

City of Fort Morgan, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2020

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Independent Auditor's Report

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Honorable Mayor and the City Council
City of Fort Morgan

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 Fort Morgan, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City of Fort Morgan'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 of Fort Morgan, as of December 31, 2020 and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America

Management's Responsibility for the Financial Statements

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Fort Morgan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility 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 auditor's report that includes our opinion. 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 (GAAS) and the standards applicable to the financial audits contained in Government Auditing Standards (GAS), 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, including omissions, 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 GAAS and GAS, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Morgan's basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and as also not a required part of the basic financial statements.

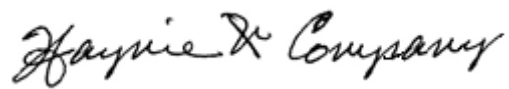
This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the

financial statements as a whole.

The introductory section, statistical section and Local Highway Finance Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 20, 2021, on our consideration of City of Fort Morgan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Fort Morgan's internal control over financial reporting and compliance

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
July 20, 2021

**City of Fort Morgan, Colorado
Management's Discussion and Analysis
December 31, 2020**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Morgan, Colorado (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$176.8 million (net position). Of this amount, \$60 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total city net position increased by \$12.9 million in the current year. The City recognized an approximate \$8.7 million net increase in its governmental activities net position and had a net increase of \$4.2 million in its enterprise funds net position.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$37.6 million, an increase of \$9.2 million or 32%. Of this amount, \$26.7 million is available for spending through the adoption of the 2021 budget.

The General Fund's unassigned fund balance at December 31, 2020 was \$26.7 million, or 226.2% of total General Fund expenditures.

For 2020, the City's total debt increased by \$9 million to \$19.4 million due to the construction of the Fieldhouse.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 1 to 2) provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund basis financial statements start on page 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The statements for fiduciary funds provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 1. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial

factors, however, such as changes in the City's property tax base and the condition of the City's roads and infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, recreation, golf, cemetery, library, museum, parks, and general administration. Property taxes, sales taxes, franchise fees, and grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, gas, water, wastewater, sanitation and fiber network operations are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 3. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two main kinds of funds, governmental and proprietary, use different accounting approaches.

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 that are available for spending. These 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 fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements. The governmental funds of the City are the General Fund, Police Forfeiture Fund, Capital Improvement Fund, and Conservation Trust Fund.

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. In fact, the City's enterprise funds (a component of proprietary funds) are reported as the business-type activities in the government-wide statements. These enterprise fund statements provide more detail and additional information, such as cash flows, for proprietary funds. The enterprise funds of the City are the Electric Fund, Gas Fund, Water Fund, Waste Water Fund, Sanitation Fund and Fiber Network Fund. We use an internal service fund (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the City's Self Insurance Fund.

The City as Trustee

The City is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and

Changes in Fiduciary Net Position on pages 10 and 11. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. As of December 31, 2020, the City's Trust funds are the Cemetery Perpetual Care Fund and Riverview Commons GID Fund.

THE CITY AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fort Morgan, assets exceeded liabilities by \$176.8 million at December 31, 2020.

By far the largest portion of the City of Fort Morgan's net position (60%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (6.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$60 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Fort Morgan is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

SUMMARY OF NET POSITION, in thousands						
December 31, 2020 and 2019						
	Governmental activities		Business-type activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Assets:						
Current and other assets	\$47,412	\$37,917	\$49,357	\$52,440	\$96,769	\$90,357
Capital assets	54,504	46,808	70,875	66,680	125,379	113,488
Total assets	101,916	84,725	120,232	119,120	222,148	203,845
Deferred Outflows of resources	1,150	2,334	673	1,386	1,823	\$3,720
Liabilities:						
Long-term liabilities outstanding	17,090	10,864	13,820	17,055	30,910	27,919
Other liabilities	2,204	2,698	2,138	2,554	4,342	5,252
Total liabilities	19,294	13,562	15,958	19,609	35,252	33,171
Deferred Inflows of resources	4,339	2,737	7,532	7,654	11,871	10,391
Net position:						
Net investment in capital assets	44,831	46,808	61,151	56,036	105,982	102,844
Restricted	10,804	5,622	\$0	\$0	10,804	5,622
Unrestricted	23,798	18,330	36,264	37,207	60,062	55,537
Total net position	\$79,433	\$70,760	\$97,415	\$93,243	\$176,848	\$164,003

Net position of the City's governmental activities increased 11% (\$79.4 million compared to \$70.8 million). Unrestricted net position increased \$5.5 million.

The net position of the City's business-type activities increased by approximately \$4.2 million. The City generally can only use this net position to finance the continuing operations of the electric, gas, water, wastewater, sanitation and fiber network functions.

SUMMARY OF CHANGES IN NET POSITION, in thousands
For the Years Ended December 31, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
REVENUES						
Program Revenues:						
Charges for services	\$ 796	\$ 884	\$ 38,905	\$ 36,596	\$ 39,701	\$ 37,480
Operating grants and contributions	1,474	1,524	-	-	1,474	1,524
Capital grants and contributions	760	1,431	-	48	760	1,479
General Revenues:						
Property taxes	1,924	624	-	-	1,924	624
Sales & Use Tax	11,965	11,538	-	-	11,965	11,538
Intergovernmental - in Lieu of Tax	3,965	3,934	-	-	3,965	3,934
Franchise taxes	92	88	-	-	92	88
Specific ownership taxes	176	177	-	-	176	177
Earnings on investments	464	846	813	1,330	1,277	2,176
Miscellaneous	607	1,107	612	565	1,219	1,672
Gain (loss) on sale of capital assets	-	(18)	(72)	-	(72)	(18)
Total Revenues	22,223	22,135	40,258	38,539	62,481	60,674
EXPENSES						
General government	3,363	2,972	-	-	3,363	2,972
Public safety	4,675	4,750	-	-	4,675	4,750
Community development and public works	1,330	1,524	-	-	1,330	1,524
Parks and recreation	3,981	4,028	-	-	3,981	4,028
Electric	-	-	20,884	18,883	20,884	18,883
Water	-	-	7,513	6,326	7,513	6,326
Gas	-	-	3,852	3,955	3,852	3,955
Waste water	-	-	2,584	2,154	2,584	2,154
Sanitation	-	-	1,244	1,076	1,244	1,076
Interest on long-term debt	202	3	-	-	202	3
Fiber network	-	-	10	10	10	10
Total Expenses	13,551	13,277	36,087	32,404	49,638	45,681
Increase (decrease) in net position	8,672	8,858	4,172	6,195	12,845	14,993
Net position beginning of year	70,760	61,902	93,243	87,108	164,003	149,010
Change in accounting principle	-	-	-	-	-	0
Net position end of year	\$79,433	\$70,760	\$97,415	\$93,303	\$176,848	\$164,003

Governmental activities – Governmental activities increased the City's net position by \$8.7 million accounting for 68% of the total City's increase in net position. Key elements of this increase are presented in the summary of changes in net position as shown above. Governmental activity revenue increased by \$88 thousand. The most significant revenue increase was in Property Tax (\$1.3 million).

The cost of all governmental activities this year was \$13.6 million, \$.3 million higher than last year. However, as shown in the Statement of Activities on page 2, the amount that our taxpayers ultimately financed for these activities through City taxes was \$10.5 million because some of the cost was paid by those who directly benefited from the programs (\$.79 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2.2 million). Of the \$2.2 million, \$.76 million was for capital purposes.

The following schedule presents the cost of the City's six largest programs – police, streets, parks, library, fire and recreation – as well as each program's net operating cost (total operating cost less revenues generated by the activities, excluding capital grants). The net cost shows the financial burden that was placed on the City's taxpayers for each of these functions.

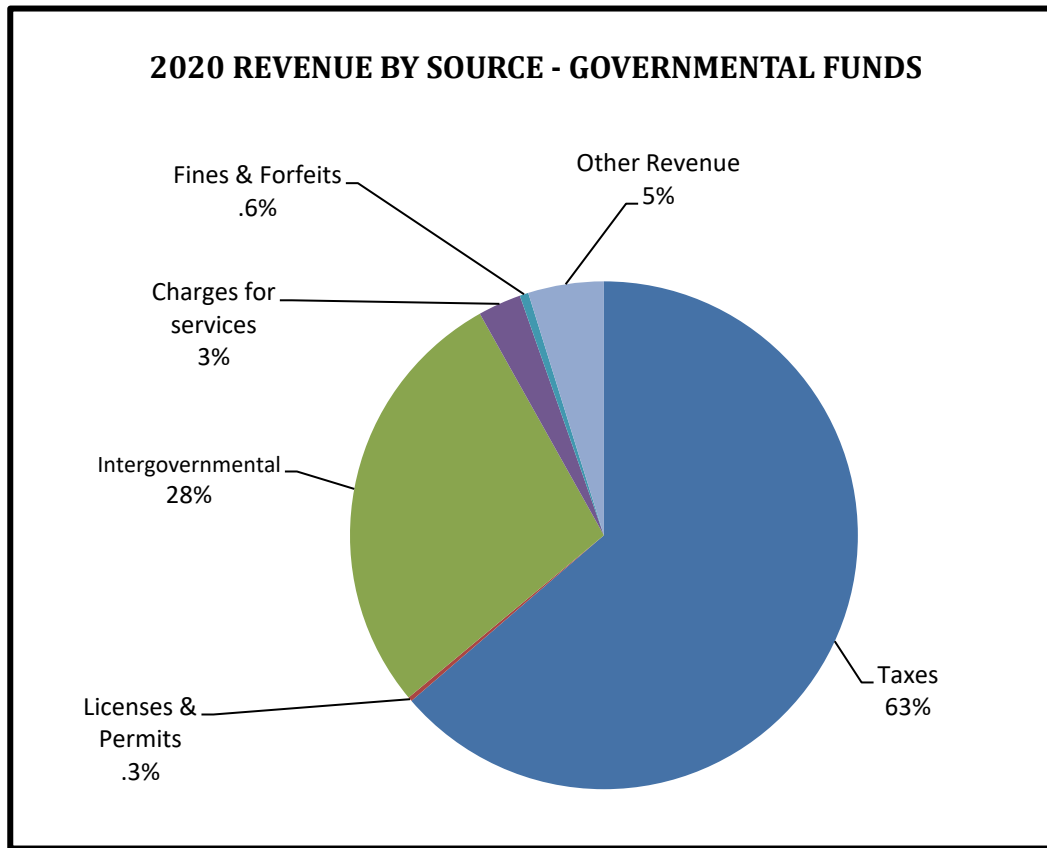
CITY OF FORT MORGAN				
SCHEDULE OF LARGEST GOVERNMENTAL ACTIVITIES in thousands				
For the Years Ended December 31, 2020 and 2019				
	Total Cost of Services		Net Cost of Services	
	2020	2019 Restated	2020	2019 Restated
General Government	\$3,363	\$2,972	(\$448)	\$695
Public Safety	4,675	4,749	(4,675)	(4,749)
Public Works	1,330	1,524	(1,330)	(1,524)
Parks and Recreation	3,980	4,028	(3,865)	(3,855)
	<u>\$13,348</u>	<u>\$13,273</u>	<u>(\$10,318)</u>	<u>(\$9,433)</u>

Business-type activities - Revenues of the City's business-type activities increased by 4% or \$1.4 million and expenses increased by 11.4% or \$3.7 million (\$36 million in 2020 compared to \$32.4 million in 2019). Activity in the electric fund showed \$2 million increase in expense largely due to increased purchased power costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

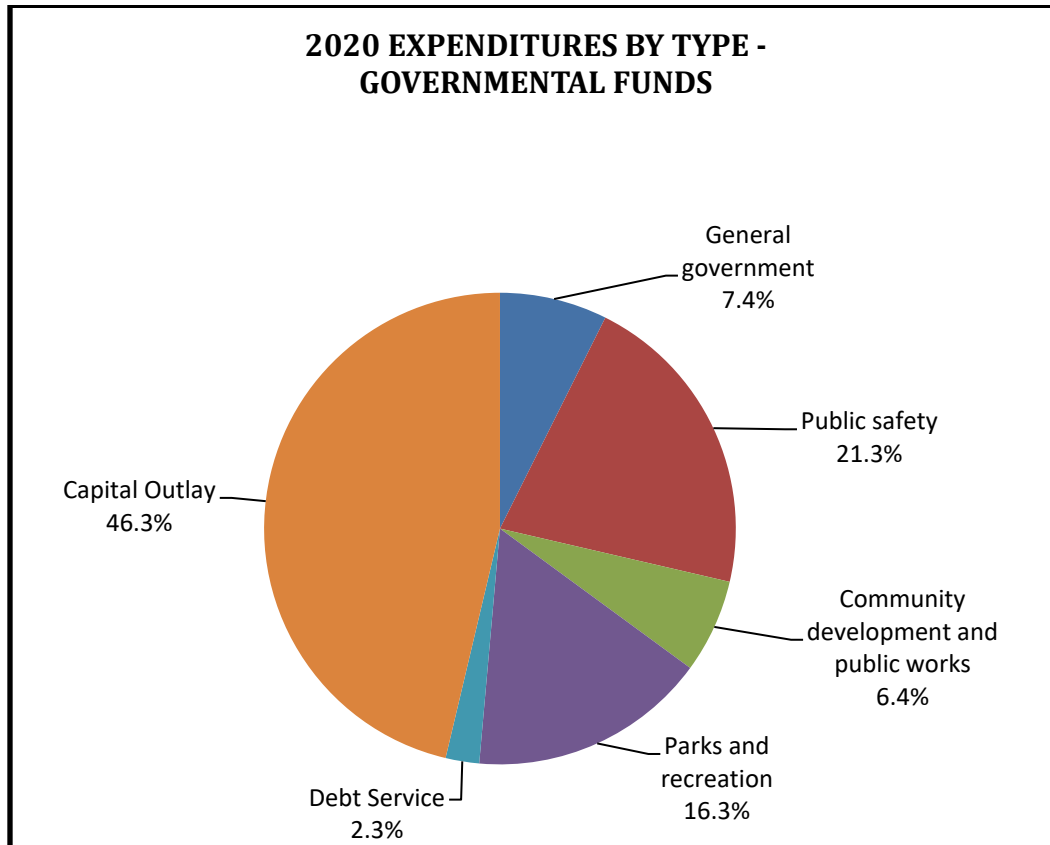
As noted earlier, the City of Fort Morgan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - One of the differences between the governmental activities as reported in the government-wide Statement of Activities on page 2 and the individual governmental fund financial statements reported on pages 3 to 6 is the reporting of capital asset acquisitions. For the government-wide financial statements, any new capital assets are capitalized and only depreciation expense for those assets is reported in the Statement of Activities. In the individual governmental fund financial statements, the expenditure for capital asset acquisitions is reported in the Statement of Revenues, Expenditures and Changes in Net Position. Therefore, governmental fund capital asset acquisitions of \$10,604,445 included in capital outlay on page 6 are not reflected as expenses on pages 4 and 5.

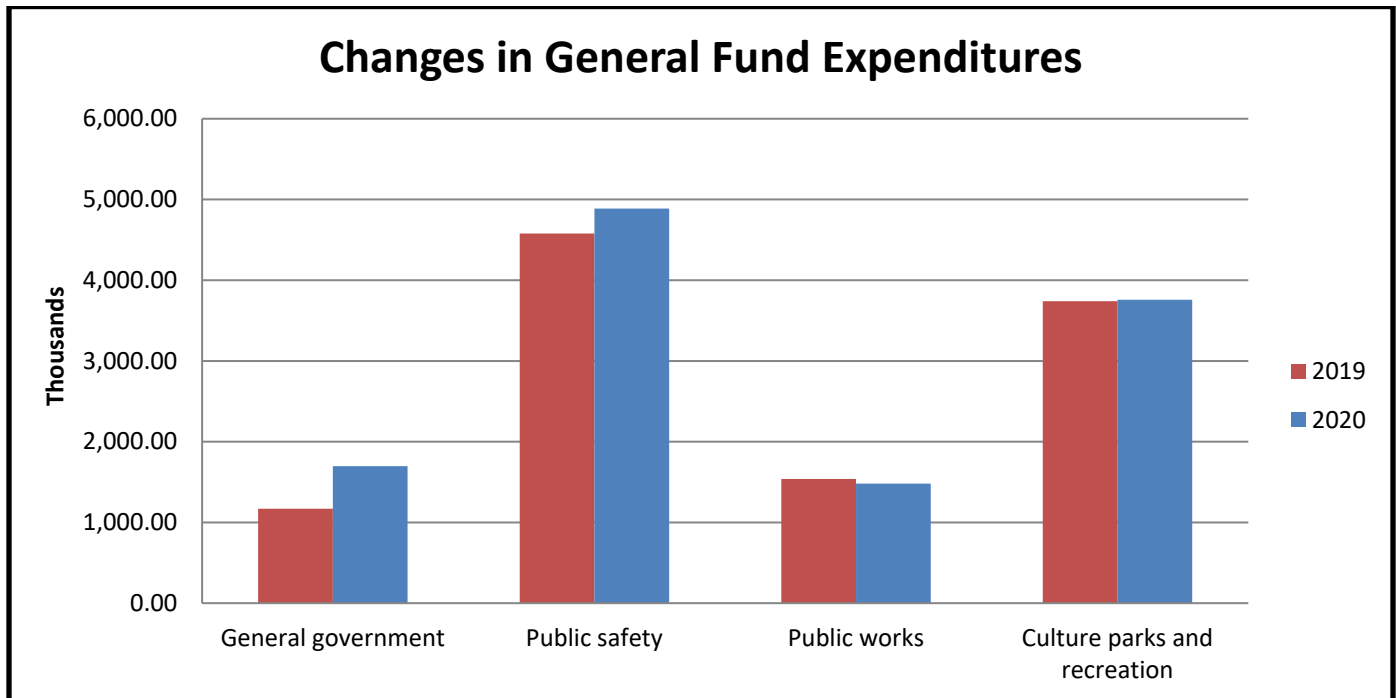


As the City completed the year, its governmental funds (as presented in the Balance Sheet (on page 3) reported a combined fund balance of \$37.6 million, which increased \$9.2 million from last year's total of \$28.4 million. Included in this year's total change in fund balance is an increase of \$3.2 million in the General Fund and an increase of \$6.2 million in the Capital Improvement Fund.

Governmental fund revenue was up \$105 thousand for 2020. Tax revenues increased \$1.7 million to \$14.2 million.



Governmental expenditures increased \$605 thousand in 2020. General Fund expenditures increased by \$797 thousand while revenues increased \$453 thousand.



The Capital Improvement Fund expenditures vary by project. During 2020, the City's capital outlay was \$10.9 million and revenues were approximately \$7 million.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. See the discussion above of the significant changes in the proprietary funds of the City.

BUDGETARY HIGHLIGHTS

The General Fund's Budget to Actual report is presented as required supplementary information on pages 52 and 53. In the General Fund, the actual charges to appropriations (expenditures) were \$1 million below the budgeted amounts. The Capital Improvement Fund expenditures were \$8.9 million below budget.

Resources available for appropriation (revenues) in the General Fund for 2020 were 2.1 million above the final budgeted amount. Sales taxes were \$906 thousand over budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the City had \$125.4 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, airport facilities, and electric, gas, water and sewer plants and systems (see below). This amount represents an increase (including additions, deductions, and depreciation) of \$11.9 million, or 10.5%, from 2019.

December 31, 2020 and 2019		
in thousands		
	2020	2019
Governmental Activities:		
Land	\$ 4,619	\$ 4,619
Infrastructure	40,930	38,175
Golf Course	3,305	3,358
Land Improvements	15,038	14,804
Buildings and Improvements	14,434	12,274
Vehicle and or Mowing Equipment	7,193	7,110
General Equipment	3,945	3,584
Construction in Progress	6,512	2,124
Total Governmental Capital Assets	95,976	86,048
Accumulated Depreciation	(41,472)	(39,240)
Capital Assets, Net of Depreciation	54,504	46,808
Business-type Activities:		
Electric System	28,523	28,319
Water System	72,449	66,665
Gas System	4,976	5,094
Sewer System	21,843	21,698
Sanitation System	1,773	1,575
Fiber Network System	417	417
Construction in Progress	500	500
Total Business-Type Capital Assets	130,481	124,268
Accumulated Depreciation	(59,606)	(57,588)
Business-type Activities Capital Assets, Net of Depreciation	70,875	66,680
Total City Net Capital Assets	\$ 125,379	\$ 113,488

Additional information on the City of Fort Morgan's capital assets can be found in Note 5 on pages 26 and 27 of this report.

Debt Administration

At year-end, the City had \$19.4 million in bonds, notes and lease purchase obligations outstanding versus \$10.6 million last year, an increase of 82%, as shown on pages 28 and 29.

Summary of Debt												
December 31, 2020 and 2019												
in thousands												
Governmental Activities				Business-type Activities		Totals						
2020		2019 Restated		2020		2019 Restated						
Revenue bonds and												
notes payable	\$	-	\$	-	\$	9,724	\$	10,645				
Lease purchases		9,673		-		-	\$	9,673	-			
Totals	\$	9,673	\$	-	\$	9,724	\$	10,645	\$	19,397	\$	10,645

The State limits the amount of general obligation debt that cities can issue to 3 percent of the actual value of the taxable property within the City's corporate limits. The City currently has no outstanding general obligation debt so the full \$21 million state-imposed limit is available subject to voter approval and authorization.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the 2020 budget, tax rates, and fees. One of those factors is the economy. The City's sales and use tax revenues increased by 3.7% in 2020. The Covid-19 pandemic did not affect the 2020 Budget as anticipated. Sales tax revenue and utilities collections were not affected, as well. In addition, no federal disaster assistance was applied to forgone revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 money it receives. If you have questions about this report or need additional financial information, please contact the City Treasurer's Office at City of Fort Morgan, 710 E. Railroad Ave. Fort Morgan, CO 80701.

Basic Financial Statements

City of Fort Morgan
Statement of Net Position
December 31, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 37,860,823	\$ 43,558,532	\$ 81,419,355
Accounts and taxes receivable	3,553,597	4,570,471	8,124,068
Internal balances	(41,174)	41,174	-
Prepaid items	35,384	12,969	48,353
Inventories	62,907	1,173,760	1,236,667
Restricted cash, cash equivalents and investments	5,940,781	-	5,940,781
Capital assets, not being depreciated	11,131,155	500,000	11,631,155
Capital assets, net of accumulated depreciation	43,373,009	70,375,266	113,748,275
TOTAL ASSETS	101,916,482	120,232,172	222,148,654
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,106,759	636,215	1,742,974
Deferred outflows related to OPEB	43,265	36,702	79,967
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,150,024	672,917	1,822,941
LIABILITIES			
Accounts payable	1,666,287	1,938,367	3,604,654
Customer deposits	25,157	68,840	93,997
Accrued expenses	493,491	104,363	597,854
Other liabilities	19,349	-	19,349
Accrued interest payable	-	25,653	25,653
Long-term liabilities:			
Compensated absences payable	428,225	308,181	736,406
Due within one year	572,000	949,000	1,521,000
Due in more than one year	9,101,000	7,826,000	16,927,000
Net pension liability	6,518,871	3,389,320	9,908,191
Net OPEB liability	470,332	398,982	869,314
TOTAL LIABILITIES	19,294,712	15,008,706	34,303,418
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,837,647	1,460,583	3,298,230
Deferred inflows related to OPEB	110,548	93,778	204,326
Unearned revenue	2,390,841	5,977,597	8,368,438
TOTAL DEFERRED INFLOWS OF RESOURCES	4,339,036	7,531,958	11,870,994
NET POSITION			
Net investment in capital assets	44,831,164	61,151,266	105,982,430
Restricted	10,803,788	-	10,803,788
Unrestricted	23,797,806	36,264,159	60,061,965
TOTAL NET POSITION	\$ 79,432,758	\$ 97,415,425	\$ 176,848,183

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

City of Fort Morgan
Statement of Activities
For the Year Ended December 31, 2020

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental activities:							
General government	\$ 3,363,087	\$ 795,544	1,474,214	644,498	\$ (448,831)	\$ -	\$ (448,831)
Public safety	4,674,991	-	-	-	(4,674,991)	-	(4,674,991)
Community development and public works	1,329,728	-	-	-	(1,329,728)	-	(1,329,728)
Parks and recreation	3,980,603	-	-	115,881	(3,864,722)	-	(3,864,722)
Interest on long-term debt	202,397	-	-	-	(202,397)	-	(202,397)
Total Governmental Activities	<u>13,550,806</u>	<u>795,544</u>	<u>1,474,214</u>	<u>760,379</u>	<u>(10,520,669)</u>	<u>-</u>	<u>(10,520,669)</u>
Business-Type Activities:							
Electric	20,883,769	21,068,110	-	-	-	184,341	184,341
Water	7,512,896	10,273,853	-	-	-	2,760,957	2,760,957
Gas	3,852,139	4,077,240	-	-	-	225,101	225,101
Wastewater	2,584,041	2,250,279	-	-	-	(333,762)	(333,762)
Sanitation	1,243,920	1,235,624	-	-	-	(8,296)	(8,296)
Fiber network	10,027	-	-	-	-	(10,027)	(10,027)
Total Business-Type Activities	<u>36,086,792</u>	<u>38,905,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,818,314</u>	<u>2,818,314</u>
Total Primary Government	<u>\$ 49,637,598</u>	<u>\$ 39,700,650</u>	<u>\$ 1,474,214</u>	<u>\$ 760,379</u>	<u>\$ (10,520,669)</u>	<u>\$ 2,818,314</u>	<u>\$ (7,702,355)</u>
General Revenues:							
Property taxes					\$ 1,924,410	\$ -	\$ 1,924,410
Specific Ownership Taxes					175,989	-	175,989
Sales and Use Taxes					11,964,465	-	11,964,465
Franchise taxes					92,488	-	92,488
Other governmental in lieu of taxes					3,965,071	-	3,965,071
Other revenues					606,628	612,382	1,219,010
Earnings on investments					464,014	803,946	1,267,960
Interest on long-term receivable					-	9,394	9,394
Loss on disposal of assets					-	(71,859)	(71,859)
Total general revenues					<u>19,193,065</u>	<u>1,353,863</u>	<u>20,546,928</u>
Change in net position					<u>8,672,396</u>	<u>4,172,177</u>	<u>12,844,573</u>
NET POSITION, BEGINNING, as restated					<u>70,760,362</u>	<u>93,243,248</u>	<u>164,003,610</u>
NET POSITION, ENDING					<u>\$ 79,432,758</u>	<u>\$ 97,415,425</u>	<u>\$ 176,848,183</u>

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

City of Fort Morgan
Balance Sheet
Governmental Funds
December 31, 2020

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash, cash equivalents and investments	\$ 27,052,446	\$ 4,980,104	\$ 349,523	\$ 32,382,073
Restricted cash, cash equivalents and investments	316,630	5,581,127	43,024	5,940,781
Receivables	2,789,630	686,200	74,918	3,550,748
Inventories	62,907	-	-	62,907
Prepaid items	22,601	-	-	22,601
TOTAL ASSETS	<u>\$ 30,244,214</u>	<u>\$ 11,247,431</u>	<u>\$ 467,465</u>	<u>\$ 41,959,110</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 222,135	\$ 1,320,114	\$ 115,950	\$ 1,658,199
Accrued expenses	-	14,505	-	14,505
Interfund advances payable	-	41,174	-	41,174
Accrued payroll expenses	174,466	-	-	174,466
Customer deposits	25,157	-	-	25,157
Other liabilities	19,349	-	-	19,349
TOTAL LIABILITIES	<u>441,107</u>	<u>1,375,793</u>	<u>115,950</u>	<u>1,932,850</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	2,390,841	-	-	2,390,841
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,390,841</u>	<u>-</u>	<u>-</u>	<u>2,390,841</u>
FUND BALANCES				
Nonspendable	85,508	-	-	85,508
Restricted	580,635	9,871,638	351,515	10,803,788
Unassigned	26,746,123	-	-	26,746,123
TOTAL FUND BALANCES	<u>27,412,266</u>	<u>9,871,638</u>	<u>351,515</u>	<u>37,635,419</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 30,244,214</u>	<u>\$ 11,247,431</u>	<u>\$ 467,465</u>	<u>\$ 41,959,110</u>

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

City of Fort Morgan
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2020

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

Total fund balance - governmental funds	\$ 37,635,419
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Capital assets	95,975,849
Less: Accumulated depreciation	<u>(41,471,685)</u>
Net capital assets	54,504,164
Long-term liabilities of resources are not current financial resources and, therefore, are not reported in the fund financial statements.	(9,673,000)
Pension and OPEB liabilities and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.	
Net pension liability	(6,518,871)
Deferred outflows of resources relating to pensions	1,106,759
Deferred inflows of resources relating to pensions	(1,837,647)
Net OPEB liability	(470,332)
Deferred outflows of resources relating to OPEB	43,265
Deferred inflows of resources relating to OPEB	(110,548)
Internal service funds are collapsed into governmental activities	5,181,774
Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities consist of compensated absences payable.	<u>(428,225)</u>
Total net position - governmental activities	<u>\$ 79,432,758</u>

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

City of Fort Morgan
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2020

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 8,209,446	\$ 5,947,906	\$ -	\$ 14,157,352
Licenses and Permits	61,084	-	-	61,084
Intergovernmental	5,439,285	644,498	115,881	6,199,664
Charges for Services	611,468	-	-	611,468
Fines and Forfeitures	122,992	-	-	122,992
Miscellaneous	116,503	415,207	74,918	606,628
Earnings on Investments	418,017	45,975	22	464,014
TOTAL REVENUES	14,978,795	7,053,586	190,821	22,223,202
EXPENDITURES:				
Current:				
General Government	1,696,149	-	-	1,696,149
Public Safety	4,888,203	-	-	4,888,203
Community development and public works	1,480,760	-	-	1,480,760
Parks and recreation and golf	3,757,707	-	-	3,757,707
Debt Service:				
Principal	-	327,000	-	327,000
Debt issuance costs	-	86,393	-	86,393
Interest	-	116,004	-	116,004
Capital outlay	-	10,357,791	289,829	10,647,620
TOTAL EXPENDITURES	11,822,819	10,887,188	289,829	22,999,836
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,155,976	(3,833,602)	(99,008)	(776,634)
OTHER FINANCING SOURCES				
Capital lease proceeds	-	10,000,000	-	10,000,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	10,000,000	-	10,000,000
NET CHANGE IN FUND BALANCE	3,155,976	6,166,398	(99,008)	9,223,366
FUND BALANCES, BEGINNING OF YEAR, as restated	24,256,290	3,705,240	450,523	28,412,053
FUND BALANCES, END OF YEAR	\$ 27,412,266	\$ 9,871,638	\$ 351,515	\$ 37,635,419

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

City of Fort Morgan
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

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

Total net change in fund balances - governmental funds	\$ 9,223,366
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized 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 outlay exceeded depreciation during the period.

Capital outlay	10,604,445
Net book value of capital assets disposed	(26,170)
Depreciation expense	<u>(2,882,225)</u>
Net amount	7,696,050

Payments of long-term debt principal are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents payments on capital leases during the current year.	327,000
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Receipt of capital lease proceeds are revenues in governmental funds, but the receipts increase long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents capital lease proceeds received during the current year.	(10,000,000)
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Internal service funds are collapsed into governmental activities.	1,042,879
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Increase in accrued compensated absences liability reflected as an expense on the statement of activities and not reflected as an expense on the governmental fund statement of revenues expenditures and changes in fund balances.	(123,033)
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Changes in the City's net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the City's pension and OPEB plans for the current year do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund financial statements	<u>506,134</u>
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Change in net position of governmental activities	<u>\$ 8,672,396</u>
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The accompanying notes are an integral part of these financial statements.

City of Fort Morgan

Proprietary Fund Statement of Net Position December 31, 2020

ASSETS	Business-Type Activities						Governmental Activities
	Electric Fund	Water Fund	Gas Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Current Assets							
Cash, cash equivalents and investments	\$ 14,339,868	\$ 14,824,110	\$ 6,303,375	\$ 5,981,216	\$ 2,109,963	\$ 43,558,532	\$ 5,478,750
Receivables	2,350,493	959,515	840,837	274,652	144,974	4,570,471	2,849
Prepaid items	-	10,206	-	2,763	-	12,969	12,783
Inventories	779,675	299,496	94,589	-	-	1,173,760	-
Interfund advances receivable	41,174	-	-	-	-	41,174	-
Total Current Assets	<u>17,511,210</u>	<u>16,093,327</u>	<u>7,238,801</u>	<u>6,258,631</u>	<u>2,254,937</u>	<u>49,356,906</u>	<u>5,494,382</u>
Non-Current Assets							
Capital assets, net of accumulated depreciation	11,555,883	47,469,438	1,300,385	9,790,075	759,485	70,875,266	-
Total Non-Current Assets	<u>11,555,883</u>	<u>47,469,438</u>	<u>1,300,385</u>	<u>9,790,075</u>	<u>759,485</u>	<u>70,875,266</u>	<u>-</u>
TOTAL ASSETS	<u>29,067,093</u>	<u>63,562,765</u>	<u>8,539,186</u>	<u>16,048,706</u>	<u>3,014,422</u>	<u>120,232,172</u>	<u>5,494,382</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources relating to pensions	305,732	122,851	78,178	90,542	38,912	636,215	-
Deferred outflows of resources relating to OPEB	17,637	7,087	4,510	5,223	2,245	36,702	-
Total Deferred Outflows of Resources	<u>323,369</u>	<u>129,938</u>	<u>82,688</u>	<u>95,765</u>	<u>41,157</u>	<u>672,917</u>	<u>-</u>
LIABILITIES							
Current Liabilities:							
Accounts payable	1,411,579	101,056	335,331	58,952	31,449	1,938,367	8,088
Accrued expenses	50,082	20,919	12,075	14,944	6,343	104,363	304,520
Customer deposits	68,840	-	-	-	-	68,840	-
Accrued interest payable	-	25,653	-	-	-	25,653	-
Current portion of long-term debt	-	949,000	-	-	-	949,000	-
Total Current Liabilities	<u>1,530,501</u>	<u>1,096,628</u>	<u>347,406</u>	<u>73,896</u>	<u>37,792</u>	<u>3,086,223</u>	<u>312,608</u>
Non-Current Liabilities:							
Compensated absences payable	149,010	55,652	35,457	49,673	18,389	308,181	-
Bonds and notes payable	-	8,775,000	-	-	-	8,775,000	-
Net pension liability	1,628,730	654,467	416,481	482,344	207,298	3,389,320	-
Net OPEB liability	191,730	77,042	49,027	56,780	24,403	398,982	-
Total Non-Current Liabilities	<u>1,969,470</u>	<u>9,562,161</u>	<u>500,965</u>	<u>588,797</u>	<u>250,090</u>	<u>12,871,483</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,499,971</u>	<u>10,658,789</u>	<u>848,371</u>	<u>662,693</u>	<u>287,882</u>	<u>15,957,706</u>	<u>312,608</u>
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue	5,726,554	-	251,043	-	-	5,977,597	-
Deferred inflows related to pensions	701,880	282,034	179,477	207,860	89,332	1,460,583	-
Deferred inflows related to OPEB	45,065	18,108	11,523	13,346	5,736	93,778	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,473,499</u>	<u>300,142</u>	<u>442,043</u>	<u>221,206</u>	<u>95,068</u>	<u>7,531,958</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	11,555,883	37,745,438	1,300,385	9,790,075	759,485	61,151,266	-
Unrestricted	<u>7,861,109</u>	<u>14,988,334</u>	<u>6,031,075</u>	<u>5,470,497</u>	<u>1,913,144</u>	<u>36,264,159</u>	<u>5,181,774</u>
TOTAL NET POSITION	<u>\$ 19,416,992</u>	<u>\$ 52,733,772</u>	<u>\$ 7,331,460</u>	<u>\$ 15,260,572</u>	<u>\$ 2,672,629</u>	<u>\$ 97,415,425</u>	<u>\$ 5,181,774</u>

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

City of Fort Morgan
Proprietary Funds
Statement of Revenues, Expenditures
and Changes in Net Position
For the Year Ended December 31, 2020

	Business-Type Activities						Governmental Activities
	Electric Fund	Water Fund	Gas Fund	Wastewater Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES							
Charges for services	\$ 21,068,110	\$ 10,273,853	\$ 4,077,240	\$ 2,250,279	\$ 1,235,624	\$ 38,905,106	\$ 4,076,755
TOTAL OPERATING REVENUES	21,068,110	10,273,853	4,077,240	2,250,279	1,235,624	38,905,106	4,076,755
OPERATING EXPENSES							
Transmission, distribution and collection	2,491,666	1,218,166	771,834	570,981	880,817	5,933,464	-
Commodities	14,045,233	-	1,752,145	-	-	15,797,378	-
Self insurance premiums	-	-	-	-	-	-	1,486,759
Self insurance claims	-	-	-	-	-	-	1,529,656
General administration	428,568	511,342	478,462	385,360	213,741	2,017,473	123,740
Treatment	-	3,989,792	-	829,750	-	4,819,542	-
In lieu of fees	3,081,314	-	719,538	102,596	61,623	3,965,071	-
Depreciation expense	836,988	1,458,430	130,160	695,354	97,766	3,218,698	-
TOTAL OPERATING EXPENSES	20,883,769	7,177,730	3,852,139	2,584,041	1,253,947	35,751,626	3,140,155
OPERATING INCOME (LOSS)	184,341	3,096,123	225,101	(333,762)	(18,323)	3,153,480	936,600
NON-OPERATING REVENUES (EXPENSES)							
Earnings on investments	316,628	214,043	112,805	121,420	39,050	803,946	8,783
Interest on long-term receivable	-	-	-	9,394	-	9,394	-
Rents	28,680	-	-	-	-	28,680	-
Other revenues	363,621	50,078	57,531	111,898	574	583,702	97,496
Gain/(Loss) on asset disposal	3	(5,116)	(14,242)	(52,075)	(429)	(71,859)	-
Interest expense	-	(335,166)	-	-	-	(335,166)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	708,932	(76,161)	156,094	190,637	39,195	1,018,697	106,279
CHANGES IN NET POSITION	893,273	3,019,962	381,195	(143,125)	20,872	4,172,177	1,042,879
NET POSITION, BEGINNING OF YEAR	18,523,719	49,713,810	6,950,265	15,403,697	2,651,757	93,243,248	4,138,895
NET POSITION, END OF YEAR	\$ 19,416,992	\$ 52,733,772	\$ 7,331,460	\$ 15,260,572	\$ 2,672,629	\$ 97,415,425	\$ 5,181,774

City of Fort Morgan
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2020

	Business-Type Activities						Governmental Activities
	Electric Fund	Water Fund	Gas Fund	Wastewater Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 19,149,025	\$ 10,249,910	\$ 4,293,989	\$ 2,230,130	\$ 1,228,998	\$ 37,152,052	\$ 4,077,615
Cash payments to suppliers	(19,253,570)	(5,047,844)	(3,087,372)	(1,217,835)	(805,484)	(29,412,105)	(3,379,231)
Cash payments to employees	(1,043,605)	(1,055,233)	(595,355)	(710,107)	(333,463)	(3,737,763)	-
NET CASH FROM OPERATING ACTIVITIES	<u>(1,148,150)</u>	<u>4,146,833</u>	<u>611,262</u>	<u>302,188</u>	<u>90,051</u>	<u>4,002,184</u>	<u>698,384</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Rents	28,680	-	-	-	-	28,680	-
Other income	379,586	50,078	-	111,899	23,675	565,238	97,496
Transfers	-	-	57,532	-	-	57,532	-
Interfund balances	39,974	-	-	-	-	39,974	-
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	<u>448,240</u>	<u>50,078</u>	<u>57,532</u>	<u>111,899</u>	<u>23,675</u>	<u>691,424</u>	<u>97,496</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets	(425,975)	(6,188,729)	-	(510,297)	(399,168)	(7,524,169)	-
Principal paid on long-term debt	-	(921,000)	-	-	-	(921,000)	-
Interest paid on long-term debt	-	(337,741)	-	-	-	(337,741)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(425,975)</u>	<u>(7,447,470)</u>	<u>-</u>	<u>(510,297)</u>	<u>(399,168)</u>	<u>(8,782,910)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	316,628	214,043	112,805	130,814	39,050	813,340	8,783
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>316,628</u>	<u>214,043</u>	<u>112,805</u>	<u>130,814</u>	<u>39,050</u>	<u>813,340</u>	<u>8,783</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(809,257)</u>	<u>(3,036,516)</u>	<u>781,599</u>	<u>34,604</u>	<u>(246,392)</u>	<u>(3,275,962)</u>	<u>804,663</u>
CASH AND CASH EQUIVALENTS							
Beginning of Year	<u>15,149,125</u>	<u>17,860,626</u>	<u>5,521,776</u>	<u>5,946,612</u>	<u>2,356,355</u>	<u>46,834,494</u>	<u>4,674,087</u>
End of Year	<u>\$ 14,339,868</u>	<u>\$ 14,824,110</u>	<u>\$ 6,303,375</u>	<u>\$ 5,981,216</u>	<u>\$ 2,109,963</u>	<u>\$ 43,558,532</u>	<u>\$ 5,478,750</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 184,341	\$ 3,096,123	\$ 225,101	\$ (333,762)	\$ (18,323)	\$ 3,153,480	\$ 936,600
Adjustments to reconcile operating income to net cash flows from operating activities							
Depreciation	836,988	1,458,430	130,160	695,354	97,765	3,218,697	-
(Increase) decrease in operating assets:							
Accounts receivable	(1,788)	(23,943)	(24,030)	(20,149)	(6,626)	(76,536)	860
Inventories	(161,550)	(50,696)	33,453	-	-	(178,793)	-
Deferred outflows	368,313	112,418	89,514	105,603	37,448	713,296	-
Prepaid items	17,235	(155)	2,374	3,683	-	23,137	(232)
(Increase) decrease in operating liabilities:							
Accounts payable	10,196	(412,260)	20,858	(33,677)	(334)	(415,217)	(238,844)
Net pension and OPEB liabilities	(1,270,178)	(351,397)	(303,918)	(360,641)	(119,575)	(2,405,709)	-
Deferred inflows	746,581	300,014	190,909	221,100	95,027	1,553,631	-
Unearned revenues	(1,917,297)	-	240,779	-	-	(1,676,518)	-
Deposits	690	18,299	-	-	-	18,989	-
Compensated absences payable	38,319	-	6,062	24,677	4,669	73,727	-
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (1,148,150)</u>	<u>\$ 4,146,833</u>	<u>\$ 611,262</u>	<u>\$ 302,188</u>	<u>\$ 90,051</u>	<u>\$ 4,002,184</u>	<u>\$ 698,384</u>

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

City of Fort Morgan
Statement of Fiduciary Net Position (Deficit)
December 31, 2020

	CEMETERY PERPETUAL CARE FUND	RIVERVIEW COMMONS GID FUND
ASSETS		
Restricted cash, cash equivalents and investments	\$ 723,958	\$ -
Accrued interest receivable	1,245	-
TOTAL ASSETS	<u>725,203</u>	<u>-</u>
LIABILITIES		
Assessments Payable	-	38
Due to the General Fund	-	93,522
TOTAL LIABILITIES	<u>-</u>	<u>93,560</u>
FIDUCIARY NET POSITION (DEFICIT)	<u><u>\$ 725,203</u></u>	<u><u>\$ (93,560)</u></u>

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

City of Fort Morgan
Statement of Changes in Fiduciary Net Position (Deficit)
December 31, 2020

	CEMETERY PERPETUAL CARE FUND	RIVERVIEW COMMONS GID FUND
ADDITIONS		
Taxes	\$ -	\$ 29,110
Charges for services	15,150	-
Earnings on investments	5,419	-
TOTAL ADDITIONS	<u>20,569</u>	<u>29,110</u>
DEDUCTIONS		
Community development and public works	-	29,148
TOTAL DEDUCTIONS	<u>-</u>	<u>29,148</u>
CHANGE IN FIDUCIARY NET POSITION	<u>20,569</u>	<u>(38)</u>
FIDUCIARY NET POSITION (DEFICIT) BEGINNING OF YEAR	<u>704,634</u>	<u>(93,522)</u>
FIDUCIARY NET POSITION (DEFICIT) END OF YEAR	<u><u>\$ 725,203</u></u>	<u><u>\$ (93,560)</u></u>

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

City of Fort Morgan

Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

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

Reporting Entity

The City was incorporated in 1887 and adopted its Home Rule Charter during 1914. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety; highways and streets; sanitation; health and social services; culture - recreation; education; public improvements; planning and zoning; and general administrative services. The City's basic financial statements include the accounts of all City operations. As required by GAAP, these financial statements present the activities of the City, which is legally separate and financially independent of other state and local governments.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the application of these criteria, there are no component units included in the City's reporting entity.

Government-wide and Fund Financial Statements

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), and the capital projects fund.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

The following are the City's major governmental funds:

General Fund - The General Fund (a major fund) is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, sales tax, franchise tax and other intergovernmental revenues. Expenditures include all costs associated with the daily operations of general government, public safety, public works, parks and recreation and community development.

Capital Improvement Fund - This fund accounts for the sales tax revenues used to fund the City's capital improvement projects. It is a major special revenue fund.

Proprietary funds focus on the determination of the changes in net position on, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City's major enterprise funds include the Electric, Water, Gas, and Wastewater funds. The internal service fund accounts for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Self Insurance Fund.

The City has two fiduciary funds. The Cemetery Perpetual Care Fund accounts for nonexpendable corpus amounts, of which the investment earnings are transferred to the General Fund to assist in covering operating costs. In 2006, the City created a General Improvement District Fund (the "District") to account for ongoing improvements related to the Riverview Commons development project (reflected as the Riverview Commons GID Fund in the accompanying financial statements). The District is a special improvement district which has issued \$2,035,000 of special improvement bonds to defray a portion of the costs of the public improvements needed to serve the residential portion of the project. The developer will complete the various improvements, be reimbursed through the bond proceeds held in trust by the City, and then will convey these improvements to the City. The issued bonds bear interest at 6.5% and mature in 2026. The City is not contingently liable for the debt.

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. 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,

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

program or department and therefore 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 proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Cigarette taxes, sales taxes, auto use taxes, taxpayer-assessed taxes, earnings on investments and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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

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 funds use the accrual basis of accounting.

Revenues - Exchange and Non-Exchange 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.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, intergovernmental revenues 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, intergovernmental revenues 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: sales taxes and other intergovernmental revenues.

Unearned Revenue

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

Expenses/ Expenditures

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

Accounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. The principal operating revenues of the government's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

An annual budget and appropriation ordinance is adopted by the City Council in accordance with the City Charter. The budget is prepared on a basis consistent with GAAP for all governmental and proprietary funds, except that for proprietary funds, principal payments of long-term liabilities and purchases of capital assets are budgeted as expenditures, and the issuance of long-term liabilities are budgeted as other financing sources.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

On, or about October 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Also, public hearings are conducted at a special meeting and at regular City Council meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the City Council.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations.

All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted expenditures reported in the accompanying financial statements are as originally adopted and as amended by the City Council throughout the year. The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2020:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Governmental funds:			
General Fund	\$ 12,846,296	\$ -	\$ 12,846,296
Capital Improvement Fund	19,738,408	-	19,738,408
Police Forfeiture Fund	-	-	-
Conservation Trust Fund	395,000	-	395,000
Internal Service fund:			
Self Insurance Fund	4,903,932	-	4,903,932
Enterprise funds:			
Electric Fund	20,467,524	-	20,467,524
Water Fund	12,383,463	-	12,383,463
Gas Fund	4,605,822	-	4,605,822
Waste Water Fund	2,792,700	-	2,792,700
Sanitation Fund	1,611,053	-	1,611,053
Fiber Network Fund	-	-	-
Fiduciary fund:			
Cemetery Perpetual Care Fund	3,000	-	3,000
Riverview GID Fund	37,500	-	37,500
Total funds	<u>\$ 79,784,698</u>	<u>\$ -</u>	<u>\$ 79,784,698</u>

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments include cash on hand, demand deposits, certificates of deposit, participation in local government investment pools, government securities, money markets, and corporate securities. All cash equivalents have an original maturity date of less than three months. Cash balances from different funds are combined and invested to the extent possible in local government investment pools.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Cash and Cash Equivalents" in the financial statements. Investments of the City's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported at fair value in accordance with GASB Statement No.72, *Fair Value Measurement and Application*.

Restricted Cash

The amounts restricted are in compliance with various debt requirements associated with the City's long-term debt.

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflows of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources are recognized as revenue and the receivable is reduced.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Short-Term Inter-Fund Receivables/Payables

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Because these assets do not represent current financial resources, there is a corresponding nonspendable fund balance in the governmental funds.

Inventories

Inventories are valued at cost, using the first-in, first-out method. Because these assets do not represent current financial resources, there is a corresponding nonspendable fund balance in the governmental funds.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include land, buildings and other improvements, infrastructure, machinery and equipment, and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Life</u>
Buildings & other improvements	30 years
Infrastructure	20 years
Vehicles & equipment	5 - 10 years
Utility systems	10 – 40 years

Compensated Absences Payable

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured.

Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as an expenditure/expense during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums on the debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service.

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.

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. Payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds 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.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Deferred Out flows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for pension and OPEB- related amounts. See Notes 8 and 9 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resource relating to property taxes. In addition, the City reports deferred inflows of resources for pension and OPEB-related amounts. See Notes 8 and 9 for additional information.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, granters, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the City, which is not restricted for any project or other purpose. A deficit will require future funding.

In the governmental fund financial statements, fund balances are classified in five separate categories. The categories, and their general meanings, are as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, granters, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the City Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has authority to assign amounts for specific purposes.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Unassigned - all other spendable amounts. Only the General Fund reports a positive unassigned fund balance. In other governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

As of December 31, 2020, fund balances were composed of the following:

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 62,907	\$ -	\$ -	\$ 62,907
Prepaid items	22,601	-	-	22,601
Restricted:				
Emergency reserve	433,630	-	-	433,630
Donations and memorials	147,005	-	-	147,005
Parks and recreation	-	-	308,491	308,491
Public safety	-	-	43,024	43,024
Capital improvements	-	9,871,638	-	9,871,638
Unassigned:	26,743,130	-	-	26,743,130
Total	<u>\$ 27,409,273</u>	<u>\$ 9,871,638</u>	<u>\$ 351,515</u>	<u>\$ 37,632,426</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Contribution of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources to be used for capital acquisition and construction.

Interfund Transactions

Interfund services provided and used 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 inter-fund transactions are reported as transfers.

Contraband Forfeitures

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. These proceeds are not subject to appropriation in the budget process. Cash proceeds are recorded in the Police Forfeiture Fund. Property and equipment seized are recorded as governmental capital assets.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Pensions

The City participates in the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to / deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition, the City contributes to a Volunteer Pension Plan and Old Hire Pension Plan; agent multiple-employer plans administered by the Fire and Police Pension Association of Colorado ("FPPA").

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2019 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

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

Other Post-Employment Benefits ("OPEB")

The City participates in the Health Care Trust Fund ("HCTF"), a cost-sharing multiple -employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and could be material.

2. Cash and Investments

A summary of cash and investments as of December 31, 2020, follows:

Cash on hand	\$ 2,036
Cash with county treasurer	17,793
Cash in financial institutions	32,599,792
Investments	<u>55,464,473</u>
Total	<u>\$ 88,084,094</u>

The above amounts are classified in the statement of net position as follows:

Cash, cash equivalents and investments per Statement of Net Position:

Government-wide financial statements:

Cash, cash equivalents, and investments	\$ 81,419,355
Restricted cash, cash equivalents, and investments	5,940,781

Fiduciary fund statements:

Restricted cash, cash equivalents, and investments	<u>723,958</u>
Total	<u>\$ 88,084,094</u>

Custodial Credit Risk - Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The City's deposit policy is in accordance with Colorado Revised Statutes, ("CRS") 11 -1 0.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2020, the City had deposits with financial institutions with a carrying amount of \$32,599,792. The bank balances with the financial institutions were \$33,145,774, of which \$1,250,000 was covered by federal depository insurance. The remaining balance of \$31,895,774 was collateralized with securities held by the financial institutions' agents but not in the City's name.

At December 31, 2020, the City had the following investments:

	S&P Rating	Fair Value	Maturity Date (in years)		Concentration of Credit Risk
			Less than 1	1 to Less than 5	
Certificates of Deposit	NR	\$1,854,767	N/A	-	3.34%
US Treasury Bonds/Notes	Aaa	15,513,603	717,080	14,796,523	27.97%
Municipal Bonds/Notes	AA	5,131,975	583,058	4,548,917	9.25%
Federal Agency Collateralized Mortgage Obligations	AA+	1,730,388	96,893	1,633,495	3.12%
Federal Agency Bonds/Notes	AA+	15,781,410	-	15,781,410	28.45%
Corporate Securities	AA-/AAA	2,583,109	-	2,583,109	4.66%
Money Market Funds	AAAm/N/R	<u>12,869,221</u>	N/A	-	23.20%
Total		<u>\$55,464,473</u>			

The City's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

The City's investment balances at fair value hierarchy are as follows:

Investments	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 1,854,767	\$ -	\$ 1,854,767
U.S. Treasury	-	15,513,603	-	15,513,603
Municipal Bonds	-	5,131,975	-	5,131,975
Federal Agency Collateralized Mortgage Obligations	-	1,730,388	-	1,730,388
Federal Agency Bonds/Notes	-	15,781,410	-	15,781,410
Corporate Securities	2,583,109	-	-	2,583,109
Money Market Funds Investments – CSIP				
- measured at net asset value	-	-	-	12,869,221
Total	\$2,583,109	\$40,012,143	\$ -	\$55,464,473

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a specific policy for custodial credit risk. As of December 31, 2020, the City had no investments exposed to custodial credit risk.

Credit Risk - Investments

State statutes and the City's investment policies authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

Interest Rate Risk

Colorado Revised Statutes and the City's investment policies limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value fluctuations arising from changing interest rates.

Money Market Funds - CSIP

As of December 31, 2020, the City invested in PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the "Trust"). The Trust is an open-ended, diversified, management investment company registered under the Investment Company Act of 1940. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAm by Standard & Poor's. PFM Asset Management, LLC serves as the investment advisor, administrator and transfer agent. Shares of the Fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority ("FINRA"). U.S. Bank N.A serves as the custodian and acts as safekeeping agent. These money market funds seek to earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable \$1.00 net asset value.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

3. Interfund Transactions

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Contributed capital between the governmental funds and proprietary funds is shown within the transfer line for financial statement presentation.

During the year ended December 31, 2020, there were no transfers between funds.

4. Receivables

Receivables at December 31, 2020 consist of the following:

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Taxes	\$ 2,030,296	\$ -	\$ -	\$ 2,030,296
Trade accounts	368,997	1,298,468	-	1,667,465
Unbilled revenues	-	3,272,003	-	3,272,003
Intergovernmental	1,151,455	-	-	1,151,455
Other	2,849	-	1,245	4,094
Total	<u><u>\$ 3,553,597</u></u>	<u><u>\$ 4,570,471</u></u>	<u><u>\$ 1,245</u></u>	<u><u>\$ 8,125,313</u></u>

5. Capital Assets

Governmental capital assets activity for the year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Governmental Activities				
Capital assets, <i>not being depreciated</i> :				
Land	\$ 4,619,092	\$ -	\$ -	\$ 4,619,092
Construction in progress	<u>2,124,450</u>	<u>5,081,551</u>	<u>(693,938)</u>	<u>6,512,063</u>
Total capital assets, <i>not being depreciated</i>	<u>6,743,542</u>	<u>5,081,551</u>	<u>(693,938)</u>	<u>11,131,155</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Capital Assets (continued)

	Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Capital assets, being depreciated:				
Golf Course	3,357,758	122,060	(174,468)	3,305,350
Land improvements	14,803,936	301,857	(68,061)	15,037,732
Buildings and improvements	12,273,556	2,213,850	(53,206)	14,434,200
Infrastructure	38,175,131	2,775,101	(20,705)	40,929,527
Vehicles and Equipment	7,110,216	421,312	(338,988)	7,192,540
General equipment	3,583,685	382,652	(20,992)	3,945,345
Total capital assets, being depreciated	<u>79,304,282</u>	<u>6,216,832</u>	<u>(676,420)</u>	<u>84,844,694</u>
Accumulated Depreciation	<u>(39,239,710)</u>	<u>(2,882,225)</u>	<u>650,250</u>	<u>(41,471,685)</u>
Total capital assets, <i>being depreciated</i> , net	<u>40,064,572</u>	<u>3,334,607</u>	<u>(26,170)</u>	<u>43,373,009</u>
Total governmental activities capital assets, net	<u>\$ 46,808,114</u>	<u>\$ 8,416,158</u>	<u>\$ (720,108)</u>	<u>\$ 54,504,164</u>

Depreciation for governmental activity capital assets has been allocated to the various activities as follows:

General government	\$ (1,881,331)
Public safety	(352,433)
Community development & public works	(10,586)
Parks and recreation	(637,875)
Total	<u>\$ (2,882,225)</u>

Business-type capital assets activity for the year ended December 31, 2020 is summarized below:

	Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Business-Type Activities				
Capital assets, <i>not being depreciated</i> :				
Construction in progress	\$ 500,000	\$ -	\$ -	\$ 500,000
Total capital assets, <i>not being depreciated</i>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Capital Assets (continued)

	Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Business-Type Activities				
Capital assets, <i>not being depreciated</i> :				
Construction in progress	\$ 500,000	\$ -	\$ -	\$ 500,000
Total capital assets, <i>not being depreciated</i>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Capital assets, being depreciated:				
Electric system	28,319,173	425,975	(222,586)	28,522,562
Water system	66,664,637	6,188,729	(404,423)	72,448,943
Gas system	5,094,280	-	(117,858)	4,976,422
Sewer system	21,698,458	510,297	(365,177)	21,843,578
Sanitation system	1,574,681	399,168	(200,521)	1,773,328
Fiber network system	416,780	-	-	416,780
Total capital assets, being depreciated	<u>123,768,009</u>	<u>7,524,169</u>	<u>(1,310,565)</u>	<u>129,981,613</u>
Accumulated Depreciation	<u>(57,587,288)</u>	<u>(3,218,696)</u>	<u>1,199,637</u>	<u>(59,606,347)</u>
Total capital assets, <i>being depreciated</i> , net	<u>66,180,721</u>	<u>4,305,473</u>	<u>(110,928)</u>	<u>70,375,266</u>
Total business-type activities capital assets, net	<u>\$ 66,680,721</u>	<u>\$ 4,305,473</u>	<u>\$ (110,928)</u>	<u>\$ 70,875,266</u>

Depreciation for governmental activity capital assets has been allocated to the various activities as follows:

Electric	\$ (836,988)
Water	(1,458,430)
Gas	(130,160)
Waste Water	(695,354)
Sanitation	(87,739)
Fiber network	(10,025)
	<u>\$ (3,218,696)</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Long-Term Debt

Following is a summary of governmental long-debt activity for the year ended December 31, 2020:

Governmental activities	Balance at December 31, 2019	Additions	Payments	Balance at December 31, 2020	Due Within One Year
Other obligations:					
Lease-purchase	\$ -	\$ 10,000,000	\$ (327,000)	\$ 9,673,000	\$ 572,000
Compensated Absences	305,192	136,603	(13,570)	428,225	-
Total	<u>\$ 305,192</u>	<u>\$ 10,136,603</u>	<u>\$ (340,570)</u>	<u>\$ 10,101,225</u>	<u>\$ 572,000</u>

Lease Purchase Financing, Series 2020

During 2020, the City entered into a lease agreement as lessee to construct, install, improve, and equip a new Community Center and Field House on property currently owned by the City. The lease is renewable in one-year terms through 2035 and all rent is to be paid from currently budgeted expenditures of the City, using legally available funds.

The City's future minimum lease obligations related to the Field House lease will mature as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 572,000	\$ 160,948	\$ 732,948
2022	581,000	151,099	732,099
2023	591,000	141,079	732,079
2024	601,000	130,883	731,883
2025	612,000	120,512	732,512
2026-2035	6,716,000	595,689	7,311,689
Total	<u>\$ 9,673,000</u>	<u>\$ 1,300,210</u>	<u>\$ 10,973,210</u>

Following is a summary of business-type long-term debt activity for the year ended December 31, 2020:

Business-type activities	Balance at December 31, 2019	Additions	Payments	Balance at December 31, 2020	Due Within One Year
Bonds payable:					
2015 Water Revenue Refunding	<u>\$ 10,645,000</u>	<u>\$ -</u>	<u>\$ (921,000)</u>	<u>\$ 9,724,000</u>	<u>\$ 949,000</u>
	<u>10,645,000</u>	<u>-</u>	<u>(921,000)</u>	<u>9,724,000</u>	<u>949,000</u>
Other obligations:					
Compensated Absences	<u>216,155</u>	<u>102,434</u>	<u>(10,408)</u>	<u>308,181</u>	<u>-</u>
	<u>216,155</u>	<u>102,434</u>	<u>(10,408)</u>	<u>308,181</u>	<u>-</u>
Total	<u>\$ 10,861,155</u>	<u>\$ 102,434</u>	<u>\$ (931,408)</u>	<u>\$ 10,032,181</u>	<u>\$ 949,000</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Long-Term Debt (continued)

Water Fund

2015 Water Revenue Refunding bond

During 2015, the City issued a \$14,635,000 Water Revenue Refunding Bond to NBH Bank, N.A. The bond was issued for the redemption of the remaining portion of the 1995 Colorado Water

Conservation Board Note Payable, the 1999 Colorado Water Conservation Board Note Payable, and the 1999A and 1999B USDA Revenue Bonds. The note requires annual principal payments due on December 1st and semi-annual interest payments due on June 1st and December 1st of each year. The payments range from \$1,257,658 to \$1,262,157 annually and are payable through December 2029. The loan bears interest at a rate of 3.130% per annum.

The annual requirements to amortize all outstanding business-type activities long-term debt for the year ended December 31, 2020 are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest and Servicing Fees</u>	<u>Total</u>
2021	\$ 949,000	\$ 308,620	\$ 1,257,620
2022	980,000	278,472	1,258,472
2023	1,010,000	247,372	1,257,372
2024	1,045,000	215,910	1,260,910
2025	1,080,000	182,157	1,262,157
2026-2029	<u>4,660,000</u>	<u>375,790</u>	<u>5,035,790</u>
Total	<u>\$ 9,724,000</u>	<u>\$ 1,608,321</u>	<u>\$ 11,332,321</u>

7. Prior-period Restatement

In both the General and Capital Improvement Funds, it was determined that prior-year property tax revenues were overstated by \$516,368 and \$529,912, respectively. Therefore, beginning net position in each of these funds, total governmental funds and governmental activities has been restated as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Governmental Funds</u>	<u>Governmental Activities</u>
Net Position as previously reported at December 31, 2019:	\$ 24,772,658	\$ 4,235,152	\$ 29,458,333	\$ 71,806,642
Property taxes over accrued in prior period	<u>(516,368)</u>	<u>(529,912)</u>	<u>(1,046,280)</u>	<u>(1,046,280)</u>
Net position as restated, January 1, 2020	<u>\$ 24,256,290</u>	<u>\$ 3,705,240</u>	<u>\$ 28,412,053</u>	<u>\$ 70,760,362</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans

The following table presents combined information relating to the City's defined benefit pension plans as of and for the year ended December 31, 2020:

	Volunteer Firefighters' Pension Plan	Police Old Hire Pension Fund	Local Government Division Trust Fund	Total
Deferred outflows of resources:				
Differences between expected and actual experience	\$ 29,295	\$ -	\$ 483,379	\$ 512,674
Changes of assumptions or other inputs	62,949	-	-	62,949
Net difference between projected and actual earnings on pension plan investments	59,754	18,563	-	78,317
City contributions subsequent to the measurement date	72,481	113,726	902,827	1,089,034
Total deferred outflows of resources relating to pensions	<u>\$ 224,479</u>	<u>\$ 132,289</u>	<u>\$ 1,386,206</u>	<u>\$ 1,742,974</u>
Deferred inflows of resources:				
Net differences between projected and actual earnings on pension plan investments	92,919	22,944	3,022,033	3,137,896
Changes in proportionate share	-	-	160,334	160,334
Total deferred inflows of resources relating to pensions	<u>\$ 92,919</u>	<u>\$ 22,944</u>	<u>\$ 3,182,367</u>	<u>\$ 3,298,230</u>
Net pension liability as of December 31, 2020	<u>\$ 1,628,474</u>	<u>\$ 894,955</u>	<u>\$ 7,384,762</u>	<u>\$ 9,908,191</u>
Total pension expense (income) for the year ended December 31, 2020	<u>\$ 216,243</u>	<u>\$ 111,506</u>	<u>\$ 149,124</u>	<u>\$ 476,873</u>

The above total deferred outflows of resources, deferred inflows of resources, pension liability and pension expense are reported in the financial statements as follows:

Primary Government	Governmental Activities	Enterprise Activities	Total
Deferred outflows of resources	\$ 1,106,759	\$ 636,215	\$ 1,742,974
Deferred inflows of resources	1,837,647	1,460,583	3,298,230
Net pension liability	6,518,871	3,389,320	9,908,191
Net pension expense	408,276	68,597	476,873

Fort Morgan Volunteer Fire Department Pension Plan

Plan Description. The City has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan administered by the FPPA. As of December 31, 2019, the Plan has 39 retirees and beneficiaries, 2 inactive, nonretired members, and 27 active current members. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. The report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits Provided. The plan provides for a monthly pension of \$450 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age or completes 20 years of service. Pro rata pensions would apply to volunteers who reached 50 years of age and had between 10

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

and 20 years of service. The plan also provides a funeral benefit, lump sum one-time only payment of \$900.

Funding Policy. The Plan receives contributions from the City's general fund in the amount that agrees to the actuarial study. Contributions are established and may be amended by the City's Pension Board. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2019, indicated that the current levels of contributions to the fund are not adequate to support on an actuarially sound basis the prospective benefits for the present Plan. Contributions to the Plan from the City were \$72,481 for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, the City reported a net pension liability of \$1,628,474. The net pension liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2019. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2019 and may be used for December 31, 2019 reporting purposes.

For the year ended December 31, 2020, the City recognized pension expense of \$216,243. At December 31, 2020, 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
Differences between expected and actual experience	\$ 29,295	\$ -
Net difference between projected and actual earnings on pension plan investments	59,754	-
Changes of assumptions or other inputs	62,949	92,919
City Contributions subsequent to the measurement date	<u>72,481</u>	<u>-</u>
	<u>\$ 224,479</u>	<u>\$ 92,919</u>

The \$72,481 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 year ended December 31, 2021. 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,	Amortization
2021	\$ 38,369
2022	32,690
2023	3,954
2024	<u>(15,934)</u>
	<u>\$ 59,079</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

Actuarial Assumptions: The total pension liability as of the December 31, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed fair value
Investment rate of return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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 long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state ft local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%. Projected cash flows used in determining the Single Discount Rate are available upon request.

Long-Term Expected Return on Plan Assets. 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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the

Fund's target asset allocation as of December 31, 2019 are summarized in the table on the following page.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2.0%	2.52%
Fixed Income	15.0%	5.20%
Managed Futures	4.0%	5.00%
Absolute Return	8.0%	5.50%
Equity Long/Short	8.0%	6.00%
Global Equity	38.0%	7.00%
Private Capital	25.0%	9.20%
Total	100%	

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability/ (asset) calculated using the 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 discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00 % Decrease	Current Discount Rate	1.00% Increase
Net pension liability / (asset)	\$1,955,750	\$1,628,474	\$1,358,195

FPPA System Description. The Fire & Police Pension Association administers an agent multiple employer Public Employee Retirement System ("PERS"). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

	Total Pension (Asset) Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at December 31, 2019	\$ 2,832,901	\$ 1,187,662	\$ 1,645,239
Changes for the year			-
Service cost	6,399	-	6,399
Interest	191,675	-	191,675
Benefit payments	(199,026)	(199,026)	-
Contributions - employer	-	72,481	(72,481)
Net investment income	-	157,913	(157,913)
Pension Plan Administrative Expense	-	(15,555)	15,555
State of Colorado supplemental discretionary payment	-	-	-
Balances at December 31, 2020	<u>\$ 2,831,949</u>	<u>\$ 1,203,475</u>	<u>\$ 1,628,474</u>

City of Fort Morgan Police Department Money Purchase Pension Plan

Plan Description. The money purchase pension plan is a defined contribution plan, with benefits dependent on amounts contributed to the plan and investment earnings. Employees are eligible to participate from the date of employment. All changes to the plan must be approved by the City Council.

Funding Policy. The City and employees each contribute 8% of covered salary, with the rate increased to 10% effective October 1, 2007, to 11.9% effective January 1, 2008 and to 12.8% effective January 1, 2009. The City's contributions vest with the employee at 50% after being with the City 5 years and increase 10% annually thereafter until the employee is 100% vested. Forfeited contributions and related earnings on investments are used to offset the City's current contributions.

During 2020, the City's covered payroll under the plan was \$1,790,634. The City made all required contributions for the plan year. The City has contributed \$229,201, \$235,411, and \$190,864, for the years ended December 31, 2020, 2019, and 2018, respectively.

City of Fort Morgan Police Old Hire Pension Fund

Plan Description. City police officers that did not transfer to the Money Purchase Pension Plan participate in the City of Fort Morgan Police Old Hire Pension Fund, an agent multiple-employer public retirement program administered by the FPPA. As of December 31, 2019, the Plan has three retired members. FPPA issues an annual, publicly-available financial report that includes the assets of the Old Hire Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits Provided. The defined benefit plan provides retirement benefits for members and beneficiaries. Members are eligible to retire upon completion of 25 years of service or the completion of 20 years of service and reaching 55 years of age.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

Funding Policy. The plan receives contributions from the City in the amount as required by the actuarial valuation for the plan. Contributions are established and may be amended by the City's Pension Board. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2020, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan. Contributions to the Plan from the City were \$113,726 for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, the City reported a net pension liability of \$894,955. The net pension liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2020. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2020 and may be used for December 31, 2020 reporting purposes.

For the year ended December 31, 2020, the City recognized pension expense of \$111,506. At December 31, 2020, 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 earnings on pension plan investments	\$ 18,563	\$ 22,944
City Contributions subsequent to the measurement date	<u>113,726</u>	<u>-</u>
	<u>\$ 132,289</u>	<u>\$ 22,944</u>

The \$113,726 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 year ended December 31, 2021. 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,	Amortization
2021	\$ (982)
2022	(2,928)
2023	2,534
2024	<u>(3,005)</u>
	<u>\$ (4,381)</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

Actuarial Assumptions: The total pension liability as of the December 31, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	14 Years
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.5%
Salary increases	N/A
Investment rate of return	7.5%
Retirement Age	Any remaining actives are assumed to be retired immediately.
Mortality	Pre-retirement: RP-2014 Employee Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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 M 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 long-term expected rate of return on pension plan investments is 4.50%; the municipal bond rate is 2.75% (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 4.50%. Projected cash flows used in determining the Single Discount Rate are available upon request.

Long-Term Expected Return on Plan Assets. 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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the table below.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	10.0%	3.20%
Fixed Income	80.0%	2.90%
Managed Futures	0.0%	4.70%
Absolute Return	0.0%	5.00%
Equity Long/Short	0.0%	6.50%
Global Equity	10.0%	7.70%
Private Capital	0.0%	9.50%
Total	100%	

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.50 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1- percentage-point higher (8.50 percent) than the current rate:

	1.00 % Decrease	Current Discount Rate	1.00% Increase
Net pension liability / (asset)	\$1,005,275	\$894,955	\$800,160

FPPA System Description. The Fire 8: Police Pension Association administers an agent multiple employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

Change in Net Pension (Asset) Liability

	Total Pension (Asset) Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at December 31, 2019	\$ 1,266,108	\$ 349,478	\$ 916,630
Changes for the year			-
Interest	89,485	-	89,485
Difference between expected and actual experience of Total Pension Liability	(195,554)	-	(195,554)
Changes of assumptions	236,444	-	236,444
Contributions - employer	-	113,746	(113,746)
Net investment income	-	39,889	(39,889)
Benefit payments	(148,641)	(148,641)	-
Administrative expenses	-	(1,585)	1,585
Net Changes	(18,266)	3,409	(21,675)
Balances at December 31, 2020	<u>\$ 1,247,842</u>	<u>\$ 352,887</u>	<u>\$ 894,955</u>

The City provides pension benefits to all of its full-time police officers through either its "Money Purchase Pension Plan" or through the "Old Hire Plan".

General Employee Pension Plan

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

Benefits Provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51- 602, 604, 1713, and 1714.

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

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there is no annual increases ("AI") for 2019 and an increase of 1.25 percent for 2020. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve ("AIR") for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

Contributions Provisions as of December 31, 2020: Eligible employees and the City are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2020 through December 31, 2020.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

The employer contribution requirements during the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 30, 2020
Employer Contribution Rate ¹	10.00%	10.50%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 ¹	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS 24-51-411 ¹	1.50%	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%	13.18%

¹ Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$902,827 for the year ended December 31, 2020.

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

At December 31, 2020, the City reported a liability of \$7,384,762 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The City's proportion of the net pension liability was based on City contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the City's proportion was 1.0100 percent, which was a decrease of 0.0314 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$149,124. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 483,379	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,022,033
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	160,334
City Contributions subsequent to the measurement date	<u>902,827</u>	<u>-</u>
	<u>\$ 1,386,206</u>	<u>\$ 3,182,367</u>

The \$902,827 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 year ended December 31, 2020. 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,	Amortization
2021	\$ (636,384)
2022	(902,985)
2023	(128,498)
2024	<u>(1,031,122)</u>
	<u><u>\$(2,698,989)</u></u>

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2018 to December 31, 2019:

Discount rate	7.25 percent
Postretirement benefit increases:	
PERA benefit structure hired prior to 1/7/07; and DPS benefit structure (automatic)	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class.

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non-U.S. Equity - Developed	18.55%	5.20%
Non-U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non-U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Pension Plans (continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability/ (asset) calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00 % Decrease (6.25%)	Current Discount Rate ((7.25%)	1.00% Increase (8.25%)
City's proportionate share of the net pension liability	\$13,568,970	\$7,384,762	\$2,187,621

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

Changes Between the Measurement Date of the Net Pension Liability and December 31, 2019.

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan

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

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.

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.

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

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 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.

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, District, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were \$69,870 for the year ended December 31, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2020, the City reported a liability of \$869,314 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The City's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the City's proportion was 0.0773 percent, which was a decrease of .0034 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$42,081. At December 31, 2020, 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
Differences between expected and actual experience	\$ 2,885	\$ 146,076
Net difference between projected and actual earnings on pension plan investments	-	14,510
Changes of assumptions or other inputs	7,212	-
Change in proportionate share	-	43,740
City Contributions subsequent to the measurement date	<u>69,870</u>	<u>-</u>
	<u>\$ 79,967</u>	<u>\$ 204,326</u>

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

The \$69,870 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 year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	<u>Amortization</u>
2021	\$ (39,882)
2022	(39,881)
2023	(35,679)
2024	(41,196)
2025	(35,891)
Thereafter	(1,700)
	<u>\$ (194,229)</u>

Actuarial Assumptions: The total OPEB liability in the December 31, 2019 measurement date was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.0 percent
PERACare Medicare plans	5.60 percent
Medicare Part A premiums	3.50 percent for 2019, gradually increasing to 4.50 percent in 2025

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

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

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

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

Year	PERACARE Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non-U.S. Equity - Developed	18.55%	5.20%
Non-U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non-U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 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 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PeraCare Medicare trend rate	4.00%	5.00%	6.00%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 848,664	\$ 869,314	\$ 893,177

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

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

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

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

	1.00 % Decrease (6.25%)	Current Discount Rate ((7.25%)	1.00% Increase (8.25%)
City's proportionate share of the net OPEB liability	\$982,935	\$869,314	\$772,145

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

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Defined Benefit Other Post Employment Benefit Plan (continued)

The total OPEB deferred outflows of resources, OPEB deferred inflows of resources, OPEB liability and OPEB expense are reported in the financial statements as follows at December 31, 2020:

Primary Government	Governmental	Enterprise	Total
Deferred outflows of resources	\$ 43,265	\$ 36,702	\$ 79,967
Deferred inflows of resources	110,548	93,778	204,326
Net OPEB liability	470,332	398,982	869,314
Net OPEB expense	22,767	19,314	42,081

10. 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. For these risks of loss, the City carries commercial insurance. The City consolidates all of its risk management activities into the Self Insurance Fund. Premiums are paid into the Risk Related Insurance Fund and are available to pay commercial insurance premiums, claims, and administrative costs of insurance related activities. The amounts of settlements have not exceeded insurance coverage the past three years, nor were there any significant changes in insurance coverage.

11. Contingencies

Grants and Contributions

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2020, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

Litigation

At times, the City may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the City.

City of Fort Morgan, Colorado
Notes to Financial Statements (continued)
December 31, 2020

12. Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the City's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID- 19 and the actions taken to contain or address the virus. However, the City believes it will be able to continue operations under current governmental guidelines while mitigating the impact as much as possible to minimize losses. No additional events requiring recognition or disclosure were identified.

City of Fort Morgan

Required Supplementary Information

City of Fort Morgan
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes				
Property taxes	\$ 1,650,000	\$ 1,650,000	\$ 1,924,410	\$ 274,410
Specific ownership taxes	150,000	150,000	175,989	25,989
Sales taxes	5,000,000	5,000,000	5,905,733	905,733
Use taxes	75,000	75,000	110,826	35,826
Franchise taxes	87,000	87,000	92,488	5,488
Total taxes	6,962,000	6,962,000	8,209,446	1,247,446
Licenses and Permits				
Building permits	35,000	35,000	35,480	480
Liquor licenses	6,000	6,000	9,863	3,863
Other licenses and permits	8,700	8,700	15,741	7,041
Total licenses and permits	49,700	49,700	61,084	11,384
Intergovernmental				
Road and bridge	375,000	375,000	544,480	169,480
Motor vehicle fees	40,000	40,000	45,154	5,154
Severance and mineral taxes	50,000	50,000	97,824	47,824
Cigarette taxes	24,000	24,000	26,405	2,405
In lieu of taxes	3,655,000	3,655,000	3,965,071	310,071
Federal grants	81,770	81,770	492,700	410,930
State grants	4,000	4,000	75,197	71,197
Other intergovernmental revenues	190,447	190,447	192,454	2,007
Total intergovernmental	4,420,217	4,420,217	5,439,285	1,019,068
Charges for Services				
Recreation fees	550,000	550,000	435,135	(114,865)
Cemetery fees	77,000	77,000	116,715	39,715
Other charges for services	33,300	33,300	41,142	7,842
Total charges for services	660,300	660,300	592,992	(67,308)
Fines and forfeitures				
Traffic fines	55,000	55,000	33,228	(21,772)
Parking fines	10,000	10,000	1,968	(8,032)
Other fines and forfeitures	90,000	90,000	87,796	(2,204)
Total fines and forfeitures	155,000	155,000	122,992	(32,008)
Miscellaneous revenues				
Rents	12,000	12,000	5,956	(6,044)
Airport fees	4,000	4,000	18,476	14,476
Donations	-	-	28,777	28,777
Other revenues	383,079	383,079	81,770	(301,309)
Total miscellaneous revenues	399,079	399,079	134,979	(264,100)
Earnings on investments	200,000	200,000	418,017	218,017
TOTAL REVENUES	12,846,296	12,846,296	14,978,795	2,132,499

City of Fort Morgan
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
General Government				
Mayor and council	59,776	59,776	50,744	9,032
City manager	224,814	224,814	267,243	(42,429)
Finance	120,766	120,766	115,095	5,671
City clerk	103,365	103,365	69,809	33,556
City attorney	61,052	61,052	70,542	(9,490)
Human resources	165,561	165,561	149,565	15,996
Other general government	512,976	512,976	520,634	(7,658)
Covid-related expenses	-	-	427,259	(426,292)
Total general government	<u>1,248,310</u>	<u>1,248,310</u>	<u>1,670,891</u>	<u>(421,614)</u>
Public Safety				
Police	4,284,897	4,284,897	3,850,545	434,352
Fire	661,825	661,825	539,980	121,845
Building inspections	386,272	386,272	344,262	42,010
Municipal court	191,221	191,221	141,608	49,613
Covid-related expenses	-	-	11,808	(11,808)
Total public safety	<u>5,524,215</u>	<u>5,524,215</u>	<u>4,888,203</u>	<u>636,012</u>
Community development and public works				
Airport	87,658	87,658	80,511	7,147
Economic Dev. & Marketing	63,662	63,662	37,366	26,296
Street	1,710,009	1,710,009	1,359,387	350,622
Covid-related expenses	-	-	3,496	(3,496)
Total community development and public works	<u>1,861,329</u>	<u>1,861,329</u>	<u>1,480,760</u>	<u>380,569</u>
Parks and recreation				
Recreation/senior center	779,597	779,597	462,299	317,298
Parks/cemetery	1,715,232	1,715,232	1,579,049	136,183
Library/museum	738,234	738,234	637,669	100,565
Community services	153,474	153,474	121,043	32,431
Golf	825,905	825,905	969,942	(144,037)
Covid-related expenses	-	-	12,963	(12,963)
Total parks and recreation	<u>4,212,442</u>	<u>4,212,442</u>	<u>3,782,965</u>	<u>429,477</u>
TOTAL EXPENDITURES	12,846,296	12,846,296	11,822,819	1,024,444
Excess (deficiency) of revenues over expenditures	-	-	3,155,976	1,108,055
OTHER FINANCING SOURCES AND (USES)				
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 3,155,976	\$ 3,155,976
FUND BALANCES, BEGINNING OF YEAR, as restated	6,682,172		24,256,290	
FUND BALANCES, END OF YEAR	\$ 6,682,172		\$ 27,412,266	

City of Fort Morgan
Capital Improvement Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes				
Sales taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,904,345	\$ 404,345
Use taxes	55,000	55,000	60,543	5,543
Street sales taxes	2,500,000	2,500,000	2,983,018	483,018
Total taxes	5,055,000	5,055,000	5,947,906	892,906
Intergovernmental				
Highway users taxes	350,000	350,000	320,233	(29,767)
Federal grants	-	-	105,014	105,014
Fieldhouse Grant Revenue	2,000,000	2,000,000	-	(2,000,000)
State grants	2,216,000	2,216,000	219,251	(1,996,749)
Total intergovernmental	4,566,000	4,566,000	644,498	(3,921,502)
Miscellaneous revenues	10,095,408	10,095,408	415,207	(9,680,201)
Total miscellaneous revenues	10,095,408	10,095,408	415,207	(9,680,201)
Earnings on investments	22,000	22,000	45,975	23,975
TOTAL REVENUES	<u>19,738,408</u>	<u>19,738,408</u>	<u>7,053,586</u>	<u>(12,684,822)</u>
EXPENDITURES				
Current:				
Debt service	42,408	42,408	529,397	(486,989)
Capital outlay	19,696,000	19,696,000	10,357,791	9,338,209
TOTAL EXPENDITURES	<u>19,738,408</u>	<u>19,738,408</u>	<u>10,887,188</u>	<u>8,851,220</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>\$ -</u>	<u>\$ (3,833,602)</u>	<u>\$ (3,833,602)</u>
Other financing sources				
Lease proceeds	-	-	10,000,000	10,000,000
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>6,166,398</u>	<u>\$ 6,166,398</u>
FUND BALANCE, BEGINNING OF YEAR, as restated			<u>3,705,240</u>	
FUND BALANCE, END OF YEAR			<u>\$ 9,871,638</u>	

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

City of Fort Morgan
Retirement Plan Supplementary Information
For the Year Ended December 31, 2020

Schedule of Proportionate Share of the Net Pension

Colorado PERA - Pension

<u>Year Ending*</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a Percentage of Member Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2014	1.0487%	\$ 8,630,139	\$ 5,592,808	154.31%	77.66%
12/31/2015	1.0248%	\$ 9,185,308	\$ 5,614,826	163.59%	80.72%
12/31/2016	1.0308%	\$ 11,355,343	\$ 5,608,494	202.47%	76.90%
12/31/2017	1.0630%	\$ 14,353,748	\$ 6,463,667	222.07%	73.65%
12/31/2018	1.0302%	\$ 11,470,591	\$ 6,494,440	176.62%	79.40%
12/31/2019	1.0414%	\$ 13,092,645	\$ 7,075,603	185.04%	75.96%
12/31/2020	1.1000%	\$ 7,384,762	\$ 6,689,330	110.40%	86.26%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in this schedule is based as of the measurement date of the Authority's net pension liability, which is as of the beginning of the year.

Schedule of Employer Contributions

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2011	731,229	731,229	-	5,766,790	12.68%
12/31/2012	740,544	740,544	-	5,840,252	12.68%
12/31/2013	709,168	709,168	-	5,592,808	12.68%
12/31/2014	711,960	711,960	-	5,614,826	12.68%
12/31/2015	711,157	711,157	-	5,608,494	12.68%
12/31/2016	819,593	819,593	-	6,463,667	12.68%
12/31/2017	823,495	823,495	-	6,494,440	12.7%
12/31/2018	897,187	897,187	-	7,075,603	12.7%
12/31/2019	848,207	848,207	-	6,689,330	12.7%
12/31/2020	902,827	902,827	-	6,934,657	13.0%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Fort Morgan
Retirement Plan Supplementary Information
For the Year Ended December 31, 2020

Schedule of Proportionate Share of the OPEB Liability and Related Ratios

Colorado PERA - OPEB

<u>Year Ending*</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>OPEB Liability as a Percentage of Member Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total OPEB Liability</u>
12/31/2017	0.0815%	\$ 1,058,784	\$ 6,463,667	16.38%	16.72%
12/31/2018	0.0800%	\$ 1,040,248	\$ 6,494,440	16.02%	17.53%
12/31/2019	0.8080%	\$ 1,098,715	\$ 7,075,603	15.53%	17.03%
12/31/2020	0.0773%	\$ 869,314	\$ 6,689,330	13.00%	24.49%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in this schedule is based as of the measurement date of the Authority's net pension liability, which is as of the beginning of the year.

Schedule of Employer Contributions

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2011	58,821	58,821	-	5,766,790	1.02%
12/31/2012	59,571	59,571	-	5,840,252	1.02%
12/31/2013	57,047	57,047	-	5,592,808	1.02%
12/31/2014	57,271	57,271	-	5,614,826	1.02%
12/31/2015	57,207	57,207	-	5,608,494	1.02%
12/31/2016	65,929	65,929	-	6,463,667	1.02%
12/31/2017	66,243	66,243	-	6,494,440	1.02%
12/31/2018	72,171	72,171	-	7,075,603	1.02%
12/31/2019	68,231	68,231	-	6,689,330	1.02%
12/31/2020	69,870	69,870	-	6,934,657	1.01%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Fort Morgan
Required Supplementary Information
Firefighter Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years

Measurement period ended December 31,	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 6,399	\$ 7,129	\$ 7,129	\$ 6,762	\$ 6,762	\$ 8,248
Interest	191,675	181,602	182,349	172,780	173,568	172,901
Changes of benefit terms	-	148,361	-	-	-	-
Difference between expected and actual expenditures	-	57,999	-	74,419	-	15,981
Assumption changes	-	124,629	-	66,544	-	-
Benefit payments	(199,026)	(205,650)	(193,437)	(192,785)	(188,933)	(186,150)
Net change in total pension liability	(952)	314,070	(3,959)	127,720	(8,603)	10,980
Total pension liability - Beginning	2,832,901	2,518,831	2,522,790	2,395,070	2,403,673	2,392,693
Total pension liability - Ending (a)	2,831,949	2,832,901	2,518,831	2,522,790	2,395,070	2,403,673
Plan fiduciary net position						
Employer contributions	72,481	88,404	91,820	76,585	150,177	-
Net investment income	157,913	1,530	157,663	56,550	21,490	74,859
Benefit payments	(199,026)	(205,650)	(193,437)	(192,785)	(188,933)	(186,150)
Administrative expense	(15,555)	(15,272)	(16,206)	(1,983)	(4,331)	(2,096)
State of Colorado supplemental discretionary payment	-	61,863	58,447	58,447	51,759	52,299
Net change in plan fiduciary net position	15,813	(69,125)	98,287	(3,186)	30,162	(61,088)
Plan fiduciary net position - beginning	1,187,662	1,256,787	1,158,500	1,161,686	1,131,524	1,192,612
Plan fiduciary net position - end (b)	1,203,475	1,187,662	1,256,787	1,158,500	1,161,686	1,131,524
District's net pension liability - ending (a)-(b)	1,628,474	1,645,239	1,262,044	1,364,290	1,233,384	1,272,149
Plan fiduciary net position as a percentage of the total pension liability	42.50%	41.92%	49.90%	45.92%	48.50%	47.07%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.

City of Fort Morgan
Required Supplementary Information
Old Hire Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years

Measurement period ended December 31,	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	89,485	93,991	88,821	93,409	85,215	87,774
Changes of benefit terms	-	51,210	24,541	25,867	20,635	26,685
Difference between expected and actual expenditures	(195,554)	-	63,611	-	61,360	-
Assumption changes	236,444	-	-	-	67,767	-
Benefit payments	(148,641)	(159,315)	(159,194)	(150,126)	(153,012)	(144,297)
Net change in total pension liability	(18,266)	(14,114)	17,779	(30,850)	81,965	(29,838)
Total pension liability - Beginning	1,266,108	1,280,222	1,262,443	1,293,293	1,211,328	1,241,166
Total pension liability - Ending (a)	1,247,842	1,266,108	1,280,222	1,262,443	1,293,293	1,211,328
Plan fiduciary net position						
Employer contributions	113,746	102,792	99,660	88,699	88,680	81,155
Employee contributions	-	-	-	-	-	-
Net investment income	39,889	791	56,184	22,220	9,099	35,113
Benefit payments	(148,641)	(159,315)	(159,194)	(150,126)	(153,012)	(144,297)
Administrative expense	(1,585)	(4,701)	(1,715)	(3,848)	(1,054)	(5,135)
Net change in plan fiduciary net position	3,409	(60,433)	(5,065)	(43,055)	(56,287)	(33,164)
Plan fiduciary net position - beginning	349,478	409,911	414,976	458,031	514,318	547,482
Plan fiduciary net position - end (b)	352,887	349,478	409,911	414,976	458,031	514,318
District's net pension liability - ending (a)-(b)	894,955	916,630	870,311	847,467	835,262	697,010
Plan fiduciary net position as a percentage of the total pension liability	28.28%	27.60%	32.02%	32.87%	35.42%	42.46%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.

City of Fort Morgan
Required Supplementary Information
Volunteer Firefighters' Pension Plan
Schedules of Employer Contributions
As of Measurement Period Ended December 31, 2020

<u>Measurement Period Ended*</u>	<u>Actuarially Required Contributions</u>	<u>Actual Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2011	\$ 108,574	\$ 108,574	\$ -	N/A	N/A
12/31/2012	\$ 108,574	\$ 108,574	\$ -	N/A	N/A
12/31/2013	\$ 108,574	\$ 108,574	\$ -	N/A	N/A
12/31/2014	\$ 125,891	\$ 52,299	\$ (73,592)	N/A	N/A
12/31/2015	\$ 125,891	\$ 201,936	\$ 76,045	N/A	N/A
12/31/2016	\$ 128,344	\$ 135,032	\$ 6,688	N/A	N/A
12/31/2017	\$ 128,344	\$ 150,267	\$ 21,923	N/A	N/A
12/31/2018	\$ 150,267	\$ 150,267	\$ -	N/A	N/A
12/31/2019	\$ 134,344	\$ 72,481	\$ (61,863)	N/A	N/A
12/31/2020	\$ 153,683	\$ 72,481	\$ (81,202)	N/A	N/A

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* Includes both employer and State of Colorado Supplemental Discretionary Payment

City of Fort Morgan
Required Supplementary Information
Old Hire Pension Plan
Schedules of Employer Contributions
As of Measurement Period Ended December 31, 2020

Measurement Period Ended*	Actuarially Required Contributions	Actual Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2011	\$ 92,988	\$ 73,322	\$ (19,666)	N/A	N/A
12/31/2012	\$ 92,988	\$ 112,988	\$ 20,000	N/A	N/A
12/31/2013	\$ 79,953	\$ 81,115	\$ 1,162	N/A	N/A
12/31/2014	\$ 81,155	\$ 81,155	\$ -	N/A	N/A
12/31/2015	\$ 88,699	\$ 88,680	\$ (19)	N/A	N/A
12/31/2016	\$ 88,699	\$ 88,699	\$ -	N/A	N/A
12/31/2017	\$ 99,655	\$ 99,660	\$ 5	N/A	N/A
12/31/2018	\$ 102,788	\$ 102,794	\$ 6	N/A	N/A
12/31/2019	\$ 106,878	\$ 108,761	\$ 1,883	N/A	N/A
12/31/2020	\$ 113,746	\$ 113,726	\$ (20)	N/A	N/A

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* Includes both employer and State of Colorado Supplemental Discretionary Payment

City of Fort Morgan

Other Supplementary Information

City of Fort Morgan
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	CONSERVATION TRUST FUND	POLICE FORFEITURE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash, cash equivalents and Investments	\$ 349,523	\$ -	\$ 349,523
Restricted cash, cash equivalents and Investments	-	43,024	43,024
Receivables	74,918	-	74,918
TOTAL ASSETS	<u>\$ 424,441</u>	<u>\$ 43,024</u>	<u>\$ 467,465</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 115,950	\$ -	\$ 115,950
TOTAL LIABILITIES	<u>115,950</u>	<u>-</u>	<u>115,950</u>
FUND BALANCES			
Restricted for:			
Parks and recreation	308,491	-	308,491
Public safety	-	43,024	43,024
TOTAL FUND BALANCES	<u>308,491</u>	<u>43,024</u>	<u>351,515</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 424,441</u>	<u>\$ 43,024</u>	<u>\$ 467,465</u>

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

City of Fort Morgan
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2020

	CONSERVATION TRUST FUND	POLICE FORFEITURE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Intergovernmental	\$ 115,881	\$ -	\$ 115,881
Other State Grants	74,918		74,918
Earnings on Investments	-	22	22
TOTAL REVENUES	<u>190,799</u>	<u>22</u>	<u>190,821</u>
EXPENDITURES			
Current:			
Capital Outlay	289,829	-	289,829
TOTAL EXPENDITURES	<u>289,829</u>	<u>-</u>	<u>289,829</u>
NET CHANGE IN FUND BALANCE	<u>(99,030)</u>	<u>22</u>	<u>(99,008)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>407,521</u>	<u>43,002</u>	<u>450,523</u>
FUND BALANCE, END OF YEAR	<u>\$ 308,491</u>	<u>\$ 43,024</u>	<u>\$ 351,515</u>

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

City of Fort Morgan
Conservation Trust Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES				
State grants	\$ 105,000	\$ 105,000	\$ 74,918	\$ (30,082)
Other governmental revenues	<u>290,000</u>	<u>290,000</u>	<u>115,881</u>	<u>(174,119)</u>
TOTAL REVENUES	<u>395,000</u>	<u>395,000</u>	<u>190,799</u>	<u>(204,201)</u>
EXPENDITURES				
Capital outlay	<u>395,000</u>	<u>395,000</u>	<u>289,829</u>	<u>105,171</u>
TOTAL EXPENDITURES	<u>395,000</u>	<u>395,000</u>	<u>289,829</u>	<u>105,171</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,030)</u>	<u>\$ (99,030)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>407,521</u>	
FUND BALANCE, END OF YEAR			<u>\$ 308,491</u>	

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

City of Fort Morgan
Police Forfeiture Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Earnings on investments	\$ 30	\$ 30	\$ 22	\$ (8)
TOTAL REVENUES	<u>30</u>	<u>30</u>	<u>22</u>	<u>(8)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 30</u>	<u>\$ 30</u>	22	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			<u>43,002</u>	
FUND BALANCE, END OF YEAR			<u>\$ 43,024</u>	

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

City of Fort Morgan
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2020

	Sanitation Fund	Fiber Network Fund	Total
ASSETS			
Current Assets:			
Cash, cash equivalents and investments	\$ 2,099,831	\$ 10,132	\$ 2,109,963
Accounts receivable	144,974	-	144,974
Total Current Assets	2,244,805	10,132	2,254,937
Non-Current Assets:			
Property and equipment, net of accumulated depreciation	624,977	134,508	759,485
Total Non-Current Assets	624,977	134,508	759,485
TOTAL ASSETS	2,869,782	144,640	3,014,422
Deferred Outflows of Resources			
Deferred Outflows of Resources relating to pensions	38,912	-	38,912
Deferred Outflows of Resources relating to OPEB	2,245	-	2,245
Total Deferred Outflows of Resources	41,157	-	41,157
LIABILITIES			
Accounts payable	31,449	-	31,449
Accrued expenses	6,343	-	6,343
Compensated absences payable	18,389	-	18,389
Net pension liability	207,298	-	207,298
Net OPEB liability	24,403	-	24,403
TOTAL LIABILITIES	287,882	-	287,882
Deferred Inflows of Resources			
Deferred inflows of resources relating to pensions	89,332	-	89,332
Deferred inflows of resources relating to OPEB	5,736	-	5,736
Total Deferred Inflows of Resources	95,068	-	95,068
NET POSITION			
Net investment in capital assets	624,977	134,508	759,485
Unrestricted	1,903,012	10,132	1,913,144
TOTAL NET POSITION	\$ 2,527,989	\$ 144,640	\$ 2,672,629

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

City of Fort Morgan
Combining Statement of Revenues, Expenditures
and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds		
	Sanitation Fund	Fiber Network Fund	Total
OPERATING REVENUES			
Charges for services	\$ 1,235,624	\$ -	\$ 1,235,624
TOTAL OPERATING REVENUES	<u>1,235,624</u>	<u>-</u>	<u>1,235,624</u>
OPERATING EXPENSES			
Transmission, distribution and collection	880,817	-	880,817
In lieu of fees	61,623	-	61,623
Administrative and support allocation	213,741	-	213,741
Depreciation	<u>87,739</u>	<u>10,027</u>	<u>97,766</u>
TOTAL OPERATING EXPENSES	<u>1,243,920</u>	<u>10,027</u>	<u>1,253,947</u>
OPERATING INCOME (LOSS)	<u>(8,296)</u>	<u>(10,027)</u>	<u>(18,323)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	39,050	-	39,050
Other Income	574	-	574
Gain (Loss) on asset disposal	<u>(429)</u>	<u>-</u>	<u>(429)</u>
TOTAL NON-OPERATING REVENUES	<u>39,195</u>	<u>-</u>	<u>39,195</u>
CHANGE IN NET POSITION	30,899	(10,027)	20,872
NET POSITION, BEGINNING OF YEAR	<u>2,497,090</u>	<u>154,667</u>	<u>2,651,757</u>
NET POSITION, END OF YEAR	<u>\$ 2,527,989</u>	<u>\$ 144,640</u>	<u>\$ 2,672,629</u>

City of Fort Morgan
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds		
	Sanitation Fund	Fiber Network Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,228,998	\$ -	\$ 1,228,998
Cash payments to suppliers	(805,483)	(1)	(805,484)
Cash paid to employees	(333,463)	-	(333,463)
NET CASH FROM OPERATING ACTIVITIES	<u>90,052</u>	<u>(1)</u>	<u>90,051</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Other income	<u>23,675</u>	<u>-</u>	<u>23,675</u>
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	<u>23,675</u>	<u>-</u>	<u>23,675</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	<u>(399,168)</u>	<u>-</u>	<u>(399,168)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(399,168)</u>	<u>-</u>	<u>(399,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>39,050</u>	<u>-</u>	<u>39,050</u>
NET CASH FROM INVESTING ACTIVITIES	<u>39,050</u>	<u>-</u>	<u>39,050</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(246,391)</u>	<u>(1)</u>	<u>(246,392)</u>
CASH AND CASH EQUIVALENTS			
Beginning of Year	<u>2,346,222</u>	<u>10,133</u>	<u>2,356,355</u>
End of Year	<u>\$ 2,099,831</u>	<u>\$ 10,132</u>	<u>\$ 2,109,963</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (8,296)	\$ (10,027)	\$ (18,323)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	87,739	10,026	97,765
(Increase) decrease in operating assets:			
Accounts receivable	(6,626)	-	(6,626)
Prepaid items	-	-	-
Deferred outflows of resources	37,448	-	37,448
Increase (decrease) in operating liabilities:			
Accounts payable and accrued liabilities	(334)	-	(334)
Compensated absences payable	4,669	-	4,669
Deferred inflows of resources	95,027	-	95,027
Net pension and OPEB liability	(119,575)	-	(119,575)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 90,052</u>	<u>\$ (1)</u>	<u>\$ 90,051</u>

City of Fort Morgan
Electric Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 19,528,360	\$ 19,528,360	\$ 21,068,110	\$ 1,539,750
EXPENDITURES				
Transmission, distribution and collection	2,735,835	2,735,835	2,491,666	244,169
Commodities	13,500,000	13,500,000	14,045,233	(545,233)
General administration	651,689	656,921	428,568	228,353
In lieu of fees	2,800,000	2,800,000	3,081,314	(281,314)
Capital outlay	780,000	780,000	425,975	354,025
TOTAL EXPENDITURES	20,467,524	20,472,756	20,472,756	-
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	(939,164)	(944,396)	595,354	1,539,750
OTHER REVENUES				
Earnings on investments	97,000	97,000	316,628	219,628
Rents	28,000	28,000	28,680	680
Other revenues	248,880	248,880	363,621	114,741
Transfers in	565,284	565,284	-	(565,284)
TOTAL OTHER REVENUES	939,164	939,164	708,929	(230,235)
CHANGE IN NET POSITION, BUDGETARY BASIS	\$ -	\$ (5,232)	\$ 1,304,283	\$ 1,309,515
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Gain (Loss) on asset disposal			3	
Capital outlay			425,975	
Depreciation			(836,988)	
CHANGE IN NET POSITION - GAAP BASIS			893,273	
NET POSITION, BEGINNING OF YEAR			18,523,719	
NET POSITION, END OF YEAR			\$ 19,416,992	

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

City of Fort Morgan
Water Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 9,370,070	\$ 9,370,070	\$ 10,273,853	\$ 903,783
EXPENDITURES				
Transmission, distribution and collection	1,283,098	1,283,098	1,218,166	64,932
Treatment	4,134,921	4,134,921	3,989,792	145,129
General administration	545,702	545,702	511,342	34,360
Debt service				
Principal	920,000	920,000	921,000	(1,000)
Interest	338,742	338,742	335,166	3,576
Capital outlay	6,081,000	6,081,000	6,188,729	(107,729)
TOTAL EXPENDITURES	13,303,463	13,303,463	13,164,195	139,268
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	(3,933,393)	(3,933,393)	(2,890,342)	1,043,051
OTHER REVENUES				
Earnings on investments	117,500	117,500	214,043	96,543
Other revenues	90,000	90,000	50,078	(39,922)
Transfers from other funds	3,721,893	3,721,893	-	(3,721,893)
TOTAL OTHER REVENUES	3,929,393	3,929,393	264,121	(3,665,272)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	(4,000)	(4,000)	(2,626,221)	(2,622,221)
Capital contributions	4,000	4,000	-	(4,000)
Plant investment fees				
CHANGE IN NET POSITION, BUDGETARY BASIS	\$ -	\$ -	(2,626,221)	\$ (2,626,221)
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Gain (Loss) on asset disposal			(5,116)	
Principal			921,000	
Capital outlay			6,188,729	
Depreciation			(1,458,430)	
CHANGE IN NET POSITION - GAAP BASIS			3,019,962	
NET POSITION, BEGINNING OF YEAR			49,713,810	
NET POSITION, END OF YEAR			\$ 52,733,772	

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

City of Fort Morgan
Gas Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 4,669,000	\$ 4,669,000	\$ 4,077,240	\$ (591,760)
EXPENDITURES				
Transmission, distribution and collection	893,291	893,291	771,834	121,457
Commodities	2,500,000	2,500,000	1,752,145	747,855
General administration	512,531	512,531	478,462	34,069
In lieu of fees	700,000	700,000	719,538	(19,538)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>4,605,822</u>	<u>4,605,822</u>	<u>3,721,979</u>	<u>883,843</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	<u>63,178</u>	<u>63,178</u>	<u>355,261</u>	<u>292,083</u>
OTHER REVENUES (Expenditures)				
Gain (Loss) on disposal of assets	-	-	(14,242)	(14,242)
Earnings on investments	37,000	37,000	112,805	75,805
Other revenues	-	-	57,531	57,531
TOTAL OTHER REVENUES	<u>37,000</u>	<u>37,000</u>	<u>156,094</u>	<u>119,094</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ 100,178</u>	<u>\$ 100,178</u>	<u>\$ 511,355</u>	<u>\$ 411,177</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital outlay			-	
Depreciation			(130,160)	
CHANGE IN NET POSITION - GAAP BASIS			381,195	
NET POSITION, BEGINNING OF YEAR			<u>6,950,265</u>	
NET POSITION, END OF YEAR			<u>\$ 7,331,460</u>	

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

City of Fort Morgan
Waste Water Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 2,309,580	\$ 2,309,580	\$ 2,250,279	\$ (59,301)
EXPENDITURES				
Transmission, distribution and collection	557,337	557,337	570,981	(13,644)
Treatment	928,153	928,153	829,750	98,403
Administrative support allocation	412,210	412,210	385,360	26,850
In lieu of fees	95,000	95,000	102,596	(7,596)
Capital outlay	800,000	800,000	510,297	289,703
TOTAL EXPENDITURES	<u>2,792,700</u>	<u>2,792,700</u>	<u>2,398,984</u>	<u>393,716</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	<u>(483,120)</u>	<u>(483,120)</u>	<u>(148,705)</u>	<u>334,415</u>
OTHER REVENUES				
Earnings on investments	52,000	52,000	121,420	69,420
Other revenues	65,000	65,000	121,292	56,292
Transfers in	346,120	346,120	-	(346,120)
TOTAL OTHER REVENUES	<u>463,120</u>	<u>463,120</u>	<u>242,712</u>	<u>(220,408)</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	<u>(20,000)</u>	<u>(20,000)</u>	<u>94,007</u>	<u>114,007</u>
Capital contributions				
Plant investment fees	20,000	20,000	-	(20,000)
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,007</u>	<u>\$ 94,007</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital outlay			510,297	
Gain (Loss) on asset disposal			(52,075)	
Depreciation			(695,354)	
CHANGE IN NET POSITION - GAAP BASIS			<u>(143,125)</u>	
NET POSITION, BEGINNING OF YEAR			<u>15,403,697</u>	
NET POSITION, END OF YEAR			<u>\$ 15,260,572</u>	

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

City of Fort Morgan
Sanitation Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 1,260,000	\$ 1,260,000	\$ 1,235,624	\$ (24,376)
EXPENDITURES				
Transmission, distribution and collection	877,251	877,251	880,817	(3,566)
In lieu of fees	60,000	60,000	61,623	(1,623)
Administrative support allocation	233,802	233,802	213,741	20,061
Capital outlay	440,000	440,000	399,168	40,832
TOTAL EXPENDITURES	<u>1,611,053</u>	<u>1,611,053</u>	<u>1,555,349</u>	<u>55,704</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	<u>(351,053)</u>	<u>(351,053)</u>	<u>(319,725)</u>	<u>31,328</u>
OTHER REVENUES				
Earnings on investments	14,000	14,000	39,050	25,050
Transfers in	337,053	337,053	-	(337,053)
Other income	-	-	574	574
TOTAL OTHER REVENUES	<u>351,053</u>	<u>351,053</u>	<u>39,624</u>	<u>(311,429)</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280,101)</u>	<u>\$ (280,101)</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Gain (Loss) on asset disposal			(429)	
Capital outlay			399,168	
Depreciation			(87,739)	
CHANGE IN NET POSITION - GAAP BASIS			30,899	
NET POSITION, BEGINNING OF YEAR			<u>2,497,090</u>	
NET POSITION, END OF YEAR			<u>\$ 2,527,989</u>	

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

City of Fort Morgan
Fiber Network Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Transmission, distribution and collection	-	-	-	-
In lieu of fees	-	-	-	-
Administrative support allocation	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	-	-	-	-
OTHER REVENUES				
Earnings on investments	-	-	-	-
Transfers in	-	-	-	-
Gain (Loss) on asset disposal	-	-	-	-
Other income	-	-	-	-
TOTAL OTHER REVENUES	-	-	-	-
CHANGE IN NET POSITION, BUDGETARY BASIS	\$ -	\$ -	\$ -	\$ -
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital outlay			-	
Depreciation			(10,027)	
CHANGE IN NET POSITION - GAAP BASIS			(10,027)	
NET POSITION, BEGINNING OF YEAR			154,667	
NET POSITION, END OF YEAR			\$ 144,640	

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

City of Fort Morgan
Self Insurance Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for Services	\$ 3,998,208	\$ 3,998,208	\$ 4,076,755	\$ 78,547
EXPENDITURES				
Self insurance premiums	715,200	715,200	123,740	591,460
Self insurance claims	4,068,732	4,068,732	3,016,415	1,052,317
Capital outlay	120,000	120,000	-	120,000
TOTAL EXPENDITURES	<u>4,903,932</u>	<u>4,903,932</u>	<u>3,140,155</u>	<u>1,763,777</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	<u>(905,724)</u>	<u>(905,724)</u>	<u>936,600</u>	<u>1,842,324</u>
OTHER FINANCING SOURCES (USES)				
Earnings on investments	7,500	7,500	8,783	1,283
Miscellaneous revenues	-	-	97,496	97,496
Transfers in	898,224	898,224	-	(898,224)
TOTAL OTHER FINANCING SOURCES	<u>905,724</u>	<u>905,724</u>	<u>106,279</u>	<u>(799,445)</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042,879</u>	<u>\$ 1,042,879</u>
NET POSITION, BEGINNING OF YEAR			<u>4,138,895</u>	
NET POSITION, END OF YEAR			<u>\$ 5,181,774</u>	

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

City of Fort Morgan
Cemetery Fund
Schedule of Revenues, Expenditures
And Changes in Fiduciary Net Position—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
ADDITIONS				
Charges for services	\$ 10,000	\$ 10,000	\$ 15,150	\$ 5,150
Earnings on investments	4,500	4,500	5,419	919
TOTAL ADDITIONS	<u>14,500</u>	<u>14,500</u>	<u>20,569</u>	<u>6,069</u>
DEDUCTIONS				
Transfers out	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
CHANGE IN FIDUCIARY NET POSITION- BUDGETARY BASIS	<u>\$ 11,500</u>	<u>\$ 11,500</u>	<u>\$ 20,569</u>	<u>\$ 9,069</u>
FIDUCIARY NET POSITION, BEGINNING OF YEAR			<u>704,634</u>	
FIDUCIARY NET POSITION, END OF YEAR			<u>\$ 725,203</u>	

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

City of Fort Morgan
Riverview Commons GID Fund
Schedule of Revenues, Expenditures
And Changes in Fiduciary Net Position—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
ADDITIONS				
Taxes	\$ 37,500	\$ 37,500	\$ 29,110	\$ (8,390)
TOTAL ADDITIONS	<u>37,500</u>	<u>37,500</u>	<u>29,110</u>	<u>(8,390)</u>
DEDUCTIONS				
Community development and public works	<u>37,500</u>	<u>37,500</u>	<u>29,148</u>	<u>8,352</u>
TOTAL DEDUCTIONS	<u>37,500</u>	<u>37,500</u>	<u>29,148</u>	<u>8,352</u>
CHANGE IN FIDUCIARY NET POSITION- BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38)</u>	<u>\$ (38)</u>
FIDUCIARY NET POSITION, BEGINNING OF YEAR			<u>(93,522)</u>	
FIDUCIARY NET POSITION, END OF YEAR			<u>\$ (93,560)</u>	

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

City of Fort Morgan

Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT		City or County:	
		City of Fort Morgan	Morgan County
		YEAR ENDING : December 2020	
This Information From The Records Of (example - City of _ or County of _) CITY OF FORT MORGAN		Prepared By: Phone:	Christina R Bostron 970.542.3964
		Gen. Accting Mngr	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	6,958,932
3. Other local imposts (from page 2)	720,469
4. Miscellaneous local receipts (from page 2)	44,553
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.)	0
7. Total (1 through 6)	7,723,954
B. Private Contributions	
C. Receipts from State government (from page 2)	489,616
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	8,213,570

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	3,514,122
2. Maintenance:	374,684
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	42,357
c. Other Street Lighting	1,004
d. Total (a. through c.)	43,361
4. General administration & miscellaneous	941,343
5. Highway law enforcement and safety	3,340,060
6. Total (1 through 5)	8,213,570
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	8,213,570

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		8,213,570	8,213,570		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	33,228
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	720,469	g. Other Misc. Receipts	
6. Total (1. through 5.)	720,469	h. Other	11,325
c. Total (a. + b.)	720,469	i. Total (a. through h.)	44,553
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	320,233	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	45,154	d. Federal Transit Admin	
d. Other (Specify) - Cig Tax	26,405	e. U.S. Corps of Engineers	
e. Other (Specify) - Severance Tax	97,824	f. Other Federal	
f. Total (a. through e.)	169,383	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	489,616	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		32,286	32,286
c. Construction:			
(1). New Facilities		730,159	730,159
(2). Capacity Improvements			0
(3). System Preservation		2,751,677	2,751,677
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,481,836	3,481,836
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,514,122	3,514,122
		(Carry forward to page 1)	

Notes and Comments:

**INDEPENDENT AUDITOR’S 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 City Council
City of Fort Morgan, 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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fort Morgan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Fort Morgan’s basic financial statements, and have issued our report thereon dated July 20, 2021.

Internal Control over Financial Reporting

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

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

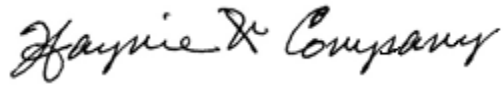
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Haynie & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Littleton, Colorado

July 20, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the City Council
City of Fort Morgan

Report on Compliance for Each Major Federal Program

We have audited the City of Fort Morgan's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Fort Morgan's major federal programs for the year ended December 31, 2020. City of Fort Morgan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Fort Morgan, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

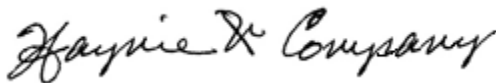
Report on Internal Control over Compliance

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

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

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

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



Littleton, CO
July 20, 2021

City of Fort Morgan
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency/Pass-through Entity/Program	CFDA Number	Grant or Identifying Number	Amount
<i>U.S. Department of Transportation</i>			
Airport Improvement Program	20.106	3-08-0024-015-2020	\$ 7,500
Airport Improvement Program	20.106	3-08-0024-014-2019	<u>99,693</u>
<i>Total U.S. Department of Transportation</i>			<u>107,193</u>
<i>U.S. Department of the Treasury</i>			
Pass Through: Colorado Department of Local Affairs			
Coronavirus Relief Fund	21.019	CVRF CM-047	<u>648,302</u>
<i>Total U.S. Department of the Treasury</i>			<u>648,302</u>
<i>U.S. Department of Justice</i>			
Bulletproof Vest Partnership Program	16.607	N/A	<u>3,522</u>
<i>Total U.S. Department of Justice</i>			<u>3,522</u>
Total Expenditures of Federal Awards			<u>\$ 759,017</u>

City of Fort Morgan

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

Notes to the Schedule

1. This schedule includes the federal awards activity of City of Fort Morgan, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. City of Fort Morgan, Colorado has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.
3. There were no subrecipients of federal awards during the year ended December 31, 2020.
4. The following is a schedule of activity in the Airport Improvement Projects for the year ended December 31 2020:

Airport Improvement Project Description		Award Amount	2019 and Prior	For the Year Ended December 31, 2020 Federal Portion	Award Balance	For the Year Ended December 31, 2020 Local Match
AIP-12	DOT-FA16NM-1051 3-08-0024-012-2016 <i>Conduct Airport Master Plan Study</i>	\$ 150,000	\$ 148,515	\$ 1,485	\$ -	\$ -
AIP-13	DOT-FA18NM-1041 3-08-0024-013-2018 <i>Reconstruct Apron: Expand General Apron (Phase I, Design)</i>	\$ 128,980	\$ 114,955	\$ 14,025	\$ -	\$ -
AIP-14	DOT-FA19NM-1011 3-08-0024-014-2019 <i>Reconstruct Apron: Expand General Aviation Apron (Phase II, Construction)</i>	\$ 959,182	\$ 698,528	\$ 99,693	\$ 160,961	\$ 5,606

City of Fort Morgan

Supplemental Information

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2020

1. Summary of Auditor's Results

Type of report issued on the financial statements: **Unmodified**

Material weaknesses in financial reporting internal control noted: **None**

Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting: **None**

Material noncompliance noted: **None**

Material weaknesses in internal control over major programs: **None**

Significant deficiency(s) identified that are not considered to be material weaknesses over major programs: **None**

Type of report issued on compliance for major programs: **Unmodified**

Audit findings required to be reported: **None**

The following programs are considered to be major:

Coronavirus Relief Fund — CFDA 21.019

Dollar threshold used to distinguish Type A and Type B programs: **\$750,000**

Risk type qualification: **Not low-risk**

2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

Finding 2019-001

Statement of Condition: The City of Fort Morgan does not have an internal control structure with adequate segregation of duties to prevent or detect and correct noncompliance related to the submission of required reporting for the grant.

Recommendation: It was recommended that the City enforce their policies and procedures so that one individual will not prepare and submit the SF-425 Federal Financial Reports and SF-270 – Outlay Report and Request for Reimbursement for Construction Programs without separate review and approval of the reports.

Current Status: Processes were revised, and submissions are now printed out before submission, reviewed, and signed by the General Accounting Manager or Treasurer. The approved document is saved in the City's document management. Payment requests are all authorized prior to submission.