4,684,396	191,750
Total assets	3,377,115	8,886,965	6,096,686	611,816
Deferred outflows of resources				
Pension deferrals	99,012	11,026	7,735	28,438
Other post-employment benefit deferrals	4,854	663	271	1,779
Total deferred outflows of resources	103,866	11,689	8,006	30,217
Total assets and deferred outflows of resources	$ 3,480,981	$ 8,898,654	$ 6,104,692	$ 642,033

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

Total
$ 88,828
1,947,765
436,881
76,802
15,526
2,667,884
725,809
5,959,495
13,013,087
13,013,087
18,972,582
146,211
7,567
153,778
$ 19,126,360

(continued)

CITY OF WRAY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Liabilities				
Current liabilities				
Accounts payable	$ 163,981	$ 14,094	$ 7,560	$ 1,859
Customer deposits	180,342	1,535		
Accrued salaries and benefits	14,690	1,941	1,376	4,904
Due to other funds	956,711		50,000	
Unearned grant revenue		366,897		
Accrued interest payable		6,544	1,664	
Current portion of note payable		87,007	82,325	
Total current liabilities	1,315,724	478,018	142,925	6,763
Long-term liabilities				
Note payable		2,530,531	915,854	
Net pension liability	258,602	36,393	6,617	96,406
Net OPEB liability	13,742	1,934	352	5,123
Total long-term liabilities	272,344	2,568,858	922,823	101,529
Total liabilities	1,588,068	3,046,876	1,065,748	108,292
Deferred inflows of resources				
Pension deferrals				1,118
Other post-employment benefit deferrals	7,364	968	629	2,797
Total deferred inflows of resources	7,364	968	629	3,915
Net position				
Net investment in capital assets	1,132,837	4,386,566	3,686,217	191,750
Unrestricted	752,712	1,464,244	1,352,098	338,076
Total net position	1,885,549	5,850,810	5,038,315	529,826
Total liabilities, deferred inflows of resources and net position	$ 3,480,981	$ 8,898,654	$ 6,104,692	$ 642,033

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

Total
$ 187,494
181,877
22,911
1,006,711
366,897
8,208
169,332
1,943,430
3,446,385
398,018
21,151
3,865,554
5,808,984
1,118
11,758
12,876
9,397,370
3,907,130
13,304,500
$ 19,126,360

CITY OF WRAY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Operating revenues				
Charges for services	$ 2,793,572	$ 441,956	$ 409,412	$ 361,738
Operating expenses				
Systems operation				
Salaries	206,017	61,440	39,210	131,206
Employee benefits	78,899	23,130	17,070	75,450
Workers compensation	1,996	1,279	984	7,534
Electricity purchases	1,528,359			
Power purchases		60,180	83,406	
Supplies	18,796	8,794	5,072	11,059
Chemicals		9,713	13,662	
Repairs and maintenance	160,000	34,978	44,625	14,095
System maintenance	49,295			
Vehicle expense	14,193	6,205	8,472	16,588
Professional services	36,408	26,349	1,300	9,414
Training	10,084	1,242	933	
Bad debts	(394)			
Water fees		19,583		
Landfill expense				68,380
Grant expenditures	57,454			
Depreciation and amortization	88,524	209,825	228,242	62,368
Total systems operation	2,249,631	462,718	442,976	396,094
Administrative and general				
Salaries	241,907			
Employee benefits	115,098			
Supplies	18,220			
Repairs and maintenance	33,605			
Training	147			
Professional services	6,279			
Lease expense	8,211			
Publications	3,221			
Total administrative and general	426,688	-	-	-
Total operating expenses	2,676,319	462,718	442,976	396,094
Operating income (loss)	117,253	(20,762)	(33,564)	(34,356)

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

Total
$ 4,006,678
437,873
194,549
11,793
1,528,359
143,586
43,721
23,375
253,698
49,295
45,458
73,471
12,259
(394)
19,583
68,380
57,454
588,959
3,551,419
241,907
115,098
18,220
33,605
147
6,279
8,211
3,221
426,688
3,978,107
28,571

(continued)

CITY OF WRAY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Nonoperating revenues (expenses)				
Interest on investments	78,492	30,431	13,546	24,905
Miscellaneous revenues	96,182	15,379	26	12,825
Grants and donations	209,104			
ARPA revenue		99,526		
Pension expense	(41,025)	(9,279)	4,137	3,262
Interest and fiscal charges		(40,014)	(10,458)	
Total nonoperating revenues (expenses)	342,753	96,043	7,251	40,992
Income (loss) before transfers	460,006	75,281	(26,313)	6,636
Transfers out	(1,200,000)	(75,000)		
Change in net position	(739,994)	281	(26,313)	6,636
Net position at beginning of year	2,625,543	5,850,529	5,064,628	523,190
Net position at end of year	$ 1,885,549	$ 5,850,810	$ 5,038,315	$ 529,826

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

Total
147,374
124,412
209,104
99,526
(42,905)
(50,472)
487,039
515,610
(1,275,000)
(759,390)
14,063,890
$ 13,304,500

CITY OF WRAY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Cash flows from operating activities				
Receipts from customers	$ 2,825,136	$ 442,279	$ 412,730	$ 364,417
Internal activity - receipts from (payments to) other funds	121,837	(231,018)	(245,404)	(330,571)
Payments to suppliers	(2,353,167)	(183,017)	(176,619)	(207,525)
Payments to employees	(445,934)	(62,080)	(38,891)	(129,856)
Net cash provided (used) by operating activities	147,872	(33,836)	(48,184)	(303,535)
Cash flows from noncapital financing activities				
Miscellaneous revenues	96,182	15,379	26	12,825
Transfers out	(1,200,000)	(75,000)		
Net cash provided (used) by noncapital financing activities	(1,103,818)	(59,621)	26	12,825
Cash flows from capital and related financing activities				
Grant proceeds	132,302			
Purchase of capital assets	(115,829)	(138,487)	(39,079)	
Principal paid on capital debt		(85,716)	(81,508)	
Interest and fiscal charges		(40,229)	(10,594)	
Net cash provided (used) by capital and related financing activities	16,473	(264,432)	(131,181)	-
Cash flows from investing activities				
Earnings on investments	2,445	1,076	489	880
Sale of investments and certificates	882,645	344,769	171,723	281,712
Net cash provided by investing activities	885,090	345,845	172,212	282,592

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

Total
$ 4,044,562
(685,156)
(2,920,328)
(676,761)
(237,683)
124,412
(1,275,000)
(1,150,588)
132,302
(293,395)
(167,224)
(50,823)
(379,140)
4,890
1,680,849
1,685,739

(continued)

CITY OF WRAY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Net change in cash and cash equivalents	(54,383)	(12,044)	(7,127)	(8,118)
Cash and cash equivalents at beginning of year	120,628	18,979	15,109	15,784
Cash and cash equivalents at end of year	$ 66,245	$ 6,935	$ 7,982	$ 7,666
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 117,253	$ (20,762)	$ (33,564)	$ (34,356)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	88,524	209,825	228,242	62,368
Change in assets and liabilities				
Receivables	6,611	(517)	3,318	2,679
Due from other funds	25,000	(231,018)	(220,404)	(88,539)
Inventory	(232,891)	(1,354)	(368)	(4,217)
Accounts payable	19,595	9,790	(727)	(788)
Customer deposits	24,953	840		
Accrued salaries and benefits	1,990	(640)	319	1,350
Due to other funds	96,837		(25,000)	(242,032)
Net cash provided (used) by operating activities	$ 147,872	$ (33,836)	$ (48,184)	$ (303,535)

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

Total
(81,672)
170,500
$ 88,828
$ 28,571
588,959
12,091
(514,961)
(238,830)
27,870
25,793
3,019
(170,195)
$ (237,683)

CITY OF WRAY, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Pension (and Other Employee Benefit) Trust Funds
Assets	
Cash	$ 25,354
Certificate of deposit	225,406
Total assets	$ 250,760
Liabilities	
Due to other funds	$ 23,439
Net position	
Restricted for pension benefits	227,321
Total liabilities and net position	$ 250,760

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, 2025

	Pension (and Other Employee Benefit) Trust Funds
Additions	
Contributions	
Employer	$ 21,061
State	10,380
Specific ownership tax	4,626
Donations	23,757
Total contributions	59,824
Investment income	
Interest on investments	8,231
Total investment income	8,231
Total additions	68,055
Deductions	
Pension benefits	26,110
Professional services	4,000
Total deductions	30,110
Change in net position	37,945
Net position at beginning of year	189,376
Net position at end of year	$ 227,321

The accompanying notes are an integral part of these 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 are the City's major governmental funds:

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.

<u>Note A – Summary of significant accounting policies</u> (Continued)

<u>Library Improvement Fund</u> – This fund was established with donations made to the City to be used for library improvements.

The following are the City's nonmajor governmental funds:

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

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

<u>Youth Fund</u> – 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.

<u>Museum Donation Fund</u> – This fund was established with donations made to the City to be used for the museum.

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:

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

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

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

<u>Sanitation Fund</u> – 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.

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.

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, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange transactions, in which the 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.

<u>Note A – Summary of significant accounting policies</u> (Continued)

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.

<u>Deferred outflows/inflows of resources</u> - 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.

<u>Unearned revenue</u> – 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.

<u>Expenses/expenditures</u> – 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

<u>Note A – Summary of significant accounting policies</u> (Continued)

internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for electric, water, sewer, sanitation and street services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

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.

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:

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

A.11 – Compensated absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 101, "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 time. 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. No liability is shown on the financial statements due to the immateriality of the amounts involved.

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.

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.14 – Leases

The City determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments overs the lease term, less any lease incentives. Interest expense is recognized ratably of the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

The City recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and the leases are not included as lease liabilities or right-to-use lease assets in the statement of net position.

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.

<u>Note A – Summary of significant accounting policies</u> (Continued)

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.

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),

Note A – Summary of significant accounting policies (Continued)

- *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).

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, 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 requires eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of year-end, the City had total deposits of $5,285,097, of which $500,000 was insured and $4,785,097 was collateralized with securities held by the pledging institution's trust department or agent in the City's name.

Note B – Cash and investments (Continued)

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 U.S. 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.

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Utility accounts	$ -	$ 436,881	$ 436,881
Property taxes	537,654	-	537,654
Accounts	578,054	-	578,054
Grants	1,139,823	76,802	1,216,625
Interest	-	15,526	15,526
Total	$ 2,255,531	$ 529,209	$ 2,784,740

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 D – Interfund transactions

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

	Interfund Receivables	Interfund Payables
Governmental funds		
General Fund	$ -	$ 1,774,288
Electric Fund	50,000	956,711
Water Fund	1,347,533	-
Sewer Fund	1,181,812	50,000
Sanitation Fund	88,539	-
Other Governmental Funds	136,554	-
Fiduciary Fund	-	23,439
Total	$ 2,804,438	$ 2,804,438

The balance of $50,000 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.

Transfers In	Transfers Out	Amount
General Fund	Electric Fund	$ 1,200,000
General Fund	Water Fund	75,000
General Fund	Other Governmental Funds	176,543
Totals		$ 1,451,543

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from certain of the Proprietary Funds (Electric and Water Funds) to provide support for various departments within the General Fund. Additionally, the City transferred funds in the amount of $176,543 from the Other Governmental Funds to the General Fund to support youth programs ($107,506) and to reimburse the City's share of airport project costs after grant reimbursement ($69,037).

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
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	1,135,933	3,165,269	(3,015,544)	1,285,658
Total capital assets, not being depreciated	3,112,303	3,165,269	(3,015,544)	3,262,028
Capital assets, being depreciated:				
Infrastructure	3,331,422	16,770	3,015,544	6,363,736
Land improvements	12,313,745	-	-	12,313,745
Buildings and improvements	6,507,294	-	-	6,507,294
Vehicles	2,132,691	153,334	-	2,286,025
Machinery and equipment	2,892,899	25,466	-	2,918,365
Total capital assets, being depreciated	27,178,051	195,570	3,015,544	30,389,165
Total capital assets	30,290,354	3,360,839	-	33,651,193
Less accumulated depreciation for:				
Infrastructure	(2,050,422)	(115,767)	-	(2,166,189)
Land improvements	(7,579,369)	(492,717)	-	(8,072,086)
Buildings and improvements	(3,000,791)	(165,021)	-	(3,165,812)
Vehicles	(1,952,941)	(78,529)	-	(2,031,470)
Machinery and equipment	(2,405,660)	(112,117)	-	(2,517,777)
Total accumulated depreciation	(16,989,183)	(964,151)	-	(17,953,334)
Governmental activities capital assets, net	$ 13,301,171	$ 2,396,688	$ -	$ 15,697,859

Note E – Capital assets (Continued)

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 396,161	$ -	$ -	$ 396,161
Water rights	352,000	-	-	352,000
Total capital assets, not being depreciated	748,161	-	-	748,161
Capital assets, being depreciated				
Distribution systems	18,992,365	172,367	-	19,164,732
Buildings and improvements	358,795	-	-	358,795
Vehicles	745,738	-	-	745,738
Machinery and equipment	1,209,540	121,028	-	1,330,568
Total capital assets, being depreciated	21,306,438	293,395	-	21,599,833
Total capital assets	22,054,599	293,395	-	22,347,994
Less accumulated depreciation for:				
Distribution systems	(6,973,607)	(482,257)	-	(7,455,864)
Building and improvements	(280,767)	(5,831)	-	(286,598)
Vehicles	(664,910)	(21,694)	-	(686,604)
Machinery and equipment	(826,664)	(79,177)	-	(905,841)
Total accumulated depreciation	(8,745,948)	(588,959)	-	(9,334,907)
Business-type activities capital assets, net	$ 13,308,651	$ (295,564)	$ -	$ 13,013,087

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

Governmental activities	
General government	$ 49,109
Public safety	172,940
Public works	587,645
Culture and recreation	154,457
Total governmental activities	964,151

Note E – Capital assets (Continued)

Business-type activities	
Electric	88,524
Water	209,825
Sewer	228,242
Sanitation	62,368
Total business-type activities	588,959
Total depreciation expense	$ 1,553,110

Note F – Long-term debt

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

	Beginning Balances	Additions	Adjustments/ Reductions	Ending Balances	Due within one year
Business-type activities					
Notes payable	$ 3,782,941	$ -	$ (167,224)	$ 3,615,717	$ 169,332

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.	$ 998,179
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.	2,617,538
Total	$ 3,615,717

Note F – Long-term debt (Continued)

The City's outstanding notes with CWRPDA in the amount of $3,615,717 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:

Year ended December 31,	Principal	Interest
2026	$ 169,332	$ 48,715
2027	171,467	46,579
2028	173,630	44,416
2029	175,822	42,224
2030	178,042	40,004
2031-2035	924,552	165,678
2036-2040	657,378	110,497
2041-2045	560,985	68,738
2046-2050	604,509	25,215
Total	$ 3,615,717	$ 592,066

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 $253,624. 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.

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	$ 567,789	$ 1,118	$ 1,355,057	$ -	$ 330,632
SWDB	195,209	39,695	-	-	71,455
City of Wray Volunteer Fire	57,465	111,142	365,500	-	15,292
Total	$ 820,463	$ 151,955	$ 1,720,557	$ -	$ 417,379

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 (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. Eligible employees of the City are provided with pensions through the 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Note H – Pension Plans (Continued)

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted

Note H – Pension Plans (Continued)

by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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. For Safety Officers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. 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.

Contribution provisions as of December 31, 2025. Eligible employees of the City and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF 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, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employee contribution (all employees other than Safety Officers)	9.00%	9.00%
Safety Officers	13.00%	13.00%

*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 other than Safety Officers are summarized in the table below:

Note H – Pension Plans (Continued)

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.98%	9.98%
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	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	**13.76%**	**13.79%**

*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 Safety Officers are summarized in the table below:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	13.08%	13.08%
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	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	**16.86%**	**16.89%**

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

Note H – Pension Plans (Continued)

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 $308,422 for the year ended December 31, 2025.

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

The net pension liability for the LGDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At year-end, the City reported a liability of $1,355,057 for its proportionate share of the net pension liability.

At December 31, 2024, the City's proportion was 0.2208 percent, which was a decrease of .0059% from its proportion measured as of December 31, 2023.

For the year, the City recognized pension expense of $330,632. At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 102,249	$ -
Changes of assumptions or other inputs	39,991	-
Net difference between projected and actual earnings on pension plan investments	102,426	1,118
Changes in proportion and differences between contributions recognized and proportionate share of contributions	14,701	-
Contributions subsequent to the measurement date	308,422	-
Total	$ 567,789	$ 1,118

Note H – Pension Plans (Continued)

$308,422 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:

Year Ended December 31,	Amount
2026	$ 247,840
2027	308,199
2028	(212,343)
2029	(85,447)
Totals	$ 258,249

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than State Troopers	3.20% - 11.30%
State Troopers	3.20% - 12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

Note H – Pension Plans (Continued)

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.468 million and $0.020 million, respectively.

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

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 94% of the rates prior to age 80/ 90% of the rates age 80 and older **Females**: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages

Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

Note H – Pension Plans (Continued)

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

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

Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

Salary scale assumptions were altered to better reflect actual experience.

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

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

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

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

Note H – Pension Plans (Continued)

Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages

Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Note H – Pension Plans (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	51.00%	5.00%
Fixed income	23.00%	2.60%
Private equity	10.00%	7.60%
Real estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Note H – Pension Plans (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 2,965,949	$ 1,355,057	$ 1,725

Note H – Pension Plans (Continued)

Pension plan fiduciary net position. Detailed information about the LGDTF's FNP is available in PERA's ACFR 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 Retirement 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 Retirement Plan and additions to/deductions from Fire & Police Statewide Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 229 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1998, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows department who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2023, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

Note H – Pension Plans (Continued)

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Benefits provided. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

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.

The annual retirement benefit is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Note H – Pension Plans (Continued)

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, an employee may elect to have member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions. Contribution rates for the Plan are set by statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election by both the employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution was 22.0 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.00 percent.

Note H – Pension Plans (Continued)

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.0 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Corporation is set annually by the FPPA's Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contribution, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Contributions to the Plan from the City during the year ended December 31, 2025 were $41,582.

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

At December 31, 2025 the City reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

Note H – Pension Plans (Continued)

At December 31, 2024, the City's proportion was .0361 percent, which was an increase of .0016 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $71,455. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 19,803	$ -
Changes in assumptions and other inputs	29,177	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,463	37,025
Difference between expected and actual experience	87,184	2,670
Contributions subsequent to measurement date	41,582	-
Totals	$ 195,209	$ 39,695

$41,582 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:

Year Ended December 31,	Amount
2026	$ 32,863
2027	48,331
2028	(1,630)
2029	4,092
2030	11,709
2031	11,705
2032	5,717
2033	1,145
Totals	$ 113,932

Note H – Pension Plans (Continued)

Actuarial assumptions. The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2025	January 1, 2024
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, net*	7.0%	7.0%
Projected salary increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 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 2023 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 & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income – Rates	7%	5.00%
Fixed Income – Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

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 Statewide Retirement 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.

The COLA assumption reflects the true nature of Board's Benefit Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Note H – Pension Plans (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	$ 176,180	$ -	$ -

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.

<u>Note H – Pension Plans</u> (Continued)

City of Wray Volunteer Fire Pension Plan

<u>Summary of significant accounting policies</u>

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.

<u>General information about the pension plan</u>

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	3
Active plan members	37
Total	70

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.

Note H – Pension Plans (Continued)

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, 2025 included $25,687 from the City (one-half mill levy and related specific ownership taxes), and $10,380 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, 2025 the City reported a net pension liability of $365,500. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

For the year ended December 31, 2025, the City recognized pension expense of $15,292. At December 31, 2025 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	$ 15,930	$ 10,526
Changes of assumptions or other inputs	-	100,616
Net difference between projected and actual earnings on pension plan investments	15,848	-
Contributions subsequent to the measurement date	25,687	-
Total	$ 57,465	$ 111,142

$25,687 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:

Note H – Pension Plans (Continued)

Year Ended December 31,		Amount
2026	$	(992)
2027		(887)
2028		(4,820)
2029		(6,201)
2030		(7,187)
Thereafter		(59,277)
Totals	$	(79,364)

Actuarial assumptions. The total pension liability in the January 1, 2025 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, 2024, 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.

Note H – Pension Plans (Continued)

Changes in the net pension liability/(asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	$ 547,431	$ 176,659	$ 370,772
Changes for the year			
Service cost	8,448	-	8,448
Interest on total pension liability	24,387	-	24,387
Benefit changes	-	-	-
Difference between expected and actual experience	370	-	370
Changes of assumptions	-	-	-
Contributions – employer	-	25,176	(25,176)
Contributions – state of Colorado	-	10,180	(10,180)
Net investment income	-	3,121	(3,121)
Benefit payments	(25,760)	(25,760)	-
Administrative expenses	-	-	-
Net changes	7,445	12,717	(5,272)
Balances at end of year	$ 554,876	$ 189,376	$ 365,500

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	$ 437,244	$ 365,500	$ 306,416

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 (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

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

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

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

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

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

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

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.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were $22,852 for the year ended December 31, 2025.

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 $83,837 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2024. The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the City's proportion was 0.0175%, which was an increase of 0.0004% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of $(7,659). At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 18,125
Changes of assumptions or other inputs	931	26,571
Net difference between projected and actual earnings on OPEB plan investments	297	55
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,469	626
Contributions subsequent to the measurement date	22,852	-
Total	$ 29,549	$ 45,377

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

$22,852 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:

Year Ended December 31,	Amount
2026	$ (11,041)
2027	(6,547)
2028	(9,410)
2029	(5,805)
2030	(3,856)
2031	(2,021)
Total	$ (38,680)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

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

DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,710	$1,420	$585	$486	$1,897	$1,575
70	$1,921	$1,589	$657	$544	$2,130	$1,763
75	$2,122	$1,670	$726	$571	$2,353	$1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,536	$5,429	$4,241	$3,523	$7,063	$5,866
70	$7,341	$6,073	$4,764	$3,941	$7,933	$6,563
75	$8,110	$6,385	$5,262	$4,143	$8,763	$6,900

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

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

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

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

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

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

Year	PERACare Medicare Plans[1]	MAPD PPO #2	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board’s actuary, as discussed above.

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

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

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

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

- Salary scale assumptions were altered to better reflect actual experience.

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

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

- Participation rates were reduced.

- MAPD premium costs are no longer age graded.

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PP #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 81,579	$ 83,837	$ 86,394

[1]For the January 1, 2025, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 102,744	$ 83,837	$ 67,538

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

Payables to the OPEB plan

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

Note J – Defined contribution pension plan

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

Funding policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The City does not offer matching contributions to its employees. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year, program members contributed $29,793 for the PERAPlus 401(k) Plan.

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.

<u>Note L – Commitments and contingencies</u> (Continued)

TABOR Amendment

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

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

In November 2007, the voters of the City approved a ballot initiative permitting the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure the full proceeds of the City's property tax revenues generated from the mill levy for general municipal purposes, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the

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 $109,000 for the emergency reserve.

CWRPDA loan covenants – Water and Sewer Funds

<u>Rate covenant</u> – 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, 2025.

Note L – Commitments and contingencies (Continued)

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 Water and Sewer Funds exceeded the required reserve by $1,341,620 and $1,215,682, respectively.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- General Fund – Budgetary Comparison Schedule
- Library Improvement Fund – Budgetary Schedule
- 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
- Notes to the Required Supplementary Information

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes	$ 2,199,317	$ 2,199,317	$ 2,389,302	$ 189,985
Licenses and permits	38,672	38,672	53,769	15,097
Intergovernmental	32,404,466	32,404,466	2,939,835	(29,464,631)
Fines and forfeitures	17,055	17,055	20,047	2,992
Charges for services	440,987	440,987	417,156	(23,831)
Miscellaneous	546,514	546,514	312,502	(234,012)
Total revenues	35,647,011	35,647,011	6,132,611	(29,514,400)
Expenditures				
Current				
General government	28,291,756	28,291,756	1,198,205	27,093,551
Public safety	2,488,875	2,488,875	2,048,242	440,633
Public works	5,101,619	5,101,619	3,523,240	1,578,379
Culture and recreation	2,288,664	2,288,664	1,140,905	1,147,759
Total expenditures	38,170,914	38,170,914	7,910,592	30,260,322
Excess of revenues over (under) expenditures	(2,523,903)	(2,523,903)	(1,777,981)	745,922
Other financing sources				
Sale of assets	5,000	5,000		(5,000)
Transfers in	2,365,348	2,365,348	1,451,543	(913,805)
Total other financing sources	2,370,348	2,370,348	1,451,543	(918,805)
Net change in fund balance	$ (153,555)	$ (153,555)	(326,438)	$ (172,883)
Fund balance at beginning of year			518,291	
Fund balance at end of year			$ 191,853	

CITY OF WRAY, COLORADO
Library Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Miscellaneous				
Interest on investments	$ -	$ -	$ 25,679	$ 25,679
Expenditures				
Culture and recreation	-	-		-
Excess of revenues over (under) expenditures	-	-	25,679	25,679
Other financing uses				
Transfers out	(10,000)	(10,000)		10,000
Net change in fund balance	$ (10,000)	$ (10,000)	25,679	$ 35,679
Fund balance at beginning of year			15,416	
Fund balance at end of year			$ 41,095	

CITY OF WRAY, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)
PERA's Local Government Division Trust Fund
December 31, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability/(asset)	0.2208%	0.2149%	0.2128%	0.2186%
City's proportionate share of the net pension liability/(asset)	$ 1,355,057	$ 1,577,617	$ 2,133,221	$ (187,451)
City's covered payroll	$ 2,126,717	$ 1,889,829	$ 1,744,556	$ 1,628,778
City's proportionate share of the net pension liability/(asset) as a percentage of its employee payroll	63.72%	83.48%	122.28%	-11.51%
Plan fiduciary net position as a percentage of the total pension liability	90.45%	88.03%	82.99%	101.49%

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

2021	2020	2019	2018	2017	2016
0.2220%	0.2171%	0.2136%	0.2111%	0.2301%	0.2085%
$ 1,156,699	$ 1,588,126	$ 2,685,209	$ 2,350,739	$ 3,106,536	$ 2,296,570
$ 1,568,327	$ 1,496,590	$ 1,402,247	$ 1,331,871	$ 1,394,425	$ 1,184,001
73.75%	106.12%	191.49%	176.50%	222.78%	193.97%
90.88%	86.26%	75.96%	79.37%	73.60%	76.90%

CITY OF WRAY, COLORADO
Schedule of City Contributions
PERA's Local Government Division Trust Fund
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 308,422	$ 291,599	$ 259,430	$ 234,492
Contributions in relation to the contractually required contribution	(308,422)	(291,599)	(259,430)	(234,492)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,240,377	$ 2,126,717	$ 1,889,829	$ 1,744,556
Contributions as a percentage of covered payroll	13.77%	13.71%	13.73%	13.44%

2021	2020	2019	2018	2017	2016
$ 214,742	$ 202,611	$ 189,606	$ 177,632	$ 168,881	$ 176,813
(214,742)	(202,611)	(189,606)	(177,632)	(168,881)	(176,813)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,628,778	$ 1,568,327	$ 1,496,590	$ 1,402,247	$ 1,331,871	$ 1,394,425
13.18%	12.92%	12.67%	12.67%	12.68%	12.68%

CITY OF WRAY, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Police Statewide Defined Benefit Plan
December 31, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability/(asset)	0.0361%	0.0345%	0.0396%	0.0355%
City's proportionate share of the net pension liability/(asset)	$ -	$ -	$ 35,107	$ (192,517)
City's covered payroll	$ 393,660	$ 338,632	$ 344,111	$ 285,976
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.0%	0.0%	10.2%	-67.3%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.00%	97.60%	116.20%

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

	2021	2020	2019	2018	2017	2016
	0.0334%	0.0348%	0.0271%	0.0500%	0.0593%	0.0594%
	$ (72,435)	$ (19,660)	$ 34,218	$ (71,874)	$ 21,427	$ (1,048)
	$ 267,988	$ 256,200	$ 181,300	$ 292,225	$ 303,475	$ 288,063
	-27.0%	-7.7%	18.9%	-24.6%	7.1%	-0.4%
	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

CITY OF WRAY, COLORADO
Schedule of City Contributions
Police Statewide Defined Benefit Plan
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 41,582	$ 39,366	$ 32,170	$ 30,970
Contributions in relation to the contractually required contribution	(41,582)	(39,366)	(32,170)	(30,970)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 396,019	$ 393,660	$ 338,632	$ 344,111
Contributions as a percentage of covered payroll	10.50%	10.00%	9.50%	9.00%

2021	2020	2019	2018	2017	2016
$ 24,308	$ 21,439	$ 20,496	$ 14,504	$ 23,378	$ 24,278
(24,308)	(21,439)	(20,496)	(14,504)	(23,378)	(24,278)
$ -	$ -	$ -	$ -	$ -	$ -
$ 285,976	$ 267,988	$ 256,200	$ 181,300	$ 292,225	$ 303,475
8.50%	8.00%	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
City of Wray Volunteer Fire Pension Plan
Last 10 Fiscal Years

	2025	2024	2023
Total pension liability			
Service cost	$ 8,448	$ 8,687	$ 8,299
Interest on the total pension liability	24,387	23,980	24,187
Benefit changes	-	-	-
Plan amendment	-	-	-
Differences between expected and actual experience	370	2,106	(12,384)
Assumption changes	-	-	-
Benefit payments	(25,760)	(25,200)	(24,950)
Net change in total pension liability	7,445	9,573	(4,848)
Total pension liability - beginning	547,431	537,858	542,706
Total pension liability - ending (a)	$ 554,876	$ 547,431	$ 537,858
Plan fiduciary net position			
Employer contributions	$ 25,176	$ 24,732	$ 25,250
Pension plan net investment income	3,121	678	(11,987)
Benefit payments	(25,760)	(25,200)	(24,950)
Pension plan administrative expenses	-	-	-
State of Colorado matching funds	10,180	10,347	9,669
Adjustment to beginning balance	-	-	-
Net change in plan fiduciary net position	12,717	10,557	(2,018)
Plan fiduciary net position - beginning	176,659	166,102	168,120
Plan fiduciary net position - ending (b)	$ 189,376	$ 176,659	$ 166,102
City's net pension liability/(asset) - ending (a) - (b)	$ 365,500	$ 370,772	$ 371,756
Plan fiduciary net position as a percentage of the total pension liability	34.13%	32.27%	30.88%
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.

2022	2021	2020	2019	2018	2017	2016
$ 8,622	$ 8,657	$ 9,325	$ 9,584	$ 14,913	$ 10,960	$ 10,222
23,668	23,038	22,444	13,118	13,106	12,785	12,527
-	-	-	-	-	-	-
-	-	-	-	-	94,857	-
4,521	7,532	6,944	-	(11,626)	7,614	8,184
-	-	-	(154,794)	-	40,525	-
(25,200)	(25,200)	(24,430)	(25,200)	(23,520)	(22,120)	(19,120)
11,611	14,027	14,283	(157,292)	(7,127)	144,621	11,813
530,974	516,947	502,664	659,956	667,083	522,462	510,649
$ 542,585	$ 530,974	$ 516,947	$ 502,664	$ 659,956	$ 667,083	$ 522,462
$ 33,751	$ 27,669	$ 32,511	$ 21,361	$ 20,798	$ 20,922	$ 11,754
7,232	(2,252)	(2,658)	528	(3,324)	(3,338)	540
(25,200)	(25,200)	(24,430)	(25,200)	(23,520)	(22,120)	(19,120)
-	-	-	-	-	-	-
9,530	9,113	8,861	7,900	8,463	7,884	7,530
-	-	-	-	-	(296)	-
25,313	9,330	14,284	4,589	2,417	3,052	704
142,807	133,477	119,193	114,604	112,187	109,135	108,431
$ 168,120	$ 142,807	$ 133,477	$ 119,193	$ 114,604	$ 112,187	$ 109,135
$ 374,465	$ 388,167	$ 383,470	$ 383,471	$ 545,352	$ 554,896	$ 413,327
30.99%	26.90%	25.82%	23.71%	17.37%	16.82%	20.89%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WRAY, COLORADO
Schedule of City Contributions
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)
2025	$ 30,371	$ 36,067	$ (5,696)	N/A	N/A
2024	$ 30,230	$ 35,356	$ (5,126)	N/A	N/A
2023	$ 30,527	$ 35,079	$ (4,552)	N/A	N/A
2022	$ 30,305	$ 34,919	$ (4,614)	N/A	N/A
2021	$ 31,433	$ 33,231	$ (1,798)	N/A	N/A
2020	$ 31,192	$ 36,783	$ (5,591)	N/A	N/A
2019	$ 31,859	$ 31,372	$ 487	N/A	N/A
2018	$ 33,461	$ 29,261	$ 4,200	N/A	N/A
2017	$ 35,208	$ 29,261	$ 5,947	N/A	N/A
2016	$ 29,053	$ 28,806	$ 247	N/A	N/A

* Includes both employer and State of Colorado matching funds.

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

	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	4.50%	1.74%	0.40%	-7.03%

2021	2020	2019	2018	2017	2016
4.85%	-1.65%	-2.13%	0.46%	-2.95%	-3.29%

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, 2025

	2025	2024	2023	2022
City's proportion of the net OPEB liability	0.0175%	0.0171%	0.0172%	0.0170%
City's proportionate share of the net OPEB liability	$ 83,837	$ 121,910	$ 140,169	$ 146,490
City's covered payroll	$ 2,116,113	$ 1,887,504	$ 1,742,106	$ 1,626,078
City's proportionate share of the net OPEB liability as a percentage of its employee payroll	3.96%	6.46%	8.05%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%

* The amounts presented for each fiscal year were determined as of 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.

2021	2020	2019	2018	2017
0.0169%	0.0166%	0.0166%	0.0164%	0.0177%
$ 160,781	$ 186,856	$ 225,262	$ 213,175	$ 228,933
$ 1,564,702	$ 1,494,790	$ 1,400,322	$ 1,331,871	$ 1,394,425
10.28%	12.50%	16.09%	16.01%	16.42%
32.78%	24.49%	17.03%	17.53%	16.72%

CITY OF WRAY, COLORADO
Schedule of City Contributions
PERA's Health Care Trust Fund
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 21,692	$ 21,584	$ 19,253	$ 17,769
Contributions in relation to the contractually required contribution	(21,692)	(21,584)	(19,253)	(17,769)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,126,717	$ 2,116,113	$ 1,887,504	$ 1,742,106
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

2021	2020	2019	2018	2017	2016
$ 16,586	$ 15,960	$ 15,247	$ 14,283	$ 13,583	$ 14,221
(16,586)	(15,960)	(15,247)	(14,283)	(13,583)	(14,221)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,626,078	$ 1,564,702	$ 1,494,790	$ 1,400,322	$ 1,331,871	$ 1,394,425
1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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.

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

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.

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Other Supplementary Information

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

Such statements and schedules include:

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

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Budgetary Comparison Schedules – General Fund

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

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Taxes				
Property taxes	$ 453,000	$ 453,000	$ 459,411	$ 6,411
Specific ownership taxes	47,709	47,709	45,844	(1,865)
Penalties and interest on taxes	1,307	1,307	1,334	27
Franchise taxes	22,444	22,444	19,121	(3,323)
Sales taxes	1,608,350	1,608,350	1,794,164	185,814
Severance taxes	15,000	15,000	11,433	(3,567)
Lodging taxes	51,507	51,507	57,995	6,488
Total taxes	2,199,317	2,199,317	2,389,302	189,985
Licenses and permits	38,672	38,672	53,769	15,097
Intergovernmental				
Motor vehicle assessments	8,757	8,757	8,559	(198)
Cigarette taxes	3,791	3,791	3,272	(519)
Weed & clean up	200	200	1,097	897
Highway users tax	82,000	82,000	102,874	20,874
Road and bridge taxes	27,100	27,100	26,373	(727)
General grants	27,324,767	27,324,767	97,748	(27,227,019)
Fire department grant	92,057	92,057		(92,057)
Ambulance grants	288,500	288,500	143,036	(145,464)
Police grants	144,000	144,000	4,372	(139,628)
Airport grants	1,508,888	1,508,888	1,513,797	4,909
Library grants	746,000	746,000	15,885	(730,115)
Amphitheater grant	15,000	15,000		(15,000)
Parks grant	99,000	99,000	55,566	(43,434)
Street grant	2,064,406	2,064,406	967,256	(1,097,150)
Total intergovernmental	32,404,466	32,404,466	2,939,835	(29,464,631)
Fines and forfeitures				
Animal control	885	885	1,433	548
Police fines	15,282	15,282	17,953	2,671
Library fines	888	888	661	(227)
Total fines and forfeitures	17,055	17,055	20,047	2,992

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Charges for services				
Ambulance fees	300,000	300,000	245,374	(54,626)
Street fees	3,427	3,427	550	(2,877)
Parks user fees	751	751	419	(332)
Recreation fees	36,370	36,370	51,278	14,908
Swimming pool fees	81,407	81,407	96,046	14,639
Museum fees	3,700	3,700	2,964	(736)
Rental income	15,332	15,332	20,525	5,193
Total charges for services	440,987	440,987	417,156	(23,831)
Miscellaneous				
Interest on investments	3,300	3,300	33,666	30,366
Donations	422,500	422,500	110,925	(311,575)
Insurance claim income			159,528	159,528
Miscellaneous	120,714	120,714	8,383	(112,331)
Total miscellaneous	546,514	546,514	312,502	(234,012)
Total revenues	$ 35,647,011	$ 35,647,011	$ 6,132,611	$ (29,514,400)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
General government				
Salaries	$ 245,238	$ 245,238	$ 232,312	$ 12,926
Employee benefits	97,187	97,187	87,810	9,377
Workers compensation	65,000	65,000	39,410	25,590
Contract labor	20,708	20,708	20,709	(1)
Supplies	16,000	16,000	11,598	4,402
Repairs and maintenance	2,500	2,500	1,774	726
Housekeeping	47,000	47,000	46,000	1,000
Insurance	190,000	190,000	207,684	(17,684)
Insurance claim expense	351,563	351,563	54,793	296,770
Training	6,500	6,500	600	5,900
Professional services	50,000	50,000	80,443	(30,443)
Meetings and dues	10,000	10,000	10,141	(141)
Audit expense	21,000	21,000	20,660	340
Dues and donations	20,000	20,000	20,198	(198)
County treasurer fees	9,060	9,060	9,852	(792)
Election expense	5,000	5,000	350	4,650
Grant expenditures	27,080,000	27,080,000	348,502	26,731,498
Development expense	50,000	50,000		50,000
Capital outlay	5,000	5,000	5,369	(369)
Total general government	28,291,756	28,291,756	1,198,205	27,093,551
Public safety				
Police				
Salaries	555,322	555,322	503,986	51,336
Employee benefits	320,842	320,842	189,131	131,711
Contract labor	17,400	17,400	17,400	-
Professional services	10,000	10,000	10,718	(718)
Meetings and dues	6,500	6,500	2,246	4,254
Court expense	1,500	1,500	2,297	(797)
Vehicle expense	12,000	12,000	4,410	7,590
Repairs and maintenance	15,000	15,000	13,270	1,730
Supplies	11,000	11,000	17,596	(6,596)
Medical expense	3,000	3,000	2,358	642
Communications	8,000	8,000	8,833	(833)
Police operations	40,000	40,000	41,071	(1,071)
Lease expense	2,500	2,500	2,209	291
Grant expenditures	95,000	95,000	3,137	91,863
Capital outlay	75,000	75,000	69,626	5,374
Total police	1,173,064	1,173,064	888,288	284,776

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Animal Control				
Salaries	6,278	6,278	7,125	(847)
Employee benefits	972	972	1,159	(187)
Supplies	409	409	328	81
Capital outlay	500	500		500
Total animal control	8,159	8,159	8,612	(453)
Fire				
Supplies	15,000	15,000	8,906	6,094
Repairs and maintenance	22,000	22,000	38,815	(16,815)
Training	3,500	3,500	1,650	1,850
Professional services	3,000	3,000		3,000
Firemen's pension	24,870	24,870	25,687	(817)
Fireworks display	10,000	10,000	10,000	-
Grant expenditures	104,742	104,742	93,314	11,428
Capital outlay	25,000	25,000		25,000
Total fire	208,112	208,112	178,372	29,740
Ambulance				
Salaries	434,307	434,307	578,376	(144,069)
Employee benefits	213,932	213,932	179,690	34,242
Supplies	36,000	36,000	48,139	(12,139)
Repairs and maintenance	20,000	20,000	15,993	4,007
Vehicle expense	20,000	20,000	11,146	8,854
Training	7,000	7,000	26,058	(19,058)
Professional services	19,852	19,852	34,629	(14,777)
Transfer meals	4,449	4,449	4,158	291
Communications	5,000	5,000	5,634	(634)
Lease	1,000	1,000	1,011	(11)
Grant expenditures	325,000	325,000	68,136	256,864
Capital outlay	13,000	13,000		13,000
Total ambulance	1,099,540	1,099,540	972,970	126,570
Total public safety	2,488,875	2,488,875	2,048,242	440,633

(continued)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

(continued)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Public works				
Highways and streets				
Salaries	251,586	251,586	171,369	80,217
Employee benefits	184,258	184,258	74,742	109,516
Maintenance and repairs	30,000	30,000	34,153	(4,153)
System maintenance	250,000	250,000	222,254	27,746
Street repairs	100,000	100,000		100,000
Supplies	6,500	6,500	11,090	(4,590)
Shop and general	25,000	25,000	14,345	10,655
Vehicle expense	42,000	42,000	26,847	15,153
Training	3,000	3,000		3,000
Professional services	26,000	26,000	17,397	8,603
Medical expense	2,000	2,000	341	1,659
Grant expenditures	2,531,198	2,531,198	1,315,969	1,215,229
Total highways and streets	3,451,542	3,451,542	1,888,507	1,563,035
Airport				
Salaries	23,775	23,775	11,284	12,491
Employee benefits	3,861	3,861	1,782	2,079
Supplies	7,211	7,211	4,486	2,725
Repairs and maintenance	5,000	5,000	3,582	1,418
Professional services	11,000	11,000	17,326	(6,326)
Matching expense	7,000	7,000	8,526	(1,526)
Training	500	500		500
Grant expenditures	1,591,730	1,591,730	1,587,747	3,983
Total airport	1,650,077	1,650,077	1,634,733	15,344
Total public works	5,101,619	5,101,619	3,523,240	1,578,379

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Culture and recreation				
Pool				
Salaries	136,070	136,070	130,387	5,683
Employee benefits	22,097	22,097	21,460	637
Supplies	60,769	60,769	52,705	8,064
Repairs and maintenance	19,000	19,000	14,431	4,569
Training	5,000	5,000	7,592	(2,592)
Professional services	1,000	1,000	1,741	(741)
Capital outlay	30,000	30,000	1,189	28,811
Total pool	273,936	273,936	229,505	44,431
Recreation				
Salaries	51,853	51,853	58,264	(6,411)
Employee benefits	36,938	36,938	33,977	2,961
Activities	30,075	30,075	31,529	(1,454)
Contract labor	3,500	3,500	5,375	(1,875)
Supplies	6,500	6,500	10,336	(3,836)
Repairs and maintenance	2,500	2,500	4,578	(2,078)
Training	1,500	1,500		1,500
Vehicle expense	1,000	1,000	57	943
Professional services	500	500	301	199
Capital outlay			98	(98)
Total recreation	134,366	134,366	144,515	(10,149)
Parks				
Salaries	79,115	79,115	86,828	(7,713)
Employee benefits	41,528	41,528	38,545	2,983
Supplies	35,000	35,000	29,405	5,595
Repairs and maintenance	8,000	8,000	342	7,658
Training	500	500		500
Professional services	1,500	1,500		1,500
Wray Country Club donation			51,475	(51,475)
Grant expenditures	99,000	99,000	58,913	40,087
Total parks	264,643	264,643	265,508	(865)

(continued)

CITY OF WRAY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

(continued)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Library				
Salaries	176,826	176,826	189,887	(13,061)
Employee benefits	86,077	86,077	67,286	18,791
Supplies	34,000	34,000	24,457	9,543
Repairs and maintenance	25,195	25,195	22,879	2,316
Training	1,700	1,700	2,063	(363)
Activities	10,000	10,000	11,756	(1,756)
Lease expense	2,200	2,200	2,225	(25)
Grant expenditures	756,000	756,000	31,256	724,744
Capital outlay	22,750	22,750	7,008	15,742
Total library	1,114,748	1,114,748	358,817	755,931
Museum				
Salaries	72,515	72,515	85,421	(12,906)
Employee benefits	40,456	40,456	38,722	1,734
Supplies	6,500	6,500	6,583	(83)
Repairs and maintenance	1,500	1,500	1,430	70
Training	1,000	1,000	637	363
Professional services	3,000	3,000	5,802	(2,802)
Activities	500	500	2,613	(2,113)
Gift shop inventory	1,500	1,500	110	1,390
Lease	1,000	1,000	1,011	(11)
Memorial expenses	10,000	10,000		10,000
Capital outlay	343,000	343,000	123	342,877
Total museum	480,971	480,971	142,452	338,519
Amphitheater				
Grant expenditures	20,000	20,000	108	19,892
Total culture and recreation	2,288,664	2,288,664	1,140,905	1,147,759
Total expenditures	$ 38,170,914	$ 38,170,914	$ 7,910,592	$ 30,260,322

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 was 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.

- Museum Donation Fund – This fund was established with donations made to the City to be used for the museum.

CITY OF WRAY, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

	Airport Fund	Conservation Trust Fund	Youth Fund	Museum Donation Fund
Assets				
Cash	$ 10,508	$ 41,428	$ 17,793	$ 27,519
Certificates of deposit	138,938	350,381		265,755
Receivables			29,033	
Due from other funds	136,554			
Total assets	$ 286,000	$ 391,809	$ 46,826	$ 293,274
Liabilities				
Unearned revenue			$ 12,814	
Total liabilities	$ -	$ -	12,814	$ -
Fund balance				
Restricted for:				
Culture and recreation		391,809		
Committed for:				
Airport services	286,000			
Youth activities			34,012	
Museum expenditures				293,274
Total fund balance	286,000	391,809	34,012	293,274
Total liabilities and fund balance	$ 286,000	$ 391,809	$ 46,826	$ 293,274

Total
$ 97,248
755,074
29,033
136,554
$ 1,017,909
$ 12,814
12,814
391,809
286,000
34,012
293,274
1,005,095
$ 1,017,909

CITY OF WRAY, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	Airport Fund	Conservation Trust Fund	Youth Fund	Museum Donation Fund
Revenues				
Intergovernmental revenue	$ 3,182	$ 28,326		
Charges for services	46,353			
Miscellaneous	6,712	14,240	$ 71,983	$ 10,587
Total revenues	56,247	42,566	71,983	10,587
Expenditures				
Excess of revenues over expenditures	56,247	42,566	71,983	10,587
Other financing uses				
Transfers out	(69,037)		(107,506)	
Net change in fund balances	(12,790)	42,566	(35,523)	10,587
Fund balance at beginning of year	298,790	349,243	69,535	282,687
Fund balance at end of year	$ 286,000	$ 391,809	$ 34,012	$ 293,274

Total
$ 31,508
46,353
103,522
181,383
-
181,383
(176,543)
4,840
1,000,255
$ 1,005,095

CITY OF WRAY, COLORADO
Airport Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental revenue				
State fuel taxes	$ 5,600	$ 5,600	$ 3,182	$ (2,418)
Charges for services				
Airport leases	20,318	20,318	27,781	7,463
Airport taxes	7,000	7,000	10,837	3,837
City match	7,000	7,000	7,735	735
Total charges for services	34,318	34,318	46,353	12,035
Miscellaneous				
Interest on investments	200	200	6,712	6,512
Total revenues	40,118	40,118	56,247	16,129
Expenditures				
Public works	-	-		-
Excess of revenues over (under) expenditures	40,118	40,118	56,247	16,129
Other financing uses				
Transfers out	(92,842)	(92,842)	(69,037)	23,805
Net change in fund balance	$ (52,724)	$ (52,724)	(12,790)	$ 39,934
Fund balance at beginning of year			298,790	
Fund balance at end of year			$ 286,000	

CITY OF WRAY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Intergovernmental revenue				
Lottery proceeds	$ 29,958	$ 29,958	$ 28,326	$ (1,632)
Miscellaneous				
Interest on investments	600	600	14,240	13,640
Total revenues	30,558	30,558	42,566	12,008
Expenditures				
Culture and recreation				-
Total expenditures	-	-	-	-
Net change in fund balance	$ 30,558	$ 30,558	42,566	$ 12,008
Fund balance at beginning of year			349,243	
Fund balance at end of year			$ 391,809	

CITY OF WRAY, COLORADO
Youth Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Miscellaneous				
Oil and gas lease	$ 6,000	$ 6,000	$ 66,744	$ 60,744
Interest on investments	2	2	5,239	5,237
Total revenues	6,002	6,002	71,983	65,981
Expenditures				
Culture and recreation				-
Excess of revenues over (under) expenditures	6,002	6,002	71,983	65,981
Other financing uses				
Transfers out	(107,506)	(107,506)	(107,506)	-
Net change in fund balance	$ (101,504)	$ (101,504)	(35,523)	$ 65,981
Fund balance at beginning of year			69,535	
Fund balance at end of year			$ 34,012	

CITY OF WRAY, COLORADO
Museum Donation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Miscellaneous				
Interest on investments	$ -	$ -	$ 10,587	$ 10,587
Expenditures				
Culture and recreation				-
Excess of revenues over (under) expenditures	-	-	10,587	10,587
Other financing uses				
Transfers out	(180,000)	(180,000)		180,000
Net change in fund balance	$ (180,000)	$ (180,000)	10,587	$ 190,587
Fund balance at beginning of year			282,687	
Fund balance at end of year			$ 293,274	

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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, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 2,890,456	$ 2,890,456	$ 2,793,572	$ (96,884)
Tap fees	1,750	1,750		(1,750)
Total operating revenues	2,892,206	2,892,206	2,793,572	(98,634)
Operating expenses				
Systems operation				
Salaries	213,182	213,182	206,017	7,165
Employee benefits	120,662	120,662	78,899	41,763
Workers compensation	2,200	2,200	1,996	204
Electricity purchases	1,631,420	1,631,420	1,528,359	103,061
Supplies	15,500	15,500	18,796	(3,296)
Repairs and maintenance	100,000	100,000	160,000	(60,000)
System maintenance	35,000	35,000	49,295	(14,295)
Vehicle expense	9,000	9,000	14,193	(5,193)
Professional services	125,000	125,000	86,072	38,928
Training	4,000	4,000	10,084	(6,084)
Bad debts	4,000	4,000	(394)	4,394
Grant expenditures	1,375,400	1,375,400	80,750	1,294,650
Capital outlay	83,333	83,333	39,080	44,253
Total systems operation	3,718,697	3,718,697	2,273,147	1,445,550
Administrative and general				
Salaries	289,782	289,782	241,907	47,875
Employee benefits	161,456	161,456	115,098	46,358
Supplies	16,000	16,000	18,220	(2,220)
Repairs and maintenance	43,500	43,500	32,480	11,020
Training	3,500	3,500	147	3,353
Professional services	17,000	17,000	6,279	10,721
Lease expense	8,500	8,500	8,211	289
Publications	5,000	5,000	3,221	1,779
Capital outlay	5,000	5,000	4,914	86
Total administrative and general	549,738	549,738	430,477	119,261
Total operating expenses	4,268,435	4,268,435	2,703,624	1,564,811
Operating income (loss)	(1,376,229)	(1,376,229)	89,948	1,466,177

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Nonoperating revenues				
Interest on investments	68,358	68,358	78,492	10,134
Grants and donations	927,998	927,998	209,104	(718,894)
Miscellaneous	59,169	59,169	96,182	37,013
Total nonoperating revenues	1,055,525	1,055,525	383,778	(671,747)
Net income (loss) before transfers	(320,704)	(320,704)	473,726	794,430
Transfers out	(1,900,000)	(1,900,000)	(1,200,000)	700,000
Change in net position	$ (2,220,704)	$ (2,220,704)	(726,274)	$ 1,494,430
Adjustments to GAAP Basis				
Add capital purchases			115,829	
Deduct pension and other post-employment benefit expense			(41,025)	
Deduct depreciation			(88,524)	
Change in net position - GAAP Basis			(739,994)	
Net position at beginning of year			2,625,543	
Net position at end of year			$ 1,885,549	

CITY OF WRAY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 449,617	$ 449,617	$ 441,956	$ (7,661)
Tap fees	1,000	1,000		(1,000)
Total operating revenues	450,617	450,617	441,956	(8,661)
Operating expenses				
Salaries	117,685	117,685	61,440	56,245
Employee benefits	75,578	75,578	23,130	52,448
Workers compensation	1,435	1,435	1,279	156
Power purchases	64,068	64,068	60,180	3,888
Supplies	12,000	12,000	8,794	3,206
Chemicals	15,000	15,000	9,713	5,287
Repairs and maintenance	12,500	12,500	34,978	(22,478)
Vehicle expense	5,000	5,000	6,205	(1,205)
Professional services	50,000	50,000	26,349	23,651
Training	4,000	4,000	1,242	2,758
Water fees	21,000	21,000	19,583	1,417
Bad debts	500	500		500
ARPA disbursements	469,960	469,960	99,407	370,553
Capital outlay	53,333	53,333	39,080	14,253
Total operating expenses	902,059	902,059	391,380	510,679
Operating income (loss)	(451,442)	(451,442)	50,576	502,018
Nonoperating revenues (expenses)				
Interest on investments	27,853	27,853	30,431	2,578
Miscellaneous	15,000	15,000	15,379	379
ARPA revenue			99,526	99,526
Principal paid on notes	(85,716)	(85,716)	(85,716)	-
Interest and fiscal charges	(40,229)	(40,229)	(40,014)	215
Total nonoperating revenues (expenses)	(83,092)	(83,092)	19,606	102,698
Net income (loss) before transfers	(534,534)	(534,534)	70,182	604,716
Transfers out	(75,000)	(75,000)	(75,000)	-
Change in net position	$ (609,534)	$ (609,534)	(4,818)	$ 604,716

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Adjustments to GAAP Basis				
Add capital purchases			138,487	
Add principal paid on notes			85,716	
Deduct pension and other post-employment benefit expense			(9,279)	
Deduct depreciation			(209,825)	
Change in net position - GAAP Basis			281	
Net position at beginning of year			5,850,529	
Net position at end of year			$ 5,850,810	

CITY OF WRAY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 419,271	$ 419,271	$ 409,412	$ (9,859)
Tap fees	1,000	1,000		(1,000)
Total operating revenues	420,271	420,271	409,412	(10,859)
Operating expenses				
Salaries	71,520	71,520	39,210	32,310
Employee benefits	40,294	40,294	17,070	23,224
Workers compensation	1,962	1,962	984	978
Power purchases	75,000	75,000	83,406	(8,406)
Supplies	4,475	4,475	5,072	(597)
Chemicals	16,000	16,000	13,662	2,338
Repairs and maintenance	491,000	491,000	43,625	447,375
System maintenance	7,500	7,500		7,500
Vehicle expense	5,000	5,000	8,472	(3,472)
Training	1,800	1,800	933	867
Professional services	120,000	120,000	1,300	118,700
Capital outlay	104,000	104,000	40,079	63,921
Total operating expenses	938,551	938,551	253,813	684,738
Operating income (loss)	(518,280)	(518,280)	155,599	673,879
Nonoperating revenues (expenses)				
Interest on investments	500	500	13,546	13,046
Miscellaneous	65,000	65,000	26	(64,974)
Principal paid on notes	(106,508)	(106,508)	(81,508)	25,000
Interest and fiscal charges	(10,594)	(10,594)	(10,458)	136
Total nonoperating revenues (expenses)	(51,602)	(51,602)	(78,394)	(26,792)
Change in net position	$ (569,882)	$ (569,882)	77,205	$ 647,087

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Adjustments to GAAP Basis				
Add capital purchases			39,079	
Add principal paid on notes			81,508	
Add pension and other post-employment benefit expense			4,137	
Deduct depreciation			(228,242)	
Change in net position - GAAP Basis			(26,313)	
Net position at beginning of year			5,064,628	
Net position at end of year			$ 5,038,315	

CITY OF WRAY, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 384,000	$ 384,000	$ 361,738	$ (22,262)
Operating expenses				
Salaries	129,808	129,808	131,206	(1,398)
Employee benefits	142,946	142,946	75,450	67,496
Workers compensation	11,000	11,000	7,534	3,466
Supplies	10,000	10,000	11,059	(1,059)
Repairs and maintenance	15,000	15,000	14,095	905
Vehicle expense	25,000	25,000	16,588	8,412
Professional services	6,000	6,000	9,414	(3,414)
Training	700	700		700
Landfill expense	68,250	68,250	68,380	(130)
Bad debts	500	500		500
Total operating expenses	409,204	409,204	333,726	75,478
Operating income (loss)	(25,204)	(25,204)	28,012	53,216
Nonoperating revenues				
Interest on investments	22,562	22,562	24,905	2,343
Miscellaneous	4,000	4,000	12,825	8,825
Total nonoperating revenues	26,562	26,562	37,730	11,168
Change in net position	$ 1,358	$ 1,358	65,742	$ 64,384
Adjustments to GAAP Basis				
Add pension and other post-employment benefit expense			3,262	
Deduct depreciation			(62,368)	
Change in net position - GAAP Basis			6,636	
Net position at beginning of year			523,190	
Net position at end of year			$ 529,826	

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, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Additions				
Contributions				
Employer	$ 21,060	$ 21,060	$ 21,061	$ 1
State	9,000	9,000	10,380	1,380
Specific ownership tax	4,000	4,000	4,626	626
Donations			23,757	23,757
Total contributions	34,060	34,060	59,824	25,764
Investment income				
Interest on investments	5,000	5,000	8,231	3,231
Total investment income	5,000	5,000	8,231	3,231
Total additions	39,060	39,060	68,055	28,995
Deductions				
Pension benefits	26,410	26,410	26,110	300
Professional services	4,000	4,000	4,000	-
Total deductions	30,410	30,410	30,110	300
Change in net position	$ 8,650	$ 8,650	37,945	$ 29,295
Net position restricted for pension benefits				
Beginning of year			189,376	
End of year			$ 227,321	

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.

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO		
THIS INFORMATION FROM THE RECORDS OF: City of Wray	**PREPARED BY:** Emily Ellis eellis@cityofwray.org	**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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. Total (1 - (2 through 4))				

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 Assesments	0.00	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	41,634.02	b. Other Misc. Local Receipts	44,882.69
c. Total (a + b)	$ 41,634.02	**c. Total (a + b)**	$ 44,882.69

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	102,145.75	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	8,571.62		
c. Total (a + b)	$ 8,571.62		
4. Total (1 + 2 + 3c)	$ 110,717.37	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	
d. Total Capital Outlay (a+ b + c)	$ -

Form FHWA-536 (Rev. 02-2025) Page2

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount 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.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	347,046.98
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 41,634.02
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 44,882.69
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 433,563.69
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 110,717.37
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 544,281.06

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	
3. Road and Street Services:	
a. Snow and Ice Removal	15,284.94
b. Other & Traffic Control Operations	26,155.00
c. Total (a + b)	$ 41,439.94
4. General Administration & Miscellaneous	
5. Highway Law Enforcement and Safety	502,841.12
6. Total (1 through 5)	$ 544,281.06
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 544,281.06

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

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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, 2025

	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Pass through program from Colorado State Forest Service:			
Inflation Reduction Act Urban & Community Foresty Program	10.727	5330651	$ 55,566
Total U.S. Department of Agriculture			55,566
U.S. Department of Transportation:			
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	21.106	N/A	1,310,614
Pass through program from Colorado Department of Transportation:			
Highway Planning and Construction	20.205	BRO M322-036	947,689
Highway Planning and Construction	20.205	MTF M322-039	19,567
Total AL 20.205			967,256
Total U.S. Department of Transportation			2,277,870
U.S. Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	99,526
Pass-through program from Colorado Department of Local Affairs:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SCIG-PL-205	74,545
Total AL 21.027/U.S. Department of Treasury			174,071
Total Expenditures of Federal Awards			$ 2,507,507

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, 2025

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, 2025. 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 15% 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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LAUER, SZABO &
ASSOCIATES, PC
Certified Public Accountants
205 Main St. • P.O. Box 1886 • Sterling, CO 80751-7886
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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 the 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, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 17, 2026.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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
July 17, 2026

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Certified Public Accountants
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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 for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Wray, Colorado's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 17, 2026

CITY OF WRAY, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Summary of auditors' results

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Wray, Colorado (the City).

2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs of the City expresses an unmodified opinion on all major federal award programs.

6. The audit did not disclose any findings relative to the major federal award programs of the City.

7. The program tested as major programs included:

Airport Improvement Program, Infrastructure Investment And Jobs Act Programs, and COVID-19 Airports Programs	AL No. 20.106

8. The threshold for distinguishing Types A and B programs was $1,000,000.

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.