



City of Fort Morgan, Colorado

Financial Statements and Supplementary
Information

For the Year Ended December 31, 2018



City of Fort Morgan, Colorado

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Fort Morgan, Colorado

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, Colorado (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Morgan, Colorado as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matters

As discussed in Note 2 to the basic financial statements, the City has changed its method of accounting and reporting for post employment benefits other than pensions during 2018 due to the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the standard required retrospective application resulting in a \$571,430 and \$486,444 reduction of previously reported net position for governmental activities and business-type activities, respectively. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 64 through 66, and pension and other post-employment benefit related schedules on pages 67 through 76 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Local Highway Finance Report on pages 77 through 93 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Local Highway Finance Report, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

ACM LLP

Greeley, Colorado
June 18, 2019



City of Fort Morgan

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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, 2018.

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 \$149 million (net position). Of this amount, \$52 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 \$8.0 million in the current year. The City recognized an approximate \$3.0 million increase in its main operating fund (General Fund) and had a net increase of \$2.7 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 \$28.7 million, an increase of \$2.5 million or 9.6%. Of this amount \$25.0 million is available for spending through the adoption of the 2019 budget.

The General Fund's unassigned fund balance at December 31, 2018 was 25.0 million, or 233.7% of total General Fund expenditures.

For 2018, the City's total debt decreased by \$2.0 million to \$12.2 million due to annual retirement of water bonds and notes.

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 14 to 16) 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 17. 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 14. 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



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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, waste water, sanitation and fiber network operations are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 17. 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, Golf Fund, and Conservation Trust Fund.

Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are reported as the business-type activities in the government-wide statements. These enterprise fund statements provide more detail and additional information, such as cash flows, for proprietary funds. The enterprise funds of the City are the Electric Fund, Gas Fund, Water Fund, Waste Water Fund, Sanitation Fund and Fiber Network Fund. We use an internal service fund (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the City's Self Insurance Fund.

The City as Trustee

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



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Changes in Fiduciary Net Position on pages 25 and 26. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. As of December 31, 2018, 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 \$149 million at December 31, 2018.

By far the largest portion of the City of Fort Morgan's net position (62.5%) 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 (2.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$52.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

SUMMARY OF NET POSITION, in thousands						
December 31, 2018 and 2017						
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$36,633	\$33,568	\$46,296	\$45,262	\$82,929	\$78,830
Long term Receivables	-	-	\$216	\$462	\$216	\$462
Capital assets	37,894	34,320	67,304	63,659	105,198	97,979
Total assets	74,527	67,888	113,816	109,383	188,343	177,271
Deferred Outflows of resources	1,300	2,572	834	1,799	2,134	\$4,371
Liabilities:						
Long-term liabilities outstanding	9,122	10,290	17,983	20,684	27,105	30,974
Other liabilities	1,091	706	2,123	2,004	3,214	2,710
Total liabilities	10,213	10,996	20,106	22,688	30,319	33,684
Deferred Inflows of resources	3,711	2,335	7,436	3,561	11,147	5,896
Net position:						
Net investment in capital assets	37,894	34,320	55,240	49,723	93,134	84,043
Restricted	3,571	3,993	-	-	3,571	3,993
Unrestricted	20,437	18,816	31,868	35,210	52,305	54,026
Total net position	\$61,902	\$57,129	\$87,108	\$84,933	\$149,010	\$142,062



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Net position of the City's governmental activities increased 8.4% (\$61.9 million compared to \$57.1 million). Unrestricted net position increased \$1.6 million.

The net position of the City's business-type activities increased by approximately \$2.7 million. The City generally can only use this net position to finance the continuing operations of the electric, gas, water, waste water, sanitation and fiber network functions.

SUMMARY OF CHANGES IN NET POSITION, in thousands For the Years Ended December 31, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for services	\$ 939	\$ 1,050	\$ 36,451	\$ 37,633	\$ 37,390	\$ 38,683
Operating grants and contributions	1,272	1,047	-	-	1,272	1,047
Capital grants and contributions	275	275	335	739	610	1,014
General Revenues:						
Property taxes	1,687	1,610	-	-	1,687	1,610
Sales & Use Tax	10,125	7,496	-	-	10,125	7,496
Intergovernmental - in Lieu of Tax	3,924	4,050	-	-	3,924	4,050
Franchise taxes	88	91	-	-	88	91
Specific ownership taxes	172	174	-	-	172	174
Earnings on investments	369	112	573	448	942	560
Miscellaneous	535	58	658	260	1,193	318
Gain (loss) on sale of capital assets	(10)	2	-	-	(10)	2
Total Revenues	19,376	15,965	38,017	39,080	57,393	55,045
EXPENSES						
General government	3,174	2,437	-	-	3,174	2,437
Public safety	5,153	4,745	-	-	5,153	4,745
Community development and public works	1,515	1,570	-	-	1,515	1,570
Parks and recreation	4,188	4,253	-	-	4,188	4,253
Golf course	-	-	-	-	-	0
Electric	-	-	20,423	21,802	20,423	21,802
Water	-	-	6,998	5,970	6,998	5,970
Gas	-	-	4,285	4,621	4,285	4,621
Waste water	-	-	2,446	2,403	2,446	2,403
Sanitation	-	-	1,194	1,199	1,194	1,199
Interest on long-term debt	2	6	-	-	2	6
Fiber network	-	-	10	10	10	10
Total Expenses	14,032	13,011	35,356	36,005	49,388	49,016
Increase (decrease) in net position	5,344	2,954	2,661	3,075	8,005	6,029
Net position beginning of year	57,129	54,175	84,933	81,858	142,062	136,033
Change in accounting principle	(571)	-	(486)	-	(1,057)	0
Net position end of year	\$61,902	\$57,129	\$87,108	\$84,933	\$149,010	\$142,062

Governmental activities – Governmental activities increased the City's net position by \$5.3 million accounting for 66.8% 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 \$3.4 million. The most significant revenue increase was in sales and use tax (\$2.6 million).



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The cost of all governmental activities this year was \$14.0 million, \$1.0 million higher than last year. However, as shown in the Statement of Activities on pages 15 and 16, the amount that our taxpayers ultimately financed for these activities through City taxes was \$11.5 million because some of the cost was paid by those who directly benefited from the programs (\$1.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1.5 million). Of the \$1.5 million, \$.3 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.

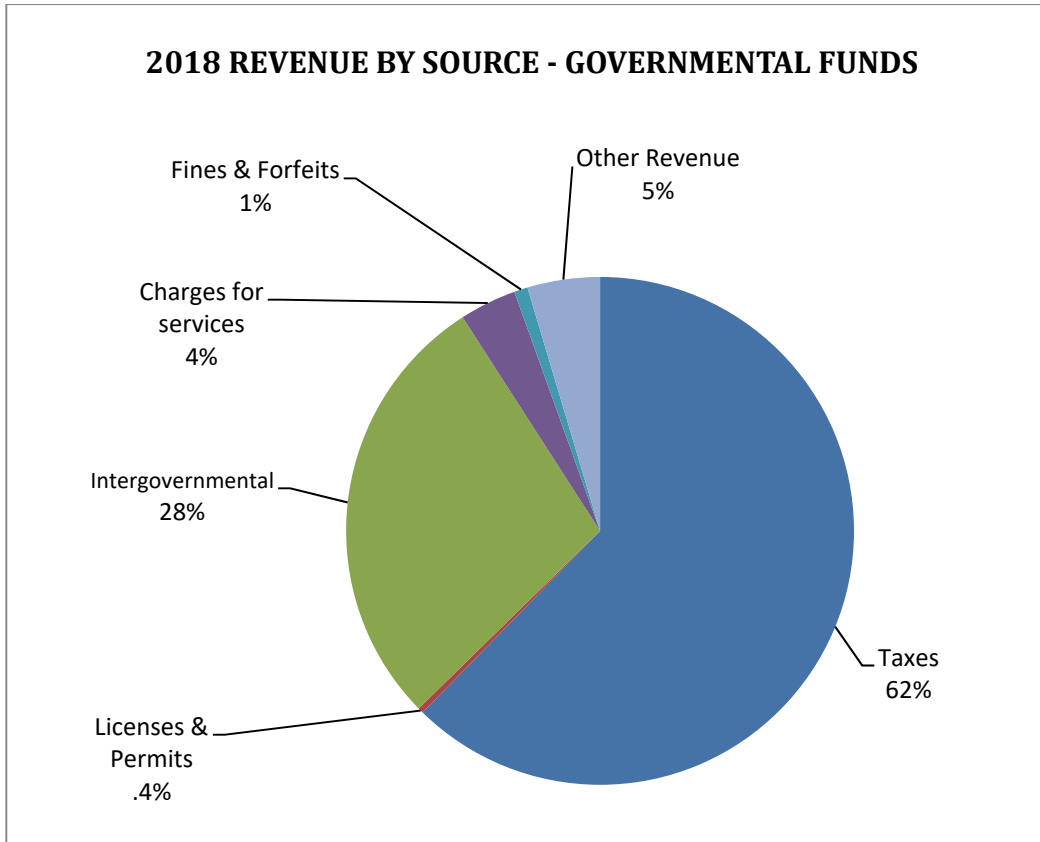
	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General Government	\$3,174	\$2,437	\$936	\$311
Public Safety	5,153	4,745	5,153	4,745
Public Works	1,515	1,570	1,515	1,570
Parks and Recreation	4,188	4,253	3,940	4,007
	<u>\$14,030</u>	<u>\$13,005</u>	<u>\$11,544</u>	<u>\$10,633</u>

Business-type activities - Revenues of the City’s business-type activities decreased by 2.8% or \$1.1 million and expenses decreased by 1.8% or \$.6 million (\$35.4 million in 2018 compared to \$36.0 million in 2017). Activity in the business type funds was little changed from 2017.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

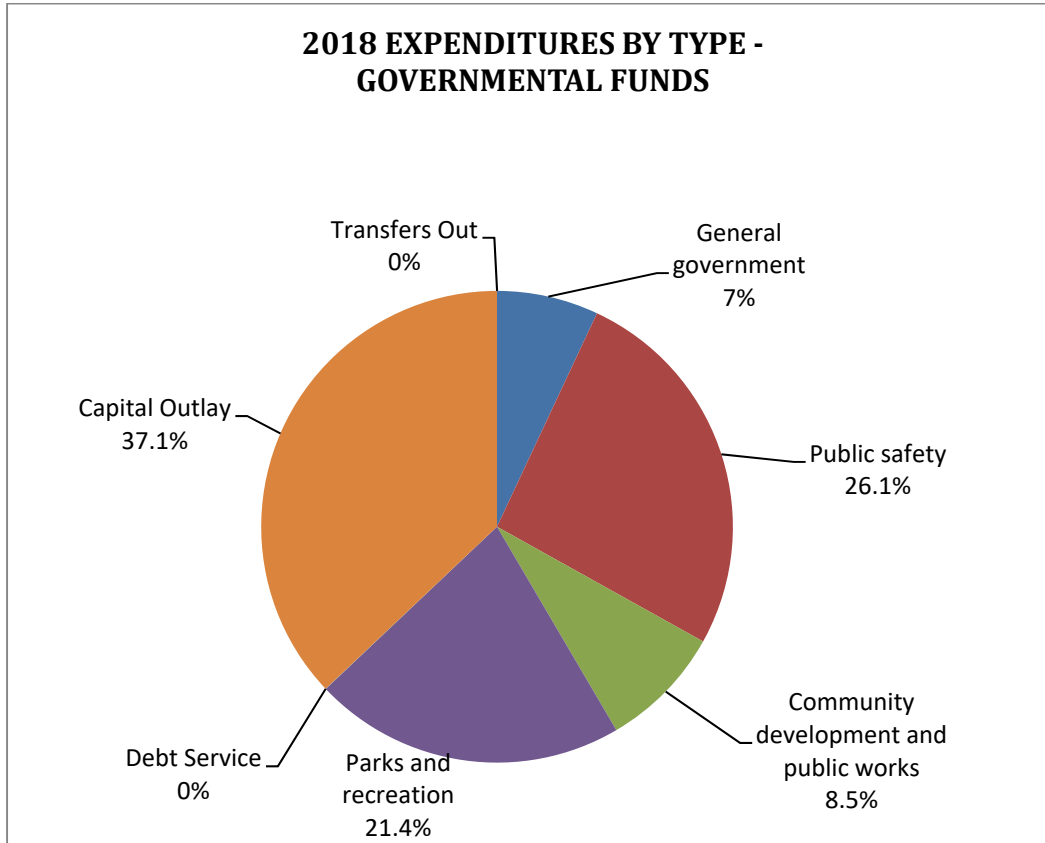
As noted earlier, the City of Fort Morgan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - One of the differences between the governmental activities as reported in the government-wide Statement of Activities on pages 15 and 16 and the individual governmental fund financial statements reported on pages 17 to 20 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 \$5,924,411 included in capital outlay on page 20 are not reflected as expenses on pages 15 and 16.



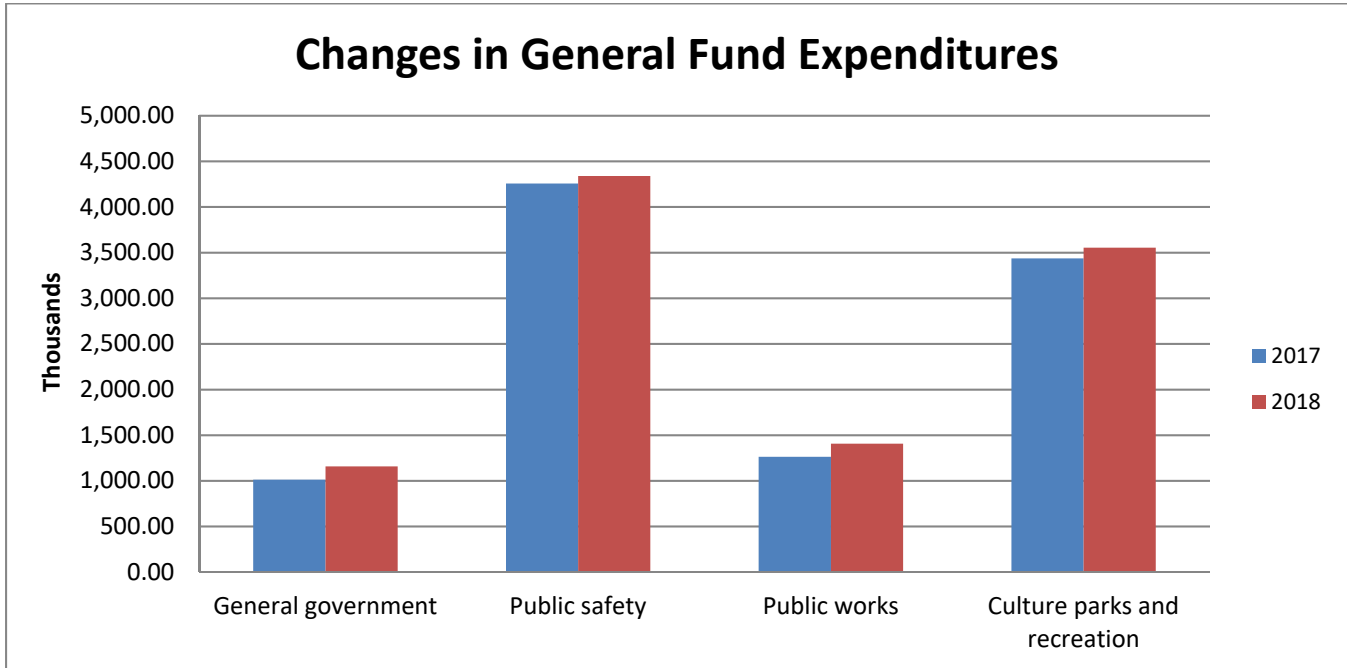
As the City completed the year, its governmental funds (as presented in the Balance Sheet on page 17) reported a combined fund balance of \$28.7 million, which increased \$2.5 million from last year's total of \$26.2 million. Included in this year's total change in fund balance is an increase of \$3.1 million in the General Fund and a decrease of \$.6 million in the Capital Improvement Fund.

Governmental fund revenue was up \$3.4 million for 2018. Tax revenues increased \$2.7 million to \$12.1 million.



Governmental expenditures increased by \$4.2 million in 2018.

General Fund expenditures increased by \$718 thousand while revenues increased \$906 thousand.



The Capital Improvement Fund expenditures vary by project. During 2018, the City’s capital outlay was \$6.1 million and revenues were approximately \$5.5 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 56 and 57. In the General Fund, the actual charges to appropriations (expenditures) were \$421 thousand below the budgeted amounts. The Capital Improvement Fund expenditures were \$1.4 million below budget.

Resources available for appropriation (revenues) in the General Fund for 2018 were \$2.6 million above the final budgeted amount. Sales taxes were \$1.2 million over budget.



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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the City had \$105.2 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 \$7.2 million, or 7.3% percent, from 2017.

Capital Assets		
December 31, 2018 and 2017		
in thousands		
	2018	2017
Governmental Activities:		
Land	\$ 4,632	\$ 2,032
Infrastructure	31,318	29,938
Golf Course	3,284	3,284
Land Improvements	13,831	13,126
Buildings and Improvements	12,090	11,843
Vehicle and or Mowing Equipment	6,435	6,361
General Equipment	3,628	3,695
Construction in Progress	724	619
Total Governmental Capital Assets	<u>75,942</u>	<u>70,898</u>
Accumulated Depreciation	<u>(38,048)</u>	<u>(36,578)</u>
Capital Assets, Net of Depreciation	37,894	34,320
Business-type Activities:		
Electric System	29,583	23,516
Water System	66,599	65,351
Gas System	5,539	5,564
Sewer System	21,204	20,490
Sanitation System	1,617	1,566
Fiber Network System	417	417
Construction in Progress	-	1,621
Total Business-Type Capital Assets	<u>124,959</u>	<u>118,525</u>
Accumulated Depreciation	<u>(57,655)</u>	<u>(54,866)</u>
Business-type Activities Capital Assets, Net of Depreciation	67,304	63,659

Additional information on the City of Fort Morgan's capital assets can be found in Note 6 on pages 38 and 39 of this report.



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Debt Administration

At year-end, the City had \$12.1 million in bonds, notes and lease purchase obligations outstanding versus \$14.1 million last year, a decrease of 14.1%, as shown on pages 39 through 41.

Summary of Debt							
December 31, 2018 and 2017							
in thousands							
	Governmental Activities		Business-type Activities		Totals		
	2018	2017	2018	2017	2018	2017	
Revenue bonds and notes payable	\$ -	\$ -	\$ 12,080	\$ 14,059	\$ 12,080	\$ 14,059	
Lease purchases	-	-	-	-	-	-	
Totals	\$ -	\$ -	\$ 12,080	\$ 14,059	\$ 12,080	\$ 14,059	

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 2019 budget, tax rates, and fees. One of those factors is the economy. The City’s sales and use tax revenues increased by 35.1% in 2018. Sales tax for 2018 was higher due to the passage of a 33% increase in sales tax to be used for streets improvement.

For 2019, revenues will be impacted by rate increases in Water and Sewer and a decrease in Electric rates.



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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, Colorado
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 32,504,592	\$ 40,214,387	\$ 72,718,979
Accounts and taxes receivable	3,925,247	4,654,422	8,579,669
Internal balances	(119,958)	119,958	-
Inventories	58,622	1,270,105	1,328,727
Prepaid items	94,747	37,429	132,176
Restricted cash, cash equivalents and investments	169,801	-	169,801
Long term receivables	-	216,423	216,423
Capital assets, not being depreciated	5,355,755	-	5,355,755
Capital assets, being depreciated, net	32,537,850	67,303,638	99,841,488
Total assets	74,526,656	113,816,362	188,343,018
Deferred outflows of resources			
Deferred outflows of resources relating to pensions	1,258,401	798,244	2,056,645
Deferred outflows of resources relating to OPEB	41,642	35,449	77,091
Total deferred outflows of resources	1,300,043	833,693	2,133,736
Liabilities			
Accounts payable	432,808	1,943,941	2,376,749
Customer deposits	25,582	71,493	97,075
Accrued expenses	632,211	77,877	710,088
Accrued interest payable	-	29,343	29,343
Noncurrent liabilities:			
Compensated absences payable	232,208	149,222	381,430
Due within one year	-	1,435,933	1,435,933
Due in more than one year	-	10,645,000	10,645,000
Net pension liability	8,328,403	5,274,543	13,602,946
Net OPEB liability	561,909	478,339	1,040,248
Total liabilities	10,213,121	20,105,691	30,318,812
Deferred inflows of resources			
Deferred inflows of resources relating to pensions	1,375,452	1,102,595	2,478,047
Deferred inflows of resources relating to OPEB	19,356	16,478	35,834
Unearned revenue	2,316,654	6,317,266	8,633,920
Total deferred inflows of resources	3,711,462	7,436,339	11,147,801
Net position			
Net investment in capital assets	37,893,605	55,240,193	93,133,798
Restricted	3,571,224	-	3,571,224
Unrestricted	20,437,287	31,867,832	52,305,119
Total net position	\$ 61,902,116	\$ 87,108,025	\$ 149,010,141

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

City of Fort Morgan, Colorado
Statement of Activities
Year Ended December 31, 2018

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and
Governmental activities:				
General government	\$ 3,173,891	\$ 939,029	\$ 1,159,280	\$ 139,804
Public safety	5,152,799	-	-	-
Community development and public work	1,514,853	-	-	-
Parks and recreation and golf	4,188,147	-	113,050	134,913
Interest on long-term debt	1,957	-	-	-
Total governmental activities	14,031,647	939,029	1,272,330	274,717
Business-type activities:				
Electric	20,422,454	19,928,774	-	-
Water	6,998,484	8,526,046	-	271,218
Gas	4,284,986	4,536,359	-	-
Waste water	2,443,847	2,224,049	-	64,276
Sanitation	1,193,672	1,235,509	-	-
Fiber Network	10,026	-	-	-
Total business-type activities	35,353,469	36,450,737	-	335,494
Total primary government	\$ 49,385,116	\$ 37,389,766	\$ 1,272,330	\$ 610,211

General revenues

Property taxes
Specific ownership taxes
Sales and use taxes
Franchise taxes
Intergovernmental in lieu of taxes
Other revenues
Earnings on investments
Interest on long-term receivable
Loss on disposal of capital assets

Total general revenues

Change in net position

Net position at beginning of year

Cumulative effect of change in accounting principle (Note 2)

Net position at end of year

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (935,778)	\$ -	\$ (935,778)
(5,152,799)	-	(5,152,799)
(1,514,853)	-	(1,514,853)
(3,940,184)	-	(3,940,184)
(1,957)	-	(1,957)
<u>(11,545,571)</u>	<u>-</u>	<u>(11,545,571)</u>
	(493,680)	(493,680)
	1,798,780	1,798,780
	251,373	251,373
	(155,522)	(155,522)
	41,837	41,837
	(10,026)	(10,026)
	<u>1,432,762</u>	<u>1,432,762</u>
<u>(11,545,571)</u>	<u>1,432,762</u>	<u>(10,112,809)</u>
1,686,994	-	1,686,994
172,589	-	172,589
10,124,567	-	10,124,567
87,574	-	87,574
3,924,046	-	3,924,046
535,523	609,443	1,144,966
369,108	570,773	939,881
-	48,783	48,783
(10,447)	-	(10,447)
<u>16,889,954</u>	<u>1,228,999</u>	<u>18,118,953</u>
5,344,383	2,661,761	8,006,144
57,129,163	84,932,708	142,061,871
(571,430)	(486,444)	(1,057,874)
<u>\$ 61,902,116</u>	<u>\$ 87,108,025</u>	<u>\$ 149,010,141</u>

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

City of Fort Morgan, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash, cash equivalents and investments	\$ 25,242,752	\$ 1,961,964	\$ 582,753	\$ 27,787,469
Restricted cash, cash equivalents and investments	76,769	50,065	42,967	169,801
Receivables	2,923,203	999,639	-	3,922,842
Inventories	58,622	-	-	58,622
Prepaid items	76,767	-	-	76,767
Total assets	\$ 28,378,113	\$ 3,011,668	\$ 625,720	\$ 32,015,501
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Accounts payable	\$ 234,850	\$ 193,472	\$ 4,486	\$ 432,808
Interfund advances payable	-	119,958	-	119,958
Accrued expenses	-	52,721	-	52,721
Accrued payroll expenses	359,040	-	-	359,040
Customer deposits	25,582	-	-	25,582
Other liabilities	20,350	-	-	20,350
Total liabilities	639,822	366,151	4,486	1,010,459
Deferred inflows of resources				
Unearned revenue	1,966,654	350,000	-	2,316,654
Total deferred inflows of resources	1,966,654	350,000	-	2,316,654
Fund balances				
Nonspendable	135,389	-	-	135,389
Restricted	654,473	2,295,517	621,234	3,571,224
Unassigned	24,981,775	-	-	24,981,775
Total fund balances	25,771,637	2,295,517	621,234	28,688,388
Total liabilities, deferred inflows of resources and fund balances	\$ 28,378,113	\$ 3,011,668	\$ 625,720	\$ 32,015,501

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

City of Fort Morgan, Colorado
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position

December 31, 2018

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

Fund balances of governmental funds	\$ 28,688,388
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental fund financial statements.

Capital assets	\$ 75,941,590	
Less: accumulated depreciation	<u>(38,047,985)</u>	37,893,605

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	\$ (8,328,403)	
Deferred outflows of resources relating to pensions	1,258,401	
Deferred inflows of resources relating to pensions	(1,375,452)	
Net OPEB liability	(561,909)	
Deferred outflows of resources relating to OPEB	41,642	
Deferred inflows of resources relating to OPEB	<u>(19,356)</u>	(8,985,077)

Internal service funds are collapsed into governmental activities	4,537,408
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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.	(232,208)
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Total net position of governmental activities	<u>\$ 61,902,116</u>
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The accompanying notes are an integral part of these financial statements.

City of Fort Morgan, Colorado
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,278,924	\$ 4,792,800	\$ -	\$ 12,071,724
Licenses and permits	68,660	-	-	68,660
Intergovernmental	4,731,255	626,788	113,050	5,471,093
Charges for services	701,980	-	-	701,980
Fines and forfeitures	168,389	-	-	168,389
Miscellaneous	481,684	53,084	-	534,768
Earnings on investments	313,439	44,501	35	357,975
Total revenues	13,744,331	5,517,173	113,085	19,374,589
Expenditures				
Current:				
General government	1,158,066	-	-	1,158,066
Public safety	4,568,475	-	-	4,568,475
Community development and public works	1,406,478	-	-	1,406,478
Parks and recreation and golf	3,553,265	-	-	3,553,265
Debt service:				
Interest	-	1,957	-	1,957
Capital outlay	-	6,107,878	48,213	6,156,091
Total expenditures	10,686,284	6,109,835	48,213	16,844,332
Excess (deficiency) of revenues over expenditures	3,058,047	(592,662)	64,872	2,530,257
Other financing sources				
Proceeds from the sale of capital assets	-	-	352	352
Total other financing sources	-	-	352	352
Net change in fund balance	3,058,047	(592,662)	65,224	2,530,609
Fund balances at beginning of year	22,713,590	2,888,179	556,010	26,157,779
Fund balances at end of year	\$ 25,771,637	\$ 2,295,517	\$ 621,234	\$ 28,688,388

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

City of Fort Morgan, Colorado
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balances
with the Government-wide Statement of Activities
Year Ended December 31, 2018

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

Total net change in fund balance - governmental funds. \$ 2,530,609

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeded depreciation during the period.

Capital outlay	\$ 5,924,411	
Net book value of capital assets disposed	(10,799)	
Depreciation expense	<u>(2,340,028)</u>	3,573,584

Internal service funds are collapsed into governmental activities. 144,979

Increase in accrued compensated absences liability reflected as an expense on the statement of activities and not reflected as an expense on the governmental fund statement of revenues, expenditures and changes in fund balances. (20,598)

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. (884,191)

Change in net position of governmental activities \$ 5,344,383

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

City of Fort Morgan, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018

	Electric Fund	Water Fund	Gas Fund	Waste Water Fund	Other Enterprise Funds	Total Enterprise Funds	Govt. Activities - Int. Svc. Fund
Assets							
Current assets							
Cash, cash equivalents and investments	\$ 12,575,579	\$ 14,855,912	\$ 4,950,906	\$ 5,706,961	\$ 2,125,029	\$ 40,214,387	\$ 4,717,123
Receivables	2,597,801	824,759	788,934	306,805	136,123	4,654,422	2,405
Current portion of long-term receivable	-	85,558	-	130,865	-	216,423	-
Prepaid items	17,033	11,556	2,150	6,586	104	37,429	17,980
Inventories	666,120	295,309	308,676	-	-	1,270,105	-
Interfund advances receivable	119,958	-	-	-	-	119,958	-
Total current assets	15,976,491	16,073,094	6,050,666	6,151,217	2,261,256	46,512,724	4,737,508
Noncurrent assets							
Long term receivable	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	12,442,894	42,957,641	1,422,877	9,913,757	566,469	67,303,638	-
Total noncurrent assets	12,442,894	42,957,641	1,422,877	9,913,757	566,469	67,303,638	-
Total assets	28,419,385	59,030,735	7,473,543	16,064,974	2,827,725	113,816,362	4,737,508
Deferred outflows of resources							
Deferred outflows of resources relating to pensions	395,379	137,097	99,166	120,063	46,539	798,244	-
Deferred outflows of resources relating to OPEB	17,558	6,088	4,404	5,332	2,067	35,449	-
Total deferred outflows of resources	412,937	143,185	103,570	125,395	48,606	833,693	-
Liabilities and net position							
Current liabilities							
Accounts payable	1,368,583	73,142	427,417	45,955	28,844	1,943,941	-
Accrued expenses	42,681	12,693	8,557	10,318	3,628	77,877	200,100
Customer deposits	71,493	-	-	-	-	71,493	-
Accrued interest payable	-	29,343	-	-	-	29,343	-
Current portion of long-term debt	17,488	1,418,445	-	-	-	1,435,933	-
Total current liabilities	1,500,245	1,533,623	435,974	56,273	32,472	3,558,587	200,100
Noncurrent liabilities							
Compensated absences payable	74,351	21,684	21,865	21,301	10,021	149,222	-
Bonds and notes payable	-	10,645,000	-	-	-	10,645,000	-
Net pension liability	2,612,540	905,891	655,261	793,336	307,515	5,274,543	-
Net OPEB liability	236,927	82,154	59,424	71,946	27,888	478,339	-
Total noncurrent liabilities	2,923,818	11,654,729	736,550	886,583	345,424	16,547,104	-
Total liabilities	4,424,063	13,188,352	1,172,524	942,856	377,896	20,105,691	200,100
Deferred inflows of resources							
Unearned revenue	6,274,068	-	43,198	-	-	6,317,266	-
Deferred inflows of resources relating to pensions	546,128	189,368	136,976	165,840	64,283	1,102,595	-
Deferred inflows of resources relating to OPEB	8,162	2,830	2,047	2,478	961	16,478	-
Total deferred inflows of resources	6,828,358	192,198	182,221	168,318	65,244	7,436,339	-
Net position							
Net investment in capital assets	12,442,894	30,894,196	1,422,877	9,913,757	566,469	55,240,193	-
Unrestricted	5,137,007	14,899,174	4,799,491	5,165,438	1,866,722	31,867,832	4,537,408
Total net position	\$ 17,579,901	\$ 45,793,370	\$ 6,222,368	\$ 15,079,195	\$ 2,433,191	\$ 87,108,025	\$ 4,537,408

City of Fort Morgan, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2018

	Electric Fund	Water Fund	Gas Fund	Waste Water Fund	Other Enterprise Funds	Total Enterprise Funds	Govt. Activities - Int. Svc. Fund
Operating revenues							
Charges for services	\$ 19,928,774	\$ 8,526,046	\$ 4,536,359	\$ 2,224,049	\$ 1,235,509	\$ 36,450,737	\$ 3,573,730
Total operating revenues	19,928,774	8,526,046	4,536,359	2,224,049	1,235,509	36,450,737	3,573,730
Operating expenses							
Transmission, distribution and collection	1,914,923	1,839,119	844,647	590,523	863,939	6,053,151	-
Commodities	13,541,914	-	2,143,927	-	-	15,685,841	-
Self insurance premiums	-	-	-	-	-	-	1,196,181
Self insurance claims	-	-	-	-	-	-	2,133,736
General administration	1,223,341	481,718	447,602	358,598	195,791	2,707,050	110,722
Treatment	-	2,923,328	-	805,022	-	3,728,350	-
In lieu of fees	3,056,366	-	702,487	103,414	61,779	3,924,046	-
Depreciation expense	685,910	1,346,597	146,323	586,290	82,189	2,847,309	-
Total operating expenses	20,422,454	6,590,762	4,284,986	2,443,847	1,203,698	34,945,747	3,440,639
Operating income (loss)	(493,680)	1,935,284	251,373	(219,798)	31,811	1,504,990	133,091
Nonoperating revenues (expenses)							
Earnings on investments	193,938	207,571	75,540	65,012	28,712	570,773	11,133
Interest on long-term receivable	-	19,285	-	29,498	-	48,783	-
Rents	28,680	-	-	-	-	28,680	-
Other revenues	151,203	303,145	47,655	77,760	1,000	580,763	755
Interest expense	-	(407,722)	-	-	-	(407,722)	-
Total nonoperating revenues (expenses)	373,821	122,279	123,195	172,270	29,712	821,277	11,888
Income (loss) before contributions	(119,859)	2,057,563	374,568	(47,528)	61,523	2,326,267	144,979
Capital contributions	-	271,218	-	64,276	-	335,494	-
Changes in net position	(119,859)	2,328,781	374,568	16,748	61,523	2,661,761	144,979
Net position at beginning of year	17,940,701	43,548,135	5,908,231	15,135,612	2,400,029	84,932,708	4,392,429
Cumulative effect of change in accounting principle (Note 2)	(240,941)	(83,546)	(60,431)	(73,165)	(28,361)	(486,444)	-
Net position at end of year	\$ 17,579,901	\$ 45,793,370	\$ 6,222,368	\$ 15,079,195	\$ 2,433,191	\$ 87,108,025	\$ 4,537,408

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

City of Fort Morgan, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2018

	Electric Fund	Water Fund	Gas Fund
Cash flows from operating activities			
Cash received from customers	\$ 22,420,569	\$ 8,453,876	\$ 3,829,308
Cash payments to suppliers	(17,286,174)	(4,344,345)	(3,250,938)
Cash payments to employees	(2,175,469)	(812,414)	(571,254)
Net cash flows from operating activities	2,958,926	3,297,117	7,116
Cash flows from non-capital financing activities			
Rents	28,680	-	-
Other income	151,203	-	47,655
Interfund balances	37,680	-	-
Net cash flows from non-capital financing activities	217,563	-	47,655
Cash flows from capital and related financing activities			
Capital grants and contributions	-	567,555	-
Acquisition of capital assets	(4,453,142)	(1,236,358)	(15,722)
Principal received on long-term receivable	-	97,193	-
Principal paid on long-term debt	(104,925)	(1,873,320)	-
Interest paid on long-term debt	-	(415,890)	-
Net cash flows from capital and related financing activities	(4,558,067)	(2,860,820)	(15,722)
Cash flows from investing activities			
Interest received	193,938	226,856	75,540
Net cash flows from investing activities	193,938	226,856	75,540
Net change in cash and cash equivalents	(1,187,640)	663,153	114,589
Cash, cash equivalents and investments at beginning of year	13,763,219	14,192,759	4,836,317
Cash, cash equivalents and investments at end of year	\$ 12,575,579	\$ 14,855,912	\$ 4,950,906
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ (493,680)	\$ 1,935,284	\$ 251,373
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	685,910	1,346,597	146,323
(Increase) decrease in operating assets:			
Accounts receivable	(745,055)	(72,170)	(245,459)
Prepaid items	(11,228)	(1,898)	1,239
Inventories	(95,281)	(62,248)	59,004
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	(37,625)	7,517	150,030
Customer deposits	47	-	-
Compensated absences payable	2,550	2,298	3,779
Net pension liability and related deferred inflows and outflows of resources	429,895	146,387	105,783
Net OPEB liability and related deferred inflows and outflows of resources	(13,410)	(4,650)	(3,364)
Unearned revenues	3,236,803	-	(461,592)
Net cash flows from operating activities	\$ 2,958,926	\$ 3,297,117	\$ 7,116
Noncash investing, capital and financing activities:			
Capital assets acquired with capital contribution	\$ -	\$ 6,514	\$ -

Continued

Waste Water Fund	Other Enterprise Funds	Total Enterprise Funds	Govt. Activities - Int. Svc. Fund
\$ 2,151,022	\$ 1,228,017	\$ 38,082,792	\$ 3,572,593
(1,058,489)	(776,899)	(26,716,845)	(3,450,031)
(670,083)	(283,624)	(4,512,844)	-
422,450	167,494	6,853,103	122,562
-	-	28,680	-
77,760	1,000	277,618	755
-	-	37,680	-
77,760	1,000	343,978	755
64,276	-	631,831	-
(729,572)	(50,101)	(6,484,895)	-
148,661	-	245,854	-
-	-	(1,978,245)	-
-	-	(415,890)	-
(516,635)	(50,101)	(8,001,345)	-
94,510	28,712	619,556	11,133
94,510	28,712	619,556	11,133
78,085	147,105	(184,708)	134,450
5,628,876	1,977,924	40,399,095	4,582,673
\$ 5,706,961	\$ 2,125,029	\$ 40,214,387	\$ 4,717,123
\$ (219,798)	\$ 31,811	\$ 1,504,990	\$ 133,091
586,290	82,189	2,847,309	-
(73,027)	(7,492)	(1,143,203)	(1,137)
(3,885)	(5)	(15,777)	(1,692)
-	-	(98,525)	-
7,884	(785)	127,021	(7,700)
-	-	47	-
(308)	2,503	10,822	-
129,367	60,852	872,284	-
(4,073)	(1,579)	(27,076)	-
-	-	2,775,211	-
\$ 422,450	\$ 167,494	\$ 6,853,103	\$ 122,562
\$ -	\$ -	\$ 6,514	\$ -

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

City of Fort Morgan, Colorado
Statement of Fiduciary Net Position (Deficit)

December 31, 2018

	Cemetery Perpetual Care Fund	Riverview Commons GID Fund
Assets		
Restricted cash, cash equivalents and investments	\$ 683,347	\$ -
Accrued interest receivable	1,010	-
Total assets	684,357	-
Liabilities		
Due to the General Fund	-	93,522
Total liabilities	-	93,522
Fiduciary net position (deficit)	\$ 684,357	\$ (93,522)

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

City of Fort Morgan, Colorado
Statement of Changes in Fiduciary Net Position (Deficit)

Year Ended December 31, 2018

	Cemetery Perpetual Care Fund	Riverview Commons GID Fund
Additions		
Taxes	\$ -	\$ 29,757
Charges for services	12,770	-
Earnings on investments	6,012	-
Total additions	18,782	29,757
Deductions		
Community development and public works	-	29,757
Total deductions	-	29,757
Change in fiduciary net position	18,782	-
Fiduciary net position (deficit) beginning of year	665,575	(93,522)
Fiduciary net position (deficit) end of year	\$ 684,357	\$ (93,522)

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

City of Fort Morgan, Colorado
Notes to Financial Statements
December 31, 2018

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.

Fund Accounting

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

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

Governmental funds are used to account for all, or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the capital projects fund.

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

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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, 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 Waste Water 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 City 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, 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.

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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.

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.

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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.

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.

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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, 2018:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General Fund	\$ 11,107,047	\$ -	\$ 11,107,047
Capital Improvement Fund	7,531,409	-	7,531,409
Police Forfeiture Fund	34,000	-	34,000
Conservation Trust Fund	160,200	-	160,200
Internal service fund:			
Self Insurance Fund	4,064,157	-	4,064,157
Enterprise funds:			
Electric Fund	27,224,981	-	27,224,981
Water Fund	8,242,388	525,985	8,768,373
Gas Fund	4,407,133	-	4,407,133
Waste Water Fund	2,852,860	-	2,852,860
Sanitation Fund	1,151,808	-	1,151,808
Fiber Network Fund	-	-	-
Fiduciary Fund:			
Cemetery Perpetual Care Fund	-	-	-
Riverview GID Fund	37,500	-	37,500
Total funds	\$ 66,813,483	\$ 525,985	\$ 67,339,468

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.

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.

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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.

Capital Assets

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

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

Description	Life
Buildings and other improvements	30 Years
Infrastructure	20 Years
Vehicles and equipment	5 - 10 Years
Utility systems	10 - 40 Years

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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.

Deferred Outflows/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 9 and 10 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 9 and 10 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.

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Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, 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, grantors, 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.

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, 2018, fund balances were composed of the following:

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Inventories	\$ 58,622	\$ -	\$ -	\$ 58,622
Prepaid items	76,767	-	-	76,767
Restricted:				
Emergency reserve	577,704	-	-	577,704
Donations and memorials	76,769	-	-	76,769
Parks and recreation	-	-	578,267	578,267
Public safety	-	-	42,967	42,967
Capital improvements	-	2,295,517	-	2,295,517
Unassigned:	24,981,775	-	-	24,981,775
Total	\$ 25,771,637	\$ 2,295,517	\$ 621,234	\$ 28,688,388

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.

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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.

Pensions

The City participates in the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). 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.

During the 2018 legislative session, 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. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and December 31, 2018.

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

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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. Adoption of New Accounting Pronouncement

During fiscal year 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities. The result of the implementation of this standard was to decrease the net position at the beginning of the fiscal year by \$571,430, in the governmental activities and \$486,444 in the business-type activities.

3. Cash, Cash Equivalents and Investments

The following is a summary of the City's cash, cash equivalents and investments, including restricted cash, on December 31, 2018:

Cash on hand	\$	3,216
Cash with county treasurer		16,568
Cash in financial institutions		15,551,033
Investments		58,001,310
Total	\$	73,572,127

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	\$	72,718,979
Restricted cash, cash equivalents, and investments		169,801
Fiduciary fund statements:		
Restricted cash, cash equivalents, and investments		683,347
Total	\$	73,572,127

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") 11-10.5-101, 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 limits 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. The State Regulatory Commissions for banks and financial services are required by statute to monitor the

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naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, the City had deposits with financial institutions with a carrying amount of \$15,551,033. The bank balances with the financial institutions were \$15,991,214 of which \$1,000,000 was covered by federal depository insurance. The remaining balance of \$14,991,214 was collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

At December 31, 2018, the City had the following investments:

	S & P Rating	Fair Value	Weighted Ave. Maturity Date (in days)	Concentration of Credit Risk
Certificates of Deposit	N/R	\$ 1,849,177	N/A	3.2%
Money Market	AAAm/N/R	5,533,575	N/A	9.5%
Commercial Paper	A-1	1,627,727	100	2.8%
U.S. Treasury	Aaa	18,651,611	1,177	32.2%
Municipal Bonds	AA	1,333,194	330	2.3%
FNMA	AA+	3,481,042	688	6.0%
FHLMC	AA+	3,736,364	912	6.4%
FHLB	AA+	4,016,989	670	6.9%
Corporate Securities	AA-/AAA	4,956,019	726	8.5%
PFM Term Money Market	AAAm/N/R	12,815,612	173	22.2%
Total		\$ 58,001,310		

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Investments	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 1,849,177	\$ -	\$ 1,849,177
Money Market	5,533,575	-	-	5,533,575
Commercial Paper	-	1,627,727	-	1,627,727
U.S. Treasury	-	18,651,611	-	18,651,611
Municipal Bonds	-	1,333,194	-	1,333,194
FNMA	-	3,481,042	-	3,481,042
FHLMC	-	3,736,364	-	3,736,364
FHLB	-	4,016,989	-	4,016,989
Corporate Securities	4,956,019	-	-	4,956,019
Money Market Funds - CSIP - measured at net asset value	-	-	-	12,815,612
Total	\$ 10,489,594	\$ 34,696,104	\$ -	\$ 58,001,310

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, 2018, the City had no investments exposed to custodial credit risk.

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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, 2018, 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 AAAM 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.

4. 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.

There were no transfers made to other funds during the year.

5. Receivables

Receivables at December 31, 2018, consisted of the following:

	Governmental Funds	Proprietary Funds	Internal Service Fund	Fiduciary Funds	Total
Taxes	\$ 1,708,577	\$ -	\$ -	\$ -	\$ 1,708,577
Trade accounts	259,195	3,509,116	-	-	3,768,311
Unbilled revenues	-	1,145,306	-	-	1,145,306
Intergovernmental	1,955,070	-	-	-	1,955,070
Other	-	-	2,405	1,010	3,415
Total	\$ 3,922,842	\$ 4,654,422	\$ 2,405	\$ 1,010	\$ 8,580,679

City of Fort Morgan, Colorado
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December 31, 2018

6. Long-Term Receivable

In 2009, the City entered into an agreement with an outside entity for the entity to purchase water shares and wastewater system development fees from the City. The total amount of the agreement was approximately \$2 million. The receivable bears interest at 6.0% over 10 years. At December 31, 2018, the remaining current portion was \$216,423. At December 31, 2018, there was one remaining year of payments due to the City, totaling \$22,242 monthly.

7. Capital Assets

Governmental capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,032,176	\$ 2,599,646	\$ -	\$ 4,631,822
Construction in Progress	618,733	623,933	(518,733)	723,933
Total capital assets not being depreciated	2,650,909	3,223,579	(518,733)	5,355,755
Capital assets being depreciated:				
Golf Course	3,283,636	-	-	3,283,636
Land improvements	13,125,717	766,192	(60,806)	13,831,103
Building and improvements	11,843,324	305,412	(58,611)	12,090,125
Infrastructure	29,938,562	2,012,901	(633,193)	31,318,270
Vehicles and equipment	6,360,823	97,967	(23,716)	6,435,074
General equipment	3,694,658	37,093	(104,124)	3,627,627
Total capital assets being depreciated	68,246,720	3,219,565	(880,450)	70,585,835
Accumulated depreciation	(36,577,608)	(2,340,028)	869,651	(38,047,985)
Capital assets being depreciated, net	31,669,112	879,537	(10,799)	32,537,850
Total governmental activities capital assets, net	\$ 34,320,021	\$ 4,103,116	\$ (529,532)	\$ 37,893,605

Depreciation for governmental activities has been allocated to various activities as follows:

General government	\$ 1,758,129
Public safety	231,497
Community development and public works	6,195
Parks and recreation	344,207
Total	\$ 2,340,028

City of Fort Morgan, Colorado
Notes to Financial Statements
December 31, 2018

Business-type capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions/ Transfers Out	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Construction in Progress	\$ 1,620,594	\$ -	\$ (1,620,594)	\$ -
Total capital assets not being depreciated	1,620,594	-	(1,620,594)	-
Capital assets being depreciated:				
Electric system	23,515,960	6,066,635	-	29,582,595
Water system	65,351,034	1,249,974	(2,000)	66,599,008
Gas system	5,563,653	15,722	(39,977)	5,539,398
Sewer system	20,490,078	729,572	(15,191)	21,204,459
Sanitation system	1,566,517	50,100	-	1,616,617
Fiber network system	416,780	-	-	416,780
Total capital assets being depreciated	116,904,022	8,112,003	(57,168)	124,958,857
Accumulated depreciation	(54,865,078)	(2,847,309)	57,168	(57,655,219)
Capital assets being depreciated, net	62,038,944	5,264,694	-	67,303,638
Total business-type activities capital assets, net	\$ 63,659,538	\$ 5,264,694	\$ (1,620,594)	\$ 67,303,638

Depreciation for business-type activities has been allocated to various activities as follows:

Electric	\$ 685,910
Water	1,346,597
Gas	146,323
Waste Water	586,290
Sanitation	72,163
Fiber network	10,026
	\$ 2,847,309

8. Long-Term Debt

The following is a summary of governmental long-term debt activity for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 211,610	\$ 42,392	\$ (21,794)	\$ 232,208	\$ -
	\$ 211,610	\$ 42,392	\$ (21,794)	\$ 232,208	\$ -

City of Fort Morgan, Colorado
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December 31, 2018

Business-Type Activities

The following is a summary of business-type long-term debt activity for the year ended December 31, 2018:

	Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
Business-type activities									
Bonds payable:									
2015 Water Revenue Refunding	\$ 12,405,000	\$	-	\$	(865,000)	\$	11,540,000	\$	895,000
Notes payable:									
1998 CWRPDA Note - Water	1,531,765		-		(1,008,320)		523,445		523,445
MEAN Payable	122,413		-		(104,925)		17,488		17,488
Compensated absences	138,400		8,596		2,224		149,222		-
	\$ 14,197,578	\$	8,596	\$	(1,976,021)	\$	12,230,155	\$	1,435,933

Electric Fund

2013 Municipal Energy Agency of Nebraska Regulatory ISO Transmission Adjustment (MEAN Payable)

During 2013, the City was notified of a settlement between the Municipal Energy Agency of Nebraska ("MEAN") and a third party. The City has a Service Schedule Power Contract with MEAN and each service schedule participant is required to pay for its allocation of the settlement. The City's allocation of the settlement was determined to be \$524,626 and amounts will be paid monthly at \$8,744, starting in April 2015 through April 2019. Interest is not accrued on this allocation and imputed interest is not considered material.

Water Fund

1998 Colorado Water Resources and Power Development Authority Note Payable

During 1998, the City issued a \$15,433,355 note payable to the Colorado Resources and Power Development Authority. The note was utilized to provide additional funding for the construction of the Colorado Big Thompson pipeline. The note requires semi-annual principal and interest payments due on June 1st and December 1st of each year. The payments range from \$232,708 to \$560,557 and are payable through June 2019. The loan bears interest at a rate of 4.02% per annum.

The loan contains prepayment provisions as well as various restrictive requirements including a rate covenant, maintenance of a three month operating reserve and covenants related to the issuance of additional debt. The City is in compliance with these covenants.

2015 Water Revenue Refunding bond

During 2015, the City issued a \$14,635,000 Water Revenue Refunding Bond to NBH Bank, N.A. The bond was issued for the redemption of the remaining portion of the 1995 Colorado Water Conservation Board Note Payable, the 1999 Colorado Water Conservation Board Note Payable, and the 1999A and 1999B USDA Revenue Bonds. The note requires annual principal payments due on December 1st and semi-annual interest payments due on June 1st and December 1st of each year. The payments range from \$1,257,658 to \$1,262,157 annually and are payable through December 2029. The loan bears interest at a rate of 3.130% per annum.

The annual requirements to amortize all outstanding business-type activities long-term debt, are as follows:

City of Fort Morgan, Colorado
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Year	Business-type Activities		
	Principal	Interest	Total
2019	\$ 1,435,933	\$ 379,450	\$ 1,815,383
2020	920,000	338,742	1,258,742
2021	950,000	308,620	1,258,620
2022	980,000	278,472	1,258,472
2023	1,010,000	247,372	1,257,372
2024-2028	5,565,000	735,140	6,300,140
2029	1,220,000	38,716	1,258,716
Total	\$ 12,080,933	\$ 2,326,512	\$ 14,407,445

9. 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, 2018:

	Volunteer Firefighters' Pension Plan	Police Old Hire Pension Fund	Local Government Division Trust Fund	Total
Deferred outflows of resources:				
Differences between expected and actual experience	\$ 36,184	\$ -	\$ 717,588	\$ 753,772
Changes of assumptions or other inputs	31,546	-	121,172	152,718
Net difference between projected and actual earnings on pension plan investments	44,421	17,351	-	61,772
City contributions subsequent to the measurement date	88,404	102,792	897,187	1,088,383
Total deferred outflows of resources relating to pensions	\$ 200,555	\$ 120,143	\$ 1,735,947	\$ 2,056,645
Deferred inflows of resources:				
Net difference between projected and actual earnings on pension plan investments	\$ 58,370	\$ 21,852	\$ 2,229,607	\$ 2,309,829
Changes in proportionate share	-	-	168,218	168,218
Total deferred inflows of resources relating to pensions	\$ 58,370	\$ 21,852	\$ 2,397,825	\$ 2,478,047
Net pension liability as of December 31, 2018	\$ 1,262,044	\$ 870,311	\$ 11,470,591	\$ 13,602,946
Total pension expense for the year ended December 31, 2018	\$ 71,112	\$ 49,611	\$ 1,791,657	\$ 1,912,380

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, 2018, the Plan has 40 retirees and beneficiaries, 3 inactive, nonretired members, and 30 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 \$425 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service

City of Fort Morgan, Colorado
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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 \$850.

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, 2018, 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 \$88,404 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the City reported a net pension liability of \$1,262,044. The net pension liability was measured as of December 31, 2017 and was determined by an actuarial valuation as of December 31, 2018. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2017 and may be used for December 31, 2018 reporting purposes.

For the year ended December 31, 2018, the City recognized pension expense of \$20,708. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 36,184	\$ -
Net difference between projected and actual earnings on pension plan investments	44,421	58,370
Changes of Assumptions or other inputs	31,546	-
City contributions subsequent to the measurement date	88,404	-
	\$ 200,555	\$ 58,370

The \$88,404 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2019	\$ 26,157
2020	23,336
2021	5,209
2022	(921)
	\$ 53,781

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Actuarial Assumptions: The total pension liability the December 31, 2017 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5
Salary Increases	N/A
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average 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 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%. 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 real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the table on the following page.

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Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2%	2.26%
Fixed Income	15%	3.00%
Managed Futures	4%	6.85%
Absolute Return	9%	6.46%
Long Short	9%	7.15%
Global Public Equity	37%	8.33%
Private Capital	24%	9.70%
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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Net pension liability/(asset)	\$1,544,033	\$1,262,044	\$1,028,036

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>.

Change in Net Pension (Asset) Liability

	Total Pension (Asset) Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at December 31, 2017	\$ 2,522,790	\$ 1,158,500	\$ 1,364,290
Changes for the year			
Service cost	7,129		7,129
Interest	182,349	-	182,349
Contributions - employer		91,820	(91,820)
Net investment income	-	157,663	(157,663)
Benefit payments	(193,437)	(193,437)	-
Administrative expenses	-	(16,206)	16,206
State of Colorado supplemental discretionary payment	-	58,447	(58,447)
Net changes	(3,959)	98,287	(102,246)
Balances at December 31, 2018	\$ 2,518,831	\$ 1,256,787	\$ 1,262,044

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.

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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 2018, the City's covered payroll under the plan was \$1,491,297. The City made all required contributions for the plan year. The City has contributed \$190,864, \$191,677, and \$141,034, for the years ended December 31, 2018, 2017, and 2016, 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, 2018, the Plan has three retired members. FPPA issues an annual, publicly-available financial report that includes the assets of the Old Hire Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

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

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, 2018, 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 \$102,794 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the City reported a net pension liability of \$870,311. The net pension liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2018. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2018 and may be used for December 31, 2018 reporting purposes.

For the year ended December 31, 2018, the City recognized pension expense of \$49,609. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on pension plan investments	\$ 17,351	\$ 21,852
City contributions subsequent to the measurement date	102,792	-
	\$ 120,143	\$ 21,852

The \$102,792 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended December 31,	Amortization
2019	\$ 2,582
2020	1,898
2021	(3,518)
2022	(5,463)
	\$ (4,501)

Actuarial Assumptions. The total pension liability at the December 31, 2017 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average 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 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%. 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 real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the table on the following page.

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Notes to Financial Statements
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Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2%	2.26%
Fixed Income	15%	3.00%
Managed Futures	4%	6.85%
Absolute Return	9%	6.46%
Long Short	9%	7.15%
Global Public Equity	37%	8.33%
Private Capital	24%	9.70%
Total	100%	

Sensitivity of the City's net pension liability to changes in the discount rate. The following presents the net pension asset 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)	\$959,645	\$870,311	\$791,785

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)
Balances at December 31, 2017	\$ 1,262,443	\$ 414,976	\$ 847,467
Changes for the year			
Interest	88,821	-	88,821
Benefit changes	24,541	-	24,541
Difference between expected and actual experience	63,611	-	63,611
Contributions - employer		99,660	(99,660)
Net investment income	-	56,184	(56,184)
Benefit payments	(159,194)	(159,194)	-
Administrative expenses	-	(1,715)	1,715
Net changes	17,779	(5,065)	22,844
Balances at December 31, 2018	\$ 1,280,222	\$ 409,911	\$ 870,311

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".

City of Fort Morgan, Colorado
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General Employee Pension Plan

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

Benefits provided as of December 31, 2017. 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.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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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 retirement benefit formula 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. 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 CRS § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF¹	12.68%

¹Rates are expressed as a percentage of salary as defined in CRS § 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 \$897,187 for the year ended December 31, 2018.

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

At December 31, 2018, the City reported a liability of \$11,470,591 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The City's proportion of the net pension liability was based on City contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the City's proportion was 1.030 percent, which was a decrease of .0328 from its proportion measured as of December 31, 2016.

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For the year ended December 31, 2018, the City recognized pension expense of \$2,688,844. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 717,588	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,229,607
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	168,218
Changes of Assumptions or other inputs	121,172	-
City contributions subsequent to the measurement date	897,187	-
	\$ 1,735,947	\$ 2,397,825

The \$897,187 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2019	\$ (1,019,168)
2020	(10,099)
2021	(250,465)
2022	(279,333)
	\$ (1,559,065)

Actuarial assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

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

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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 7.250 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:

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	1.00% Decrease	Current Rate	Discount	1.00% Increase
City's proportionate share of the net pension liability	\$18,268,932	\$11,470,591		\$5,803,196

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

Changes between the measurement date of the net pension liability and December 31, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates 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, modifying 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, 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 new members hired on or after January 1, 2019, in the Local Government Division. 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.

At December 31, 2018 the City reported a liability of \$11,470,591 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the City's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

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Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 8,113,344

10. Defined Benefit Other Post-Employment Benefit (OPEB) Plan

Plan Description

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

Benefits Provided

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with

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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.

DPS Benefit Structure

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

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

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, 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 \$72,171 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the City reported a liability of \$1,040,248 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The City's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the City's proportion was .0800 percent, which was a decrease of .0015 from its proportion measured as of December 31, 2016.

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For the year ended December 31, 2018, the City recognized OPEB expense (income) of approximately \$(57,233). At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,919	\$ -
Net difference between projected and actual earnings on pension plan investments	-	17,403
Changes in proportionate share	-	18,431
City contributions subsequent to the measurement date	72,171	-
	\$ 77,090	\$ 35,834

The \$72,171 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amortization
2019	\$ (6,682)
2020	(6,682)
2021	(6,682)
2022	(6,681)
2023	(2,331)
Thereafter	(1,857)
	\$ (30,915)

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Actuarial assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

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

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

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

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

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

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

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The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- 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 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost

Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 1,011,627	\$ 1,040,248	\$ 1,074,721

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, 2017 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

City of Fort Morgan, Colorado
Notes to Financial Statements
December 31, 2018

- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net OPEB liability	\$ 1,169,566	\$ 1,040,248	\$ 929,872
<i>OPEB Plan fiduciary net position</i>			

Detailed information about the HCTF'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.

11. 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
December 31, 2018

12. 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, 2018, 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.

13. Compliance

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

On November 7, 1995, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1996 and subsequent years, notwithstanding the provisions of the Amendment.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At December 31, 2018 the City has restricted \$577,704 in the General Fund for emergencies as defined under Article X, Section 20 of the Colorado Constitution.

The City believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

13. Subsequent Events

The City evaluated subsequent events through June 18, 2019, the date these financial statements were available to be issued. No subsequent events were identified that required recognition or additional disclosure in these financial statements.

Required Supplementary Information

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,686,994	\$ 286,994
Specific ownership taxes	150,000	150,000	172,589	22,589
Sales taxes	4,000,000	4,000,000	5,165,853	1,165,853
Use taxes	65,000	65,000	165,914	100,914
Franchise taxes	82,000	82,000	87,574	5,574
Total taxes	5,697,000	5,697,000	7,278,924	1,581,924
Licenses and permits				
Building permits	30,000	30,000	49,371	19,371
Liquor licenses	5,500	5,500	7,969	2,469
Other licenses and permits	9,450	9,450	11,320	1,870
Total licenses and permits	44,950	44,950	68,660	23,710
Intergovernmental				
Road and bridge	300,000	300,000	477,307	177,307
Motor vehicle fees	37,000	37,000	68,027	31,027
Severance and mineral taxes	60,000	60,000	69,031	9,031
Cigarette taxes	30,000	30,000	24,052	(5,948)
In lieu of taxes	3,836,000	3,836,000	3,924,046	88,046
Federal grants	-	-	1,854	1,854
State grants	-	-	86,035	86,035
Other intergovernmental revenues	168,697	168,697	80,903	(87,794)
Total intergovernmental	4,431,697	4,431,697	4,731,255	299,558
Charges for services				
Recreation fees	498,000	498,000	156,363	(341,637)
Cemetery fees	57,000	57,000	75,705	18,705
Other charges for services	97,000	97,000	469,912	372,912
Total charges for services	652,000	652,000	701,980	49,980
Fines and forfeitures				
Traffic fines	68,000	68,000	57,113	(10,887)
Parking fines	17,500	17,500	10,341	(7,159)
Other fines and forfeitures	131,500	131,500	100,935	(30,565)
Total fines and forfeitures	217,000	217,000	168,389	(48,611)
Miscellaneous revenues				
Rents	-	-	13,514	13,514
Airport fees	2,000	2,000	4,899	2,899
Donations	2,500	2,500	2,877	377
Other revenues	51,900	51,900	460,394	408,494
Total miscellaneous revenues	56,400	56,400	481,684	425,284
Earnings on investments	8,000	8,000	313,439	305,439
Total revenues	11,107,047	11,107,047	13,744,331	2,637,284

Continued.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund (Continued)
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
General government				
Mayor and council	57,854	57,854	57,067	787
City manager	170,586	170,586	183,176	(12,590)
Finance	101,438	101,438	97,859	3,579
City clerk	65,371	65,371	62,052	3,319
City attorney	76,726	76,726	70,097	6,629
Human resources	143,700	143,700	140,222	3,478
Other general government	481,863	481,863	547,593	(65,730)
Total general government	1,097,538	1,097,538	1,158,066	(60,528)
Public safety				
Police	3,661,602	3,661,602	3,566,775	94,827
Fire	571,285	571,285	547,858	23,427
Building inspections	269,637	269,637	262,073	7,564
Municipal court	245,706	245,706	191,769	53,937
Total public safety	4,748,230	4,748,230	4,568,475	179,755
Community development and public works				
Airport	84,911	84,911	71,338	13,573
Street	1,469,806	1,469,806	1,335,140	134,666
Total community development and public works	1,554,717	1,554,717	1,406,478	148,239
Parks and recreation				
Recreation/senior center	647,951	647,951	666,435	(18,484)
Parks/cemetery	1,446,924	1,446,924	1,352,794	94,130
Library/museum	645,474	645,474	641,827	3,647
Community services	135,469	135,469	117,065	18,404
Golf	830,744	830,744	775,144	55,600
Total parks and recreation	3,706,562	3,706,562	3,553,265	153,297
Total expenditures	11,107,047	11,107,047	10,686,284	420,763
Excess of revenues over expenditures	\$ -	\$ -	3,058,047	\$ 3,058,047
Fund balance at beginning of year			22,713,590	
Fund balance at end of year			\$ 25,771,637	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Capital Improvement Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes				
Sales taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,559,567	\$ 659,567
Use taxes	30,000	30,000	50,707	20,707
Street sales taxes	1,900,000	1,900,000	2,182,526	282,526
Total taxes	3,830,000	3,830,000	4,792,800	962,800
Intergovernmental				
Highway users taxes	300,000	300,000	429,924	129,924
Federal grants	15,000	15,000	93,675	78,675
State grants	250,000	250,000	103,189	(146,811)
Total intergovernmental	565,000	565,000	626,788	61,788
Miscellaneous revenues				
Other revenues	3,136,359	3,136,359	53,084	(3,083,275)
Total miscellaneous revenues	3,136,359	3,136,359	53,084	(3,083,275)
Earnings on investments	50	50	44,501	44,451
Total revenues	7,531,409	7,531,409	5,517,173	(2,014,236)
Expenditures				
Debt service	-	-	1,957	(1,957)
Capital outlay	7,531,409	7,531,409	6,107,878	1,423,531
Total expenditures	7,531,409	7,531,409	6,109,835	1,421,574
Excess of revenues over expenditures	\$ -	\$ -	(592,662)	\$ (592,662)
Fund balance at beginning of year			2,888,179	
Fund balance at end of year			\$ 2,295,517	

See accompanying Independent Auditor's Report.

City of Fort Morgan
Schedule of the City's Proportionate Share of the Net Pension Liability
PERA - Local Government Division Trust Fund
Last Ten Years

December 31,	2018	2017	2016	2015	2014
PERA - Local Government Division Trust Fund					
City's proportion of the net pension liability	\$ 11,470,591	\$ 14,353,748	\$ 11,355,343	\$ 9,185,308	\$ 8,630,139
City's proportionate share of the net pension liability	1.0302%	1.0630%	1.0308%	1.0248%	1.0487%
City's covered payroll	\$ 6,494,440	\$ 6,463,667	\$ 5,608,494	\$ 5,614,826	\$ 5,592,808
City's proportionate share of the net pension liability as a percentage of its covered payroll	176.62%	222.07%	202.47%	163.59%	154.31%
Plan fiduciary net position as a percentage of the total pension	79.37%	73.60%	76.90%	80.70%	77.66%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

City of Fort Morgan
Schedule of City Contributions
PERA - Local Government Division Trust Fund
Last Ten Years

Year Ended December 31,	2018	2017	2016	2015
PERA - Local Government Division Trust Fund				
Statutorily Required Contribution	\$ 897,187	\$ 823,495	\$ 819,593	\$ 711,157
Contributions in Relation to the Statutorily Required Contribution	897,187	823,495	819,593	711,157
Contribution Deficiency (Excess)		\$ -	\$ -	\$ -
Covered payroll	\$ 7,075,603	\$ 6,494,440	\$ 6,463,667	\$ 5,608,494
Contributions as a Percentage of Covered Payroll	12.68%	12.68%	12.68%	12.68%

2014	2013	2012	2011	2010	2009
\$ 711,960	\$ 709,168	\$ 740,544	\$ 731,229	\$ 798,674	\$ 747,808
711,960	709,168	740,544	731,229	798,674	747,808
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,614,826	\$ 5,592,808	\$ 5,840,252	\$ 5,766,790	\$ 6,298,691	\$ 6,348,115
12.68%	12.68%	12.68%	12.68%	12.68%	11.78%

City of Fort Morgan, Colorado
Schedule of Changes in Net Pension Liability/(Asset)
and Related Ratios - Volunteer Firefighters' Pension Plan

Last Ten Years

Measurement Period Ending December 31,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 7,129	\$ 6,762	\$ 6,762	\$ 8,248
Interest on the total pension liability	182,349	172,780	173,568	172,901
Benefit changes	-	-	-	-
Difference between expected and actual experience	-	74,419	-	15,981
Changes of assumptions	-	66,544	-	-
Benefit payments	(193,437)	(192,785)	(188,933)	(186,150)
Net Change in Total Pension Liability	(3,959)	127,720	(8,603)	10,980
Total Pension Liability - Beginning	2,522,790	2,395,070	2,403,673	2,392,693
Total Pension Liability - Ending	\$ 2,518,831	\$ 2,522,790	\$ 2,395,070	\$ 2,403,673
Plan Fiduciary Net Position				
Employer contribution	\$ 91,820	\$ 76,585	\$ 150,177	\$ -
Pension plan net investment income	157,663	56,550	21,490	74,859
Benefit payments	(193,437)	(192,785)	(188,933)	(186,150)
Pension plan administrative expenses	(16,206)	(1,983)	(4,331)	(2,096)
State of Colorado supplemental discretionary payment	58,447	58,447	51,759	52,299
Net Change in Plan Fiduciary Net Position	98,287	(3,186)	30,162	(61,088)
Plan Fiduciary Net Position - Beginning	1,158,500	1,161,686	1,131,524	1,192,612
Plan Fiduciary Net Position - Ending	\$ 1,256,787	\$ 1,158,500	\$ 1,161,686	\$ 1,131,524
Net Pension Liability/(Asset) - Ending	\$ 1,262,044	\$ 1,364,290	\$ 1,233,384	\$ 1,272,149
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	49.90%	45.92%	48.50%	47.07%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Changes in Net Pension Liability/(Asset)
and Related Ratios - Old Hire Pension Plan

Last Ten Years

Measurement Period Ending December 31,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on the total pension liability	88,821	93,409	85,215	87,774
Benefit changes	24,541	25,867	20,635	26,685
Difference between expected and actual experience	63,611	-	61,360	-
Changes of assumptions	-	-	67,767	-
Benefit payments	(159,194)	(150,126)	(153,012)	(144,297)
Net Change in Total Pension Liability	17,779	(30,850)	81,965	(29,838)
Total Pension Liability - Beginning	1,262,443	1,293,293	1,211,328	1,241,166
Total Pension Liability - Ending	\$ 1,280,222	\$ 1,262,443	\$ 1,293,293	\$ 1,211,328
Plan Fiduciary Net Position				
Employer contributions	\$ 99,660	\$ 88,699	\$ 88,680	\$ 81,155
Employee contributions	-	-	-	-
Pension plan net investment income	56,184	22,220	9,099	35,113
Benefit payments	(159,194)	(150,126)	(153,012)	(144,297)
Pension plan administrative expenses	(1,715)	(3,848)	(1,054)	(5,135)
Net Change in Plan Fiduciary Net Position	(5,065)	(43,055)	(56,287)	(33,164)
Plan Fiduciary Net Position - Beginning	414,976	458,031	514,318	547,482
Plan Fiduciary Net Position - Ending	\$ 409,911	\$ 414,976	\$ 458,031	\$ 514,318
Net Pension Liability/(Asset) - Ending	\$ 870,311	\$ 847,467	\$ 835,262	\$ 697,010
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	32.02%	32.87%	35.42%	42.46%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Contributions
Volunteer Firefighters' Pension Plan

Last Ten Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2009	89,541	89,541	-	N/A	N/A
2010	108,574	108,574	-	N/A	N/A
2011	108,574	108,574	-	N/A	N/A
2012	108,574	108,574	-	N/A	N/A
2013	108,574	108,574	-	N/A	N/A
2014	125,891	52,299	73,592	N/A	N/A
2015	125,891	201,936	(76,045)	N/A	N/A
2016	128,344	135,032	(6,688)	N/A	N/A
2017	128,344	150,267	(21,923)	N/A	N/A
2018	128,344	88,404	39,940	N/A	N/A

See accompanying Independent Auditor's Report.

Notes to Schedule of Contributions:

Actual Contribution:

Amounts include both employer contributions and the State of Colorado Supplemental Discretionary Payment.

Valuation Date:

Actuarially determined contributions rates are calculated as of January 1 of odd number years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

City of Fort Morgan, Colorado
Schedule of Contributions
Old Hire Pension Plan

Last Ten Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2009	184,801	184,801	\$ -	N/A	N/A
2010	73,322	73,322	\$ -	N/A	N/A
2011	92,988	73,272	\$ 19,716	N/A	N/A
2012	92,988	112,988	\$ (20,000)	N/A	N/A
2013	79,953	81,115	\$ (1,162)	N/A	N/A
2014	81,155	81,155	\$ -	N/A	N/A
2015	88,699	88,680	\$ 19	N/A	N/A
2016	88,699	88,699	\$ -	N/A	N/A
2017	99,655	99,660	\$ (5)	N/A	N/A
2018	102,788	102,794	\$ (6)	N/A	N/A

See accompanying Independent Auditor's Report.

Notes to Schedule of Contributions:

Valuation Date:

Actuarially determined contributions rates are calculated as of January 1 of odd number years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

City of Fort Morgan
Schedule of the City's Proportionate Share of the Net OPEB Liability
PERA - Health Care Trust Fund
Last Ten Years

December 31,	2018	2017
PERA - Health Care Trust Fund		
City's proportion of the net OPEB liability	\$ 1,040,248	\$ 1,058,784
City's proportionate share of the net OPEB liability	0.0800%	0.0815%
City's covered payroll	\$ 6,494,440	\$ 6,463,667
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.02%	16.38%
Plan fiduciary net position as a percentage of the total OPEB	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

City of Fort Morgan
Schedule of City Contributions
PERA - Health Care Trust Fund
Last Ten Years

Year Ended December 31,	2018	2017	2016	2015
PERA - Health Care Trust Fund				
Statutorily Required Contribution	\$ 72,171	\$ 66,243	\$ 65,929	\$ 57,207
Contributions in Relation to the Statutorily Required Contribution	897,187	66,243	65,929	57,207
Contribution Deficiency (Excess)		\$ -	\$ -	\$ -
Covered payroll	\$ 7,075,603	\$ 6,494,440	\$ 6,463,667	\$ 5,608,494
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

2014	2013	2012	2011	2010	2009
\$ 57,271	\$ 57,047	\$ 59,571	\$ 58,821	\$ 64,247	\$ 64,751
57,271	57,047	59,571	58,821	64,247	64,751
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,614,826	\$ 5,592,808	\$ 5,840,252	\$ 5,766,790	\$ 6,298,691	\$ 6,348,115
1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Other Supplementary Information

City of Fort Morgan, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Conservation Trust Fund	Police Forfeiture Fund	Total Nonmajor Governmental Funds
Assets			
Cash, cash equivalents and investments	\$ 582,753	\$ -	\$ 582,753
Restricted cash, cash equivalents and investments	-	42,967	42,967
Total assets	\$ 582,753	\$ 42,967	\$ 625,720
Liabilities and fund balances			
Liabilities			
Accounts payable	4,486	-	4,486
Total liabilities	4,486	-	4,486
Fund balances			
Restricted for:			
Parks and recreation	578,267	-	578,267
Public safety	-	42,967	42,967
Total fund balances	578,267	42,967	621,234
Total liabilities and fund balances	\$ 582,753	\$ 42,967	\$ 625,720

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2018

	Conservation Trust Fund	Police Forfeiture Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 113,050	\$ -	\$ 113,050
Earnings on investments	-	35	35
Total revenues	113,050	35	113,085
Expenditures			
Current:			
Capital outlay	48,213	-	48,213
Total expenditures	48,213	-	48,213
Excess (deficiency) of revenues over expenditures	64,837	35	64,872
Other financing sources			
Gain on sale of capital assets	-	352	352
Total other financing sources	-	352	352
Net change in fund balance	64,837	387	65,224
Fund balance at beginning of year	513,430	42,580	556,010
Fund balance at end of year	\$ 578,267	\$ 42,967	\$ 621,234

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Conservation Trust Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 100,000	\$ 100,000	\$ 113,050	\$ 13,050
Other intergovernmental revenues	60,200	60,200	-	(60,200)
Total revenues	160,200	160,200	113,050	(47,150)
Expenditures				
Debt service				-
Capital outlay	160,200	160,200	48,213	111,987
Total expenditures	160,200	160,200	48,213	111,987
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	64,837	\$ 64,837
Fund balance at beginning of year			513,430	
Fund balance at end of year			\$ 578,267	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Police Forfeiture Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$ 50	\$ 50	\$ 35	\$ (15)
Total revenues	50	50	35	(15)
Expenditures				
Capital outlay	34,000	34,000	-	34,000
Total expenditures	34,000	34,000	-	34,000
Excess (deficiency) of revenues over expenditures	(33,950)	(33,950)	35	33,985
Other financing sources				
Gain on sale of capital assets	-	-	352	352
Transfers in	34,000	34,000	-	(34,000)
Total other financing sources	34,000	34,000	352	(33,648)
Excess of revenues over expenditures and other financing sources	\$ 50	\$ 50	387	\$ 337
Fund balance at beginning of year			42,580	
Fund balance at end of year			\$ 42,967	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2018

	Enterprise Funds		Total
	Sanitation Fund	Fiber Network Fund	
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 2,114,896	\$ 10,133	\$ 2,125,029
Accounts receivable	136,123	-	136,123
Prepaid items	104	-	104
Total current assets	2,251,123	10,133	2,261,256
Noncurrent assets			
Property and equipment	1,616,617	416,780	2,033,397
Accumulated depreciation	(1,204,707)	(262,221)	(1,466,928)
Total noncurrent assets	411,910	154,559	566,469
Total assets	2,663,033	164,692	2,827,725
Deferred outflows of resources			
Deferred outflows of resources relating to pensions	46,539	-	46,539
Deferred outflows of resources relating to OPEB	2,067	-	2,067
Total deferred outflows of resources	48,606	-	48,606
Liabilities			
Accounts payable	28,844	-	28,844
Accrued expenses	3,628	-	3,628
Compensated absences payable	10,021	-	10,021
Net pension liability	307,515	-	307,515
Net OPEB liability	27,888	-	27,888
Total liabilities	377,896	-	377,896
Deferred inflows of resources			
Deferred inflows of resources relating to pensions	64,283	-	64,283
Deferred inflows of resources relating to OPEB	961	-	961
Total deferred inflows of resources	65,244	-	65,244
Net position			
Net investment in capital assets	411,910	154,559	566,469
Unrestricted	1,856,589	10,133	1,866,722
Total net position	\$ 2,268,499	\$ 164,692	\$ 2,433,191

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
Year Ended December 31, 2018

	Enterprise Funds		Total
	Sanitation Fund	Fiber Network Fund	
Operating revenues			
Charges for services	\$ 1,235,509	\$ -	\$ 1,235,509
Operating expenses			
Transmission, distribution and collection	863,939	-	863,939
In lieu of fees	61,779	-	61,779
Administrative support allocation	195,791	-	195,791
Depreciation	72,163	10,026	82,189
Total operating expenses	1,193,672	10,026	1,203,698
Operating income (loss)	41,837	(10,026)	31,811
Nonoperating revenues (expenses)			
Earnings on investments	28,712	-	28,712
Other income	1,000	-	1,000
Total other revenues (expenses)	29,712	-	29,712
Change in net position	71,549	(10,026)	61,523
Net position at beginning of year	2,225,311	174,718	2,400,029
Cumulative effect of change in accounting principle	(28,361)	-	(28,361)
Net position at end of year	\$ 2,268,499	\$ 164,692	\$ 2,433,191

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2018

	Enterprise Funds		Total
	Sanitation Fund	Fiber Network Fund	
Cash flows from operating activities			
Cash received from customers	\$ 1,228,017	\$ -	\$ 1,228,017
Cash payments to suppliers	(776,899)	-	(776,899)
Cash payments to employees	(283,624)	-	(283,624)
Net cash flows from operating activities	167,494	-	167,494
Cash flows from non-capital financing activities			
Other income	1,000	-	1,000
Net cash flows from non-capital financing activities	1,000	-	1,000
Cash flows from capital and related financing activities			
Acquisition of capital assets	(50,101)	-	(50,101)
Net cash flows from capital and related financing activities	(50,101)	-	(50,101)
Cash flows from investing activities			
Earnings on investments	28,712	-	28,712
Net cash flows from investing activities	28,712	-	28,712
Net change in cash and cash equivalents	147,105	-	147,105
Cash and cash equivalents at beginning of year	1,967,791	10,133	1,977,924
Cash and cash equivalents at end of year	2,114,896	\$ 10,133	\$ 2,125,029
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 41,837	\$ (10,026)	\$ 31,811
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	72,163	10,026	82,189
(Increase) decrease in operating assets:			
Accounts receivable	(7,492)	-	(7,492)
Prepaid items	(5)	-	(5)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued liabilities	(785)	-	(785)
Compensated absences	2,503	-	2,503
Net pension liability and related deferred inflows and outflows of resources	60,852	-	60,852
Net OPEB liability and related deferred inflows and outflows of resources	(1,579)	-	(1,579)
Net cash flows from operating activities	\$ 167,494	\$ -	\$ 167,494

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Electric Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 23,094,000	\$ 23,094,000	\$ 19,928,774	\$ (3,165,226)
Expenditures				
Transmission, distribution and collection	2,791,690	2,791,690	1,914,923	876,767
Commodities	16,000,000	16,000,000	13,541,914	2,458,086
General administration	398,291	398,291	1,223,341	(825,050)
In lieu of fees	2,940,000	2,940,000	3,056,366	(116,366)
Capital outlay	5,095,000	5,095,000	4,453,142	641,858
Total expenditures	27,224,981	27,224,981	24,189,686	3,035,295
Excess (deficiency) of operating revenues over expenditures	(4,130,981)	(4,130,981)	(4,260,912)	(129,931)
Other revenues				
Earnings on investments	35,200	35,200	193,938	158,738
Rents	28,680	28,680	28,680	-
Other revenues	53,700	53,700	151,203	97,503
Transfer in	4,013,401	4,013,401	-	(4,013,401)
Total other revenues	4,130,981	4,130,981	373,821	(3,757,160)
Change in net position - budgetary basis	\$ -	\$ -	(3,887,091)	\$ (3,887,091)
Reconciliation to GAAP basis				
Capital outlay			4,453,142	
Depreciation			(685,910)	
Change in net position - GAAP basis			(119,859)	
Net position at beginning of year			17,940,701	
Cumulative effect of change in accounting principle			(240,941)	
Net position at end of year			\$ 17,579,901	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Water Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 7,122,000	\$ 7,122,000	\$ 8,526,046	\$ 1,404,046
Expenditures				
Transmission, distribution and collection	1,295,120	1,821,105	1,839,119	(18,014)
Treatment	2,891,364	2,891,364	2,923,328	(31,964)
General administration	243,257	243,257	481,718	(238,461)
Debt service:				
Principal	1,873,320	1,873,320	1,873,320	-
Interest	415,889	415,889	407,722	8,167
Capital outlay	1,523,438	1,523,438	1,236,358	287,080
Total expenditures	8,242,388	8,768,373	8,761,565	6,808
Excess (deficiency) of operating revenues over expenditures	(1,120,388)	(1,646,373)	(235,519)	1,410,854
Other revenues				
Earnings on investments	40,000	40,000	226,856	186,856
Other revenues	5,000	5,000	303,145	298,145
Transfers from other funds	1,075,388	1,075,388	-	(1,075,388)
Total other revenues	1,120,388	1,120,388	530,001	(590,387)
Change in net position before contributions	-	(525,985)	294,482	820,467
Capital contributions				
Plant investment fees	-	-	271,218	271,218
Change in net position - budgetary basis	\$ -	\$ (525,985)	565,700	\$ 1,091,685
Reconciliation to GAAP basis				
Principal			1,873,320	
Capital outlay			1,236,358	
Depreciation			(1,346,597)	
Change in net position - GAAP basis			2,328,781	
Net position at beginning of year			43,548,135	
Cumulative effect of change in accounting principle			(83,546)	
Net position at end of year			\$ 45,793,370	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Gas Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 4,200,000	\$ 4,200,000	\$ 4,536,359	\$ 336,359
Expenditures				
Transmission, distribution and collection	775,487	775,487	844,647	(69,160)
Commodities	2,260,000	2,260,000	2,143,927	116,073
General administration	450,646	450,646	447,602	3,044
In lieu of fees	900,000	900,000	702,487	197,513
Capital outlay	21,000	21,000	15,722	5,278
Total expenditures	4,407,133	4,407,133	4,154,385	252,748
Deficiency of operating revenues over expenditures	(207,133)	(207,133)	381,974	589,107
Other revenues				
Earnings on investments	5,050	5,050	75,540	70,490
Other revenues	35,000	35,000	47,655	12,655
Transfers in	167,083	167,083	-	(167,083)
Total other revenues	207,133	207,133	123,195	(83,938)
Change in net position - budgetary basis	\$ -	\$ -	505,169	\$ 505,169
Reconciliation to GAAP basis				
Capital outlay			15,722	
Depreciation			(146,323)	
Change in net position - GAAP basis			374,568	
Net position at beginning of year			5,908,231	
Cumulative effect of change in accounting principle			(60,431)	
Net position at end of year			\$ 6,222,368	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Waste Water Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 2,226,750	\$ 2,226,750	\$ 2,224,049	\$ (2,701)
Expenditures				
Transmission, distribution and collection	457,476	457,476	590,523	(133,047)
Treatment	894,054	894,054	805,022	89,032
Administrative support allocation	356,330	356,330	358,598	(2,268)
In lieu of fees	110,000	110,000	103,414	6,586
Capital outlay	1,035,000	1,035,000	729,572	305,428
Total expenditures	2,852,860	2,852,860	2,587,129	265,731
Deficiency of operating revenues over expenditures	(626,110)	(626,110)	(363,080)	263,030
Other revenues				
Earnings on investments	50,000	50,000	94,510	44,510
Other revenues	225,000	225,000	77,760	(147,240)
Transfers in	331,110	331,110	-	(331,110)
Total other revenues	606,110	606,110	172,270	(433,840)
Change in net position before contributions	(20,000)	(20,000)	(190,810)	(170,810)
Capital contributions				
Plant investment fees	20,000	20,000	64,276	44,276
Change in net position - budgetary basis	\$ -	\$ -	(126,534)	\$ (126,534)
Reconciliation to GAAP basis				
Capital outlay			729,572	
Depreciation			(586,290)	
Change in net position - GAAP basis			16,748	
Net position at beginning of year			15,135,612	
Cumulative effect of change in accounting principle			(73,165)	
Net position at end of year			\$ 15,079,195	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Sanitation Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 1,214,000	\$ 1,214,000	\$ 1,235,509	\$ 21,509
Expenditures				
Transmission, distribution and collection	892,289	892,289	863,939	28,350
In lieu of fees	60,700	60,700	61,779	(1,079)
Administrative support allocation	198,819	198,819	195,791	3,028
Total expenditures	1,151,808	1,151,808	1,121,509	30,299
Deficiency of operating revenues over expenditures	62,192	62,192	114,000	51,808
Other revenues				
Earnings on investments	2,009	2,009	28,712	26,703
Other income	-	-	1,000	1,000
Total other revenues	2,009	2,009	29,712	27,703
Change in net position - budgetary basis	\$ 64,201	\$ 64,201	143,712	\$ 79,511
Reconciliation to GAAP basis				
Depreciation			(72,163)	
Change in net position - GAAP basis			71,549	
Net position at beginning of year			2,225,311	
Cumulative effect of change in accounting principle			(28,361)	
Net position at end of year			\$ 2,268,499	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Self Insurance Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 3,479,379	\$ 3,479,379	\$ 3,573,730	\$ 94,351
Total operating revenues	3,479,379	3,479,379	3,573,730	94,351
Expenditures				
Self insurance premiums	715,040	715,040	1,196,181	(481,141)
Self insurance claims	3,229,117	3,229,117	2,133,736	1,095,381
General administration	120,000	120,000	110,722	9,278
Total expenditures	4,064,157	4,064,157	3,440,639	623,518
Excess (deficiency) of operating revenues over expenditures	(584,778)	(584,778)	133,091	717,869
Other financing sources				
Earnings on investments	4,000	4,000	11,133	7,133
Transfers in	580,778	580,778	755	(580,023)
Total other financing sources	584,778	584,778	11,888	(572,890)
Change in net position - budgetary basis	\$ -	\$ -	\$ 144,979	\$ 144,979
Net position at beginning of year			<u>4,392,429</u>	
Net position at end of year			<u>\$ 4,537,408</u>	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Changes in Fiduciary Net Position
Budget and Actual (Non-GAAP Basis)
Cemetery Perpetual Care Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Charges for services	\$ 7,700	\$ 7,700	\$ 12,770	\$ 5,070
Earnings on investments	1,900	1,900	6,012	4,112
Total additions	9,600	9,600	18,782	9,182
Change in fiduciary net position - budgetary basis	\$ 9,600	\$ 9,600	\$ 18,782	\$ 9,182
Fiduciary net position at beginning of year			665,575	
Fiduciary net position at end of year			\$ 684,357	

See accompanying Independent Auditor's Report.

City of Fort Morgan, Colorado
Schedule of Changes in Fiduciary Net Position
Budget and Actual (Non-GAAP Basis)
Riverview Commons GID Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Taxes	\$ 37,500	\$ 37,500	\$ 29,757	\$ (7,743)
Total additions	37,500	37,500	29,757	(7,743)
Deductions				
Community development and public works	(37,500)	(37,500)	(29,757)	7,743
Total deductions	(37,500)	(37,500)	(29,757)	7,743
Change in fiduciary net position - budgetary basis	\$ -	\$ -	\$ -	\$ -
Fiduciary net position at beginning of year			<u>(93,522)</u>	
Fiduciary net position at end of year			<u>\$ (93,522)</u>	

See accompanying Independent Auditor's Report.

State Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Fort Morgan Morgan County
		YEAR ENDING : December 2018
This Information From The Records Of the City of Fort Morgan:	Prepared By: Phone:	Christina R. Bostron Gen. Accting Mngr 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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,186,911
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	456,829
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	2,329,607	b. Snow and ice removal	34,716
3. Other local imposts (from page 2)	644,896	c. Other Street Lighting	4,865
4. Miscellaneous local receipts (from page 2)	68,438	d. Total (a. through c.)	39,581
5. Transfers from toll facilities		4. General administration & miscellaneous	838,713
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	88,125
a. Bonds - Original Issues		6. Total (1 through 5)	3,610,159
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,042,941	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	567,218	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,610,159	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,610,159

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		3,610,159	3,610,159		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	57,113
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	644,896	g. Other Misc. Receipts	
6. Total (1. through 5.)	644,896	h. Other Highway Maintenance	11,325
c. Total (a. + b.)	644,896	i. Total (a. through h.)	68,438
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	429,924	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	44,211	d. Federal Transit Admin	
d. Other (Specify) - Cigarette Tax	24,052	e. U.S. Corps of Engineers	
e. Other (Specify Severance Tax	69,031	f. Other Federal	
f. Total (a. through e.)	137,294	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	567,218	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		29,450	29,450
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		2,157,461	2,157,461
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,157,461	2,157,461
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,186,911	2,186,911
			(Carry forward to page 1)

Notes and Comments: