

# City of Fort Morgan, Colorado

---

Financial Statements and  
Independent Auditor's Report

December 31, 2021



## Table of Contents

	Page
<b>Financial Section</b>	
<b>Independent Auditor's Report</b> .....	i-iii
<b>Management's Discussion and Analysis</b> .....	iv
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position .....	1
Statement of Activities .....	2
<i>Governmental Funds</i>	
Balance Sheet – Governmental Funds .....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balance .....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6
<i>Proprietary Funds</i>	
Statement of Net Position .....	7
Statement of Revenues, Expenditures and Changes in Net Position.....	8
Statement of Cash Flows.....	9
<i>Fiduciary Fund</i>	
Statement of Fiduciary Net Position – Cemetery Endowment Fund.....	10
Statement of Changes in Net Position – Cemetery Endowment Fund .....	11
<i>Notes to Financial Statements</i> .....	12-53
<b>Required Supplemental Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances —Budget and Actual General Fund .....	54-55
Schedule of Revenues, Expenditures and Changes in Fund Balances —Capital Improvement Fund .....	56
Schedule of Proportionate Share of the Net Pension Liability/Asset and Employer Contributions - PERA .....	57
Schedule of Proportionate Share of the Net Pension Liability/Asset and Employer Contributions - OPEB .....	58
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios – Volunteer Firefighters’ Pension Plan .....	59
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios – Old Hire Pension Plan....	60
Schedule of Contributions – Volunteer Firefighters’ Pension Plan.....	61
Schedule of Contributions – Old Hire Plan.....	62

**Other Supplementary Information**

*Combining, Individual Fund Financial Statements and Schedules  
Nonmajor Governmental Funds –*

Combining Balance Sheet —Nonmajor Governmental Funds..... 63  
Combining Statement of Revenues, Expenditures, and Changes  
in Fund Balances —Nonmajor Governmental Funds..... 64

*Schedule of Revenues, Expenditures and Changes in Fund Balances  
—Budget and Actual – Governmental Funds*

Conservation Trust Fund ..... 65  
Police Forfeiture Fund ..... 66

*Combining, Individual Fund Financial Statements and Schedules  
Nonmajor Proprietary Funds –*

Combining Balance Sheet —Nonmajor Proprietary Funds..... 67  
Combining Statement of Revenues, Expenditures, and Changes  
in Fund Balances —Nonmajor Proprietary Funds..... 68  
Combining Statement of Cash Flows —Nonmajor Proprietary Funds ..... 69

*Schedule of Revenues, Expenditures and Changes in Fund Balances  
—Budget and Actual – Proprietary Funds*

Electric Fund..... 70  
Water Fund ..... 71  
Gas Fund..... 72  
Waste Water Fund ..... 73  
Sanitation Fund..... 74  
Fiber Network Fund..... 75

*Schedule of Revenues, Expenditures and Changes in Fund Balances  
—Budget and Actual – Internal Service Fund*

Self Insurance Fund ..... 76

*Schedule of Revenues, Expenditures and Changes in Fund Balances  
—Budget and Actual – Fiduciary Funds*

Cemetery Perpetual Care Fund ..... 77  
Riverview Commons GID Fund ..... 78

**Supplemental Section**

*State Compliance*

Local Highway Finance Report ..... 79-80

## Independent Auditor's Report

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, 2021 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, 2021 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

### 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.

### Responsibilities of Management 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.

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

### **Supplementary 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 and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 budgetary comparison schedules and combining and individual nonmajor fund financial statements listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Information**

The Local Highway Finance Report has 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.

*Haynie & Company*

Littleton, Colorado  
September 20, 2022

**City of Fort Morgan, Colorado  
Management's Discussion and Analysis  
December 31, 2021**



## 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, 2021.

### 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 \$181.3 million (net position). Of this amount, \$67.5 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 \$4.5 million in the current year. The City recognized an approximate \$2.1 million net increase in its main operating fund (General Fund) and had a net decrease of \$2.4 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 \$35 million, a decrease of \$2.6 million or 7%. Of this amount, \$28.9 million is available for spending through the adoption of the 2022 budget.

The General Fund's unassigned fund balance at December 31, 2021 was \$28.9 million, or 203% of total General Fund expenditures.

For 2021 the City's total debt decreased by \$1.5 million to \$17.9 million.

### 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



# City of Fort Morgan

710 E. Railroad Ave. • P.O. Box 100 • Fort Morgan, CO 80701  
Administration (970) 867-4310 • Fax (970) 867-3039  
[www.cityoffortmorgan.com](http://www.cityoffortmorgan.com)

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 storm sewer 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, and Sanitation 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



# City of Fort Morgan

710 E. Railroad Ave. • P.O. Box 100 • Fort Morgan, CO 80701  
 Administration (970) 867-4310 • Fax (970) 867-3039  
[www.cityoffortmorgan.com](http://www.cityoffortmorgan.com)

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, 2021, 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 \$181.3 million at December 31, 2021.

By far the largest portion of the City of Fort Morgan's net position (59%) 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 (3.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$67.5 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.

<b>SUMMARY OF NET POSITION, in thousands</b>						
<b>December 31, 2021 and 2020</b>						
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	45,715	47,412	51,561	49,356	97,276	96,768
Capital assets	61,973	54,504	63,734	70,875	125,707	125,379
Total assets	107,688	101,916	115,295	120,231	222,983	222,147
Deferred Outflows of resources	2,048	1,150	1,262	673	3,310	\$1,823
<b>Liabilities:</b>						
Long-term liabilities outstanding	15,268	17,090	11,648	13,820	26,916	30,910
Other liabilities	2,063	2,204	2,321	2,138	4,384	4,342
Total liabilities	17,331	19,294	13,969	15,958	31,300	35,252
Deferred Inflows of resources	6,108	4,339	7,580	7,532	13,688	5,896
<b>Net position:</b>						
Net investment in capital assets	52,872	44,831	54,960	61,151	107,832	105,982
Restricted	5,961	10,804	\$0	\$0	5,961	10,804
Unrestricted	27,463	23,798	40,048	36,264	67,511	60,062
Total net position	\$86,296	\$79,433	\$95,008	\$97,415	\$181,304	\$176,848



# City of Fort Morgan

710 E. Railroad Ave. • P.O. Box 100 • Fort Morgan, CO 80701  
 Administration (970) 867-4310 • Fax (970) 867-3039  
[www.cityoffortmorgan.com](http://www.cityoffortmorgan.com)

Net position of the City's governmental activities increased 8.64% (\$86.3 million compared to \$79.4 million). Unrestricted net position increased \$3.7 million.

The net position of the City's business-type activities decreased by approximately \$2.4 million. The City generally can only use this net position to finance the continuing operations of the electric, gas, water, wastewater, and sanitation functions.

**SUMMARY OF CHANGES IN NET POSITION, in thousands**  
**For the Years Ended December 31, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 1,103	\$ 796	\$ 40,658	\$ 38,905	\$ 41,761	\$ 39,701
Operating grants and contributions	947	1,474	-	-	947	1,474
Capital grants and contributions	751	760	-	-	751	760
General Revenues:						
Property taxes	1,988	1,924	-	-	1,988	1,924
Sales & Use Tax	13,580	11,965	-	-	13,580	11,965
Intergovernmental - in Lieu of Tax	4,056	3,965	-	-	4,056	3,965
Franchise taxes	89	92	-	-	89	92
Specific ownership taxes	176	176	-	-	176	176
Earnings on investments	(129)	464	(184)	813	(313)	1,277
Miscellaneous	934	607	1,096	612	2,030	1,219
Gain (loss) on sale of capital assets	-	-	-	(72)	-	(72)
<b>Total Revenues</b>	<b>23,495</b>	<b>22,223</b>	<b>41,570</b>	<b>40,258</b>	<b>65,065</b>	<b>62,481</b>
<b>EXPENSES</b>						
General government	1,995	3,363	-	-	1,995	3,363
Public safety	5,633	4,675	-	-	5,633	4,675
Community development and public works	3,628	1,330	-	-	3,628	1,330
Parks and recreation	5,215	3,981	-	-	5,215	3,981
Electric	-	-	21,400	20,884	21,400	20,884
Water	-	-	8,446	7,513	8,446	7,513
Gas	-	-	4,565	3,852	4,565	3,852
Waste water	-	-	2,611	2,584	2,611	2,584
Sanitation	-	-	1,283	1,244	1,283	1,244
Interest on long-term debt	161	202	-	-	161	202
Fiber network	-	-	0	10	-	10
<b>Total Expenses</b>	<b>16,632</b>	<b>13,551</b>	<b>38,305</b>	<b>36,087</b>	<b>54,937</b>	<b>49,638</b>
Increase (decrease) in net position	6,863	8,672	3,265	4,172	10,128	12,843
Net position beginning of year	79,433	70,760	91,743	93,243	171,176	164,003
Change in accounting principle	-	-	-	-	-	0
<b>Net position end of year</b>	<b>\$86,296</b>	<b>\$79,433</b>	<b>\$95,008</b>	<b>\$97,415</b>	<b>\$181,304</b>	<b>\$176,846</b>

Governmental activities – Governmental activities increased the City's net position by \$6.9 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 \$198 thousand. The most significant revenue increase was in Sales & Use Tax (\$1.6 million).



# City of Fort Morgan

710 E. Railroad Ave. • P.O. Box 100 • Fort Morgan, CO 80701  
 Administration (970) 867-4310 • Fax (970) 867-3039  
[www.cityoffortmorgan.com](http://www.cityoffortmorgan.com)

The cost of all governmental activities this year was \$16.6 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 \$13.8 million because those who directly benefited from the programs paid some of the cost (\$1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1.7 million). Of the \$1.7 million, \$.75 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.

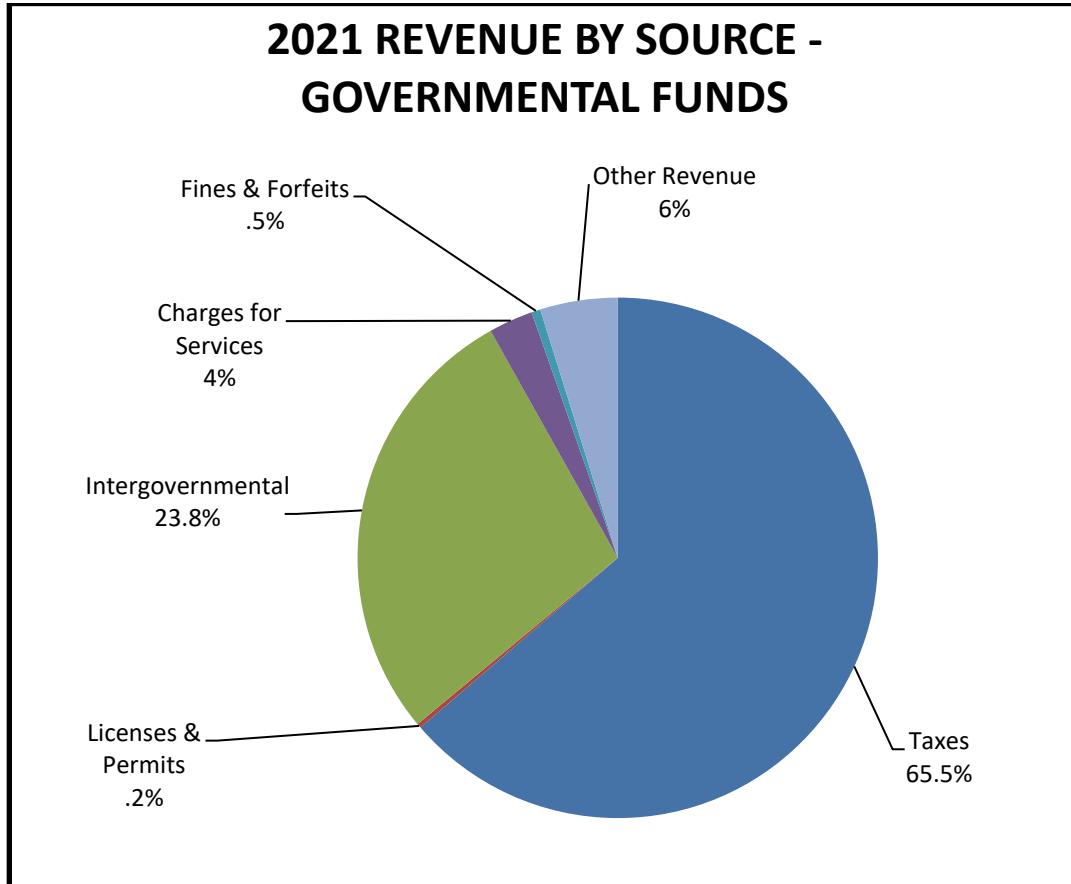
<b>CITY OF FORT MORGAN</b>				
<b>SCHEDULE OF LARGEST GOVERNMENTAL ACTIVITIES in thousands</b>				
<b>For the Years Ended December 31, 2021 and 2020</b>				
	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General Government	\$1,995	\$3,363	\$668	(\$448)
Public Safety	5,633	4,675	(5,633)	(4,675)
Public Works	3,628	1,330	(3,628)	(1,330)
Parks and Recreation	5,215	3,980	(5,077)	(3,865)
	<u>\$16,471</u>	<u>\$13,348</u>	<u>(\$13,670)</u>	<u>(\$10,318)</u>

Business-type activities - Revenues of the City’s business-type activities increased by 3.3% or \$1.3 million and expenses increased by 6% or \$2 million (\$38 million in 2021 compared to \$36 million in 2020).

## FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

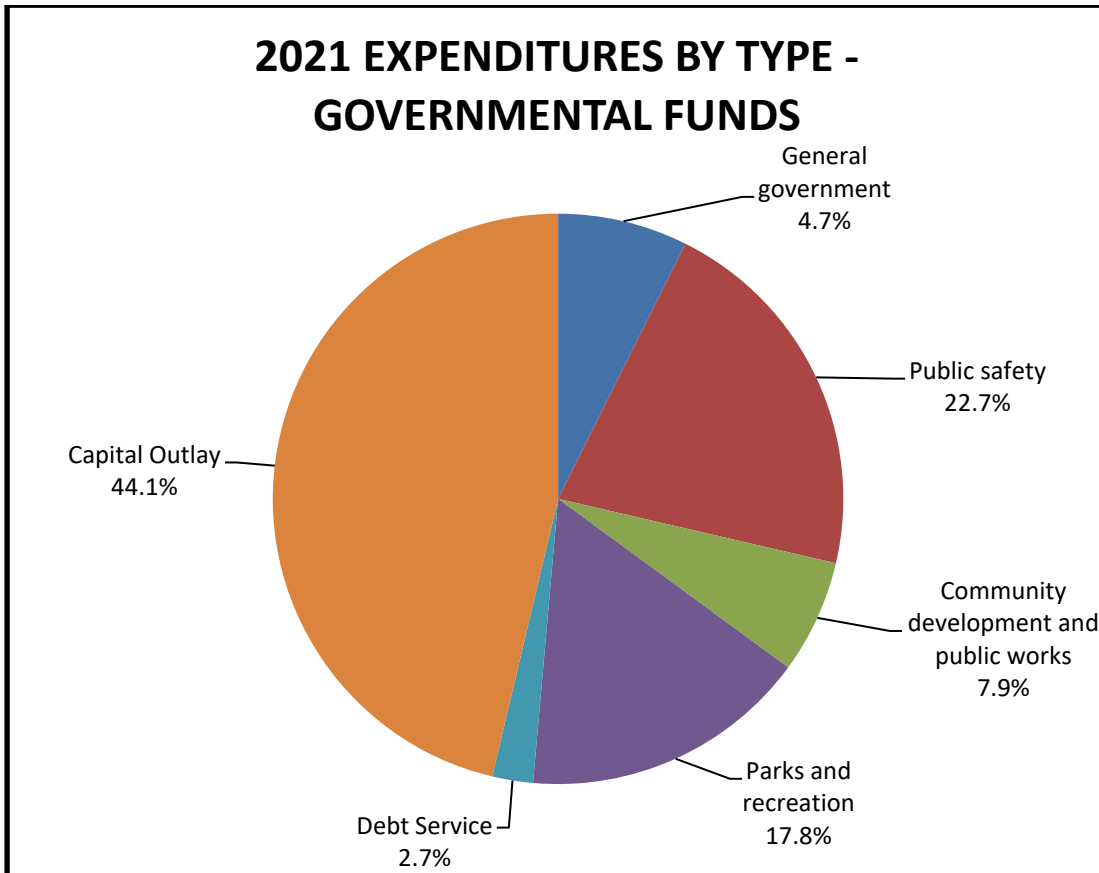
As noted earlier, the City of Fort Morgan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$11,779,687 included in capital outlay on page 6 are not reflected as expenses on pages 4 and 5.

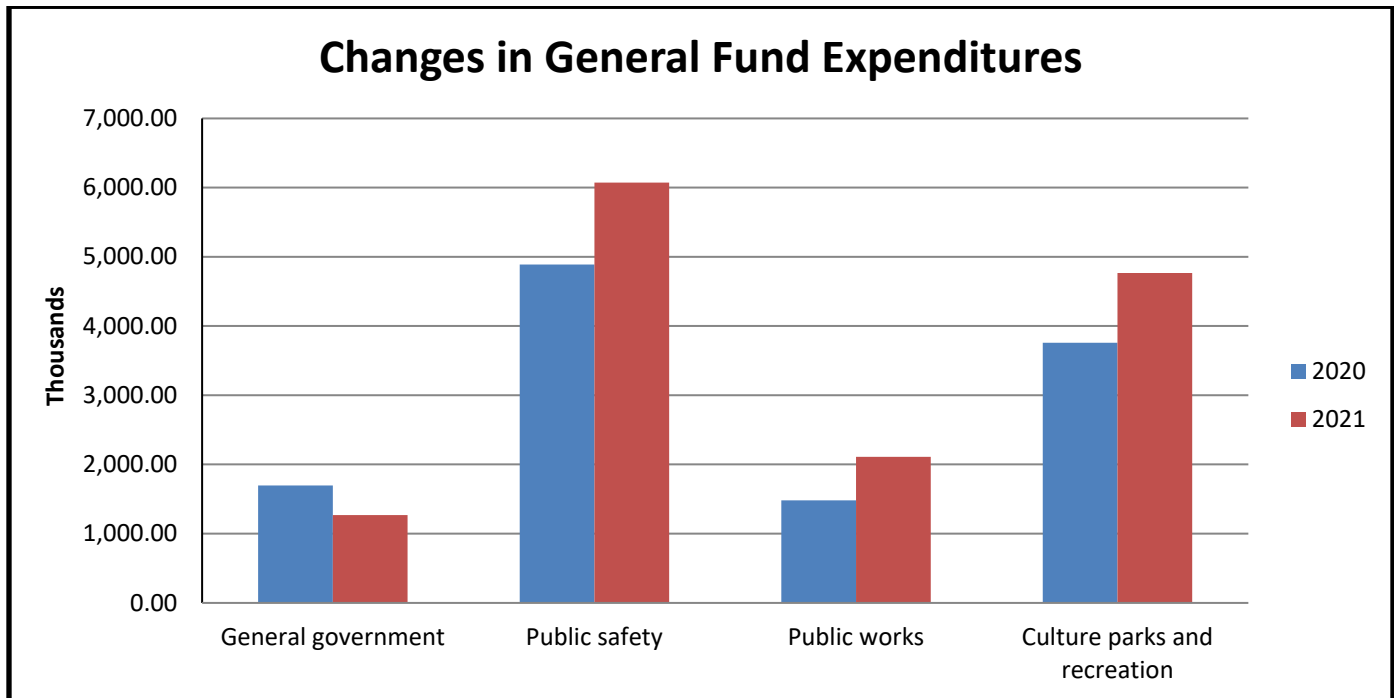


As the City completed the year, its governmental funds (as presented in the Balance Sheet (on page 3) reported a combined fund balance of \$35 million, which decreased \$2.6 million from last year's total of \$37.6 million. Included in this year's total change in fund balance is an increase of \$2.1 million in the General Fund and a decrease of \$4.6 million in the Capital Improvement Fund.

Governmental fund revenue increased by \$1.4 million for 2021. Tax revenues increased \$1.7 million to \$15.8 million.



Governmental expenditures increased \$3.7 million in 2021. General Fund expenditures increased by \$2.3 million while revenues increased \$1.4 million.



The Capital Improvement Fund expenditures vary by project. During 2021, the City’s capital outlay was \$12 million and revenues were approximately \$7.5 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 54 and 55. In the General Fund, the actual charges to appropriations (expenditures) were \$130 thousand below the budgeted amounts. The Capital Improvement Fund expenditures were \$647 thousand below budget.

Resources available for appropriation (revenues) in the General Fund for 2021 were \$2 million above the final budgeted amount. Sales taxes were \$2.2 million over budget.



# City of Fort Morgan

710 E. Railroad Ave. • P.O. Box 100 • Fort Morgan, CO 80701  
 Administration (970) 867-4310 • Fax (970) 867-3039  
[www.cityoffortmorgan.com](http://www.cityoffortmorgan.com)

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the City had \$125.7 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 \$328 thousand, or .26 percent, from 2021

<b>Capital Assets</b>		
<b>December 31, 2021 and 2020</b>		
in thousands		
	2021	2020
<b>Governmental Activities:</b>		
Land	\$ 4,020	\$ 4,619
Infrastructure	43,818	40,930
Golf Course	3,376	3,305
Land Improvements	15,381	15,038
Buildings and Improvements	24,346	14,434
Vehicle and or Mowing Equipment	7,264	7,193
General Equipment	5,216	3,945
Construction in Progress	2,373	6,512
Total Governmental Capital Assets	105,794	95,976
Accumulated Depreciation	(43,821)	(41,472)
Capital Assets, Net of Depreciation	61,973	54,504
<b>Business-type Activities:</b>		
Electric System	28,893	28,523
Water System	67,998	72,449
Gas System	4,959	4,976
Sewer System	22,394	21,843
Sanitation System	1,803	1,773
Fiber Network System	-	417
Construction in Progress	11	500
Total Business-Type Capital Assets	126,058	130,481
Accumulated Depreciation	(62,324)	(59,606)
Business-type Activities Capital Assets, Net of Depreciation	63,734	70,875

Additional information on the City of Fort Morgan's capital assets can be found in Note 5 on pages 25 to 27 of this report.



# City of Fort Morgan

710 E. Railroad Ave. • P.O. Box 100 • Fort Morgan, CO 80701  
 Administration (970) 867-4310 • Fax (970) 867-3039  
[www.cityoffortmorgan.com](http://www.cityoffortmorgan.com)

## Debt Administration

At year-end, the City had \$17.8 million in bonds, notes and lease purchase obligations outstanding versus \$19.3 million last year, a decrease of 7.8% as shown on pages 27 to 29.

<b>Summary of Debt</b>						
<b>December 31, 2021 and 2020</b>						
in thousands						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenue bonds and notes payable	\$ -	\$ -	\$ 8,774	\$ 9,724	\$ 8,774	\$ 9,724
Lease purchases	9,101	9,673	-	-	\$ 9,101	9,673
<b>Totals</b>	<b>\$ 9,101</b>	<b>\$ 9,673</b>	<b>\$ 8,774</b>	<b>\$ 9,724</b>	<b>\$ 17,875</b>	<b>\$ 19,397</b>

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 2021 budget, tax rates, and fees. One of those factors is the economy. The City’s sales and use tax revenues increased by 13.5% in 2021. As the Covid-19 pandemic continued, it did not affect the 2021 Budget. 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, 2021**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and investments	\$ 40,454,583	\$ 45,680,330	\$ 86,134,913
Accounts and taxes receivable	3,994,934	4,353,204	8,348,138
Due from Fiduciary Fund	93,560	-	93,560
Prepaid items	97,483	17,290	114,773
Inventories	63,228	1,510,359	1,573,587
Restricted cash, cash equivalents and investments	1,011,089	-	1,011,089
Capital assets, not being depreciated	6,392,044	10,350	6,402,394
Capital assets, net of accumulated depreciation	55,581,096	63,723,731	119,304,827
<b>TOTAL ASSETS</b>	<b>107,688,017</b>	<b>115,295,264</b>	<b>222,983,281</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	2,000,806	1,091,841	3,092,647
Deferred outflows related to OPEB	47,485	36,891	84,376
Deferred utility costs	-	133,374	133,374
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,048,291</b>	<b>1,262,106</b>	<b>3,310,397</b>
<b>LIABILITIES</b>			
Accounts payable	1,380,779	2,112,020	3,492,799
Customer deposits	25,857	66,144	92,001
Accrued expenses	569,973	119,230	689,203
Other liabilities	86,476	-	86,476
Accrued interest payable	-	23,145	23,145
Long-term liabilities:			
Compensated absences payable	408,336	310,260	718,596
Due within one year	581,000	980,000	1,561,000
Due in more than one year	8,520,000	7,794,000	16,314,000
Net pension liability	5,356,314	2,250,486	7,606,800
Net OPEB liability	403,015	313,098	716,113
<b>TOTAL LIABILITIES</b>	<b>17,331,750</b>	<b>13,968,383</b>	<b>31,300,133</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	3,406,176	2,503,117	5,909,293
Deferred inflows related to OPEB	160,921	125,019	285,940
Unearned revenue	2,541,376	4,952,649	7,494,025
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,108,473</b>	<b>7,580,785</b>	<b>13,689,258</b>
<b>NET POSITION</b>			
Net investment in capital assets	52,872,140	54,960,081	107,832,221
Restricted	5,960,476	-	5,960,476
Unrestricted	27,463,469	40,048,121	67,511,590
<b>TOTAL NET POSITION</b>	<b>\$ 86,296,085</b>	<b>\$ 95,008,202</b>	<b>\$ 181,304,287</b>

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

**City of Fort Morgan**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

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
<b>Primary Government</b>							
<b>Governmental activities:</b>							
General government	\$ 1,995,261	\$ 1,102,950	\$ 946,510	\$ 613,812	\$ 668,011	\$ -	\$ 668,011
Public safety	5,633,237	-	-	-	(5,633,237)	-	(5,633,237)
Community development and public works	3,627,566	-	-	-	(3,627,566)	-	(3,627,566)
Parks and recreation	5,214,586	-	-	137,293	(5,077,293)	-	(5,077,293)
Interest on long-term debt	161,368	-	-	-	(161,368)	-	(161,368)
<b>Total Governmental Activities</b>	<u>16,632,018</u>	<u>1,102,950</u>	<u>946,510</u>	<u>751,105</u>	<u>(13,831,453)</u>	<u>-</u>	<u>(13,831,453)</u>
<b>Business-Type Activities:</b>							
Electric	21,400,204	21,508,709	-	-	-	108,505	108,505
Water	8,425,862	10,387,605	-	-	-	1,961,743	1,961,743
Gas	4,565,048	5,053,289	-	-	-	488,241	488,241
Wastewater	2,610,881	2,464,986	-	-	-	(145,895)	(145,895)
Sanitation	1,283,390	1,243,346	-	-	-	(40,044)	(40,044)
<b>Total Business-Type Activities</b>	<u>38,285,385</u>	<u>40,657,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,372,550</u>	<u>2,372,550</u>
<b>Total Primary Government</b>	<u>\$ 54,917,403</u>	<u>\$ 41,760,885</u>	<u>\$ 946,510</u>	<u>\$ 751,105</u>	<u>\$ (13,831,453)</u>	<u>\$ 2,372,550</u>	<u>\$ (11,458,903)</u>
<b>General Revenues:</b>							
Property taxes					\$ 1,988,101	\$ -	\$ 1,988,101
Specific Ownership Taxes					176,141	-	176,141
Sales and Use Taxes					13,580,171	-	13,580,171
Franchise taxes					89,399	-	89,399
Other governmental in lieu of taxes					4,056,323	-	4,056,323
Other revenues					934,006	1,096,045	2,030,051
Net earnings (loss) on investments					(129,361)	(183,725)	(313,086)
<b>Total general revenues</b>					<u>20,694,780</u>	<u>912,320</u>	<u>21,607,100</u>
Change in net position					<u>6,863,327</u>	<u>3,284,870</u>	<u>10,148,197</u>
<b>NET POSITION, BEGINNING, as restated</b>					<u>79,432,758</u>	<u>91,723,332</u>	<u>171,156,090</u>
<b>NET POSITION, ENDING</b>					<u>\$ 86,296,085</u>	<u>\$ 95,008,202</u>	<u>\$ 181,304,287</u>

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

**City of Fort Morgan**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2021**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 28,943,367	\$ 5,046,325	\$ 104,097	\$ 34,093,789
Restricted cash, cash equivalents and investments	304,108	663,944	43,037	1,011,089
Due from Fiduciary Fund	93,560	-	-	93,560
Receivables	3,105,456	820,474	-	3,925,930
Inventories	63,228	-	-	63,228
Prepaid items	84,584	-	-	84,584
<b>TOTAL ASSETS</b>	<u>\$ 32,594,303</u>	<u>\$ 6,530,743</u>	<u>\$ 147,134</u>	<u>\$ 39,272,180</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 166,809	\$ 1,213,643	\$ -	\$ 1,380,452
Interfund advances payable	-	-	-	-
Accrued expenses	-	12,969	-	12,969
Accrued payroll expenses	212,604	-	-	212,604
Customer deposits	25,857	-	-	25,857
Other liabilities	86,476	-	-	86,476
<b>TOTAL LIABILITIES</b>	<u>491,746</u>	<u>1,226,612</u>	<u>-</u>	<u>1,718,358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	2,541,376	-	-	2,541,376
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,541,376</u>	<u>-</u>	<u>-</u>	<u>2,541,376</u>
<b>FUND BALANCES</b>				
Nonspendable	147,812	-	-	147,812
Committed	-	50,622	-	50,622
Restricted	559,833	5,253,509	147,134	5,960,476
Unassigned	28,853,536	-	-	28,853,536
<b>TOTAL FUND BALANCES</b>	<u>29,561,181</u>	<u>5,304,131</u>	<u>147,134</u>	<u>35,012,446</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 32,594,303</u>	<u>\$ 6,530,743</u>	<u>\$ 147,134</u>	<u>\$ 39,272,180</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, 2021**

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

Total fund balance - governmental funds	\$	35,012,446
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Capital assets		105,793,239
Less: Accumulated depreciation		(43,820,099)
Net capital assets		61,973,140
Long-term liabilities of resources are not current financial resources and, therefore, are not reported in the fund financial statements.		(9,101,000)
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		(5,356,314)
Deferred outflows of resources relating to pensions		2,000,806
Deferred inflows of resources relating to pensions		(3,406,176)
Net OPEB liability		(403,015)
Deferred outflows of resources relating to OPEB		47,485
Deferred inflows of resources relating to OPEB		(160,921)
Internal service funds are collapsed into governmental activities		6,097,970
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.		(408,336)
<b>Total net position - governmental activities</b>	<b>\$</b>	<b>86,296,085</b>

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, 2021**

	<b>GENERAL FUND</b>	<b>CAPITAL IMPROVEMENT FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES:</b>				
Taxes	\$ 9,075,824	\$ 6,757,988	\$ -	\$ 15,833,812
Licenses and Permits	48,194	-	-	48,194
Intergovernmental	5,002,833	613,812	137,293	5,753,938
Charges for Services	943,305	-	-	943,305
Fines and Forfeitures	111,451	-	-	111,451
Miscellaneous	1,289,402	102,523	141,582	1,533,507
Earnings on Investments	(117,330)	(12,044)	13	(129,361)
<b>TOTAL REVENUES</b>	<b>16,353,679</b>	<b>7,462,279</b>	<b>278,888</b>	<b>24,094,846</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,257,228	-	-	1,257,228
Public Safety	6,071,719	-	-	6,071,719
Community development and public works	2,109,255	-	-	2,109,255
Parks and recreation and golf	4,766,562	-	-	4,766,562
Debt Service:				
Principal	-	572,000	-	572,000
Interest	-	161,368	-	161,368
Capital outlay	-	11,296,418	483,269	11,779,687
<b>TOTAL EXPENDITURES</b>	<b>14,204,764</b>	<b>12,029,786</b>	<b>483,269</b>	<b>26,717,819</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,148,915</b>	<b>(4,567,507)</b>	<b>(204,381)</b>	<b>(2,622,973)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>27,412,266</b>	<b>9,871,638</b>	<b>351,515</b>	<b>37,635,419</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 29,561,181</b>	<b>\$ 5,304,131</b>	<b>\$ 147,134</b>	<b>\$ 35,012,446</b>

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, 2021**

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

Total net change in fund balances - governmental funds	\$ (2,622,973)
--	----------------

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 and disposals exceeded depreciation during the period.

Capital outlay	11,779,687
Net book value of capital assets disposed	(799,696)
Depreciation expense	<u>(3,511,015)</u>
Net amount	7,468,976

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.	572,000
---	---------

Internal service funds are collapsed into governmental activities.	916,196
--	---------

Decrease in accrued compensated absences liability reflected as decrease to 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.	19,889
---	--------

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>509,239</u>
---	----------------

Change in net position of governmental activities	<u>\$ 6,863,327</u>
---	---------------------

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

**City of Fort Morgan**  
**Proprietary Fund**  
**Statement of Net Position**  
**December 31, 2021**

ASSETS	Business-Type Activities						Governmental
	Electric Fund	Water Fund	Gas Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
<b>Current Assets</b>							
Cash, cash equivalents and investments	\$ 12,688,780	\$ 16,637,750	\$ 6,581,702	\$ 7,668,961	\$ 2,103,137	\$ 45,680,330	\$ 6,360,794
Receivables	2,178,470	946,326	813,942	276,469	137,997	4,353,204	69,004
Prepaid items	-	12,481	2,004	2,805	-	17,290	12,899
Inventories	1,112,008	299,258	99,093	-	-	1,510,359	-
<b>Total Current Assets</b>	<u>15,979,258</u>	<u>17,895,815</u>	<u>7,496,741</u>	<u>7,948,235</u>	<u>2,241,134</u>	<u>51,561,183</u>	<u>6,442,697</u>
<b>Non-Current Assets</b>							
Capital assets, net of accumulated depreciation	11,215,697	41,129,096	1,177,408	9,654,309	557,571	63,734,081	-
<b>Total Non-Current Assets</b>	<u>11,215,697</u>	<u>41,129,096</u>	<u>1,177,408</u>	<u>9,654,309</u>	<u>557,571</u>	<u>63,734,081</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>27,194,955</u>	<u>59,024,911</u>	<u>8,674,149</u>	<u>17,602,544</u>	<u>2,798,705</u>	<u>115,295,264</u>	<u>6,442,697</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows of resources relating to pensions	513,291	224,839	130,041	155,159	68,511	1,091,841	-
Deferred outflows of resources relating to OPEB	17,343	7,597	4,394	5,242	2,315	36,891	-
Deferred utility costs	-	-	133,374	-	-	133,374	-
<b>Total Deferred Outflows of Resources</b>	<u>530,634</u>	<u>232,436</u>	<u>267,809</u>	<u>160,401</u>	<u>70,826</u>	<u>1,262,106</u>	<u>-</u>
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts payable	1,476,728	36,595	420,015	148,990	29,692	2,112,020	327
Accrued expenses	54,720	23,844	13,697	17,021	9,948	119,230	344,400
Customer deposits	66,144	-	-	-	-	66,144	-
Accrued interest payable	-	23,145	-	-	-	23,145	-
Current portion of long-term debt	-	980,000	-	-	-	980,000	-
<b>Total Current Liabilities</b>	<u>1,597,592</u>	<u>1,063,584</u>	<u>433,712</u>	<u>166,011</u>	<u>39,640</u>	<u>3,300,539</u>	<u>344,727</u>
<b>Non-Current Liabilities:</b>							
Compensated absences payable	142,892	59,811	40,239	51,783	15,535	310,260	-
Bonds and notes payable	-	7,794,000	-	-	-	7,794,000	-
Net pension liability	1,057,987	463,436	268,039	319,811	141,213	2,250,486	-
Net OPEB liability	147,192	64,475	37,291	44,494	19,646	313,098	-
<b>Total Non-Current Liabilities</b>	<u>1,348,071</u>	<u>8,381,722</u>	<u>345,569</u>	<u>416,088</u>	<u>176,394</u>	<u>10,667,844</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>2,945,663</u>	<u>9,445,306</u>	<u>779,281</u>	<u>582,099</u>	<u>216,034</u>	<u>13,968,383</u>	<u>344,727</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unearned revenue	3,512,038	-	-	1,440,611	-	4,952,649	-
Deferred inflows related to pensions	1,176,753	515,459	298,128	355,712	157,065	2,503,117	-
Deferred inflows related to OPEB	58,773	25,745	14,890	17,766	7,845	125,019	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>4,747,564</u>	<u>541,204</u>	<u>313,018</u>	<u>1,814,089</u>	<u>164,910</u>	<u>7,580,785</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	11,215,697	32,355,096	1,177,408	9,654,309	557,571	54,960,081	-
Unrestricted	8,816,665	16,915,741	6,672,251	5,712,448	1,931,016	40,048,121	6,097,970
<b>TOTAL NET POSITION</b>	<u>\$ 20,032,362</u>	<u>\$ 49,270,837</u>	<u>\$ 7,849,659</u>	<u>\$ 15,366,757</u>	<u>\$ 2,488,587</u>	<u>\$ 95,008,202</u>	<u>\$ 6,097,970</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, 2021**

	Business-Type Activities					Governmental	
					Other	Activities	
	Electric Fund	Water Fund	Gas Fund	Wastewater Fund	Enterprise Funds	Total	Internal Service Fund
<b>OPERATING REVENUES</b>							
Charges for services	\$ 21,508,709	\$ 10,387,605	\$ 5,053,289	\$ 2,464,986	\$ 1,243,346	\$ 40,657,935	\$ 5,019,526
<b>TOTAL OPERATING REVENUES</b>	<b>21,508,709</b>	<b>10,387,605</b>	<b>5,053,289</b>	<b>2,464,986</b>	<b>1,243,346</b>	<b>40,657,935</b>	<b>5,019,526</b>
<b>OPERATING EXPENSES</b>							
Transmission, distribution and collection	2,717,155	1,266,302	738,362	555,556	908,739	6,186,114	-
Commodities	14,407,167	-	2,445,933	-	-	16,853,100	-
Self insurance premiums	-	-	-	-	-	-	1,717,768
Self insurance claims	-	-	-	-	-	-	2,418,788
General administration	375,496	512,048	477,241	372,922	207,182	1,944,889	124,621
Treatment	-	4,947,680	-	859,452	-	5,807,132	-
In lieu of fees	3,100,394	-	780,535	113,231	62,163	4,056,323	-
Depreciation expense	799,992	1,393,720	122,977	706,582	105,306	3,128,577	-
<b>TOTAL OPERATING EXPENSES</b>	<b>21,400,204</b>	<b>8,119,750</b>	<b>4,565,048</b>	<b>2,607,743</b>	<b>1,283,390</b>	<b>37,976,135</b>	<b>4,261,177</b>
<b>OPERATING INCOME (LOSS)</b>	<b>108,505</b>	<b>2,267,855</b>	<b>488,241</b>	<b>(142,757)</b>	<b>(40,044)</b>	<b>2,681,800</b>	<b>758,349</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Earnings on investments	(70,511)	(59,597)	(27,550)	(16,025)	(10,042)	(183,725)	2,257
Rents	43,200	-	-	-	-	43,200	-
Other revenues	389,536	327,012	57,508	268,105	10,684	1,052,845	155,590
Gain/(Loss) on asset disposal	-	-	-	-	-	-	-
Interest expense	-	(306,112)	-	(3,138)	-	(309,250)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>362,225</b>	<b>(38,697)</b>	<b>29,958</b>	<b>248,942</b>	<b>642</b>	<b>603,070</b>	<b>157,847</b>
<b>INCOME (LOSS)</b>							
<b>BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>470,730</b>	<b>2,229,158</b>	<b>518,199</b>	<b>106,185</b>	<b>(39,402)</b>	<b>3,284,870</b>	<b>916,196</b>
Transfers In/(Out)	144,640	-	-	-	(144,640)	-	-
<b>CHANGES IN NET POSITION</b>	<b>615,370</b>	<b>2,229,158</b>	<b>518,199</b>	<b>106,185</b>	<b>(184,042)</b>	<b>3,284,870</b>	<b>916,196</b>
<b>NET POSITION, BEGINNING OF YEAR, as restated</b>	<b>19,416,992</b>	<b>47,041,679</b>	<b>7,331,460</b>	<b>15,260,572</b>	<b>2,672,629</b>	<b>91,723,332</b>	<b>5,181,774</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 20,032,362</b>	<b>\$ 49,270,837</b>	<b>\$ 7,849,659</b>	<b>\$ 15,366,757</b>	<b>\$ 2,488,587</b>	<b>\$ 95,008,202</b>	<b>\$ 6,097,970</b>

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

**City of Fort Morgan**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

	Business-Type Activities					Governmental Activities	
	Electric Fund	Water Fund	Gas Fund	Wastewater Fund	Other	Total	Internal
					Enterprise Funds		Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from customers	\$ 19,466,216	\$ 10,400,794	\$ 4,695,767	\$ 3,903,780	\$ 1,250,323	\$ 39,716,880	\$ 4,953,371
Cash payments to suppliers	(19,903,325)	(5,781,683)	(3,883,675)	(1,411,920)	(842,700)	(31,823,303)	(4,229,174)
Cash payments to employees	(1,302,212)	(1,068,795)	(563,723)	(482,241)	(367,059)	(3,784,030)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>(1,739,321)</u>	<u>3,550,316</u>	<u>248,369</u>	<u>2,009,619</u>	<u>40,564</u>	<u>4,109,547</u>	<u>724,197</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Rents	43,200	-	-	-	-	43,200	-
Other income	357,121	327,012	57,508	257,744	10,684	1,010,069	155,590
Transfers	51,306	-	-	-	-	51,306	-
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<u>451,627</u>	<u>327,012</u>	<u>57,508</u>	<u>257,744</u>	<u>10,684</u>	<u>1,104,575</u>	<u>155,590</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital grants and contributions							
Acquisition of capital assets	(292,883)	(1,275,682)	-	(560,455)	(37,900)	(2,166,920)	-
Sale of capital assets	-	550,211	-	-	-	550,211	-
Principal paid on long-term debt	-	(950,000)	-	-	-	(950,000)	-
Interest paid on long-term debt	-	(308,620)	-	-	-	(308,620)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(292,883)</u>	<u>(1,984,091)</u>	<u>-</u>	<u>(560,455)</u>	<u>(37,900)</u>	<u>(2,875,329)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received (paid)	(70,511)	(59,597)	(27,550)	(19,163)	(10,042)	(186,863)	2,257
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(70,511)</u>	<u>(59,597)</u>	<u>(27,550)</u>	<u>(19,163)</u>	<u>(10,042)</u>	<u>(186,863)</u>	<u>2,257</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,651,088)</u>	<u>1,833,640</u>	<u>278,327</u>	<u>1,687,745</u>	<u>3,306</u>	<u>2,151,930</u>	<u>882,044</u>
<b>CASH AND CASH EQUIVALENTS</b>							
<b>Beginning of Year</b>	<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>
<b>End of Year</b>	<u>\$ 12,688,780</u>	<u>\$ 16,657,750</u>	<u>\$ 6,581,702</u>	<u>\$ 7,668,961</u>	<u>\$ 2,113,269</u>	<u>\$ 45,710,462</u>	<u>\$ 6,360,794</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 108,505	\$ 2,267,855	\$ 488,241	\$ (142,757)	\$ (40,044)	\$ 2,681,800	\$ 758,349
<b>Adjustments to reconcile operating income to net cash flows from operating activities</b>							
Depreciation	799,992	1,393,720	122,977	706,582	105,306	3,128,577	-
(Increase) decrease in operating assets:							
Accounts receivable	172,023	13,189	26,895	(1,817)	6,977	217,267	(66,155)
Inventories	(332,333)	238	(4,504)	-	-	(336,599)	-
Deferred outflows	(207,265)	(102,498)	(51,747)	(64,636)	(29,669)	(455,815)	-
Prepaid items	-	(2,275)	(2,004)	(42)	-	(4,321)	(116)
(Increase) decrease in operating liabilities:							
Accounts payable	69,787	(61,536)	86,306	92,115	1,848	188,520	32,119
Net pension and OPEB liabilities	(615,281)	(203,598)	(160,178)	(174,819)	(70,842)	(1,224,718)	-
Deferred inflows	488,581	241,062	122,018	152,272	69,842	1,073,775	-
Unearned revenues	(2,214,516)	-	(384,417)	1,440,611	-	(1,158,322)	-
Deposits	(2,696)	-	-	-	-	(2,696)	-
Compensated absences payable	(6,118)	4,159	4,782	2,110	(2,854)	2,079	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ (1,739,321)</u>	<u>\$ 3,550,316</u>	<u>\$ 248,369</u>	<u>\$ 2,009,619</u>	<u>\$ 40,564</u>	<u>\$ 4,109,547</u>	<u>\$ 724,197</u>

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

**City of Fort Morgan**  
**Statement of Fiduciary Net Position (Deficit)**  
**December 31, 2021**

	<b>CEMETERY PERPETUAL CARE FUND</b>	<b>RIVERVIEW COMMONS GID FUND</b>
<b>ASSETS</b>		
Restricted cash, cash equivalents and investments	\$ 760,491	\$ -
Accrued interest receivable	4,296	-
<b>TOTAL ASSETS</b>	764,787	-
<b>LIABILITIES</b>		
Due to the General Fund	-	93,560
<b>TOTAL LIABILITIES</b>	-	93,560
<b>FIDUCIARY NET POSITION (DEFICIT)</b>	\$ 764,787	\$ (93,560)

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, 2021**

	<b>CEMETERY PERPETUAL CARE FUND</b>	<b>RIVERVIEW COMMONS GID FUND</b>
<b>ADDITIONS</b>		
Charges for services	\$ 34,620	\$ 29,041
Earnings on investments	4,964	-
<b>TOTAL ADDITIONS</b>	<u>39,584</u>	<u>29,041</u>
<b>DEDUCTIONS</b>		
Community development and public works	-	29,041
<b>TOTAL DEDUCTIONS</b>	<u>-</u>	<u>29,041</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<u>39,584</u>	<u>-</u>
<b>FIDUCIARY NET POSITION (DEFICIT) BEGINNING OF YEAR</b>	<u>725,203</u>	<u>(93,560)</u>
<b>FIDUCIARY NET POSITION (DEFICIT) END OF YEAR</b>	<u><u>\$ 764,787</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, 2021**

---

**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, 2021**

---

**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, 2021**

---

**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, 2021**

---

**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, 2021**

**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, 2021:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
<b>Governmental funds:</b>			
General Fund	\$ 14,334,502	\$ -	\$ 14,334,502
Capital Improvement Fund	12,677,230	-	12,677,230
Police Forfeiture Fund	30,000	-	30,000
Conservation Trust Fund	314,000	169,269	483,269
<b>Internal Service fund:</b>			
Self Insurance Fund	5,115,894	-	5,115,894
<b>Enterprise funds:</b>			
Electric Fund	21,005,854	573,037	21,578,891
Water Fund	7,514,117	793,707	8,307,824
Gas Fund	4,427,112	14,959	4,442,071
Waste Water Fund	4,157,198	-	4,157,198
Sanitation Fund	1,750,995	-	1,750,995
Fiber Network Fund	-	-	-
<b>Fiduciary fund:</b>			
Cemetery Perpetual Care Fund	4,000	-	4,000
Riverview GID Fund	37,500	-	37,500
<b>Total funds</b>	<u>\$ 71,368,402</u>	<u>\$ 1,550,972</u>	<u>\$ 72,919,374</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, 2021**

---

**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, 2021**

---

**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 \$10,000 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, 2021**

---

**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, 2021**

**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, 2021, fund balances were composed of the following:

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Inventories	\$ 63,228	\$ -	\$ -	\$ 63,228
Prepaid items	84,584	-	-	84,584
<b>Committed:</b>				
Environmental improvements	-	50,622	-	50,622
<b>Restricted:</b>				
Emergency reserve	439,767	-	-	439,767
Donations and memorials	120,066	-	-	120,066
Parks and recreation	-	-	104,097	104,097
Public safety	-	-	43,037	43,037
Capital improvements	-	5,253,509	-	5,253,509
<b>Unassigned:</b>	<u>28,853,536</u>	<u>-</u>	<u>-</u>	<u>28,853,536</u>
<b>Total</b>	<u>\$ 29,561,181</u>	<u>\$ 5,304,131</u>	<u>\$ 147,134</u>	<u>\$ 35,012,446</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, 2021**

---

**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](http://www.leg.colorado.gov).

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

***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, 2021**

---

**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, 2021, follows:

Cash on hand	\$ 2,836
Cash with county treasurer	17,865
Cash in financial institutions	32,740,029
Investments	<u>55,145,763</u>
Total	<u>\$ 87,906,493</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	\$ 86,134,913
Restricted cash, cash equivalents, and investments	1,011,089

Fiduciary fund statements:

Restricted cash, cash equivalents, and investments	<u>760,491</u>
Total	<u>\$ 87,906,493</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, 2021**

**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, 2021, the City had deposits with financial institutions with a carrying amount of \$32,740,029. The bank balances with the financial institutions were \$32,815,997, 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, 2021, the City had the following investments:

	<b>S&amp;P Rating</b>	<b>Fair Value</b>	<b>Maturity Date (in years)</b>		<b>Concentration of Credit Risk</b>
			<b>Less than 1</b>	<b>1 to Less than 5</b>	
Certificates of Deposit	NR	\$1,858,358	N/A	N/A	3.37%
US Treasury Bonds/Notes	AA+	26,147,554	421,938	25,725,616	47.42%
Municipal Bonds/Notes	AA-AA+	3,656,603	1,622,343	2,034,260	6.63%
Federal Agency Collateralized Mortgage Obligations	AA+	1,152,244	241,805	910,293	2.09%
Federal Agency Bonds/Notes	AA+	8,410,583	-	8,410,583	15.25%
Corporate Securities	AA-/AAA	753,353	101,664.00	651,689	1.37%
Money Market Funds	AAAm/N/R	<u>13,167,068</u>	N/A	N/A	23.88%
<b>Total</b>		<u>\$55,145,763</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, 2021**

**2. Cash and Investments (continued)**

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

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 1,858,358	\$ -	\$ 1,858,358
U.S. Treasury	-	26,147,554	-	26,147,554
Municipal Bonds	-	3,656,603	-	3,656,603
Federal Agency Collateralized Mortgage	-	1,152,244	-	1,152,244
Federal Agency Bonds/Notes	-	8,410,583	-	8,410,583
Corporate Securities	753,353	-	-	753,353
Money Market Funds Investments – CSIP				
- measured at net asset value	-	-	-	13,167,068
<b>Total</b>	<u><u>\$753,353</u></u>	<u><u>\$41,225,342</u></u>	<u><u>\$ -</u></u>	<u><u>\$55,145,763</u></u>

**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, 2021, 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, 2021, 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, 2021**

---

**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, 2021, there were no transfers between funds.

---

**4. Receivables**

---

Receivables at December 31, 2021 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	\$ 2,203,638	\$ -	\$ -	\$ 2,203,638
Trade accounts	278,049	1,365,786	-	1,643,835
Unbilled revenues	69,004	2,987,418	-	3,056,422
Intergovernmental	1,444,243	-	-	1,444,243
Other	-	-	4,296	4,296
<b>Total</b>	<u>\$ 3,994,934</u>	<u>\$ 4,353,204</u>	<u>\$ 4,296</u>	<u>\$ 8,352,434</u>

---

**5. Capital Assets**

---

Governmental capital assets activity for the year ended December 31, 2021 was as follows:

	<b>Balance</b> <b>December 31,</b> <b>2020</b>	<b>Transfers/</b> <b>Additions</b>	<b>Transfers/</b> <b>Retirements</b>	<b>Balance</b> <b>December 31,</b> <b>2021</b>
<b>Governmental Activities</b>				
Capital assets, <i>not being depreciated</i> :				
Land	\$ 4,619,092	\$ -	\$ (599,501)	\$ 4,019,591
Construction in progress	<u>6,512,063</u>	<u>2,360,012</u>	<u>(6,499,622)</u>	<u>2,372,453</u>
Total capital assets, <i>not being depreciated</i>	<u>11,131,155</u>	<u>2,360,012</u>	<u>(7,099,123)</u>	<u>6,392,044</u>

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**5. Capital Assets (continued)**

	<b>Balance December 31, 2020</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Retirements</b>	<b>Balance December 31, 2021</b>
Capital assets, being depreciated:				
Golf Course	3,305,350	76,923	(6,322)	3,375,951
Land improvements	15,037,732	350,425	(7,185)	15,380,972
Buildings and improvements	14,434,200	11,482,565	(1,570,607)	24,346,158
Infrastructure	40,929,527	2,888,633	-	43,818,160
Vehicles and Equipment	7,192,540	673,559	(601,901)	7,264,198
General equipment	3,945,345	1,276,182	(5,771)	5,215,756
Total capital assets, being depreciated	<u>84,844,694</u>	<u>16,748,287</u>	<u>(2,191,786)</u>	<u>99,401,195</u>
Accumulated Depreciation	<u>(41,471,685)</u>	<u>(3,511,015)</u>	<u>1,162,601</u>	<u>(43,820,099)</u>
Total capital assets, <i>being depreciated</i> , net	<u>43,373,009</u>	<u>13,237,272</u>	<u>(1,029,185)</u>	<u>55,581,096</u>
Total governmental activities capital assets, net	<u>\$ 54,504,164</u>	<u>\$15,597,284</u>	<u>\$ (8,128,308)</u>	<u>\$ 61,973,140</u>

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

General government	\$ 802,476
Public safety	375,998
Community development & public works	1,636,610
Parks and recreation	695,931
Total	<u>\$ 3,511,015</u>

Business-type capital assets activity for the year ended December 31, 2021 is summarized below:

	<b>Balance December 31, 2020</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Retirements</b>	<b>Balance December 31, 2021</b>
<b>Business-Type Activities</b>				
Capital assets, <i>not being depreciated</i> :				
Construction in progress	\$ 500,000	\$ 10,350	\$ (500,000)	\$ 10,350
Total capital assets, <i>not being depreciated</i>	<u>500,000</u>	<u>10,350</u>	<u>(500,000)</u>	<u>10,350</u>

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**5. Capital Assets (continued)**

	Balance December 31, 2020	Transfers/ Additions	Transfers/ Retirements/ Adjustments	Balance December 31, 2021
<b>Business-Type Activities</b>				
Capital assets, being depreciated:				
Electric system	28,522,562	561,899	(191,429)	28,893,032
Water system	72,448,943	1,275,682	(5,726,225)	67,998,400
Gas system	4,976,422	-	(17,630)	4,958,792
Sewer system	21,843,578	560,465	(10,200)	22,393,843
Sanitation system	1,773,328	37,900	(7,960)	1,803,268
Fiber network system	416,780	-	(416,780)	-
Total capital assets, being depreciated	<u>129,981,613</u>	<u>2,435,946</u>	<u>(6,370,224)</u>	<u>126,047,335</u>
Accumulated Depreciation	<u>(59,606,347)</u>	<u>(3,128,577)</u>	<u>411,320</u>	<u>(62,323,604)</u>
Total capital assets, <i>being depreciated</i> , net	<u>70,375,266</u>	<u>(692,631)</u>	<u>(5,958,904)</u>	<u>63,723,731</u>
Total business-type activities capital assets, net	<u>\$ 70,875,266</u>	<u>\$ (682,281)</u>	<u>\$ (6,458,904)</u>	<u>\$ 63,734,081</u>

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

Electric	\$ (799,992)
Water	(1,393,720)
Gas	(122,977)
Waste Water	(706,582)
Sanitation	<u>(105,306)</u>
	<u>\$ (3,128,577)</u>

**6. Long-Term Debt**

Following is a summary of governmental long-debt activity for the year ended December 31, 2021:

Governmental activities	Balance at December 31, 2020	Additions	Payments	Balance at December 31, 2021	Due Within One Year
Other obligations:					
Lease-purchase	\$ 9,673,000	\$ -	\$ (572,000)	\$ 9,101,000	\$ 581,000
Compensated Absences	428,225	78,092	(97,981)	408,336	-
Total	<u>\$ 10,101,225</u>	<u>\$ 78,092</u>	<u>\$ (669,981)</u>	<u>\$ 9,509,336</u>	<u>\$ 581,000</u>

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**6. Long-Term Debt (continued)**

**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>
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	623,000	109,969	732,969
2027-2035	<u>6,093,000</u>	<u>485,720</u>	<u>6,578,720</u>
Total	<u>\$ 9,101,000</u>	<u>\$ 1,139,262</u>	<u>\$ 10,240,262</u>

Following is a summary of business-type long-term debt activity for the year ended December 31, 2021:

<b>Business-type activities</b>	<b>Balance at December 31, 2020</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance at December 31, 2021</b>	<b>Due Within One Year</b>
Bonds payable:					
2015 Water Revenue Refunding	\$ 9,724,000	\$ -	\$ (950,000)	\$ 8,774,000	\$ 980,000
	<u>9,724,000</u>	<u>-</u>	<u>(950,000)</u>	<u>8,774,000</u>	<u>980,000</u>
Other obligations:					
Compensated Absences	308,181	41,608	(39,529)	310,260	-
	<u>308,181</u>	<u>41,608</u>	<u>(39,529)</u>	<u>310,260</u>	<u>-</u>
Total	<u>\$10,032,181</u>	<u>\$ 41,608</u>	<u>\$ (989,529)</u>	<u>\$ 9,084,260</u>	<u>\$ 980,000</u>

**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.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**6. Long-Term Debt (continued)**

The annual requirements to amortize all outstanding business-type activities long-term debt for the year ended December 31, 2021 are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest and Servicing Fees</u>	<u>Total</u>
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	1,110,000	130,319	1,240,319
2027-2029	<u>3,549,000</u>	<u>245,471</u>	<u>3,794,471</u>
Total	<u>\$ 8,774,000</u>	<u>\$ 1,299,701</u>	<u>\$ 10,073,701</u>

**7. Prior-period Restatement**

In the Water Fund, it was determined that the City's pro rata share of costs to complete a water treatment plant project were incorrectly capitalized in the prior year. The City does not own any portion of this project's assets. A total of \$5,672,093 was recognized as capital assets in the prior year and should have been expensed. Therefore, beginning net position in this fund, total business-type activities net position and total government net position has been restated as follows:

	<u>Water Fund</u>	<u>Total Business-Type Activities</u>	<u>Total Government</u>
Net Position as previously reported at December 31, 2020:	\$52,733,772	\$ 97,415,425	\$ 176,848,183
Improperly capitalized expenditure	<u>(5,692,093)</u>	<u>(5,692,093)</u>	<u>(5,692,093)</u>
Net position as restated, January 1, 2021	<u>\$47,041,679</u>	<u>\$ 91,723,332</u>	<u>\$ 171,156,090</u>

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**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, 2021:

	Volunteer		Local Government	
	Firefighters' Pension Plan	Police Old Hire Pension Fund	Division Trust Fund	Total
<b>Deferred outflows of resources:</b>				
Differences between expected and actual experience	\$ 14,943	\$ -	\$ 248,866	\$ 263,809
Changes of assumptions or other inputs	32,109	-	1,243,894	1,276,003
Net difference between projected and actual earnings on pension plan investments	36,052	11,078	-	47,130
City contributions subsequent to the measurement date	313,148	188,078	1,004,479	1,505,705
Total deferred outflows of resources relating to pensions	<u>\$ 396,252</u>	<u>\$ 199,156</u>	<u>\$ 2,497,239</u>	<u>\$ 3,092,647</u>
<b>Deferred inflows of resources:</b>				
Differences between expected and actual experience	49,143	-	-	49,143
Net differences between projected and actual earnings on pension plan investments	111,544	23,519	5,566,491	5,701,554
Changes in proportionate share	-	-	158,596	158,596
Total deferred inflows of resources relating to pensions	<u>\$ 160,687</u>	<u>\$ 23,519</u>	<u>\$ 5,725,087</u>	<u>\$ 5,909,293</u>
Net pension liability as of December 31, 2021	<u>\$ 1,570,089</u>	<u>\$ 889,438</u>	<u>\$ 5,147,273</u>	<u>\$ 7,606,800</u>
Total pension expense (income) for the year ended December 31, 2021	<u>\$ 78,278</u>	<u>\$ 2,543</u>	<u>\$ (805,803)</u>	<u>\$ (724,982)</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:

	Governmental Activities	Enterprise Activities	Total
Deferred outflows of resources	\$ 2,000,806	\$ 1,091,841	\$ 3,092,647
Deferred inflows of resources	3,406,176	2,503,117	5,909,293
Net pension liability	5,356,314	2,250,486	7,606,800
Net pension expense	378,840	86,865	465,705

**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, 2020, the Plan has 39 retirees and beneficiaries, 5 inactive, nonretired members, and 28 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

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

(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 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, 2020, 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 \$238,790 and from the State were \$74,358, at total of \$313,148 for the year ended December 31, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At December 31, 2021, the City reported a net pension liability of \$1,570,089. The net pension liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2021. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2021 and may be used for December 31, 2021 reporting purposes.

For the year ended December 31, 2021, the City recognized pension expense of \$150,759. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,943	\$ 41,944
Net difference between projected and actual earnings on pension plan investments	36,052	111,544
Changes of assumptions or other inputs	32,109	92,919
City Contributions subsequent to the measurement date	313,148	-
	<u>\$ 396,252</u>	<u>\$ 160,688</u>

The \$313,148 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:

<b>Year ended December 31,</b>	<b>Amortization</b>
2022	\$ 2,997
2023	(25,739)
2024	(42,556)
2025	(12,286)
	<u>\$ (77,584)</u>

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

**8. Pension Plans (continued)**

---

*Actuarial Assumptions:* The total pension liability as of the December 31, 2020 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	<p>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.</p> <p>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.</p> <p>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.</p>

*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 2.00% (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 long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

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, 2020 are summarized in the table on the following page.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2.0%	2.32%
Fixed Income	10.0%	4.01%
Fixed Income - Credit	5.0%	5.25%
Absolute Return	10.0%	5.60%
Long Short	8.0%	6.87%
Global Equity	39.0%	8.23%
Private Markets	26.0%	10.63%
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)	\$1,894,267	\$1,570,089	\$1,302,695

*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, 2021**

**8. Pension Plans (continued)**

	Total Pension (Asset) Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
<b>Balances at December 31, 2020</b>	\$ 2,831,949	\$ 1,203,475	\$ 1,628,474
Changes for the year			-
Service cost	6,399	-	6,399
Interest	191,672	-	191,672
Difference between expected and actual experience of Total Pension Liability	(66,549)	-	(66,549)
Benefit payments	(197,190)	(197,190)	-
Net investment income	-	140,593	(140,593)
Pension Plan Administrative Expense	-	(12,549)	12,549
State of Colorado supplemental discretionary payment	-	61,863	(61,863)
<b>Balances at December 31, 2020</b>	<u>\$ 2,766,281</u>	<u>\$ 1,196,192</u>	<u>\$ 1,570,089</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 2021, the City's covered payroll under the plan was \$2,156,617. The City made all required contributions for the plan year. The City has contributed \$276,047, \$229,201, and \$235,411, for the years ended December 31, 2021, 2020, and 2019, 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, 2020, the Plan has 3 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, 2021**

**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, 2021, 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 \$188,078 for the year ended December 31, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At December 31, 2021, the City reported a net pension liability of \$889,438. The net pension liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2021. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2021 and may be used for December 31, 2021 reporting purposes.

For the year ended December 31, 2021, the City recognized pension expense of \$116,269. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 11,078	\$ 23,519
City Contributions subsequent to the measurement date	188,078	-
	<u>\$ 199,156</u>	<u>\$ 23,519</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:

<b>Year ended December 31,</b>	<b>Amortization</b>
2022	\$ (5,188)
2023	274
2024	(5,265)
2025	(2,262)
	<u>\$ (12,441)</u>

*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	13 Years
Asset Valuation Method	5-Year smoothed fair value

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.5%
Retirement Age	Any remaining actives are assumed to be retired immediately.
Mortality	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 2.00% (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 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, 2020 are summarized in the table below.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	10.0%	0.10%
Fixed Income - Rates	70.0%	2.30%
Fixed Income - Credit	10.0%	3.50%
Absolute Return	0.0%	5.60%
Long Short	0.0%	6.90%
Global Public Equity	10.0%	7.80%
Private Capital	0.0%	10.50%
Total	100%	

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

*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)	\$990,990	\$889,438	\$802,061

*FPPA System Description.* The Fire & 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>.

**Change in Net Pension (Asset) Liability**

	Total Pension (Asset) Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
<b>Balances at December 31, 2020</b>	\$ 1,247,842	\$ 352,887	\$ 894,955
Changes for the year			-
Interest	56,807	-	56,807
Benefit changes	74,332	-	74,332
Contributions - employer	-	113,746	(113,746)
Net investment income	-	26,933	(26,933)
Benefit payments	(120,919)	(120,919)	-
Administrative expenses	-	(4,023)	4,023
Net Changes	10,220	15,737	(5,517)
<b>Balances at December 31, 2020</b>	<b>\$ 1,258,062</b>	<b>\$ 368,624</b>	<b>\$ 889,438</b>

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

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

**8. Pension Plans (continued)**

---

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2021.

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](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided as of December 31, 2021.* 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
- 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, 2021, 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. once certain criteria are met. Pursuant to SB 18-200 eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

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, 2021:* 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 8.5 percent of their PERA-includable salary during the period of January 1, 2021 through December 31, 2021.

The employer contribution requirements during the period of January 1, 2021 through December 31, 2021 are summarized in the table below:

	January 1, 2021 Through December 31, 2021
Employer Contribution Rate <sup>1</sup>	10.50%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) <sup>1</sup>	(1.02)%
Amount Apportioned to the LGDTF <sup>1</sup>	9.48%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS 24-51-411 <sup>1</sup>	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.02%
<b>Total Employer Contribution Rate to the LGDTF<sup>1</sup></b>	<b>13.2%</b>

<sup>1</sup> 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 \$1,004,479 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported a liability of \$5,147,273 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The City's proportion of the net pension liability was based on City contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the City's proportion was .98772 percent, which was a decrease of 0.02224 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$198,677. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 248,866	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,566,491
Changes of assumptions or other inputs	1,243,894	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	158,596
City Contributions subsequent to the measurement date	1,004,479	-
	<b>\$ 2,497,239</b>	<b>\$ 5,725,087</b>

The \$1,004,479 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>	<b>Amortization</b>
2022	\$ (762,614)
2023	(704,256)
2024	(1,886,939)
2025	(878,518)
	<b>\$(4,232,327)</b>

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

**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

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, 2019, 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.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

**8. Pension Plans (continued)**

---

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	1.25%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

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

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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 3.00%.
- 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**8. Pension Plans (continued)**

every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP 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	\$11,857,266	\$5,147,273	\$454,697

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

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

**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 the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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](http://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

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

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

---

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.

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.

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

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

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, 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 \$77,124 for the year ended December 31, 2021.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At December 31, 2021, the City reported a liability of \$716,113 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The City's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

At December 31, 2020, the City's proportion was 0.07536 percent, which was a decrease of .00198 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the City recognized OPEB expense of \$1,125. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,901	\$ 157,435
Net difference between projected and actual earnings on pension plan investments	-	29,261
Changes of assumptions or other inputs	5,351	-
Change in proportionate share	-	55,331
City Contributions subsequent to the measurement date	<u>77,124</u>	<u>-</u>
	<u>\$ 84,375</u>	<u>\$ 285,938</u>

The \$77,124 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, 2022. 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>
2022	\$ (65,481)
2023	(61,387)
2024	(65,299)
2025	(61,558)
2026	(23,457)
Thereafter	<u>(1,505)</u>
	<u>\$ (278,687)</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

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

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

---

Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.0 percent
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50 percent for 2020, gradually increasing to 4.50 percent in 2029

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.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

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

---

State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 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.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

*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
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	820	716,113	627,076

*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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

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

---

Based on the above assumptions and methods, the HCTF's FNP 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% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	697,604	716,113	737,660

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

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, 2021:

<u>Primary Government</u>	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Deferred outflows of resources	\$ 47,485	\$ 36,891	\$ 84,376
Deferred inflows of resources	160,921	125,019	285,940
Net OPEB liability	403,015	313,098	716,113
Net OPEB expense	633	492	1,125

---

**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.

**City of Fort Morgan, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

---

**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, 2021, 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**

---

**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, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 1,485,000	\$ 1,485,000	\$ 1,988,101	\$ 503,101
Specific ownership taxes	150,000	150,000	176,141	26,141
Sales taxes	4,500,000	4,500,000	6,728,985	2,228,985
Use taxes	67,500	67,500	93,198	25,698
Franchise taxes	83,500	83,500	89,399	5,899
Total taxes	<u>6,286,000</u>	<u>6,286,000</u>	<u>9,075,824</u>	<u>2,789,824</u>
Licenses and Permits				
Building permits	35,000	35,000	28,349	(6,651)
Liquor licenses	6,000	6,000	5,470	(530)
Other licenses and permits	8,950	8,950	14,375	5,425
Total licenses and permits	<u>49,950</u>	<u>49,950</u>	<u>48,194</u>	<u>(1,756)</u>
Intergovernmental				
Road and bridge	375,000	375,000	562,500	187,500
Motor vehicle fees	40,000	40,000	45,675	5,675
Severance and mineral taxes	50,000	50,000	29,551	(20,449)
Cigarette taxes	24,000	24,000	28,902	4,902
In lieu of taxes	3,655,000	3,655,000	4,056,323	401,323
Federal grants	1,500	1,500	8,066	6,566
State grants	5,000	5,000	5,232	232
Other intergovernmental revenues	190,447	190,447	266,584	76,137
Total intergovernmental	<u>4,340,947</u>	<u>4,340,947</u>	<u>5,002,833</u>	<u>661,886</u>
Charges for Services				
Recreation fees	506,800	506,800	769,389	262,589
Cemetery fees	80,000	80,000	146,750	66,750
Other charges for services	33,500	33,500	27,166	(6,334)
Total charges for services	<u>620,300</u>	<u>620,300</u>	<u>943,305</u>	<u>323,005</u>
Fines and forfeitures				
Traffic fines	50,000	50,000	33,440	(16,560)
Parking fines	6,500	6,500	2,748	(3,752)
Other fines and forfeitures	91,000	91,000	75,263	(15,737)
Total fines and forfeitures	<u>147,500</u>	<u>147,500</u>	<u>111,451</u>	<u>(36,049)</u>
Miscellaneous revenues				
Rents	12,000	12,000	11,455	(545)
Airport fees	5,000	5,000	16,170	11,170
Donations	-	-	30,315	30,315
Other revenues	105,000	105,000	1,231,462	1,126,462
Total miscellaneous revenues	<u>122,000</u>	<u>122,000</u>	<u>1,289,402</u>	<u>1,167,402</u>
Earnings on investments	2,767,805	2,767,805	(117,330)	(2,885,135)
<b>TOTAL REVENUES</b>	<u>14,334,502</u>	<u>14,334,502</u>	<u>16,353,679</u>	<u>2,019,177</u>

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

**City of Fort Morgan**  
**General Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Mayor and council	65,682	65,682	63,383	2,299
City manager	174,480	174,480	167,164	7,316
Finance	135,310	135,310	131,229	4,081
City clerk	79,125	79,125	69,648	9,477
City attorney	70,445	70,445	2,750	67,695
Human resources	176,913	176,913	153,547	23,366
Other general government	567,083	567,083	605,779	(38,696)
Covid-related expenses	-	-	63,728	(63,603)
<b>Total general government</b>	<u>1,269,038</u>	<u>1,269,038</u>	<u>1,257,228</u>	<u>11,935</u>
<b>Public Safety</b>				
Police	4,677,166	4,677,166	4,508,932	168,234
Fire	866,474	866,474	955,115	(88,641)
Building inspections	413,327	413,327	432,140	(18,813)
Municipal court	203,434	203,434	173,987	29,447
Covid-related expenses	-	-	1,545	(1,545)
<b>Total public safety</b>	<u>6,160,401</u>	<u>6,160,401</u>	<u>6,071,719</u>	<u>88,682</u>
<b>Community development and public works</b>				
Airport	97,582	97,582	255,298	(157,716)
Economic Dev. & Marketing	62,866	62,866	44,668	18,198
Street	1,778,396	1,778,396	1,809,289	(30,893)
Covid-related expenses	-	-	-	-
<b>Total community development and public works</b>	<u>1,938,844</u>	<u>1,938,844</u>	<u>2,109,255</u>	<u>(170,411)</u>
<b>Parks and recreation</b>				
Recreation/senior center	1,154,017	1,154,017	983,507	170,510
Parks/cemetery	1,801,946	1,801,946	1,730,010	71,936
Library/museum	738,703	738,703	700,720	37,983
Community services	158,773	158,773	171,372	(12,599)
Golf	1,112,780	1,112,780	1,180,130	(67,350)
Covid-related expenses	-	-	823	(823)
<b>Total parks and recreation</b>	<u>4,966,219</u>	<u>4,966,219</u>	<u>4,766,562</u>	<u>199,657</u>
<b>TOTAL EXPENDITURES</b>	<b>14,334,502</b>	<b>14,334,502</b>	<b>14,204,764</b>	<b>129,863</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>2,148,915</b>	<b>1,889,314</b>
<b>NET CHANGE IN FUND BALANCE</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 2,148,915</b></u>	<u><b>\$ 2,148,915</b></u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<u>27,412,266</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u><b>\$ 29,561,181</b></u>	

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

**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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes				
Sales taxes	\$ 2,375,000	\$ 2,375,000	\$ 3,317,312	\$ 942,312
Use taxes	52,250	52,250	44,573	(7,677)
Street sales taxes	<u>2,375,000</u>	<u>2,375,000</u>	<u>3,396,103</u>	<u>1,021,103</u>
Total taxes	<u>4,802,250</u>	<u>4,802,250</u>	<u>6,757,988</u>	<u>1,955,738</u>
Intergovernmental				
Highway users taxes	400,000	400,000	389,888	(10,112)
Federal grants	-	-	-	-
Fieldhouse Grant Revenue	-	-	-	-
State grants	<u>-</u>	<u>-</u>	<u>223,924</u>	<u>223,924</u>
Total intergovernmental	<u>400,000</u>	<u>400,000</u>	<u>613,812</u>	<u>213,812</u>
Miscellaneous revenues				
Miscellaneous revenues	7,463,980	7,463,980	102,523	(7,361,457)
Earnings on investments	<u>11,000</u>	<u>11,000</u>	<u>(12,044)</u>	<u>(23,044)</u>
Total miscellaneous revenues	<u>7,474,980</u>	<u>7,474,980</u>	<u>90,479</u>	<u>(7,384,501)</u>
<b>TOTAL REVENUES</b>	<u>12,677,230</u>	<u>12,677,230</u>	<u>7,462,279</u>	<u>(5,214,951)</u>
<b>EXPENDITURES</b>				
Current:				
Debt service	734,230	734,230	733,368	862
Capital outlay	<u>11,943,000</u>	<u>11,943,000</u>	<u>11,296,418</u>	<u>646,582</u>
<b>TOTAL EXPENDITURES</b>	<u>12,677,230</u>	<u>12,677,230</u>	<u>12,029,786</u>	<u>647,444</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,567,507)</u>	<u>\$ (4,567,507)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>9,871,638</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 5,304,131</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, 2021**

**Schedule of Proportionate Share of the Net Pension**

**Colorado PERA - Pension**

<b>Year Ending*</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Covered Payroll</b>	<b>Net Pension Liability as a Percentage of Member Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>
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%
12/31/2021	0.9877%	\$ 5,147,273	\$ 6,934,657	74.23%	90.88%

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**

<b>Year Ending</b>	<b>Statutorily Required Contributions</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/(Deficiency)</b>	<b>Actual Covered Member Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
12/31/2021	1,004,479	1,004,479	-	7,561,136	13.3%

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, 2021**

**Schedule of Proportionate Share of the OPEB Liability and Related Ratios**

**Colorado PERA - OPEB**

<b>Year Ending*</b>	<b>Proportion of the Net OPEB Liability</b>	<b>Proportionate Share of the Net OPEB Liability</b>	<b>Covered Payroll</b>	<b>OPEB Liability as a Percentage of Member Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total OPEB Liability</b>
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%
12/31/2021	0.0754%	\$ 716,113	\$ 6,934,657	10.33%	32.78%

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**

<b>Year Ending</b>	<b>Statutorily Required Contributions</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/(Deficiency)</b>	<b>Actual Covered Member Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
12/31/2021	77,124	77,124	-	7,561,136	1.02%

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,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 6,399	\$ 6,399	\$ 7,129	\$ 7,129	\$ 6,762	\$ 6,762	\$ 8,248
Interest	191,672	191,675	181,602	182,349	172,780	173,568	172,901
Changes of benefit terms	-	-	148,361	-	-	-	-
Difference between expected and actual expenditures	(66,549)	-	57,999	-	74,419	-	15,981
Assumption changes	-	-	124,629	-	66,544	-	-
Benefit payments	<u>(197,190)</u>	<u>(199,026)</u>	<u>(205,650)</u>	<u>(193,437)</u>	<u>(192,785)</u>	<u>(188,933)</u>	<u>(186,150)</u>
<b>Net change in total pension liability</b>	(65,668)	(952)	314,070	(3,959)	127,720	(8,603)	10,980
<b>Total pension liability - Beginning</b>	2,831,949	2,832,901	2,518,831	2,522,790	2,395,070	2,403,673	2,392,693
<b>Total pension liability - Ending (a)</b>	2,766,281	2,831,949	2,832,901	2,518,831	2,522,790	2,395,070	2,403,673
<b>Plan fiduciary net position</b>							
Employer contributions	-	72,481	88,404	91,820	76,585	150,177	-
Net investment income	140,593	157,913	1,530	157,663	56,550	21,490	74,859
Benefit payments	(197,190)	(199,026)	(205,650)	(193,437)	(192,785)	(188,933)	(186,150)
Administrative expense	(12,549)	(15,555)	(15,272)	(16,206)	(1,983)	(4,331)	(2,096)
State of Colorado supplemental discretionary payment	<u>61,863</u>	<u>-</u>	<u>61,863</u>	<u>58,447</u>	<u>58,447</u>	<u>51,759</u>	<u>52,299</u>
<b>Net change in plan fiduciary net position</b>	(7,283)	15,813	(69,125)	98,287	(3,186)	30,162	(61,088)
<b>Plan fiduciary net position - beginning</b>	1,203,475	1,187,662	1,256,787	1,158,500	1,161,686	1,131,524	1,192,612
<b>Plan fiduciary net position - end (b)</b>	1,196,192	1,203,475	1,187,662	1,256,787	1,158,500	1,161,686	1,131,524
<b>District's net pension liability - ending (a)-(b)</b>	1,570,089	1,628,474	1,645,239	1,262,044	1,364,290	1,233,384	1,272,149
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	43.24%	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,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	56,807	89,485	93,991	88,821	93,409	85,215	87,774
Changes of benefit terms	74,332	-	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	<u>(120,919)</u>	<u>(148,641)</u>	<u>(159,315)</u>	<u>(159,194)</u>	<u>(150,126)</u>	<u>(153,012)</u>	<u>(144,297)</u>
<b>Net change in total pension liability</b>	10,220	(18,266)	(14,114)	17,779	(30,850)	81,965	(29,838)
<b>Total pension liability - Beginning</b>	1,247,842	1,266,108	1,280,222	1,262,443	1,293,293	1,211,328	1,241,166
<b>Total pension liability - Ending (a)</b>	1,258,062	1,247,842	1,266,108	1,280,222	1,262,443	1,293,293	1,211,328
<b>Plan fiduciary net position</b>							
Employer contributions	113,746	113,746	102,792	99,660	88,699	88,680	81,155
Employee contributions	-	-	-	-	-	-	-
Net investment income	26,933	39,889	791	56,184	22,220	9,099	35,113
Benefit payments	(120,919)	(148,641)	(159,315)	(159,194)	(150,126)	(153,012)	(144,297)
Administrative expense	<u>(4,023)</u>	<u>(1,585)</u>	<u>(4,701)</u>	<u>(1,715)</u>	<u>(3,848)</u>	<u>(1,054)</u>	<u>(5,135)</u>
<b>Net change in plan fiduciary net position</b>	15,737	3,409	(60,433)	(5,065)	(43,055)	(56,287)	(33,164)
<b>Plan fiduciary net position - beginning</b>	352,887	349,478	409,911	414,976	458,031	514,318	547,482
<b>Plan fiduciary net position - end (b)</b>	368,624	352,887	349,478	409,911	414,976	458,031	514,318
<b>District's net pension liability - ending (a)-(b)</b>	889,438	894,955	916,630	870,311	847,467	835,262	697,010
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	29.30%	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	\$ 167,554	\$ 72,481	\$ (95,073)	N/A	N/A
12/31/2021	\$ 209,691	\$ 313,148	\$ 103,457	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 Decemberr 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	\$ 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
12/31/2021	\$ 113,746	\$ 188,078	\$ 74,332	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, 2021**

	<b>CONSERVATION TRUST FUND</b>	<b>POLICE FORFEITURE FUND</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>			
Cash, cash equivalents and Investments	\$ 104,097	\$ -	\$ 104,097
Restricted cash, cash equivalents and Investments	-	43,037	43,037
Receivables	-	-	-
	<u>\$ 104,097</u>	<u>\$ 43,037</u>	<u>\$ 147,134</u>
<b>TOTAL ASSETS</b>			
	<u>\$ 104,097</u>	<u>\$ 43,037</u>	<u>\$ 147,134</u>
<b>FUND BALANCES</b>			
Restricted for:			
Parks and recreation	104,097	-	104,097
Public safety	-	43,037	43,037
	<u>104,097</u>	<u>43,037</u>	<u>147,134</u>
<b>TOTAL FUND BALANCES</b>			
	<u>104,097</u>	<u>43,037</u>	<u>147,134</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>			
	<u>\$ 104,097</u>	<u>\$ 43,037</u>	<u>\$ 147,134</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, 2021**

	<u>CONSERVATION TRUST FUND</u>	<u>POLICE FORFEITURE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Intergovernmental	\$ 137,293	\$ -	\$ 137,293
Other State Grants	141,582		141,582
Earnings on Investments	-	13	13
<b>TOTAL REVENUES</b>	<u>278,875</u>	<u>13</u>	<u>278,888</u>
<b>EXPENDITURES</b>			
Current:			
Capital Outlay	483,269	-	483,269
<b>TOTAL EXPENDITURES</b>	<u>483,269</u>	<u>-</u>	<u>483,269</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(204,394)</u>	<u>13</u>	<u>(204,381)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>308,491</u>	<u>43,024</u>	<u>351,515</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 104,097</u>	<u>\$ 43,037</u>	<u>\$ 147,134</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES</b>				
State grants	\$ -	\$ -	\$ 141,582	\$ 141,582
Other governmental revenues	<u>105,000</u>	<u>105,000</u>	<u>137,293</u>	<u>32,293</u>
<b>TOTAL REVENUES</b>	<u>105,000</u>	<u>105,000</u>	<u>278,875</u>	<u>173,875</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>314,000</u>	<u>483,269</u>	<u>483,269</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>314,000</u>	<u>483,269</u>	<u>483,269</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (209,000)</u>	<u>\$ (378,269)</u>	<u>\$ (204,394)</u>	<u>\$ 173,875</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>308,491</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 104,097</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Earnings on investments	\$ 20	\$ 20	\$ 13	\$ (7)
<b>TOTAL REVENUES</b>	<u>20</u>	<u>20</u>	<u>13</u>	<u>(7)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	30,000	30,000	-	\$ 30,000
<b>TOTAL EXPENDITURES</b>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (29,980)</u>	<u>\$ (29,980)</u>	13	<u>\$ 29,993</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>30,000</u>		<u>43,024</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 20</u>		<u>\$43,037</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, 2021**

	<u>Sanitation Fund</u>	<u>Fiber Network Fund</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash, cash equivalents and investments	\$ 2,103,137	\$ -	\$ 2,103,137
Accounts receivable	137,997	-	137,997
<b>Total Current Assets</b>	<u>2,241,134</u>	<u>-</u>	<u>2,241,134</u>
<b>Non-Current Assets:</b>			
Property and equipment, net of accumulated depreciation	557,571	-	557,571
<b>Total Non-Current Assets</b>	<u>557,571</u>	<u>-</u>	<u>557,571</u>
<b>TOTAL ASSETS</b>	<u>2,798,705</u>	<u>-</u>	<u>2,798,705</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows of Resources relating to pensions	68,511	-	68,511
Deferred Outflows of Resources relating to OPEB	2,315	-	2,315
<b>Total Deferred Outflows of Resources</b>	<u>70,826</u>	<u>-</u>	<u>70,826</u>
<b>LIABILITIES</b>			
Accounts payable	29,692	-	29,692
Accrued expenses	9,948	-	9,948
Compensated absences payable	15,535	-	15,535
Net pension liability	141,213	-	141,213
Net OPEB liability	19,646	-	19,646
<b>TOTAL LIABILITIES</b>	<u>216,034</u>	<u>-</u>	<u>216,034</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources relating to pensions	157,065	-	157,065
Deferred inflows of resources relating to OPEB	7,845	-	7,845
<b>Total Deferred Inflows of Resources</b>	<u>164,910</u>	<u>-</u>	<u>164,910</u>
<b>NET POSITION</b>			
Net investment in capital assets	557,571	-	557,571
Unrestricted	1,931,016	-	1,931,016
<b>TOTAL NET POSITION</b>	<u>\$ 2,488,587</u>	<u>\$ -</u>	<u>\$ 2,488,587</u>

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, 2021**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sanitation Fund</u>	<u>Fiber Network Fund</u>	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,243,346	\$ -	\$ 1,243,346
<b>TOTAL OPERATING REVENUES</b>	<u>1,243,346</u>	<u>-</u>	<u>1,243,346</u>
<b>OPERATING EXPENSES</b>			
Transmission, distribution and collection	908,739	-	908,739
In lieu of fees	62,163	-	62,163
Administrative and support allocation	207,182	-	207,182
Depreciation	105,306	-	105,306
<b>TOTAL OPERATING EXPENSES</b>	<u>1,283,390</u>	<u>-</u>	<u>1,283,390</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(40,044)</u>	<u>-</u>	<u>(40,044)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Earnings on investments	(10,042)	-	(10,042)
Other Income	10,684	-	10,684
<b>TOTAL NON-OPERATING REVENUES</b>	<u>642</u>	<u>-</u>	<u>642</u>
<b>INCOME (LOSS)</b>			
<b>BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(39,402)</u>	<u>-</u>	<u>(39,402)</u>
Transfer In/(Out)	-	(144,640)	(144,640)
<b>CHANGE IN NET POSITION</b>	(39,402)	(144,640)	(184,042)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>2,527,989</u>	<u>144,640</u>	<u>2,672,629</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,488,587</u>	<u>\$ -</u>	<u>\$ 2,488,587</u>

**City of Fort Morgan**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Year Ended December 31, 2021**

	Enterprise Funds		Total
	Sanitation Fund	Fiber Network Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,250,323	\$ -	\$ 1,250,323
Cash payments to suppliers	(842,700)	-	(842,700)
Cash paid to employees	(367,059)	-	(367,059)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>40,564</u>	<u>-</u>	<u>40,564</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Other income	10,684	-	10,684
Transfers out	-	(10,132)	(10,132)
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<u>10,684</u>	<u>(10,132)</u>	<u>552</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(37,900)	-	(37,900)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(37,900)</u>	<u>-</u>	<u>(37,900)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest paid	(10,042)	-	(10,042)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(10,042)</u>	<u>-</u>	<u>(10,042)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>3,306</u>	<u>(10,132)</u>	<u>(6,826)</u>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>Beginning of Year</b>	<u>2,099,831</u>	<u>10,132</u>	<u>2,109,963</u>
<b>End of Year</b>	<u>\$ 2,103,137</u>	<u>\$ -</u>	<u>\$ 2,103,137</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (40,044)	\$ -	\$ (40,044)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	105,306	-	105,306
(Increase) decrease in operating assets:			
Accounts receivable	6,977	-	6,977
Prepaid items	-	-	-
Deferred outflows of resources	(29,669)	-	(29,669)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued liabilities	1,848	-	1,848
Compensated absences payable	(2,854)	-	(2,854)
Deferred inflows of resources	69,842	-	69,842
Net pension and OPEB liability	(70,842)	-	(70,842)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 40,564</u>	<u>\$ -</u>	<u>\$ 40,564</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Charges for services	\$ 20,683,474	\$ 20,683,474	\$ 21,508,709	\$ 825,235
<b>EXPENDITURES</b>				
Transmission, distribution and collection	3,107,869	2,717,155	2,717,155	-
Commodities	13,500,000	14,407,167	14,407,167	-
General administration	542,985	375,496	375,496	-
In lieu of fees	2,800,000	3,100,394	3,100,394	-
Capital outlay	1,055,000	978,679	978,679	-
<b>TOTAL EXPENDITURES</b>	21,005,854	21,578,891	21,578,891	-
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES</b>	<u>(322,380)</u>	<u>(895,417)</u>	<u>(70,182)</u>	<u>825,235</u>
<b>OTHER REVENUES</b>				
Earnings on investments	48,500	48,500	(70,511)	(119,011)
Rents	28,000	28,000	43,200	15,200
Other revenues	245,880	245,880	389,536	143,656
Transfers in	-	-	144,640	144,640
<b>TOTAL OTHER REVENUES</b>	<u>322,380</u>	<u>322,380</u>	<u>506,865</u>	<u>184,485</u>
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ (573,037)</u>	<u>\$ 436,683</u>	<u>\$ 1,009,720</u>
<b>ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS</b>				
Capital outlay			978,679	
Depreciation			<u>(799,992)</u>	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			615,370	
<b>NET POSITION, BEGINNING OF YEAR</b>			<u>19,416,992</u>	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 20,032,362</u>	

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, 2021**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Charges for services	\$ 10,004,275	\$ 10,004,275	\$ 10,387,605	\$ 383,330
<b>EXPENDITURES</b>				
Transmission, distribution and collection	1,334,562	1,266,302	1,266,302	-
Treatment	4,612,290	4,947,680	4,947,680	-
General administration	558,648	512,048	512,048	-
Debt service				
Interest	308,617	306,112	306,112	-
Capital outlay	700,000	1,275,682	1,275,682	-
<b>TOTAL EXPENDITURES</b>	<u>7,514,117</u>	<u>8,307,824</u>	<u>8,307,824</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES</b>	<u>2,490,158</u>	<u>1,696,451</u>	<u>2,079,781</u>	<u>383,330</u>
<b>OTHER REVENUES</b>				
Earnings on investments	58,750	58,750	(59,597)	(118,347)
Other revenues	94,000	94,000	327,012	233,012
Transfers from other funds	-	-	-	-
<b>TOTAL OTHER REVENUES</b>	<u>152,750</u>	<u>152,750</u>	<u>267,415</u>	<u>114,665</u>
<b>CHANGE IN NET POSITION BEFORE CONTRIBUTIONS</b>	2,642,908	1,849,201	2,347,196	497,995
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>	<u>\$ 2,642,908</u>	<u>\$ 1,849,201</u>	2,347,196	<u>\$ 497,995</u>
<b>ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS</b>				
Capital outlay			1,275,682	
Depreciation			(1,393,720)	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			2,229,158	
<b>NET POSITION, BEGINNING OF YEAR, as restated</b>			<u>47,041,679</u>	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 49,270,837</u>	

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, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Charges for services	\$ 4,435,550	\$ 4,669,000	\$ 5,053,289	\$ 384,289
<b>EXPENDITURES</b>				
Transmission, distribution and collection	905,772	738,362	738,362	-
Commodities	2,300,000	2,445,933	2,445,933	-
General administration	521,340	477,241	477,241	-
In lieu of fees	700,000	780,535	780,535	-
<b>TOTAL EXPENDITURES</b>	<b>4,427,112</b>	<b>4,442,071</b>	<b>4,442,071</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES</b>	<b>8,438</b>	<b>226,929</b>	<b>611,218</b>	<b>384,289</b>
<b>OTHER REVENUES (Expenditures)</b>				
Earnings on investments	17,500	17,500	(27,550)	(45,050)
Other revenues	-	-	57,508	57,508
<b>TOTAL OTHER REVENUES</b>	<b>17,500</b>	<b>17,500</b>	<b>29,958</b>	<b>12,458</b>
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>	<b>\$ 25,938</b>	<b>\$ 244,429</b>	<b>\$ 641,176</b>	<b>\$ 396,747</b>
<b>ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS</b>				
Depreciation			(122,977)	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			<b>518,199</b>	
<b>NET POSITION, BEGINNING OF YEAR</b>			<b>7,331,460</b>	
<b>NET POSITION, END OF YEAR</b>			<b>\$ 7,849,659</b>	

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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Charges for services	\$ 2,309,580	\$ 2,309,580	\$ 2,464,986	\$ 155,406
<b>EXPENDITURES</b>				
Transmission, distribution and collection	627,426	627,426	555,556	71,870
Treatment	2,224,104	2,224,104	859,452	1,364,652
Administrative support allocation	410,668	410,668	372,922	37,746
In lieu of fees	95,000	95,000	113,231	(18,231)
Capital outlay	800,000	800,000	560,465	239,535
<b>TOTAL EXPENDITURES</b>	<u>4,157,198</u>	<u>4,157,198</u>	<u>2,461,626</u>	<u>1,695,572</u>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES</b>				
<b>OVER EXPENDITURES</b>	<u>(1,847,618)</u>	<u>(1,847,618)</u>	<u>3,360</u>	<u>1,850,978</u>
<b>OTHER REVENUES</b>				
Earnings on investments	26,000	26,000	(16,025)	(42,025)
Other revenues	80,000	80,000	264,967	184,967
Transfers in	1,741,618	1,741,618	-	(1,741,618)
<b>TOTAL OTHER REVENUES</b>	<u>1,847,618</u>	<u>1,847,618</u>	<u>248,942</u>	<u>(1,598,676)</u>
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,302</u>	<u>\$ 252,302</u>
<b>ADJUSTMENTS FROM BUDGETARY BASIS</b>				
<b>TO GAAP BASIS</b>				
Capital outlay			560,465	
Depreciation			<u>(706,582)</u>	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>				
			106,185	
<b>NET POSITION, BEGINNING OF YEAR</b>				
			<u>15,260,572</u>	
<b>NET POSITION, END OF YEAR</b>				
			<u>\$ 15,366,757</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, 2021**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Charges for services	\$ 1,197,000	\$ 1,197,000	\$ 1,243,346	\$ 46,346
<b>EXPENDITURES</b>				
Transmission, distribution and collection	984,028	984,028	908,739	75,289
In lieu of fees	60,000	60,000	62,163	(2,163)
Administrative support allocation	236,967	236,967	207,182	29,785
Capital outlay	470,000	470,000	37,900	432,100
<b>TOTAL EXPENDITURES</b>	<u>1,750,995</u>	<u>1,750,995</u>	<u>1,215,984</u>	<u>535,011</u>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES</b>	<u>(553,995)</u>	<u>(553,995)</u>	<u>27,362</u>	<u>581,357</u>
<b>OTHER REVENUES</b>				
Earnings on investments	7,000	7,000	(10,042)	(17,042)
Transfers in	546,995	546,995	-	(546,995)
Other income	-	-	10,684	10,684
<b>TOTAL OTHER REVENUES</b>	<u>553,995</u>	<u>553,995</u>	<u>642</u>	<u>(553,353)</u>
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,004</u>	<u>\$ 28,004</u>
<b>ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS</b>				
Capital outlay			37,900	
Depreciation			<u>(105,306)</u>	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			(39,402)	
<b>NET POSITION, BEGINNING OF YEAR</b>			<u>2,527,989</u>	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 2,488,587</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, 2021**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<b>OTHER REVENUES</b>				
Transfers out	-	-	(144,640)	(144,640)
<b>TOTAL OTHER REVENUES</b>	-	-	(144,640)	(144,640)
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (144,640)</u>	<u>\$ (144,640)</u>
<b>ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS</b>				
Capital outlay			-	
Depreciation			-	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			(144,640)	
<b>NET POSITION, BEGINNING OF YEAR</b>			144,640	
<b>NET POSITION, END OF YEAR</b>			<u>\$ -</u>	

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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Charges for Services	\$ 4,829,994	\$ 4,829,994	\$ 5,019,526	\$ 189,532
<b>EXPENDITURES</b>				
Self insurance premiums	125,500	125,500	124,621	879
Self insurance claims	4,865,394	4,865,394	4,136,556	728,838
Administrative costs	125,000	125,000	-	125,000
<b>TOTAL EXPENDITURES</b>	<u>5,115,894</u>	<u>5,115,894</u>	<u>4,261,177</u>	<u>854,717</u>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES</b>				
<b>OVER EXPENDITURES</b>	<u>(285,900)</u>	<u>(285,900)</u>	<u>758,349</u>	<u>1,044,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Earnings on investments	7,000	7,000	2,257	(4,743)
Miscellaneous revenues	145,000	145,000	155,590	10,590
Transfers in	133,900	133,900	-	(133,900)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>285,900</u>	<u>285,900</u>	<u>157,847</u>	<u>(128,053)</u>
<b>CHANGE IN NET POSITION, BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 916,196</u>	<u>\$ 916,196</u>
<b>NET POSITION, BEGINNING OF YEAR</b>			<u>5,181,774</u>	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 6,097,970</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>ADDITIONS</b>				
Charges for services	\$ 20,000	\$ 20,000	\$ 34,620	\$ 14,620
Earnings on investments	6,750	6,750	4,964	(1,786)
Transfers In	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<b>TOTAL ADDITIONS</b>	<u>30,750</u>	<u>30,750</u>	<u>39,584</u>	<u>8,834</u>
<b>DEDUCTIONS</b>				
Transfers out	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
<b>CHANGE IN FIDUCIARY NET POSITION- BUDGETARY BASIS</b>	<u>\$ 26,750</u>	<u>\$ 26,750</u>	<u>\$ 39,584</u>	<u>\$ 12,834</u>
<b>FIDUCIARY NET POSITION, BEGINNING OF YEAR</b>			<u>725,203</u>	
<b>FIDUCIARY NET POSITION, END OF YEAR</b>			<u>\$ 764,787</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, 2021**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>ADDITIONS</b>				
Assessments	\$ 37,500	\$ 37,500	\$ 29,041	\$ (8,459)
<b>TOTAL ADDITIONS</b>	37,500	37,500	29,041	(8,459)
<b>DEDUCTIONS</b>				
Community development and public works	37,500	37,500	29,041	8,459
<b>TOTAL DEDUCTIONS</b>	37,500	37,500	29,041	8,459
<b>CHANGE IN FIDUCIARY NET POSITION-</b>				
<b>BUDGETARY BASIS</b>	\$ -	\$ -	\$ -	\$ -
<b>FIDUCIARY NET POSITION, BEGINNING OF YEAR</b>			(93,560)	
<b>FIDUCIARY NET POSITION, END OF YEAR</b>			\$ (93,560)	

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

**City of Fort Morgan**

---

**Supplemental Section**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County:	MORGAN
	YEAR ENDING :	DECEMBER 2021
This Information From The Records Of (example - City of _ or County of	Prepared By:	Christina R. Bostron, General Acct. Manager
	Phone:	970-542-3964

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

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

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

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,819,357
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	727,763
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	4,829,611	b. Snow and ice removal	32,888
3. Other local imposts (from page 2)	4,186,935	c. Other Street Lighting	2,007
4. Miscellaneous local receipts (from page 2)	44,765	d. Total (a. through c.)	34,895
5. Transfers from toll facilities		4. General administration & miscellaneous	1,046,263
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	3,922,555
a. Bonds - Original Issues		6. Total (1 through 5)	9,550,833
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	9,061,311	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	489,522	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	9,550,833	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	9,550,833

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	9,550,833	9,550,833	0	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2021

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	33,440
1. Sales Taxes - 1% Stricky f/Streets	3,448,293	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	738,642	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,186,935	h. Other	11,325
c. Total (a. + b.)	4,186,935	i. Total (a. through h.)	44,765
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	385,393	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	45,676	d. Federal Transit Admin	
d. Other (Specify) - CIG TAX	28,902	e. U.S. Corps of Engineers	
e. Other (Specify) - SEVERANCE	29,551	f. Other Federal	
f. Total (a. through e.)	104,129	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	489,522	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	5,171	5,171
c. Construction:			
(1). New Facilities	0	925,553	925,553
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	2,888,633	2,888,633
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,814,186	3,814,186
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,819,357	3,819,357
			(Carry forward to page 1)

Notes and Comments: